

PUBLIC HEARING ON
THE FISCAL YEAR 2007 BUDGET OF THE
OFFICE OF THE CHIEF FINANCIAL OFFICER

Before the
Committee on Finance and Revenue
Council of the District of Columbia

The Honorable Jack Evans, Chairman

April 5, 2006, 11:00 a.m.
John A. Wilson Building
Council Chamber



Testimony of
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Good morning, Chairman Evans and members of the committee. I am Julia Friedman, Deputy Chief Financial Officer for the Office of Revenue Analysis (ORA). I am pleased to present the following testimony on the Fiscal Year 2007 budget request for this office.

The FY 2007 budget request for ORA reflects a restructuring of the office over the past three 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 offices.

The Office of Revenue Analysis will focus its work in FY 2007 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 District's annual budget. ORA 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.

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. ORA produces approximately 200 fiscal impact statements annually and posts them on the OCFO Web site, www.cfo.dc.gov, so that they are publicly available.

The FY 2007 budget request for ORA is \$3.139 million and 25 FTEs. Compared to the FY 2006 budget, it represents a reduction of one percent, or \$29,341, for these functions, and no change in FTEs. Of the 25 FTEs, 19 are assigned to the Office of Revenue Analysis and 6 are attached to the Office of Economic Development Finance.

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 happy to answer any questions you may have.