

**TESTIMONY OF JENNY REED, POLICY ANALYST
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**For the Public Oversight Hearing on
Bill 18-559, the Reprogramming Policy Reform Act of 2009
District of Columbia Committee of the Whole
January 12, 2010**

Chairman Gray and members of the Committee, thank you for the opportunity to speak today. My name is Jenny Reed, and I am a Policy Analyst with the DC Fiscal Policy Institute. DCFPI engages in research and public education on the fiscal and economic health of the District of Columbia, with a particular emphasis on policies that affect low- and moderate-income residents.

DCFPI supports the changes in bill 18-559, the “Reprogramming Policy Reform Act of 2009.” This legislation will improve the transparency of the budget throughout the year and allow for better oversight and accountability of taxpayer dollars. The changes will be especially useful under the new program budget structure set to begin in the FY 2011 budget. In addition to testifying about the positive changes in bill 18-559, I will also provide some suggestions for further information to help make transfers and reprogrammings more transparent to the public.

Many people assume that the budget passed each spring by the D.C. Council is the final budget that every agency will actually spend the following fiscal year. However, in many instances, that may not be the case. The Executive Branch can make changes to the budget during the fiscal year through reprogrammings — changes that move money from one purpose to another — and through intra-District transfers — changes that move money from one agency to another without changing the purpose. In fact, the Council Budget Office has tracked over \$650 million of reprogrammings in 2009 alone.

Giving the Executive Branch the flexibility to make changes to the budget throughout the year makes sense, but substantial changes should go before the Council for review, and all changes should be made in a manner visible to the public.

Bill 18-559 will help make that process more transparent by lowering the threshold for which reprogrammings need to come to the Council for approval — from \$1 million to \$500,000 — and by adding Council review of intra-District transfers over \$500,000. Importantly, the bill also requires a quarterly report from the Office of the Chief Financial Officer (OCFO) that summarizes all reprogrammings and intra-District transfers over \$50,000 made by the Executive Branch

These new reporting requirements will be especially useful as the District shifts towards a program-based budget structure starting in FY 2011. The program-based budget structure should result in

new division and program breakouts within agencies that will likely result in greater budget detail. As the budget is divided in a more detailed way, this could lead to an increase in requests to reprogram or transfer funds between programs.

Lastly, DCFPI has the following suggestions for additional information that would make it easier for the public to understand and track reprogrammings and intra-District transfers.

- **Include a brief description of the original purpose of the funds being moved.** It would be helpful if a brief description of the original purpose of the funds being transferred was included in the reprogramming summary published in the DC Register. Currently, these summaries only contain a brief description of what the transferred funds will be used for. In addition, it would be helpful if the CFO's summary report listed a brief description of the original purpose of the funds and the new intended use of the funds.
- **Include the program and activity the funds are coming from and going to.** Currently, the funds being reprogrammed or transferred are only described at the agency level. It would also be useful to include the program and activity the funds are coming from and going to. This is described in the legislation, but it was not clear if that would be included in information sent to the public.
- **Provide more clarity on O-type transfers.** When transfers are made from O-type or special purpose accounts, it is often not clear which special purpose fund within the agency the transfer is coming from or what type of funding is being transferred, such as spending authority or actual fund balances. Information should be included on which special purpose accounts the funds are coming from and what kind of funding is being transferred.
- **Provide online access to the quarterly report and full reprogramming requests.** It would be helpful for the quarterly report to be placed on the CFO's website within 10-15 days after it is sent to the Council. In addition, the Council Budget Office should provide a link to the quarterly reports and the DC Register from their website so the public can more easily find and track reprogrammings and intra-District transfers. Lastly, the full reprogramming requests sent by the Mayor should be posted online. The full reprogramming requests include a greater level of information than is currently available to the public. By having these reprogramming requests online, the public could have greater transparency about the changes being made to the budget.

Thank you for the opportunity to offer testimony. I am happy to answer any questions.