

PUBLIC OVERSIGHT HEARING
ON
THE FY 2023 AND FY 2024 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 21, 2024, 2:00 p.m.
Room A, Virtual Hearing



Testimony of
Eric M. Cannady
Deputy Chief Financial Officer
Office of Budget and Planning

Glen Lee
Chief Financial Officer
Government of the District of Columbia

Good afternoon, Chairman Mendelson and Members of the Committee of the Whole. I am Eric M. Cannady, Deputy Chief Financial Officer and Budget Director of the Office of Budget and Planning (OBP) for the Office of the Chief Financial Officer (OCFO). I am very pleased to appear before you today to testify on the FY 2023 performance of OBP and outline my plans for the agency in FY 2024 and beyond. I am joined by Sherrie Greenfield, Associate Deputy CFO. Also, in attendance are Kenneth Evans, Director of Capital Budget, Stacy-Ann White, Director of Operating Budget, and Samuel Terry, Director of Financial Planning, Analysis & Management Services who may assist in answering questions from the Committee.

I will cover the following areas in my remarks:

- Fiscal Years 2023 and 2024 year-to-date operating expenditures;
- FY 2023 performance; and
- FY 2024 operational goals and accomplishments.

Fiscal Years 2023 and 2024 Operating Expenditures

OBP is one of the key programmatic offices within the OCFO. In FY 2023, OBP operated within its Local funds revised budget of \$6.930 million, spending \$6.895 million, or more than 99.5 percent of our available Local funds. Through the 16th of February 2024, we have obligated or expended \$2.343 million, or 35.3 percent of our FY 2024 approved budget of \$6.636 million. We expect to end the fiscal year within our current budget.

FY 2023 Performance

Our major accomplishments for FY 2023 were in three areas.

1. **FY 2023 Budget Revisions and formulation of the FY 2024 Budget.** During FY 2023, the District made many changes to its budget and 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 the District's FY 2023 supplemental budget and the FY 2024 approved budget and financial plan. The District ended FY 2023 with a balanced budget.

OBP worked closely with Mayor Bowser's budget team to develop the FY 2024 budget, which was submitted to Council on March 23, 2023. Between April and July, we worked closely with Council staff to review the budget, and the Council approved the District's budget, which was transmitted to Congress on July 14, 2023. After completion of the FY 2024 approved budget and financial plan, OBP focused on lessons learned.

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 team as they propose changes to resolve the pressures.

Reprogrammings – In FY 2023, we worked closely with agency fiscal officers and the Executive Office of the Mayor to process a total of 228 Operating and Capital reprogramming requests, of which 92 were sent to the Council for approval.

Grants Management – OBP is the District's central unit responsible for reviewing and approving all requests from agencies to establish or modify grant budget authority. In FY 2023, OBP processed 795 grant budget modifications, of which 245 required passive approval by the Council.

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

- Following the completion of the FY 2023 budget supplemental and approval of the FY 2024 budget, OBP conducted our annual budget formulation lessons learned. We determined that for future budget formulation cycles, it is critical that we clearly establish the required timeline for OCFO certification of both the Mayor’s proposed supplemental budget and her annual budget and financial plan for submission to the Council.
 - OBP must have 10 days after “pencils down” to conduct the required due diligence needed to ensure that: (1) the budget and financial plan are balanced (including that any necessary technical adjustments are made), (2) the proposed Budget Support Act (BSA) along with the Local Budget Act (LBA) are thoroughly reviewed for financial and legal sufficiency, (3) the documents required by the Council are properly vetted and assembled, and (4) the timely publication of the budget volumes (on the web and physical books).
- OBP staff members worked diligently with the OCFO’s Office of the Chief Information Officer (OCIO) 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.
- OBP closed 15 federal Highway Trust Fund (HTF) projects and one Local transportation project, moving a total budget of more than \$4.87 million back to the HTF master projects.

- OBP expanded the Capital Asset Replacement Scheduling System (CARSS) to include inventoried asset data on all 42 D.C. Housing Authority properties, with condition assessments being completed and turned over to the Office of the Deputy Mayor for Planning and Economic Development (DMPED) for evaluation and next steps. Additionally, plans are being formulated to integrate two Events DC properties into the CARSS portfolio, namely Nationals Park and the Walter E. Washington Convention Center. Over 316,000 District capital assets are now in CARSS, including over 5,000 vehicles, for which the CARSS data is used regularly as a part of the budget formulation process. This program has been recognized nationally by industry leaders as a best-in-class method to categorize and monitor capital assets. Demonstrations and presentations have been given to two other major market cities – Denver, CO and Atlanta, GA – and to industry associations related to municipal financing, such as the Government Financial Officers Association (GFOA), the Institute for Asset Management (IAM) and the Asset Leadership Network (ALN).

FY 2024 Key Program Goals, Initiatives, and Accomplishments

Our goal for FY 2024 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 2024 and a balanced budget and financial plan for FY 2025;
- Work closely with the OCIO 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, in the near future;

- 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 Temporary Full-Time Equivalents (FTEs) requests. 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 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 the Mayor's Office of Budget and Performance Management (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 to quickly identify emerging spending pressures and work collaboratively with the City Administrator's budget team to develop effective gap-closing plans; and
- Continue to improve capital budget management and oversight by ensuring that the FY 2025 – FY 2030 Capital Improvements Plan remains within the 12 percent debt cap.

In FY 2024, OBP successfully launched the District Grants Application System (DGAS), which is a new online application to manage the transmission, workflow, and reporting of

the District's grant budget authority process. The benefits of the new DGAS system 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.

Conclusion

Currently, OBP staff members are working with OBPM to develop the Proposed FY 2025 Budget and Financial Plan for transmittal to the Council on March 20th. 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 2025. Mr. Chairman, this concludes my remarks. I would be pleased to answer any questions that you may have.