

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER



Glen Lee
Chief Financial Officer

February 16, 2023

The Honorable Kenyan R. McDuffie
Chairman
Committee on Business and Economic Development
Council of the District of Columbia
The John A. Wilson Building
Office of the Chief Financial Officer
1350 Pennsylvania Avenue, NW, Suite 506
Washington, DC 20004

Dear Chairman McDuffie:

This is in response to your February 1, 2023, regarding questions for the upcoming public oversight hearing on the FY 2022 and FY 2023 performance of the Office of the Chief Financial Officer scheduled for Wednesday, February 22. Responses to the questions posed in your letter are attached for your review.

If you require additional information, please feel free to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Glen Lee', written over a light blue horizontal line.

Glen Lee

Attachments

Racial Equity

1. In the context of the OCFO and its mission, please describe three areas, programs, or initiatives where you see the most opportunity to address racial inequity.

RESPONSE

The OCFO has the opportunity to address historical racial inequity through its management of the District's banking relationships and through its promotion and participation in financial literacy programs.

Banking Partners

Wells Fargo Bank, N.A. Wells Fargo has committed to strengthening historically marginalized communities by investing in pathways to economic advancement and generational wealth. In 2022, Wells Fargo, through the Wells Fargo Foundation, invested more than \$33.8 million in local nonprofit organizations that are dedicated to community and economic development directly in the District. These local dollars, along with resources in its five-year, \$1.6 billion investment through the Where We Live Initiative, have contributed to addressing racial inequity in the District. In the most recent ranking, Wells Fargo was the number one corporate philanthropist in Greater Washington, D.C., according to the Washington Business Journal. Wells Fargo also continued its investment in the Capital Area Asset Building Corp.(CAAB) by investing \$150,000 toward CAAB's matched savings and cash transfer initiative.

JPMorgan Chase Bank (JPMC), N.A. JPMC has committed \$6.6 million to the Entrepreneurs of Color Fund, \$5 million to Martha's Table, and has invested \$5.4 million (new market tax credit equity) in D.C. Central Kitchen. JPMC also committed \$1.5 million to the Coalition for Nonprofit Housing and Economic Development and invested \$4.5 million to support the Neighborhood Development Company. (Note: OCFO's relationship with JPMC is via a subsidiary, Chase Paymentech, which processes card-based transactions for the District.)

529 Plans

OCFO is the fiduciary for the District's College Savings Plan ("529 Plan") and Achieving a Better Life Experience ("529A Plan or ABLE Plan"). The College Savings Plan is a convenient, flexible, and tax-advantaged way for Plan participants to invest for a child's education expenses. Through the ABLE Plan, residents with disabilities can accumulate savings to pay for qualified disability expenses with tax-free distributions.

OCFO partners with the District's 529 and 529A Plan administrator, Ascensus, and provides Plan participants with access to financial planning and investment resources. Fiduciary oversight, financial literacy, and a robust platform of investment options offered by OCFO and Ascensus give participants the opportunity to build savings within the context of their broader life goals.

Tax Administration

- OTR engages in in-person outreach to low-income, marginalized, and vulnerable individuals to ensure that they are well-informed regarding their rights and obligations as taxpayers.

- OTR’s plain language initiative is working to simplify and clarify the information shared on notices to maximize accessibility and better provide guidance to low-literacy individuals and those with limited English proficiency.
2. In last year’s responses, OCFO provided that the Office had established benchmarks to measure improvements in racial equity through various initiatives. Please describe the benchmarks OCFO has established to measure racial equity and identify any areas or programs where the Office has had success in building racial equity over the past year.

RESPONSE

OCFO banking partners, Wells Fargo, JPMorgan Chase (JPMC), and Citibank, have dedicated resources to address the root causes of racial and economic inequity. Although the impact of strategies and resources in targeted communities is difficult to benchmark, OCFO uses compliance with District and federal codes to monitor our banking partners’ commitments to addressing racial equity.

