

**PUBLIC HEARING ON
THE FISCAL YEAR 2025 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

Thursday, April 25, 2024



**Testimony of
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**Glen Lee
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Good afternoon, Chairman Mendelson, and members of the Committee of the Whole. I am Eric M. 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 Fiscal Year 2025 budget request. With me today is Sherrie Greenfield, Associate Deputy Chief Financial Officer. I will cover the following areas in my remarks:

- OBP's Fiscal Year 2025 Budget Request;
- Fiscal Year 2024 Accomplishments to Date; and
- Fiscal Year 2025 Key Program Initiatives.

OBP's Fiscal Year 2025 Budget Request

The Fiscal Year 2025 operating budget request for OBP is \$6.713 million and 47.5 Full-Time Equivalents (FTEs), which represents a net increase of about \$77,000, from the Fiscal Year 2024 approved budget of \$6.636 million and 47.5 FTEs. I will now discuss some of our recent accomplishments and our plans for the remainder of Fiscal Year 2024 and for Fiscal Year 2025.

Fiscal Year 2025 Budget Formulation and Transparency

During the Fiscal Year 2025 budget formulation process, OBP and OCFO financial staff worked together to produce several key budget products, which I will briefly review:

Interim Budget Application (IBA) - OBP staff members worked diligently with the OCFO's Office of the Chief Information Officer to sunset the Budget Formulation Application (BFA), which was the District's legacy budget formulation application. In

place of the BFA, an interim budget system was developed with staggered roll-out between October 2023 and February 2024 and was used to develop the FY 2025 Mayor’s proposed budget. IBA will also be used to develop the District’s FY 2025 approved budget.

Current Services Funding Level (CSFL) – As part of the Fiscal Year 2025 budget development, we created the CSFL and published it on February 28, 2024. This document provides an analysis of the Local funds only cost of operating District agencies in FY 2025, without consideration of any new policy decisions beyond the FY 2024 budget.

Mayor’s Fiscal Year 2025 Proposed Budget Request – OBP collaborated with other OCFO staff, the Office of Budget and Performance Management, and agency program staff members to develop the Mayor’s proposed fiscal year 2025 budget and financial plan, which was submitted to the Council on April 3, 2024.

Interagency Budgets – OBP continues to work with other OCFO team members to improve the interagency budget process. This process enables the agencies providing services (seller agencies) to finance the cost of those services by directly charging interagency projects funded within the budget of the agencies receiving the services (buyer agencies). OBP has significantly improved the transparency of the interagency process by including two interagency reports in the Fiscal Year 2025 budget. These reports provided additional insights into the interagency process.

Operating Budget Execution

OBP continues to manage the Spending Pressure Task Force by working closely with OCFO cluster and OBPM teams to vet and quickly identify potential gap closing solutions for

potential spending pressures. We continue to use the Jira application to track reprogrammings and other critical budget adjustment requests from initial submission through final approval. Additionally, OBP successfully launched the District Grants Application System (DGAS), which is OBP's web-based application used to manage the transmission, workflow, and reporting of requests for and approvals of increases and/or decreases of grant budget authority. A few benefits of DGAS are:

- Improved transparency and streamlined process for submitting and tracking agency grants requests;
- Expanded access for OCFO agency staff to access and track the progress of requests at any stage of the approval workflow and generate status reports; and
- Real-time email notifications to the OCFO agency staff when OBP posts comments as the requests are being promoted through the stages of the workflow.

Capital Improvements Program

OBP collaborated with the Mayor's budget staff, agency program staff, and OCFO financial staff to develop the Mayor's Fiscal Year 2025 through Fiscal Year 2030 capital budget request. We also worked closely with the Office of Finance and Treasury on multiple borrowing plan scenarios that were applied in the debt model to ensure that the District stayed within the 12 percent debt cap throughout the six-year capital improvements plan. My office also worked with the Office of Revenue Analysis to ensure balanced funding in the Capital Improvements Program (CIP) projects that are funded with Local, Special Purpose Revenue, and federal funds, such as gas tax receipts and rights-of-way fees.

Capital Asset Replacement Scheduling System - 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, as well as scoring of capital projects. CARSS currently contains 100 percent of District-owned assets, totaling more than 316,000 individual assets, including over 5,000 vehicles. CARSS was utilized to assess the viability of including medium and heavy-duty alternative energy vehicles in the District's overall fleet portfolio, as well as providing feedback on the District's support towards the cost of long-term capital needs, including restoration and repair of 42 separate housing complexes owned by the District of Columbia Housing Authority, which includes over 6,400 individual family units. The results of the physical needs assessments of the 42 complexes have been uploaded and maintained in CARSS.

OBP also produces a variety of reports that are available on the CFO's website, which include capital budget reprogramming activity, quarterly capital budget spending, and the District Department of Transportation's reconciliation and reallocation efforts. We collaborate with the Office of Finance and Treasury on the formulation and management of the budget for the various debt service agencies and with the Office of Financial Operations and Systems on fiscal year-end closing and transfers that occur between the operating and the capital budgets.

Fiscal Year 2025 Key Program Initiatives

OBP's primary operational goals for Fiscal Year 2025 are as follows:

- Incorporate lessons learned from the Fiscal Year 2025 budget development process;

- Continue to improve the FRP procedures 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 to make enhancements to the CIP, with further analysis of the operating budget effects from completed capital projects and monitoring of the capital fund balance; and
- Continue to lead the support and use of CARSS.

Conclusion

We look forward to working collaboratively with the Council during the development of the District's Fiscal Year 2025 approved budget. Mr. Chairman, this concludes my remarks. I would be pleased to answer any questions that you may have.