

**PUBLIC HEARING  
ON  
THE FISCAL YEAR 2016 BUDGET  
OF THE OFFICE OF  
THE CHIEF FINANCIAL OFFICER**

**Before the  
Committee on Finance & Revenue  
Council of the District of Columbia**

**The Honorable Jack Evans, Chairman**

**April 22, 2015, 10:30a.m.  
John A. Wilson Building  
Council Chambers**



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

Good morning, Chairman Evans and members of the committee on Finance and Revenue. I am Jeff DeWitt, Chief Financial Officer of the District of Columbia. I am pleased to appear before you today to discuss the FY 2016 budget request for the Office of the Chief Financial Officer (OCFO).

I am joined by my colleagues who will assist in answering specific questions that the Committee may have. With me is Angell Jacobs, Deputy CFO and Chief of Staff. Also with me today are Jeff Barnette, Deputy CFO for the Office of Finance and Treasury; Steve Cordi, Deputy CFO for the Office of Tax and Revenue; Fitzroy Lee, Deputy CFO for the Office of Revenue Analysis; and Bill Slack, Deputy CFO for the Office of Financial Operations and Systems. Gordon McDonald, Deputy CFO for the Office of Budget and Planning, who will appear before the Committee of the Whole on April 23<sup>rd</sup>, but is here today to answer questions. In addition, Tracey Cohen, Interm Executive Director of the DC Lottery, who testified earlier today, is here.

The OCFO's FY 2016 budget request supports the agency's strategic plan. I will now discuss the budget in greater detail.



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# **Fiscal Year 2016 Budget of the Office of the Chief Financial Officer**

**Jeffrey S. DeWitt  
Chief Financial Officer  
April 22, 2015**



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# 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



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# Strategic Objectives

## 7 Strategic Objectives:

1. Improve Customer Service
2. Create a Culture of Continuous Improvement
3. Improve Transparency and Quality of Information
4. Effectively Manage Risk and Prevent Fraud
5. Implement Quality Financial Systems
6. Develop, Attract, and Retain High Quality Employees
7. Manage a Fair and Equitable System to Fully Collect District Revenues



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## 24 Strategic Initiatives

- 1 **Implement a Modernized Integrated Tax System (MITS) to replace the current tax system**
- 2 **Implement a new telephone system in the Office of Tax and Revenue to improve customer service**
- 3 **Develop comprehensive customer service training program for all OCFO staff**
- 4 **Enhance current practices to strengthen internal controls and ensure compliance**
- 5 **Improve District-wide vendor payment process to ensure more efficient and timely payments by all agencies**
- 6 **Implement a long-range (15-20 year) capital financing plan for the District**
- 7 **Implement a new enterprise-wide financial reporting, accounting and budgeting system and enhance availability of information to the public**
- 8 **Create comprehensive community outreach program for regular feedback**



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## 24 Strategic Initiatives (con't)

9

**Implement a program for continuous improvement based on employee-driven process improvement teams**

10

**Complete an external "best practices" review of all DC Lottery activities and expand base for retail products**

11

**Implement improved process to notify seniors of property tax credit**

12

**Review current debt and investment systems and strategies to minimize cost and maximize revenues within debt and investment policies**

13

**Develop an educational program on commercial real property assessments for taxpayers**

14

**Upgrade income tax policy analysis and forecasting models**

15

**Improve usability and usefulness of information on OCFO website**

16

**Implement online process to receive clean-hands compliance notices**



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## 24 Strategic Initiatives (con't)

17

**Implement tools to protect taxpayer identity and reduce fraud**

18

**Implement a formal municipal bond investor outreach program**

19

**Improve the timeliness and availability of grant information to agencies**

20

**Expand external recruiting through partnerships with local universities, career centers, and professional associations**

21

**Modernize financial and accounting systems at United Medical Center (UMC)**

22

**Modernize payment operations across the District**

23

**Continue and enhance OCFO Ethics Training**

24

**Improve the quality of financial information available to the public by integrating related information from other District agencies (DOES, DCRA, etc.)**





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# Highlights of FY2016 Budget Request

The OCFO request represents the minimum resources needed to successfully accomplish our mission and attain our stated goals.