In compliance with D.C. Code § 26-431.04, financial institutions are required to submit a biennial Community Development Plan (CDP) to the Department of Insurance, Security and Banking (DISB). Failure to submit a plan and maintain a passing grade could disqualify a financial institution from doing business with the District. Specific initiatives, such as Wells Fargo’s Where We Live, JPMC’s investment in Neighborhood Development Company, and Citibank’s investments in Black entrepreneurship, are part of each bank’s larger CDP, which OCFO reviews when considering maintenance and renewal of banking contracts.

The federal Community Reinvestment Act (CRA) encourages financial institutions to meet the credit needs of the communities in which they do business, in particular low- and moderate-income (LMI) neighborhoods. In accordance with CRA, the District’s banking partners have a continuing and affirmative obligation to collect, report, and audit loans made in the District’s LMI neighborhoods. OCFO performs an annual review of the Bank’s Washington Metropolitan Statistical Area CRA, and as with local compliance measures, monitors banks’ ongoing commitment to direct investment in the District when considering maintenance of banking contracts.

3. Please describe the diversity and inclusion initiatives undertaken by OCFO in the past year to increase cultural awareness and diverse hiring at the agency.

RESPONSE

The OCFO introduced a diversity and inclusion initiative that further supports our SMARTER values and is intended to educate, enhance and celebrate the diversity of the OCFO staff. This program furthers our commitment to working towards a culture that cultivates diversity and inclusion and challenges unconscious bias. To date, we have created a workplace diversity statement, outlined the program’s charter, developed a dedicated intranet webpage, and identified a vendor partner who is currently providing web-based training to our staff and will deliver virtual training and workshops to OCFO managers.

4. Describe two areas or programs where the OCFO has significant potential to succeed in building racial equity.
 - a. Please provide an update on the Financial Wellness Program described in response to this question last year.

RESPONSE

Financially Fit DC @Work is a resource for District employees to learn more about employee benefits and leveraging those benefits to build financial security. Ten webinars were held during FY 2022 with topics such as estate planning, building generational wealth through real estate, investing in securities, and student loan management. For FY 2023, there are 12 webinars scheduled. The webinars will cover retirement planning, managing consumer debt, managing credit scores, and fraud protection.

The OCFO also hosted one-on-one meetings with MissionSquare’s Retirement Plans Specialist to discuss their retirement goals. To motivate employees to become engaged with the Financially Fit DC @Work platform, OCFO’s seminars included action items (i.e., attend an online seminar, meet with a retirement specialist, etc.) that made them eligible for awards and prizes.

Additionally, successful implementation of the District’s Earned Income Tax Credit (EITC) expansion to include Individual Tax Identification Number (ITIN) filers will be key to furthering racial equity in the District. Because this program offers targeted benefits to those individuals who are not eligible to receive a Social Security Number, offering guidance in multiple languages and offering friendly, helpful outreach will be important components of administering this program successfully.

5. In last year’s responses, OCFO committed to continue to attract and retain a diverse work force and to invest in financial literacy and wellness of District residents through outreach programs.

RESPONSE

The OCFO is steadfast in its commitment to recruit and retain a highly qualified and diverse workforce. Demographic data (i.e. gender, age, ethnicity, race, residency, and handicap) is recorded, converted into metrics, and continuously analyzed to gain insight into the agency’s overall demographic makeup. These analyses are additionally used to develop and improve the recruitment strategies and hiring outcomes of the agency. Promotion and retention processes are continuously evaluated in an effort to ensure non-biased hiring practices. Additionally, we continuously advertise vacancies on the OCFO’s webpage, major professional networking and employment websites, industry-specific publications, various job boards, organizations, and with social media groups. We developed and continue our “work where you live” campaign by hosting District resident-only events where residents have an opportunity to meet with our recruitment staff to better understand our recruitment process, discuss vacant positions, and successfully apply to our openings.

