

**PUBLIC HEARING ON  
THE FISCAL YEAR 2008 BUDGET 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 4, 2007, 11:00 a.m.  
Council Chamber, John A. Wilson Building**



**Testimony of  
Robert D. Ebel  
Deputy Chief Financial Officer  
Office of Revenue Analysis**

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

Good morning, Mr. Chairperson and members of the committee. I am Robert D. Ebel, Deputy Chief Financial Officer for the Office of Revenue Analysis (ORA) and the District's Chief Economist. I am pleased to appear before you today to testify on the fiscal year 2008 budget request for this office.

The FY 2008 budget requested for ORA reflects a restructuring of the office during the past several 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. 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.

ORA will focus its work in FY 2008 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 in developing the city's annual budget. ORA is responsible for certifying the District's local and special purpose revenues to the Mayor and Council. We also 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 that analyze the financial impact of proposed policy changes on the District's expenditures and revenues. The purpose of fiscal impact statements 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.

During FY 2006 ORA produced 235 fiscal impact statements, all of which are publicly available on the OCFO Web site ([www.cfo.dc.gov](http://www.cfo.dc.gov)). In light of a permanent congressional mandate<sup>1</sup>, we anticipate that the number of fiscal impacts processed through our office will increase substantially. In addition, ORA annually produces several other publications that are also posted on the OCFO Web site (Attachment 1).

The FY 2008 budget request for the Office of Revenue Analysis is \$3.28 million and 25 FTEs. Compared to the FY 2007 budget, it represents a 4.3 percent increase, or \$135,000, for these functions. At present, of the 25 FTEs, 19 are assigned to the Office of Revenue Analysis and 6 are attached to the Office of Economic Development Finance (Attachments 2 and 3).

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 pleased to address questions that you may have.

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<sup>1</sup> The District of Columbia Omnibus Authorization Act, Pub. L. 109-356.

**Review of the Activities of the Office of Revenue Analysis**

Prepares Fiscal Impact Statements. The *District of Columbia Home Rule Act of 1973* (Pub. L no. 93-198) requires that all legislation submitted by the Council of the District of Columbia to the US Congress for review prior to enactment into law be accompanied by a fiscal impact statement (FIS) identifying an estimate of the costs that will be incurred by the District of Columbia as a result of enactment of the Act in each of the first four (4) fiscal years for which the Act is in effect. These estimates are accompanied by a statement of the scope of the legislation and the methodology for making the estimate.

Provides Periodic Reports on the Economic and Revenue Outlook with Accompanying Revenue Estimates. The Office of the Chief Financial Officer is further responsible for forecasting the Economic and Revenue Outlook and an accompanying set of Revenue Estimates for the District government. With respect to this activity, each February the OCFO issues the revenue estimate that is used to develop the Mayor's proposed budget for the next fiscal year (October 1 to September 30). As the Council is completing its review of the annual budget, a revised estimate is then prepared in May that then becomes the official binding revenue estimate for the fiscal year budget. The May estimate may be revised as reports as the new fiscal year begins and at regular intervals afterward. At present this review is made in each August and December.

Carries out Special Studies. In addition to its Fiscal Impact Statement and Economic and Revenue Outlook activities, the Office of Revenue Analysis provides to the citizens of the District of Columbia a series of technical reports, all of which are subject to an extensive internal and external peer-review process prior to release and publication. These include: (1) *DC Economic Indicators*. Published monthly, the *Indicators* provide up to date detail on the performance of the District of Columbia with respect to the trends of the overall economy, revenues, and the sectors of labor, industry, office space and housing; (2) *Tax Rates and Tax Burdens: Washington Metropolitan Area*. Published annually, this report provides not only a comparison of the statutory rates of the District of Columbia *vis-à-vis* its five neighboring jurisdictions. But also comparative measures of household tax burden by type of tax and

different income levels. (3) *Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison*. Also an annual publication, the nationwide comparison report provides a compendium of statutory tax rate comparisons and estimates of the household burden of major taxes by income class of the District of Columbia *vis-à-vis* the largest city in each of the other 50 states. (4) *The Economic Report of the District of Columbia: A Fiscal Perspective*. New this calendar year (with publication targeted for next month), the ORA will publish its first annual data book on the District of Columbia economy and its revenue system, with a text that is accompanied by a set of Special Analyses and supplemental economic and demographic data trends. (5) *DC Tax Facts*. An important and widely used pocket-sized reference of District of Columbia tax collections provides descriptions of all the District of Columbia revenue (tax and non tax) sources, the history of major revenue changes since 1970, filing and payment dates, and the yield of each type of revenue utilized by the District of Columbia. (6) *Cash Reports*. Each month the ORA/OCFO publishes a report of cash collections by the District of Columbia government. The tracking of these cash flows are particularly important in order to have an ongoing check on the quarterly revenue estimates; (7) *Tax Expenditures*. The District of Columbia Code requires the CFO to prepare a *Tax Expenditure Budget* for Fiscal Year 2003 and biennially thereafter. “Tax expenditures” are revenue loses that arise from the provisions of the tax laws that reduce the tax liability of individuals, groups of individuals and/or institutions. The next release is set for spring 2008. (8) *Bills Subject to Appropriation Monitoring*. ORA has initiated a process of tracking the status of *Legislation Subject to Appropriation* so that the OCFO, City Council and Mayor may have an accurate picture at anyone time of the status of legislation that has been approved by the Council but has yet to be funded.

ATTACHMENT 2

Office of Revenue Analysis Budget Request for FY 2008

	FY 2007	FY 2008	Difference	
			Dollar	Percentage
Personnel Services	\$ 2,456,531	\$ 2,583,486	\$ 126,955	5.2%
Non-Personnel Services	\$ 682,854	\$ 690,608	\$ 7,754	1.1%
<b>Total</b>	\$ 3,139,385	\$ 3,274,094	\$ 134,709	4.3%

**Office of Revenue Analysis**  
Organization Chart

