

PUBLIC OVERSIGHT HEARING
CONTRACTING AND PROCUREMENT IN THE
DISTRICT OF COLUMBIA: THE UTILIZATION OF
LOCAL, SMALL, AND DISADVANTAGED BUSINESS
ENTERPRISES

Before the
Committee on Government Operations
Council of the District of Columbia

The Honorable Vincent B. Orange, Sr., Chairman

February 3, 2005
Council Chamber



Testimony of
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Office of the Chief Financial Officer

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Good morning, Chairman Orange and members of the Committee on Government Operations. I am Mike Wooten, director of contracts and procurement for the Office of the Chief Financial Officer (OCFO). I am pleased to appear before you to present testimony on the OCFO's utilization of Local, Small, Disadvantaged Business Enterprises (or LSDBEs) in fiscal year 2004.

OCFO Performance in FY 2004

I would like to begin by briefly outlining how we derived the figures I am reporting today. The formula for LSDBE compliance requires an allocation of 50 percent of the agency's expendable budget. In our annual allocation letter to the Office of Local Business Development, we documented that our total local expendable budget for fiscal year 2004 was \$6,496,572. This represents the difference between our appropriated budget of \$88,616,180 and our operating expenses of \$82,119,608. Our annual set-aside target for fiscal year 2004 was \$3,248,286; this represents 50 percent of the expendable budget of \$6,496,572. In fiscal year 2004, the OCFO actually awarded \$3,974,814 in contracts and small purchases from LSDBEs, or 61 percent of our expendable funds. Additionally, of the awards made to LSDBEs, 100 percent were made to small contractors that are located in the District.

OCFO LSDBE Utilization Policy

The OCFO uses LSDBE vendors as the preferred source for all purchases under \$100,000. The OCFO also gives strong consideration to these vendors for all other purchases. Further, the OCFO follows the Utilization Policy established by Mayor's Order 2003-14, dated January 29, 2003, entitled "Policy on the

Participation of Local, Small, and Disadvantaged Business Enterprises in Executive Branch Procurements.”

The District’s Chief Financial Officer, Natwar Gandhi, has made LSDBE compliance a component of the performance requirements for the executive director of the Office of Management and Administration (OMA), which has oversight responsibility for the Chief Financial Officer’s contracting office. The executive director of OMA, Paul Lundquist, reports directly to the Chief Financial Officer and is my immediate supervisor. LSDBE compliance is, therefore, also a component of the OCFO’s performance measurement.

Dr. Gandhi and I are fully committed to the spirit of the law, and we are working diligently to increase our overall procurement awards to LSDBEs. The OCFO’s FY 2004 LSDBE procurements included temporary employment services, office supplies, banking services, moving services, information technology consulting services, financial consultants, financial statements for college savings plans and pension plans, printing of District tax forms, and temporary employment services.

Future Plans

The OCFO will continue to employ those measures that supported our success in achieving our LSDBE goals. For all procurement requests valued at or below \$100,000, we will continue to solicit LSDBE vendors as a first priority. We will also continue with LSDBE outreach efforts, to educate and train representatives on how to do business with the OCFO, and to expand our internal customers’ awareness about the LSDBE program. We will continue to move forward aggressively and monitor our progress carefully.

I thank you, Mr. Chairman, and other members of the committee for this opportunity to testify on an important policy issue in the District of Columbia. We are prepared to respond to any questions that you may have.

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