Furthermore, as stated in the response to question 4, Financially Fit DC @Work is a resource for District employees to learn more about employee benefits and leveraging those benefits to build financial security. Ten webinars were held during FY 2022 with topics such as estate planning, building generational wealth through real estate, investing in securities, and student loan management. For FY 2023, there are 12 webinars scheduled. The webinars will cover retirement planning, managing consumer debt, managing credit scores, and fraud protection.

- a. Please provide specific examples of financial literacy and wellness outreach programs made available to District residents by OCFO. How does this outreach support racial equity?

RESPONSE

OFT has worked with Wells Fargo to create financial literacy programming for non-profit organizations throughout the District, including the Marion S. Barry Summer Youth Employment Program and the DC Adult Career Technical Academy. The financial literacy programming is designed to provide participants with fundamental skills and tools to better manage and maintain their financial resources.

COVID-19

6. Discuss the impact of the ongoing COVID-19 Pandemic on OCFO staffing levels and employee morale.

RESPONSE

The OCFO is no different than much of the United States workforce. We continue to experience an increase in voluntary resignations and retirements.

OCFO staff morale continues to be split. Many staff continue to express gratitude to still be gainfully employed and afforded the ability to telework. However, given the current level of attrition, many staff report feelings of burnout from being overworked and having difficulty maintaining a work-life balance.

7. Please explain the impact on OCFO and the District of Columbia of any legislation passed at the federal level during the past year, to date, that significantly affects agency operations or revenue collections.
 - a. Please include an update on the impacts of the COVID-related Tax Relief Act of 2020 (COVIDTRA) and the Taxpayer Certainty and Disaster Tax Relief Act of 2020 (TCDTR), included in the Consolidated Appropriations Act, 2021 (H.R. 133, P.L. 116-260).

RESPONSE

Conversion from LIBOR: Adjustable Interest Rate (LIBOR) Act

In July 2017, the United Kingdom’s Financial Conduct Authority announced that it would no longer require banks to provide rates for the London interbank offered rate (LIBOR). LIBOR was the most widely used benchmark for short-term interest obligations. On March 15, 2022, President Biden signed the Adjustable Interest Rate (LIBOR) Act (the “AIR Act”) into law. The AIR Act provides a uniform federal solution for the transition of debt from LIBOR to a replacement rate by June 30, 2023. On December 16, 2022, the Federal Reserve Board adopted its final rules in furtherance of the Act.

The District had four obligations with interest rates tied to LIBOR, and the Office of the General Counsel (OGC)/Office of Finance and Treasury (OFT) are in the process of converting the three remaining obligations to alternative indexes. On November 17, 2022, the District completed the first conversion in an amended and restated Revolving Credit Agreement with US Bank. OFT, in consultation with its financing professionals, determined that the Bloomberg Short-Term Bank Yield Index (commonly referred to as “BSBY”) was the most favorable index for this transaction. OFT and OGC anticipate the remaining three conversions will occur by April 15, 2023. OFT will utilize either BSBY or the Secured Overnight Financing Rate (commonly referred to as “SOFR”) for the remaining conversions.

Reporting Data: The Financial Data Transparency Act

On December 23, 2022, President Biden signed the Financial Data Transparency Act (the “FDTA”) in an effort to change the way certain municipal issuers (like the District) disclose information on the Municipal Securities Rulemaking Board’s dataport, namely the Electronic Municipal Market Access website (commonly referred to as “EMMA”). Each municipal debt obligation carries with it certain continuing disclosure reporting requirements. The District routinely posts certain documents to EMMA to comply with various continuing disclosure agreements and/or Securities and Exchange Commission regulations. Currently, documents that are posted on EMMA at the request of the Office of the General Counsel (OGC)/Office of Finance and Treasury (OFT) are posted in a word-searchable PDF format.

FDTA will require that information posted on EMMA will be both searchable and machine-readable. Further data will need to be able to be downloaded in bulk with no restrictions (currently, documents must be viewed one at a time, and while they are word searchable, they cannot be copied and pasted). The District currently works with a company called DAC to handle its

postings, and it is likely DAC will be able to provide services to the District that will comply with the updated FDTA requirements. The District will be better able to assess the impact of the FDTA after the Securities and Exchange Commission issues its regulations.

