



The District's Dime

Going Beyond the Budget Book

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What Should Be on the New CFO's To-Do List?

By Ed Lazere

There's about to be a new sheriff in town—a new financial sheriff, that is. Jeffrey DeWitt, the former Chief Financial Officer of Phoenix, is almost certain to become DC's CFO, following Natwar Gandhi's decision earlier this year to step down. The city's CFO is one of the most important positions in town, having responsibility for, as Gandhi often says, “being a bean counter” and keeping our financial house peaceful and orderly.

The District's finances are strong, but DeWitt will have plenty to do to keep things that way. The DC Fiscal Policy Institute testified last week at DeWitt's nomination hearing, where he got an overwhelmingly positive response. Here are the issues we think are most important for the new financial sheriff to keep in mind, beyond maintaining a focus on the fundamentals of tax and budget administration.

Budget Transparency: The CFO should help policymakers and residents understand how the city raises and spends its resources, so that everyone can get involved in budget decisions. Unfortunately, budget documents often lack the clarity needed to do that. For example, officials at DC Public Schools routinely comment that their budget structure set by the CFO bears little connection to how the school system operates. This means DCPS cannot use its budget as a management tool and that parents have no way to understand how DCPS allocates resources to support their children's education.

Budget Autonomy: The federal shutdown should make every DC resident fed up and ready to try something different. The good news is that voters approved a budget autonomy referendum this spring that goes into effect in January. If CFO DeWitt and the mayor and Council take assertive steps to implement it, a federal shutdown will never again turn into a DC shutdown. Beyond that, the next step in budget autonomy that DeWitt can champion is to end federal restrictions on how DC uses its locally funded reserves. The federal government should not be dictating when and how the city taps its reserves. Only the mayor and Council should.

Scrutinizing Economic Development Subsidies: Gandhi championed setting a new cap on the city's debt, because he saw the District's debt obligations rising. DCFPI agreed, in large part because the District was making large investments in economic development projects through borrowing, without, in our opinion, adequate scrutiny to ensure that such projects made sense. We urge the District to maintain its debt cap, or put in new measures to assure proper financial assessment of economic development subsidies.

Improving Coordination Between Finance and Policy Staff in Each DC Agency: The creation of an independent CFO in DC in the 1990s, while in many ways a good thing, resulted in the lead fiscal officer for every DC agency reporting to the CFO rather than to their agency director.

Although many agency fiscal officers have good working relationships with the agency director, this has at times led to confusion and inefficiency. DeWitt should explore ways to give agency fiscal staff more encouragement and flexibility to work cooperatively with agency directors.