

PUBLIC OVERSIGHT HEARING
ON
THE FY 2022 AND FY 2023 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 27, 2023, 2:00 p.m.
Room A, Virtual Hearing



Testimony of
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Glen Lee,
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 2022 performance and FY 2023 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 2022 and 2023 operating expenditures;
- FY 2022 performance; and
- FY 2023 operational goals.

Fiscal Years 2022 and 2023 Operating Expenditures

OBP is one of the key programmatic offices within the OCFO. In FY 2022, OBP operated within its Local funds revised budget of \$6.326 million, spending \$6.301 million, or more than 99.6 percent of our available Local funds. Through the 16th of February 2023, we have expended and obligated \$2.177 million, or 31.5 percent of our FY 2023 approved budget of \$6.911 million. We expect to end the year within our current budget.

FY 2022 Performance

Our major accomplishments for FY 2022 were in three areas.

- 1. Development of FY 2022 Budget Revisions and the FY 2023 Budget.** During FY 2022, 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 two supplemental budgets in FY 2022. The District ended FY 2022 with a balanced budget.

OBP worked closely with Mayor Bowser and her budget staff to develop the FY 2023 budget, which was submitted to Council on March 16, 2022. Between April and July, we worked closely with Council staff to review the budget, and the Council passed the District's budget, which was transmitted to Congress on August 1, 2022.

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 2022, we worked closely with agency fiscal officers and the Executive Office of the Mayor to process a total of 261 Operating and Capital reprogramming requests, of which 78 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 2022, OBP processed 906 grant budget modifications, of which 388 required passive approval by the Council.

Reports – During FY 2022, 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 2022, we produced 63 reports and published 59; 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 continues to enhance the Automated Budget Chapter System (ABC), for budget chapters, which we are using to prepare the FY 2024 budget books. In FY 2023, the system was flexible enough to add additional budget tables in each agency chapter. We have expanded the ABC system to include a Financial Plan module. ABC has dramatically reduced the time it takes to develop agency budget chapters.
- On the capital side, we formally closed 57 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.
- OBP has expanded the Capital Asset Replacement Scheduling System (CARSS) to include inventoried asset data on 35 D.C. Housing Authority properties. Over 316,000 District capital assets are now in CARSS. In FY 2023, we are expanding CARRS to add facility needs assessments, which will itemize repairs needed for each facility.

FY 2023 Key Program Goals and Initiatives

Our goal for FY 2023 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 supplemental budget for FY 2023 and a balanced budget and financial plan for FY 2024;
- 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, O-type/Dedicated Taxes budget modifications, interagency budget modifications, and Contingency Reserve requests. In addition, the process for authorizing Temporary Full-Time Equivalent (FTEs) is scheduled to go live during the second quarter of FY 2023. 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

divisions, agency OCFO teams, and OBPM 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;

- 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 2024 – FY 2029 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 2024 Budget and Financial Plan for transmittal to the Council on March 22nd. 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 policymakers during the consensus process to develop a transparent and balanced budget for FY 2024. Mr. Chairman, this concludes my remarks. I would be pleased to answer any questions that you may have.