- a. Please include an update on the impacts of the COVID-related Tax Relief Act of 2020 (COVIDTRA) and the Taxpayer Certainty and Disaster Tax Relief Act of 2020 (TCDTR), included in the Consolidated Appropriations Act, 2021 (H.R. 133, P.L. 116-260).

Application for the PPP Loans expired on March 31, 2021; therefore, the deductible expenses supported by the federal relief grants through the PPP loans are no longer available to be expensed after FY2021. The Consolidation Appropriations Act of 2021 (CAA) contained certain provisions on deductions, which mostly expired in 2021, with the following exceptions: for tax years 2021 and 2022, the CAA temporarily allowed a 100% business meal deduction (rather than the prior 50%) if the business meal expense is for food or beverages provided by a restaurant. This deduction is effective for expenses incurred after December 31, 2020, and expired at the end of 2022. The CAA also extended the exclusion from gross income for certain federal student loan payments made by an employer, on behalf of their employee, through 2025. For TY 2022, employers can exclude tax-exempt payments up to \$5,250/per employee. Additionally, the CAA also extended the Qualified Principal Residence Indebtedness (QPRI) Exclusion through 2025. The QPRI Exclusion applies to the taxpayer's principal residence and excludes from gross income up to \$700,000 for married filing jointly (\$375,000 for married filing separately) of forgiven mortgage debt.

8. Please describe how the availability of federal relief funds impacted Fiscal Year 2022 revenue estimates.

RESPONSE

In Fiscal Year 2022, the District saw historic highs in income tax revenue, most of which we believe is tied to the economic activity in 2021. The availability of federal relief funds, originally enacted in the years 2020 and 2021, has contributed to the increased personal income of District residents. Based on the latest data from the Bureau of Economic Analysis, \$1.3 billion flowed to District businesses, residents, hospitals and healthcare providers via direct payments, i.e., economic impact payments and advanced child tax credits, expanded unemployment insurance, and the paycheck protection program (PPP). Without the relief funds, the personal income of District residents, a key input into ORA revenue estimation models, would have declined by 2 percent rather than growing 0.2 percent in FY 2022.

9. Please list all changes to the District’s tax law or policies and filing requirements related to the public health emergency (i.e., extended filing dates, exclusions from gross income changes regarding deductions, etc.). For each, please explain how OCFO has engaged with the public to inform taxpayers of the changes.

RESPONSE

On June 6, 2022, OTR published OTR Tax Notice 2022-06, which announced that, as of July 16, 2022, businesses with employees working from home within the District may now have nexus for franchise and unincorporated franchise tax, and thus filing requirements. Previous notices afforded relief by advising that there would be no finding of nexus because the Mayor had declared a public health emergency. Since the public health emergency ended on April 17, 2022, this notice was posted to OTR’s website, which is monitored by tax advisers and professionals.

10. Since the onset of the COVID-19 Pandemic, the Office of Tax and Revenue (“OTR”) established a resource account for taxpayers to request relief if they were impacted by the virus and provided greater flexibility with payment plans. Are these resources still available?

RESPONSE

In response to the COVID-19 emergency, OTR established a resource account (OTRCovidRelief@DC.gov), whereby individuals or businesses facing hardships due to COVID-19 can request additional flexibility with their tax obligations. These requests are received by the Collections and Enforcement Administration (CEA) and reviewed on a case-by-case basis. CEA has continued to utilize this resource account for taxpayers seeking assistance during the COVID pandemic. Individuals who reach out to this resource mailbox for assistance receive additional counseling, such as what options they may have to pay their debt over a longer period of time, options for reducing their overall balances, and other helpful information.

11. Please provide an overview of OCFO’s customer outreach over the past year, including outreach to senior citizens, businesses, and residents, and state whether the outreach is virtual or in-person.

RESPONSE

The Office of the Chief Financial Officer meets on a continuing basis with regional and city-wide business groups, ANCs, and city-wide community organizations representing low-income and senior residents.

