

PUBLIC HEARING
ON
THE FISCAL YEAR 2024 BUDGET
OF THE OFFICE OF
THE CHIEF FINANCIAL OFFICER

Before the
Committee on Business & Economic Development
Council of the District of Columbia

The Honorable Kenyan R. McDuffie, Chairman

April 12, 2023, 9:00 a.m.



Testimony of
Glen Lee
Chief Financial Officer
Government of the District of Columbia

Good morning, Chairman McDuffie and members of the Committee on Business and Economic Development. I am Glen Lee, Chief Financial Officer of the District of Columbia. I am pleased to appear before you today to discuss the FY 2024 budget request for the Office of the Chief Financial Officer (OCFO).

The OCFO's FY 2024 budget request supports the mission and functions of our agency. I will now discuss the budget in greater detail.



Office of the Chief Financial Officer

Fiscal Year 2024 Budget

Glen Lee
Chief Financial Officer
April 12, 2023



OCFO Core Functions

The Independent Office of the Chief Financial Officer:

- Certifies budgets are balanced and financial statements are fairly represented
- Provides independent revenue estimates
- Monitors revenues and spending
- Evaluates fiscal impacts of all legislation
- Reviews all economic development projects
- Issues all debt, manages all investments, and oversees credit ratings
- Oversees tax collections and lottery
- Manages financial personnel (budget, accounting, and payroll functions) in all agencies



OCFO Annual Agency Outputs

■ Tax Returns Processed	1,206,671
■ Tax Refunds Processed	332,200
■ Taxpayer Calls Answered	274,566
■ Written Correspondence Answered	75,434
■ Deeds Recorded	16,000
■ Properties Assessed (Commercial and Residential)	207,109
■ Property Assessment Appeals-1st Level	12,488
■ Delinquent Payments Collected	\$256,064,164



OCFO Annual Agency Outputs (Cont.)

▪ Wires and ACH Transactions Processed	3,560,981
▪ Gross CCU Debt Collected	\$34,127,705
▪ Total Debt Outstanding ¹	\$12,388,521,000
▪ Fiduciary Programs Managed ²	\$5,009,871,532
○ OPEB Fund: \$1,650,287,153	
○ 401(a): \$1,242,463,949	
○ 457(b): \$1,118,750,425	
○ 529 College Savings: \$948,342,836	
○ UDC Endowment: \$48,247,422	
○ DC Library Trust: \$1,779,747	
▪ Value of Unclaimed Property Returned	\$27,204,495
○ Claims Processed: 4,235	
▪ Payroll Payments Issued ³	989,238
▪ Bank Reconciliations	5340
▪ W-2s Issued (CY 2022)	46,428
▪ 1099s Issued (1099 MISC, 1099 NEC, and 1099Rs** only) CY2022	8044
○ 1099 MISC: 943	
○ 1099 NEC: 3,534	
○ 1099R: 3,567	
▪ Approximately 150 fiscal impact studies were issued during calendar year 2022, in addition to numerous other studies, reports, and analyses	

1. Total debt outstanding as of September 30, 2022

2. Fund balances as of September 30, 2022

3. This number represents the total of checks/ACH employees received from the District for the calendar year. The number is extracted from the support for the Form 941 which is populated using the U.S. Summary Report generated by PeopleSoft after each payroll processing is completed. Does not include checks generated during the year-end off-cycle payroll runs.



