

April 6, 2001

Council of the District of Columbia

PUBLIC HEARING ON THE MAYOR'S FISCAL YEAR 2002 BUDGET SUPPORT ACT OF 2001

Testimony of Dr. Julia M. Friedman, Deputy Chief Financial Officer for Research and Analysis, before the Committee on Finance and Revenue

My name is John Ross, chief of Operations for the Office of Research and Analysis (ORA), and I am here to testify on behalf of Dr. Julia Friedman, Deputy Chief Financial Officer for ORA, regarding ORA's proposed FY 2002 budget.

Soon after his appointment as Chief Financial Officer (CFO), Natwar M. Gandhi identified a need for an integrated research and analysis unit to address financial policy issues in the District's financial management cluster. He believes that a successful CFO requires the very best information available to be effective. Thus, the CFO assembled as a new agency the ORA, to perform functions that were previously performed in various other locations within the cluster. The mission of this agency is to provide reliable, innovative and sophisticated research and analysis that will enhance the decision-making and performance capacity of the CFO.

ORA is responsible for all financial research and policy analysis for the Office of the Chief Financial Officer (OCFO). This includes:

- Local and regional economic forecasting;
- Those economic development responsibilities that fall under the jurisdiction of the OCFO;
- Grant reporting, monitoring and assistance to agencies in sub-granting;
- Developing fiscal impact statements and other types of policy research;
- Conducting revenue research, and developing the revenue budget and policy; and
- Ensuring the accuracy and applicability of data in specialized documents issued by the OCFO.

ORA is given new assignments as the need arises, such as the tax expenditure study now in progress. ORA ensures the CFO's ability to perform financial program analysis and cost/benefit analysis, if needed.

The resources for ORA came from a reconfiguration of talent and funds already within the OCFO. ORA is made up of what was formerly the Tax and Economic Policy Administration of the Office of Tax and Revenue, the Office of Grants Management, and some resources from the Office of Budget and Planning.

The proposed FY 2002 budget from all funding sources totals \$3,379,620 and 42 FTEs. The proposed local budget is \$1,243,248 and 16 FTEs; the proposed intra-District budget is \$2,036,372 and 26 FTEs.

ORA is organized into four units: Economic Research and Applications; Revenue Research and Analysis; Program Analysis; and Competitive Services. The Economic Research and Applications group, with an allocation of eight FTEs, provides basic research on the economy, specific research on industries in the economy, and applied economic and financial research directly in support of the Deputy Mayor for Economic Development. ORA supports the CFO's obligations on all boards and activities involving economic development.

The Revenue Research and Analysis unit, with nine FTEs, forecasts, monitors, and analyzes all revenue sources. The group is responsible for revenue policy analysis, for recommending options to improve policy, and for facilitating implementation of new revenue policy. These revenues include local source revenues, private and other, and grant revenues.

The Program and Analysis group, with staffing of 12 FTEs, prepares budget modifications and reprogramming requests. It monitors all grant and "other" revenue activities and works to prevent any

lapsing of grant funds. This group also is responsible for all fiscal impact statements, more than 475 of which were prepared by individuals currently in the group for Council Session 13, with 165 of these completed since the inception of ORA last summer. The group also conducts mandated and special studies regarding the District's financial condition.

The Competitive Services unit works for other agencies upon request, to conduct outsourcing activities for grant-funded projects. This group is intended to be self-funding, with income to the group generated by a small portion of the grant funds that are out-sourced.

Through its research and monitoring functions, ORA provides a focal point for bringing together disparate sources of information within the OCFO and for turning this information into useful understanding of the District's financial condition. We expect that these activities will be more clearly identified in the ORA mission statement as the District moves beyond the control period.

Thank you for your attention, and please allow me to answer any questions you may have.