Over the last year, OTR’s Office of Communications strategically hosted and/or staff participated in numerous virtual and in-person meetings with community organizations, DC government agencies, and other stakeholders to keep residents informed on the District’s tax programs, benefits available, and their rights and responsibilities.

DC OTR conducts regular outreach to stakeholders serving the needs of low- and moderate-income taxpayers, elderly District residents, small business owners, and tax professionals working to assist District residents.

Outreach conducted in FY2022 included:

- Educated District families on refundable credits, such as the Earned Income Tax Credit (Mother's Outreach Network and Crowell & Mooring, LLP)
- Provided information on District Tax Obligations for Business & Certificate of Clean Hands Process targeting taxi and other for-hire drivers (DFHV)
- Provided guidance on property tax benefit programs and credits for District seniors (North Woodridge Civic Association)
- Conducted outreach to provide information on business tax basics, including information on using MyTax.DC.gov, the FR-500 registration process, common tax types, corporate and unincorporated income taxes, ballpark fees, personal property taxes, sales and use taxes, obtaining a Certificate of Clean Hands, enforcement actions, and common mistakes for business filers (DC Women's Business Center and ShopHER)
- Presented a webinar on the process for appealing a property tax assessment in the District, with a focus on small residential property owners of 4-20 units (Small Multifamily & Rental Owners Association)
- Offered guidance on services offered by the DC Taxpayer Advocate (CAAB)
- Presented legislative and program updates for the District tax practitioner community during its annual Tax Practitioner Institute
- Presented a webinar on the taxation of rental income, focusing on how to properly report and pay tax on rental income and how to obtain the necessary Certificate of Clean Hands to obtain a short-term rental license (DCRA)
- Presented a webinar on important information for business taxpayers to know about taxation in the District, including the value of MyTax.DC.gov, electronic correspondence, registration, how to calculate DC taxes, common tax types for businesses, including corporate and unincorporated franchise tax, ballpark fee, personal property tax, sales and use tax, how to get a Certificate of Clean Hands, enforcement actions, valuable credits, and common mistakes. The webinar was followed by one-on-one sessions with business owners with additional questions (DSLBD)
- Offered several webinars on the requirements for obtaining a Certificate of Clean Hands, which is necessary for liquor license renewal; webinars were followed by time periods where dedicated assistance was made available to liquor licensees to ensure a smooth renewal process (ABRA)
- Participated in the Chinatown Park Community Festival, where OTR provided valuable resources and information to community members with questions about their tax accounts (Mayor's Office on Asian and Pacific Islander Affairs)
- Offered a series of webinars to educate potential real property tax lien purchasers about the tax sale process

- Presented a webinar to educate seniors in the District on real property and housing tax credits, the assessment process, free tax filing resources, and other information related to taxation in the District (Department of Aging and Community Living)
- Attended the in-person small business networking event to provide information and guidance to business owners in the District with questions about District tax issues (DSLBD)

In addition, the DC Taxpayer Advocate spoke on several panels, including:

- The DC OTR Office of the Taxpayer Advocate, in conjunction with the Center for Taxpayer Rights, participated in a panel discussion about what DC is doing differently as it approaches the administration of the newly expanded Earned Income Tax Credit (October 25, 2021; virtual)
- The DC OTR Office of the Taxpayer Advocate, in conjunction with the American Bar Association, participated in a panel discussion on Advocacy in the District of Columbia, and what practitioners needed to know about representing low-income taxpayers in DC tax controversies (February 2022; virtual)
- The DC Office of the Taxpayer Advocate spoke to the Low-Income Taxpayer Clinic at the University of the District of Columbia School of Law about representing low-income taxpayers in District tax controversies (September 2022; virtual)

12. In response to last year's questions, OCFO described data the Office was collecting to continue to track the impacts of COVID-19 on the District's economy, such as Kastle office occupancy data. Does the Office continue to collect this data? How is it used?