Status of DIFS

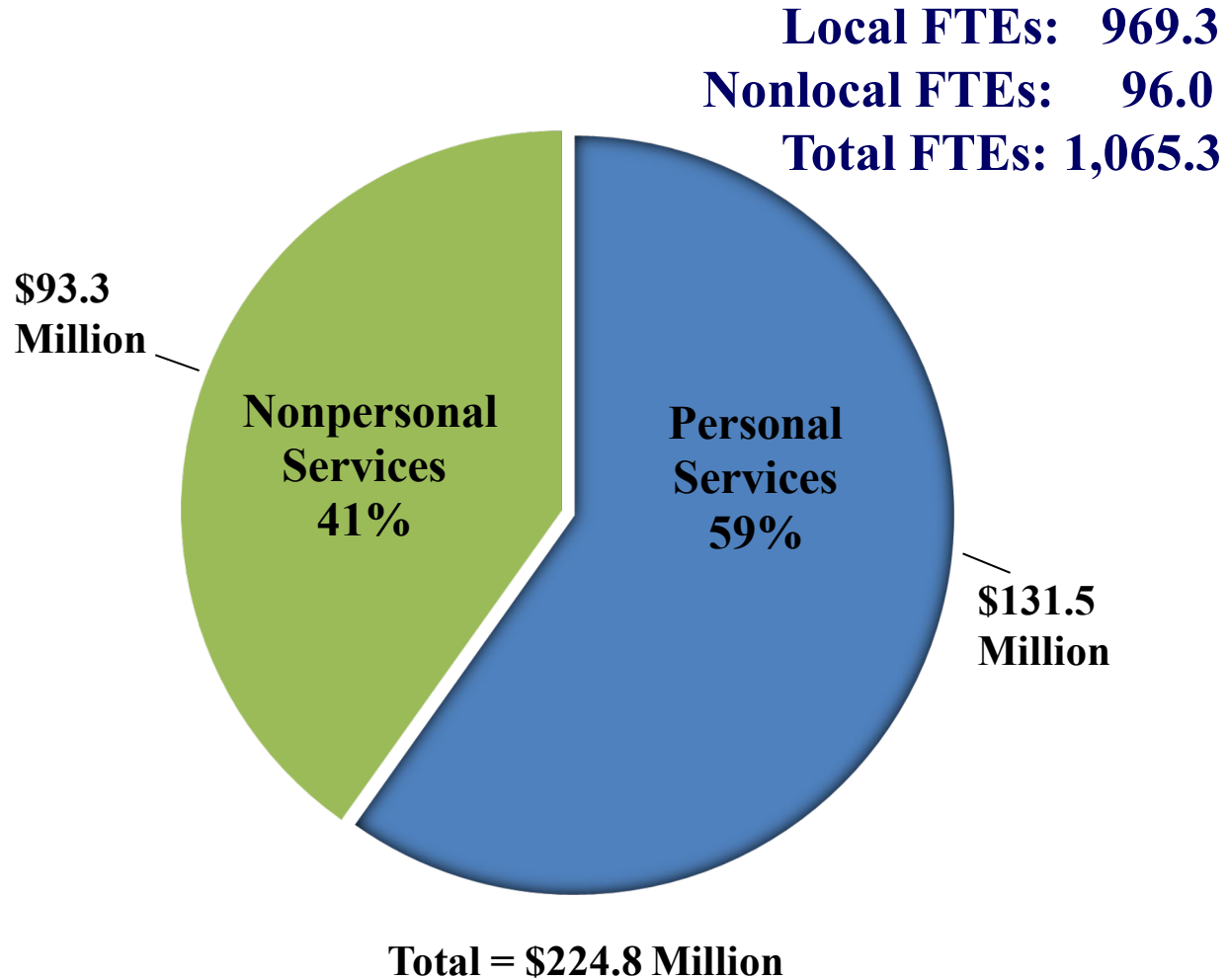
- DIFS stabilization effort continues, operations are normalizing, and significant issues experienced early on have been resolved.
- To date, DIFS has successfully processed over 102K payments totaling over \$6.3 billion. Payments are being processed accurately and on time.
- Established reconciliation processes with PeopleSoft/Streamlined the expense reimbursement process to include delegation of approval. This should significantly increase user satisfaction and reduce requests for assistance.
- While we continue to monitor these processes daily, our focus is now on testing and validation of year-end processes to ensure the successful close of FY 2023.

Transaction Type	Week	Start Date	End Date	Count	Total Amount
Payments	Since Go Live	10/1/2022	3/31/2023	102,451	\$6,367,939,829.72



FY 2024 Proposed Operating Budget

Gross Funds, PS vs NPS





Highlights of FY 2024 Budget Request

- The OCFO FY 2024 Gross Fund budget is \$224.8M, comprised of the following major categories:
 - Local Funds of \$172.8M
 - Federal Grant Funds of \$875K (EBT Management)
 - Special Purpose Revenue (O-Type) Funds of \$51.6M (for the Central Collections Unit, Tax Collection Fees, Bank Fees, Unclaimed Property, etc.)



Highlights of FY 2024 Budget Request (Cont.)

Local Fund Increases

- Financial Institution Data Matching enhancement \$127K (1 FTE)
- Lien Enhancement Program, enhancement \$127K (1 FTE)
- DC Non-filer Review, enhancement \$582K (3 FTEs)
- IT Support of \$678K and 4.3 FTEs - transfer from OCTO

Local Fund Decreases and Costs to be Absorbed

- Local PS/NPS Reductions - \$2.5M
- ARPA Policy Decision decrease - \$364K (5 FTEs)
- Internal Reallocations to fund DIFS Support Center - \$3.6M total, including 13 FTEs
- Funding Not Received:
 - DIFS Support - Operating Impact of Capital \$2.9M
 - Other Systems Support - Operating Impact of Capital \$1.2M
 - Merchant Fees increased cost \$855K



Highlights of FY 2024 Budget Request (Cont.)

Loss of Capital Funding

- DIFS project funding of \$15 million: Authorized in FY 2021, “temporarily” reduced in FY 2022, not restored in FY 2023 or FY 2024. As a result, OCFO is unable to complete the implementation of the Oracle budget module, as planned.

Budget reductions will stress available resources - PS and NPS – as we attempt to maintain operations without disruption.



Questions?