

**PUBLIC OVERSIGHT HEARING**  
**ON**  
**THE FY 2021 AND FY 2022 SPENDING AND PERFORMANCE**  
**OF THE**  
**OFFICE OF BUDGET AND PLANNING**

**Before the**  
**Committee of the Whole**  
**Council of the District of Columbia**

**The Honorable Phil Mendelson, Chairman**

**February 25, 2022, 10:30 a.m.**  
**Room A, Virtual Hearing**



**Testimony of**  
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**Fitzroy Lee, Ph.D.**  
**Acting Chief Financial Officer**  
**Government of the District of Columbia**

Good morning, 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) within the Office of the Chief Financial Officer (OCFO). I am here today to testify on the FY 2021 performance and FY 2022 plans of OBP. I am honored to appear today and present testimony on the accomplishments of my office and our plans for improving OBP's performance and the services we offer to District residents and agencies. With me today is James Spaulding, Associate Deputy Chief Financial Officer for OBP.

I will cover the following areas in my remarks:

- Fiscal Years 2021 and 2022 operating expenditures;
- FY 2021 performance; and
- FY 2022 operational goals.

### **Fiscal Years 2021 and 2022 Operating Expenditures**

OBP is one of the key programs within the OCFO. In FY 2021, OBP operated within its Local funds revised budget of \$5.939 million, spending \$5.906 million, or more than 99.4 percent of our available Local funds. Through the 3rd of February 2022, we have expended and obligated \$1.844 million, or 27.9 percent of our FY 2022 approved budget of \$6.598 million. We expect to end the year within our current budget.

### **FY 2021 Performance**

Our major accomplishments for FY 2021 were in three areas.

- 1. Development of FY 2021 Budget Revisions and the FY 2022 Budget.** During FY 2021, the District made many changes to its budget, and despite the impact of the COVID-19 pandemic, OBP successfully processed these changes and tracked and reported on the budget throughout the year. We also worked with the Mayor and Council

to produce three supplemental budgets in FY 2021. The District ended FY 2021 with a balanced budget.

Because of the COVID-19 pandemic and precipitous drop in revenues, the timeline for the Mayor's FY 2022 budget submission was delayed from March to May. OBP worked closely with Mayor Bowser and her budget staff to develop the FY 2022 budget which was submitted to Council on May 27, 2021. Between June and September, we worked closely with Council staff to review the budget, and the Council passed the District's budget, which was transmitted to Congress on September 17.

**2. Budget Execution.** I will now discuss our key budget execution tools.

***Financial Review Process*** – District agencies prepare and submit monthly Financial Review Process (FRP) reports to OBP for review and analysis. We use the FRP to analyze agencies projected year-end expenditures and revenue collections and compare them to agency budgets. If agencies report spending pressures, we work with the Mayor's budget office as they propose changes to resolve the pressures.

***Reprogrammings*** – In FY 2021, we worked closely with agency fiscal officers and the Executive Office of the Mayor to process a total of 216 Operating and Capital reprogramming requests, of which 49 were sent to Council for approval.

***Grants Management*** – OBP is the District's central unit responsible for reviewing and approving all requests from agencies to establish and/or modify grant budget authority. In FY 2021, OBP processed 1,420 grant budget modifications, of which 401 required

passive approval by the Council.

**Reports** – During FY 2021, OBP produced monthly Financial Status Reports on operating budget spending and quarterly reports on capital budget spending, in addition to a variety of reports on such topics as reprogrammings, the Emergency and Contingency Reserve Funds, capital project reconciliations and transfers, and capital-funded FTEs. In FY 2021, we produced 58 reports and published 54; the remaining 4 were prepared on behalf of the Mayor for transmittal to Congress. As we have discussed in prior testimonies, the OCFO website also includes CFOInfo, a web-based application allowing the public to see, among other data, current-year operating Financial Status Report data. Federal grant budget and expenditure information as well as capital project data are also available to the public through CFOInfo.

**3. Budget Process Improvements.** We continue to improve budget processes and management.

- OBP has implemented a paperless review process, the Automated Budget Chapter System (ABC), for budget chapters, which we are using to prepare the FY 2023 budget books. We have expanded the ABC system to include a Financial Plan module and an automated process of uploading Performance Plans from the Office of Budget and Performance Management's (OBPM) QuickBase system. ABC has dramatically reduced the time it takes to develop agency budget chapters.
- On the capital side, we formally closed 40 federal Highway Trust Fund (HTF) projects and one Local transportation project, moving a total budget of more than \$18.9 million back to the HTF master projects and \$36.9 thousand back to local master projects.

- OBP has expanded the Capital Asset Replacement Scheduling System (CARSS) to include asset data for the DC Housing Authority. Over 316,000 District capital assets are now in CARSS. In FY 2022, we plan to expand CARRS to add facility physical need assessments, which will itemize repairs needed for each facility

## **FY 2022 Key Program Goals and Initiatives**

Our goal for FY 2022 is to continue to build on our successes, in meeting the OCFO's strategic objective of creating a climate of continuous improvement. OBP's key operational goals are as follows:

- Work with the Mayor and Council to develop a balanced budget and financial plan for FY 2023;
- Work closely with the OCFO's Office of the Chief Information Officer and the team implementing the District Integrated Financial System (DIFS) as they develop the new Oracle-based budget system that will integrate with the core financial system within DIFS;
- Continue to ensure the timely development, review, and submission of FRPs.
- Continue to manage and improve the use of JIRA, which is a system to manage and track reprogrammings and O-type/Dedicated Taxes budget modifications. This automated system has improved the former processes by:
  - Reducing the time it takes to process these actions;
  - Increasing transparency of the status of these actions; and
  - Eliminating or significantly reducing the year-end flurry of a large number of these actions.

JIRA has also been an effective tool in managing the administration of the District's American Rescue Plan Act (ARPA) funding. OBP collaborated with central OCFO agencies, agency OCFO teams, the Mayor's Office of Budget and Performance Management, and the Council's Budget staff to develop unique funding structures to streamline the processing and reporting of authorized ARPA funded transactions in JIRA. This process has significantly enhanced the transparency in the monitoring and reporting of these actions by funding source, by agency, and by program-specific projects. Before the end of FY 2022, OBP intends to add new budget execution processes, such as the review of intra-District budget modifications, Contingency Reserve requests, and capital budget reallocation requests, to JIRA.

- Continue to manage the Spending Pressure Task Force in order to quickly identify emerging spending pressures and work collaboratively with OBPM to develop effective gap-closing plans;
- Continue to improve capital budget management and oversight by ensuring the FY 2023 – FY 2028 Capital Improvements Plan remains within the 12 percent debt cap; and
- Continue to provide budget transparency through the CFOInfo application.

## **Conclusion**

Currently, OBP staff is working with OBPM to develop the Proposed FY 2023 Budget and Financial Plan for transmittal to the Council on March 16. I would like to take this opportunity to thank the entire OBP team for their hard work and professionalism over the past year. We look forward to working with the Council and other policy makers during the consensus process to develop a transparent and balanced budget for FY 2023. Mr. Chairman, this

concludes my remarks. I would be pleased to answer any questions that you may have.