

**BUDGET HEARING**  
**FY 2005 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 7, 2004, 9:00 a.m.**  
**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 Revenue Analysis (ORA). I am pleased to present the following testimony on the Fiscal Year 2005 budget request for this Office.

The FY 2005 budget requested for ORA reflects a restructuring of the office over the past year 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 newly named Office of Revenue Analysis will focus its work in FY 2005 on the analysis of all sources of District revenue as well as research and analysis in support of revenue estimation. In a jurisdiction which receives no state support and whose reliance on Federal funds is limited, the monitoring, projection and analysis of revenue sources is crucial in developing the city's annual budget. The Office 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 and special studies such as the biannual Tax Expenditure Study included in the Mayor's FY 2005 Budget submission.

In addition to revenue estimation and tax policy analysis, a key responsibility of ORA is the preparation of fiscal impact statements that 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 in allocating a limited budget. ORA produces over 200 fiscal impact statements annually and now posts them on the OCFO Web site, [www.cfo.dc.gov](http://www.cfo.dc.gov), so that they are publicly available.

The FY 2005 budget request for the OCFO Research and Analysis Program, which includes both the Office of Revenue Analysis and the Office of Economic Development Finance, is \$2.646 million and 24 FTEs. Compared to the FY 2004 budget, it represents a decrease of 9 FTEs and a budget reduction of 18.2 percent, or \$587,643 for these functions. Of the 24 FTEs, 19 are assigned to the Office of Revenue Estimation and 5 are attached to the Office of Economic Development Finance.

ORA will continue to deliver the high quality of service necessary to insure 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.

# # #