

March 20, 2001

Council Chamber

PUBLIC HEARING ON THE MAYOR'S FISCAL YEAR 2002 BUDGET REQUEST FOR THE OFFICE OF BUDGET AND PLANNING

Testimony of Wayne Upshaw, Deputy Chief Financial Officer for Budget and Planning, before the DC Council Committee of the Whole

Good afternoon Chairman Cropp and distinguished members of the committee. I am Wayne Upshaw, Deputy Chief Financial Officer for the Office of Budget and Planning (OBP). I am pleased to present testimony on OBP's Fiscal Year (FY) 2002 budget request. My brief remarks will cover three areas: (1) the FY 2002 proposed budget; (2) OBP operational goals; and (3) OBP performance measures.

FY 2002 Proposed Budget

OBP's proposed budget for FY 2002 is \$4.5 million and supports 56 full-time equivalent positions, an increase of \$800,000 and nine FTE's over FY 2001. Late last year, as a result of an organizational study by the Government Financial Officers Association and our own assessment of what was needed to support effective budget development and execution, the CFO concluded that additional budget staff were needed. The nine additional FTE's are needed to help the District's transition to a performance-based budgeting process. With the additional staff, OBP will conduct substantive program review and program evaluation activities, augment its financial monitoring and reporting capability moving toward a real-time financial status capability, and begin the process of linking agency costs to their programmatic outputs. I should point out that while OBP's staff is proposed to be increased, overall OCFO staffing is not increasing.

The collection of reliable and objective information about the cost and effectiveness of core government services is critical to this effort. These resources are critical to collecting and reporting data that permit program-level analysis, and evaluating District agency services and functions relative to peer jurisdictions. With a revised program account structure, greater level of detail on spending and the staff to link spending with outputs, the Mayor and the Council will get the kind of information needed to ask hard questions and set priorities.

OBP Operational Goals

In FY 2002, we will continue to build upon lessons learned during the current fiscal year and seek creative ways to improve our overall performance and processes. We will:

- Develop and implement a performance budgeting system;
- Continue to improve the precision of the baseline budget;
- Aggressively monitor operating spending to ensure agencies remain within their authorization and that spending concerns and corrective action options are communicated to policy makers;
- Work closely with the Office of Research and Analysis to help maximize federal resources and ensure compliance with maintenance of effort requirements; and,
- Work with the City Administrator's office to link work plans and outputs with spending plans.

OBP Performance Measures

As I stated at the Feb. 20, 2001, oversight hearing, we are committed to monitoring capital expenditures to ensure compliance with agency plans and to promote more efficient use of capital funds. Finally, we are committed to increasing the number of agencies with program performance-based budgets in the FY 2003 budget document. A step in this process will be revising the District's account structure so that it produces the type of information necessary to support program performance budgeting.

As a pilot, we included program performance-based budget write-ups for seven large agencies in the FY 2002 budget book. For FY 2003, my staff will work toward the development of full program-based budgets for these seven agencies and expand this approach to other agencies. In FY 2004, we expect full implementation of a program-based budget document for all agencies.

In closing, we look forward to working with you and members of the committee during the budget review process for FY 2002. Madame Chairman, I thank you and the members of the committee for the opportunity to testify today. I will be happy to answer any questions you might have.