RESPONSE

The Office of Revenue Analysis used high-frequency data frequently in developing revenue forecast models primarily for the COVID-19 period. The office continues to track data such as the Kastle Building High-Frequency Data, STR visitor and hotel rooms sold data, and OpenTable Daily Data mainly to gauge the state of the city's recovery efforts, understand the state of return to the office and how DC's restaurant sector recovery fairs compared to other similar cities. OCFO's monthly sales tax data broken out by tax rate has continued to be a good source in capturing the city's recovery since the COVID pandemic and is used in conjunction with the stated high-frequency data to refine the revenue forecast model outputs as needed.

Agency Operations

13. Please provide a current organizational chart for the Office, including the number of vacant, frozen, and filled full-time equivalents (“FTEs”) in each division or subdivision. Include the names and titles of all senior personnel and the date when the information was collected. Additionally, provide the following:
- a. An explanation of the roles and responsibilities for each division and subdivision, including specific programs and projects administered by each; and
 - b. A narrative explanation of any changes made during the previous year.

RESPONSE

Please see **Attachment 13**.

14. Please provide a current Schedule A for OCFO, which identifies each position by program and activity, with the employee’s title/position, salary, fringe benefits, and length of time with the Office. Please note the date when the information was collected. The Schedule A should also indicate whether the position is continuing/term/temporary/contract or if it is vacant or frozen.

RESPONSE

Please see **Attachment 14A** for the OCFO Agency AT0 Schedule A. The column “Hire Date” indicates the date the employee was first hired by the District government. In most cases this will be the date the employee joined the OCFO. While no position is frozen, the OCFO regularly monitors staffing levels and personal services spending to ensure that agency spending remains within the approved budget. The run date for this year’s report is 2/7/2023.

- a. For each vacant position, state how long the position has been vacant and the status of the OCFO’s efforts to fill the position. Please also indicate whether the position must be filled to comply with federal or local law, and whether there are impediments to the OCFO’s ability to fill those vacancies.

RESPONSE

See **Attachment 14B**. The vacancies shown are in various stages of the recruitment process and are part of the overall staffing plan that has been approved to fulfill the agency’s mission. In some cases, temporary or term employees have been used to meet resource needs when positions are vacant. No individual vacant position has been designated by law that it must be filled.

- b. Please provide the total number of positions and total number of vacant positions at OCFO as reflected in the Schedule A provided to the Committee during the past three performance oversight question responses.

RESPONSE

The Schedule A submissions for this year and the past three performance oversight question responses have shown the following:

Date of Report	Total Positions	Vacant Positions
2/7/23	1,061	119
2/11/22	1,046	137
2/22/21	1,028	100
2/20/20	1,028	83

- c. For each filled position, please provide the employee’s length of service with the Office.

RESPONSE

See **Attachment 14A**. As stated in the response above, the column “Hire Date” indicates the date the employee was first hired by the District government. In most cases, this will be the date the employee joined the OCFO.

15. Provide the number of new hires made in Fiscal Years 2021, 2022, and 2023, to date, and the number who were District residents at the time of hiring.

RESPONSE

In fiscal years 2021, 2022 and 2023, to date, The OCFO hired 84/140/62 employees and 15/25/16 were District residents at the time of hire.

16. Please list all intra-District transfers to or from the Office in Fiscal Years 2022 and 2023, to date. For each transfer, include the following details:

- a. Buyer agency;
- b. Seller agency;
- c. Program and activity codes and names in the sending and receiving agencies’ budgets;
- d. Funding source (i.e., local, federal, SPR);
- e. Description of Memorandum of Understanding (“MOU”) services;
- f. Total MOU amount, including any modifications;
- g. Whether a letter of intent was executed for Fiscal Years 2021 or 2022, and if so, on what date;
- h. The date of the submitted request from or to the other agency for the transfer;
- i. The dates of signatures on the relevant MOU; and

- j. The date funds were transferred to the receiving agency.

RESPONSE

Please see **Attachment 16A** for FY 2022 and **Attachment 16B** for FY 2023.