- The OCFO FY 2016 Gross Fund budget is \$170.9M, comprised of the following major categories:
  - Local Fund of \$118.1M
  - Special Purpose Revenue (O-Type) Funds of \$44.2M (Central Collections Fund, Tax Collection Fees, Bank Fees, and Unclaimed Property)
  - Federal Grant Funds of \$525K (EBT Management)
  - Intra-District Funds of \$8.1M (Health Benefits Fees-Payroll Support, Single Audit, and Cashier Services)



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## Highlights of FY2016 Budget Request (Cont.)

- Local Fund increase of \$3.8M over FY 2015 includes:
  - Adjustments totaling \$4.8M to the Current Services Funding Level (CSFL), including \$4.5M for personal services costs as determined by the District-wide compensation agreement, cost of living adjustments and fringe benefit adjustments.
  - Reductions to non-personal services funding to close FY2016 gap totaling \$1M (related to technology efficiencies including e-filing).



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# Highlights of FY2016 Budget Request (Cont.)

## FTE Increase for Non-Local Purposes

- Total of 8 Non-Local FTEs
  - 5 FTEs (Special Purpose Revenue-\$370K):
    - 3 FTEs in the Office of Finance and Treasury to address increasing research requirements in Unclaimed Property and pension benefits administration.
    - 2 FTEs to enhance support at the DC Lottery for cashier and legal services.
  - Intra-District Fund increase of \$450K and 3 FTEs to fund three cashiers at agency sites.



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# OCFO Full-Time Equivalent Employees (FTEs) - Tax Revenue Collections FY2009-FY2016



Enhanced Revenue Initiatives



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# Status of Strategic Initiatives

## Customer Service

- Modernized Integrated Tax System (MITS)
  - Contract with Fast Enterprises executed
  - 30 OCFO and 31 contract staff dedicated for 4 years
  - Base system configuration completed
  - Master training and testing plans drafted
  - Phase I Rollout-October 2015 (Income Tax)
  - Future phases-October 2016 through October 2018
- Completed employee focus groups to assess customer service training needs and developed e-learning training modules
- Training for employees on recent tax changes
- Increased staffing (permanent and temporary) to address customer service needs in the OTR Customer Service Call Center



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# Status of Strategic Initiatives (con't)

## Customer Service

- New Telephone System
  - Phase I scheduled August 2015 to support MITS Phase I rollout
- Modified real property appraisal models to better reflect the impact of subsidized properties
- Implemented online Income & Expense (I&E) report filing
- Implemented online BID payments
- Implemented improved process to notify seniors of property tax credit
- Collaborating with OIG regarding comprehensive review of real property assessment process to include best practice study



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# Status of Strategic Initiatives (con't)

## Technology

- Soar Replacement Project
  - Completed review of system implementation requirements
  - Engaging OCTO in discussions of support for enterprise-wide system
  - Partially funded in FY2016 Budget and Financial Plan
- United Medical Center System Upgrade
  - Implementation is currently in progress
  - Full implementation to be completed by September 30, 2015
- Upgraded income tax policy analysis and forecasting models
- MITS Upgrade
- Telephone System Upgrade



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# Status of Strategic Initiatives (con't)

## Risk Management

- Comprehensive review of all policies and procedures in progress
- Contract for comprehensive risk assessment and internal controls review planned for completion in summer 2015
- Developed, in coordination with the City Administrator and Inspector General, an inter-agency approach to address external audit findings
- Conducted internal control review of Lottery warehouse processes
- Issued RFP for best practices review of Lottery





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# Status of Strategic Initiatives (con't)

## Efficiencies

- Hired Senior Financial Policy Advisor to develop long-range infrastructure and capital financing plan and investor outreach program for the District
- Final Stages of Hiring for Continuous Improvement Manager
- Budgeted for Capital Asset Management System to support long-range Capital Financial Plan
- Debt management efficiencies reflected in FY 2016 budget and financial plan through improved timing and sizing of bond sales



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## Status of Strategic Initiatives (con't)

### Other

- 18<sup>th</sup> consecutive CAFR on-time with a clean opinion
- GO bond upgrade by Standard & Poor's, Fitch, and Moody's rating agencies



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# Questions?