

**PUBLIC HEARING ON  
THE FY 2022 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**

**June 7, 2021**



**Testimony of  
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Office of the Chief Financial Officer**

**Fitzroy Lee  
Interim Chief Financial Officer  
Government of the District of Columbia**

Good afternoon, Chairman Mendelson and members of the Committee of the Whole. I am Eric Cannady, 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 2022 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 2022 Budget Request;
- Fiscal Year 2021 Accomplishments to Date; and
- Fiscal Year 2022 Key Program Initiatives.

### **OBP's Fiscal Year 2022 Budget Request**

OBP's operating budget request is \$6.598 million and 45 FTEs, a net increase of \$272,000, and five (5) FTEs over the FY 2021 approved budget of \$6.326 million and 40 FTEs. The additional FTEs will allow OBP to expand its tracking and reporting capabilities for Covid-related funds, including Coronavirus Aid Relief and Economic Security (CARES) Act and American Rescue Plan Act (ARPA) funds. We anticipate meeting extensive District-wide reporting requirements for the ARPA funds. These FTEs are funded with ARPA Revenue Replacement funds and are anticipated to recur only through FY 2024. The FY 2022 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 2021 and for FY 2022.

## **FY 2022 Budget Formulation and Transparency**

During the FY 2022 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 2022 budget development, we created the CSFL and published it on December 2, 2020. This document provides an analysis of the cost of operating District agencies in FY 2022, for Local funds only, before consideration of any new policy decisions beyond the FY 2021 budget.

***Mayor's FY 2022 Proposed Budget Request*** – OBP worked with Mayoral, City Administrator, and agency program and financial staffs on the Mayor's proposed FY 2022 budget preparation through May 27<sup>th</sup>, after the submission date was extended from the original date of March 31<sup>st</sup>. On May 27<sup>th</sup>, a balanced FY 2022 Proposed Budget and Financial Plan was submitted to the Council and posted on the internet. We look forward to collaborating with Council and its staff on the consensus budget.

***Automated Financial Plan*** – We continue to use the Automated Financial Plan with the support of our 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 continue to use Jira software 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 allows us to provide better visibility into the process and, 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 2022 - FY 2027 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 because of the pandemic.

During the FY 2022 – FY 2027 CIP formulation, my office collaborated with the Mayor’s OBPM on the following:

***Investment Review Boards (IRBs)*** – During this budget formulation cycle, OBPM continued its use of Investment Review Boards, relying on the three boards to review all agencies capital budget requests:

- 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 Boards is composed of individuals with strong transportation, fleet and planning backgrounds and experience.

OBP participated in all three of the IRB meetings during the formulation period, providing support and knowledge of the OCFO’s policies on capital budgeting

***Capital Asset Replacement Scheduling System (CARSS)*** - The Capital Asset Replacement Scheduling System (CARSS) was utilized during this capital budget formulation for the Mayor’s proposed budget for the evaluation of facilities and for the replacement schedules for fleet vehicles across the District. CARSS currently contains 100 percent of District-owned assets, totaling more than 316,000 individual assets. In a new and expanded role, CARSS is currently being utilized to assess the viability of including medium and heavy-duty alternative energy vehicles in the District’s overall fleet portfolio, as well as embarking on a long-term project to evaluate the cost of long-term capital needs,

including restoration and repair, of 35 separate housing complexes owned by DCHA, which include over 6,400 individual family units.

The Capital Improvements Program continues to provide detailed information to the Council Budget Office staff during budget formulation as well as during execution. Also, we report on capital project spending issues that are inconsistent with spending plans to the Board of Review for Anti-Deficiency Violations. We also produce various reports which are posted on the CFO's website, including capital budget reprogramming activity, quarterly capital budget spending, and on the District Department of Transportation's reconciliation and reallocation efforts. 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 2022 Key Program Initiatives**

Our central goal is to continue to improve OBP's performance. OBP's major operational goals for FY 2022 are as follows:

- Incorporate lessons learned from the FY 2022 budget development process into the FY 2023 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 our use of Jira software to review, approve, and track reprogrammings and track ARPA funds allocations, which allows for a better coordination of our work

with OBPM. We are considering expansion of our use of Jira to other OBP processes such as Intra-Districts;

- Continue to make improvements in the Capital Improvements Program, with further analysis of the operating budget effects from completed capital projects and monitoring the capital fund balance;
- Continue to provide leadership and subject matter expertise for the OCFO's implementation of the District's new accounting and budgeting system;
- 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 2022 Consensus Budget. Mr. Chairman, this concludes my remarks. I would be pleased to answer any questions that you may have.