

**PUBLIC HEARING ON
THE FISCAL YEAR 2021 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

May 26, 2020



**Testimony of
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**Jeffrey S. DeWitt
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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 submit this testimony in support of OBP's Fiscal Year (FY) 2021 budget request. I will cover the following areas in my remarks:

- OBP's Fiscal Year 2021 Budget Request;
- Fiscal Year 2020 Accomplishments to Date; and
- Fiscal Year 2021 Key Program Initiatives.

OBP's Fiscal Year 2021 Budget Request

Our operating budget request is for \$6.326 million and 40 FTEs, a net increase of \$7,229, or less than one-tenth of 1 percent, in budget authority over the FY 2020 approved budget of \$6.319 million, with a net decrease of 1 FTE. The FY 2021 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 2020 and for FY 2021.

FY 2021 Budget Formulation and Transparency

During the FY 2021 budget formulation process, OBP collaborated with the Mayor's Office of Budget and Performance Management (OBPM), agency program staff, and OCFO financial staff to produce several key budget products, which I will briefly review:

Current Services Funding Level (CSFL) – As part of the FY 2021 budget development process, we created the CSFL and published it on October 22, 2019. This document provides an analysis of the cost of operating District agencies in FY 2021, for Local funds only, before consideration of any new policy decisions beyond the FY 2020 budget.

Mayor’s FY 2021 Proposed Budget Request – OBP developed and hosted the “budget camp” with OBPM on September 17, 2019. Because of the COVID-19 pandemic, OBP extended our work with Mayoral, City Administrator, and agency program and financial staffs on the Mayor’s proposed FY 2021 budget preparation from March 19th to May 18th. On May 18th, a balanced FY 2021 Proposed Budget and Financial Plan was submitted to the Council. All volumes were posted on the internet, and printed copies of volumes 1 and 5 were delivered to the Council to allow preparation for the public hearing the next day. All other printed budget volumes were delivered to the Council on Thursday, May 21st. We look forward to collaborating with the Council and its staff on the consensus budget.

Automated Budget Chapter (ABC) System – OBP implemented a paperless review process, the ABC system, for budget chapters, which we are using as we prepare the FY 2021 budget books. We have now expanded the ABC system to include a Financial Plan module and an automated process of uploading Performance Plans from OBPM’s QuickBase system. By automating this process, the time it takes to produce budget chapters has been dramatically shortened.

Automated Financial Plan – We continued to use the Automated Financial Plan with the support of the OCFO’s Office of the Chief Information Officer throughout the Mayor’s budget formulation process. 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

OBP continues to closely monitor agency spending through the Financial Review Process (FRP). We have revamped the FRP process to ensure that all FRP submissions are in compliance with current law, and that they accurately reflect budget versus expenditures. 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 website. Finally, we have begun using a new application, Jira, to track reprogrammings from the initial agency submission, through the Mayor's Office of Policy and Legislative Affairs and OBPM, to OBP approval and submission to Council when required. This has allowed us to provide better visibility into the process and, going forward, will allow us to produce our quarterly reprogramming reports in a more efficient manner.

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 2021 - FY 2026 capital budget request. We also worked closely with the Office of Finance and Treasury on multiple debt model scenarios to ensure that the District stays within the 12 percent debt cap throughout the six-year capital improvements plan, incorporating revenue certifications that have been revised downward because of the pandemic.

During the FY 2021 – FY 2026 CIP formulation, my office collaborated with the Mayor's OBPM on the following:

Investment Review Boards (IRBs) – During this budget formulation cycle, OBPM expanded on its use of Investment Review Boards, creating a new group to bring the total number of boards to three:

- the Facilities Projects Investment Review Board is composed of individuals with strong facility construction and planning backgrounds and experience;
- the Information Technology Investment Review Board consists of members with IT background and experience; and
- the Fleet and Infrastructure Review Board is composed of individuals with strong transportation, fleet and planning backgrounds and experience.

Last fall, these three Boards met frequently to review and evaluate in detail every capital project that had been submitted by agencies for inclusion in the FY 2021 – FY 2026 CIP. OBP participated in each meeting and collaborated with members on evaluation and

review of all the projects. OBP also participated in the final presentation of findings from each Board to OBPM to inform their final recommendations to the City Administrator and the Executive.

Capital Asset Replacement Scheduling System (CARSS) - In an expanded role, OBP utilized the Capital Asset Replacement Scheduling System (CARSS) during this capital budget formulation for the proposed budget for facilities and for the replacement schedules for fleet across the District. CARSS currently includes 100 percent of District's assets totaling 308,204.

The Capital Improvements Program continues to provide detailed information to the Council Budget Office staff during budget formulation as well as during execution. We also report on project spending issues that are inconsistent with spending plans to the Board of Review for Anti-Deficiency Violations. We continue to make capital project data available to the public by agency and by ward on the CFOInfo website as well as via the Tableau reporting platform.

FY 2021 Key Program Initiatives

Our central goal is to continue to improve OBP's performance. OBP's major operational goals for FY 2021 are as follows:

- Incorporate lessons learned from the FY 2021 budget development process into the FY 2022 budget development process;
- Continue to improve the FRP process and to manage the Spending Pressure Task Force to foster cooperation and collaboration between the OCFO and OBPM, in order to

identify potential spending pressures early and develop gap-closing plans that tap all the resources available to the District;

- Continue use of Jira software to review, approve, and track reprogrammings and better coordinate our work with OBPM, and consider its possible expansion to other OBP processes such as Intra-Districts;
- 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 lead support 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; 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 2021 Consensus Budget.