

BUDGET HEARING

FY 2006 BUDGET REQUEST OF THE OFFICE OF THE CHIEF FINANCIAL OFFICER (OCFO)

**Before the
Committee on Finance and Revenue
Council of the District of Columbia**

The Honorable Jack Evans, Chairman

**April 13, 2005
Council Chamber**



**Testimony of
Dr. Julia Friedman
Deputy Chief Financial Officer
Office of Revenue Analysis**

**Natwar M. Gandhi
Chief Financial Officer
Government of the District of Columbia**

Good morning, Chairman Evans and members of the committee. I am Julia Friedman, Deputy Chief Financial Officer for the Office of Revenue Analysis (ORA). I am pleased to present the following testimony on the fiscal year 2006 budget request for this office.

The FY 2006 budget request for the Office of Revenue Analysis is \$2.735 million and 24 FTEs. Compared to ORA's FY 2005 budget, this represents an increase of 3.8 percent, or \$99,523. Of the 24 FTEs, 19 are assigned to the Office of Revenue Analysis and 5 are attached to the Office of Economic Development Finance.

The FY 2006 budget request for ORA reflects a restructuring of the office over the past two years to re-focus its expertise and analytic capacity on the critical function of monitoring, forecasting and analyzing the District's economy and revenue base. As I reported to this committee a few weeks ago, functions formerly carried out by ORA, including grants management, financial reporting, and economic development project analysis, have been eliminated or moved to other appropriate OCFO offices.

The Office of Revenue Analysis will focus its work in FY 2006 on the analysis of all sources of District revenue, as well as research and analysis in support of revenue estimation. In a jurisdiction that receives no state support and whose reliance on federal funds is limited, the monitoring, projection and analysis of revenue sources is crucial to developing the city's annual budget. ORA is responsible for certifying the city's local source revenues to the Mayor and Council, and will continue to conduct research in support of tax policy issues.

In addition to revenue estimation and tax policy analysis, a key responsibility of ORA is the preparation of fiscal impact statements, which analyze the financial impact of proposed policy changes on the District's expenditures and revenues. The purpose of fiscal impact statements, or fiscal notes as they are called in some of our neighboring states, is to estimate the net cost to the government of achieving policy goals, so that competing policy changes may be compared when allocating a limited budget. ORA produces approximately 200 fiscal impact statements annually and posts them on the OCFO Web site (www.cfo.dc.gov) so that they are publicly available.

ORA will continue to deliver the high quality of service necessary to ensure the fiscal stability of the District. We look forward to continuing our work with the Council and agencies of the District government to achieve this goal.

Chairman Evans, I thank you and the members of the committee for the opportunity to present testimony today. I will be happy to answer any questions you may have.

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