

**PUBLIC HEARING ON
THE FY 2010 BUDGET REQUEST FOR THE OFFICE
OF BUDGET AND PLANNING (OBP)**

**Before the
Committee of the Whole
Council of the District of Columbia**

The Honorable Vincent C. Gray, Chairman

**March 31, 2009, 1:00 p.m.
Room 412, John A. Wilson Building**



**Testimony of
Gordon McDonald
Deputy Chief Financial Officer
Office of Budget and Planning**

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

Good afternoon, Chairman Gray and members of the Committee of the Whole. I am Gordon McDonald, Deputy Chief Financial Officer for the Office of Budget and Planning (OBP). I am here today to testify in support of the FY 2010 Budget Request for OBP. With me today is James Spaulding, Associate Deputy Chief Financial Officer. My colleague, Lasana Mack, Deputy Chief Financial Officer for Finance and Treasury, will also testify and will address questions related to cash, debt service, and debt management.

I will cover the following areas in my remarks:

- OBP's Fiscal Year 2010 Budget Request;
- Fiscal Year 2009 Accomplishments;
- Federal Stimulus Funding; and
- Fiscal Year 2010 Key Program Initiatives.

OBP's Fiscal Year 2010 Budget Request

Our operating budget request is \$6.36 million and 49 FTEs, a net decrease of \$631 thousand and 13 FTEs from the FY 2009 approved budget of \$6.99 million and 62 FTEs. In FY 2009, the Chief Financial Officer consolidated

all Information Technology (IT) positions within the Office of the Chief Information Officer (OCIO) resulting in 6 FTEs moving from OBP to the OCIO. Eight vacant FTEs were eliminated from OBP's budget. The reduction of the 14 FTEs was partly offset by the addition of 1 FTE for the Senior Medicaid Policy Advisor, who moved from the OCFO's Executive Office to OBP. These changes resulted in a net decrease of 13 FTEs.

Fiscal Year 2009 Accomplishments

Fiscal Year 2009 has already been a very challenging year with the economic recession. Despite these challenges, we achieved many accomplishments in the following areas.

Budget formulation

We worked with the Mayor and Council to apply rescissions to the FY 2009 budget sent to Congress in June in order to address the reduction in revenue.

We issued the FY 2010 Baseline Budget in February 2009 and the FY 2010 Mayor's Proposed Budget and Financial Plan on time, despite the many challenges we faced. The proposed budget was balanced in FY 2010 and throughout the multiyear financial plan. We worked closely with the

Mayor's staff to develop a transparent budget and ensure compliance with the Budget Submission Requirements Resolution. This included expanded narrative descriptions both in the tables and in the text of the agency chapters.

We continued our efforts to leverage IT and worked with Office of the Chief Information Officer to make necessary improvements to the budget formulation Webform application. Key improvements include the development of the Table 5 in the Webform database. Table 5 is the budget table that captures the changes from the FY 2009 Approved Budget to the FY 2010 Proposed Budget, identifies changes by program, and sorts them by type of change – Initial and Baseline Adjustments, Policy Initiatives, and Cost Savings. Another improvement is the first-time use of the Council Capital Budget Worksheet, which will provide an automated tool for Council to align capital projects with Council priorities during the markup of the proposed capital budget. We also enhanced the Webform to allow agencies to submit technical adjustments via the web rather than via spreadsheets.

We included in the FY 2010 – FY 2015 proposed capital budget a new appendix that presents the District Department of Transportation’s Transportation Improvement Plan. Finally, we received the GFOA’s Distinguished Budget Presentation Award for the FY 2009 Budget and Financial Plan, the ninth year we have received this award.

Budget execution

Looking further into FY 2009, and given the current economic climate, we anticipate a greater need for OBP oversight of budget execution.

We will continue to closely monitor agency budgets and actively work with the OCFO field staff to assess emerging spending pressures. This includes working with the Mayor’s Office and the Council to develop solutions to these pressures. We will continue to aggressively implement the quarterly Financial Review Process and support the Anti-Deficiency Board.

We have expanded the cost driver initiative across the District agencies. The cost driver team is working with 57 District agencies. The new cost driver module will be available in CFO\$ource within this fiscal year.

Finally, OBP will continue to monitor the District's fund balance in the Capital Improvements Program (CIP), which declined in FY 2008, reflecting increased spending and better timing of our borrowing to actual expenditures.

Federal Stimulus Funding

No mention of FY 2009 is complete without commenting on the efforts required to implement the American Recovery and Reinvestment Act (ARRA).

Following the passage of the Act, we established a tracking structure for stimulus grants, state fiscal stabilization payments, and Medicaid. To properly report and track the use of stimulus funds, we established unique fund details for each of the major stimulus categories for agencies receiving these funds to use.

Along with 16 states¹, the District of Columbia was selected by the U.S. Government Accountability Office (GAO) for bimonthly reviews on how

¹ The states are Arizona, California, Colorado, Florida, Georgia, Iowa, Illinois, Massachusetts, Michigan, Mississippi, New Jersey, New York, North Carolina, Ohio, Pennsylvania and Texas.

the funds are being used and if the funds are achieving the stated purposes of the Recovery Act. Last week, OBP met with members of the GAO team and will continue to support their audit efforts, while at the same time working with the Mayor, the Council, and District agencies on issues relating to these important funds.

FY 2010 Key Program Initiatives

Bolstered by the successes of the past fiscal year, our central goal for FY 2010 is to continue to leverage IT to enhance OBP's performance. OBP's major operational goals are as follows:

- Closely monitor the federal stimulus funding and integrate the funding into our normal budgeting process;
- Work proactively with GAO, the Mayor, the Council, and District agencies on the use and reporting of the stimulus funding;
- Improve our reporting, planning, and coordination functions in order to work within the current economic environment;
- Develop ways to streamline the development of the FY 2011 Budget and Financial Plan in order to allow maximum time for policy decisions;

- Continue to improve the Capital Improvements Program with further analysis of the operating budget effects from completed capital projects; improve budgeting and accounting for capital-funded full-time equivalent (FTE) positions; and continue to enhance our technological capabilities, particularly in reporting and analysis;
- Continue to improve the grant budget monitoring and reporting function within our office and coordinate with agencies to maximize use of their grant funds to reduce lapsed funds;
- Meet our goal of a 5-business day turnaround for all reprogrammings (upon receipt of the Mayor's Request Letter); and
- Add modules to CFO\$ource for online submission and processing of all budget revisions, including reprogrammings and grant budget modifications.

Conclusion

We look forward to working collaboratively with the Council and the Mayor's Office during the Council's deliberations of the Mayor's FY 2010 proposed budget and financial plan during the coming weeks.

Mr. Chairman, this concludes my remarks. I will be pleased to answer any questions that you may have.