

**PUBLIC HEARING ON
THE FY 2019 BUDGET REQUEST FOR THE OFFICE OF
BUDGET AND PLANNING**

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

The Honorable Phil Mendelson, Chairman

**March 29, 2018, 9:30 a.m.
Room 120, John A. Wilson Building**



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

**Jeffrey S. DeWitt
Chief Financial Officer
Government of the District of Columbia**

Good morning, Chairman Mendelson and members of the Committee of the Whole. I am Gordon McDonald, Deputy Chief Financial Officer for the Office of Budget and Planning (OBP) in the Office of the Chief Financial Officer (OCFO). I am here today to testify in support of OBP's FY 2019 budget request. With me today is James Spaulding, Associate Deputy Chief Financial Officer. I will cover the following areas in my remarks:

- OBP's Fiscal Year 2019 Budget Request;
- Fiscal Year 2018 Accomplishments to Date; and
- Fiscal Year 2019 Key Program Initiatives.

OBP's Fiscal Year 2019 Budget Request

Our operating budget request is \$6.317 million and 41 FTEs, a net increase of \$102,000, or 1.6 percent, in budget authority over the FY 2018 approved budget of \$6.215 million, with a decrease of one FTE. The FY 2019 proposed budget provides the minimum staffing required to fulfill our mission.

I will now discuss some of our recent accomplishments and our plans for the remainder of FY 2018 and for FY 2019.

FY 2019 Budget Formulation and Transparency

During the FY 2019 budget formulation process, OBP collaborated with the Mayor's Office of Budget and Performance Management, agency program staff, and OCFO financial staff to produce a number of key budget products, which I will briefly review:

Current Services Funding Level (CSFL) – As part of the FY 2019 budget development, we created the CSFL and published it on November 20, 2017. This document provides an analysis of the cost of operating District agencies in FY 2019, for Local funds only, before consideration of any new policy decisions beyond the FY 2018 budget.

Mayor's FY 2019 Proposed Budget Request – OBP hosted the FY 2019 budget kickoff meeting on October 5, 2017. After the kickoff, we partnered with Mayoral, City Administrator, and agency program and financial staffs to produce a balanced FY 2019 Proposed Budget and Financial Plan. Despite the government closure on March 21st, we delivered budget books that morning to Councilmembers who made it in. The budget was also again posted on the Internet simultaneously with the release of the Mayor's proposed budget.

We look forward to collaborating with Council and its staff on the consensus budget.

Automated Budget Chapter (ABC) System – The ABC System is a tool developed by OBP and the OCFO’s Office of the Chief Information Officer to allow users to develop budget book chapters electronically, from their desktops or remotely. Number changes made in the Budget Formulation Application (BFA) database are immediately reflected in the budget chapter, without the need to copy and paste updated tables. The use of the ABC System to develop agency budget chapters has improved the quality of the budget chapters and is an important step in creating a culture of continuous improvement, one of the key objectives of the CFO’s Strategic Plan.

Automated Financial Plan – Working with our OCIO, we incorporated the multi-year financial plan into the BFA database. This enabled us to keep the financial plan current with each new budget policy proposal, so we could see the out-year impacts of the proposals. We were able to provide assistance to the Mayor’s staff on financial plan issues earlier in the budget process, and we look forward to providing the same assistance to your staff as Council proceeds with its consideration of the budget.

Operating Budget Execution

We continue to closely monitor agency spending through the Financial Review Process (FRP). Detailed FRP reports are due to my office on a quarterly basis, and agencies are required to provide monthly FRP reports at a summary level, or at a detail

level in the event of a substantial change from the previous FRP. This ensures that agencies identify, on a regular basis, spending pressures and other important financial matters. In addition, we continue to make current-year and comparative historical data available to the public through CFOInfo, the web-based tool that allows public users to explore budget data, as well as posting more than 50 reports we issue each year on the CFO's web site.

Capital Improvements Program

As with the operating budget, OBP collaborated with the Mayor's budget staff, agency program staff, and OCFO financial staff to develop the Mayor's FY 2019 - FY 2024 capital budget request. We also worked closely with the Office of Finance and Treasury to ensure that the District stays within the 12 percent debt cap throughout the six-year capital plan. The Capital Improvements Program continues to report on project spending issues that are inconsistent with spending plans to the Board of Review for Anti-Deficiency Violations, and we continue to make capital project data available to the public on the CFOInfo website by agency and by ward.

FY 2019 Key Program Initiatives

Our central goal is to continue to improve OBP's performance. OBP's major operational goals for FY 2018 are as follows:

- Incorporate lessons learned from the FY 2019 budget development process into the FY 2020 budget development process;

- Continue to monitor agency spending through FRP report analysis and identify potential spending pressures in order to resolve them quickly;
- Continue improvements in the Capital Improvements Program with further analysis of the operating budget effects from completed capital projects and monitor the capital fund balance.
- Continue to be instrumental in the development and use of the Capital Asset Replacement Scheduling System (CARSS), which is a part of the OCFO's 5-year strategic plan and enables the OCFO to meet legislative requirements regarding the creation of a long-range capital financial plan;
- Continue to improve the grant budget monitoring and reporting function within our office; and
- Provide quality support to the Board of Review for Anti-Deficiency Act Violations by continuing to report potential violations in both operating and capital funds.

Conclusion

We look forward to working collaboratively with the Council during the development of the District's FY 2019 Consensus Budget. Mr. Chairman, this concludes my remarks. I will be pleased to answer any questions that you may have.