- 17. Please list any additional intra-District transfers planned for Fiscal Year 2022, including the anticipated agency(ies), purposes and dollar amounts.

RESPONSE

We expect the pattern of inter-agency transfers for the remainder of FY 2023 to be close to those from FY 2022. One major inter-agency transfer is currently in process: \$301,200.96 to DGS for security services at buildings occupied by OCFO staff at the SW Waterfront – 1100 4th Street, SW and 1101 4th Street, SW. These security services were previously provided but had been slated for reduction. DGS hired an independent security firm to review security needs at these buildings. The services purchased match the level of security recommended by the firm.

- 18. Please list all Memoranda of Understanding (“MOU”) executed by OCFO during Fiscal Years 2022 and 2023, to date, as well as any MOUs currently in effect. For each, please provide the execution and termination date.

RESPONSE

Please see **Attachment 18**.

- 19. Please list the ways, other than MOU, in which the Office collaborated with analogous agencies in other jurisdictions, with federal agencies, or with non-governmental organizations, during Fiscal Years 2022 and 2023, to date.

RESPONSE

Legislative Affairs

The Office of the General Counsel (OGC)/Office of Tax and Revenue (OTR) has an excellent working relationship with IRS Safeguards which ensures the integrity and confidentiality of federal tax information (FTI) used by OTR. IRS Safeguards will be doing a physical inspection of OTR between February 28 and March 2, 2023, as part of their triennial program of inspecting all state and local governments using FTI. Traditionally, OTR receives very high marks on the safeguarding of FTI in compliance with IRS Publication 1075 setting forth the guidelines for handling and protection of FTI.

In addition, OTR has a state-to-state reciprocal agreement with the State of Maryland to exchange tax information pertinent to each jurisdiction. OTR has an agreement with the U.S. Treasury Department under the Treasury Offset Program (TOPS). OTR is a charter member of the Federal of Tax Administrators (FTA), which authorizes the exchange of tax information among the

states. OTR is also a charter member of the Multistate Tax Commission (MTC), an intergovernmental state tax agency whose mission is to promote uniform and consistent tax policy and administration among the states.

During Fiscal Years 2022 and 2023, OLG collaborated with the following jurisdictions federal agencies and non-governmental organizations in various matters and manners.

As a member of the Multi-State Lottery Association (MUSL) and the North American Association of State and Provincial Lotteries (NASPL), OLG collaborates with its counterparts in other jurisdictions on games, and promotions, while sharing best practices and tackling issues collectively to assist with efforts in individual jurisdictions and strengthen and improve the industry as a whole. The Executive Director for OLG serves on the MUSL Board and MUSL Powerball Marketing Committee, as well as the NASPL Internet Committee and Sports Betting Committee.

OLG's Marketing and Product teams collaborate with other lotteries to understand keys to growth and best practices. In Fiscal Year 2022, OLG conducted an instant ticket best practices session with the South Carolina Education Lottery, which is one of the top 10 performing U.S. lotteries with instant tickets. In addition, OLG leveraged its relationship with the North Carolina Education Lottery, one of the top 10 lotteries in overall growth in the country, for best practices across marketing, communications, product development, sales, and general operations.

OLG's Regulation and Oversight Division ("Division") engaged in a formal information-sharing agreement with the regulatory body overseeing sports betting in Virginia to gain insight into licensees' operational and compliance history to assist in the due diligence of applicants as well as with ongoing oversight. The Division has worked to establish connections with regulators in New Jersey, Pennsylvania, and Tennessee on their best practices to help continuously improve upon our operations.

Additionally, the Division works with the Financial Crimes Enforcement Network (FinCEN, U.S. Administrator of the Bank Secrecy Act) on a variety of issues associated with the regulation of anti-money laundering programs required of sports wagering operators. In late February 2021, OLG was approved for a 3-year-term membership in FinCEN's Bank Secrecy Act Advisory Group (BSAAG).

In July 2023, the National Council on Program Gambling (NCPG), for the first time, is having its annual conference in Washington, D.C. Consequently, the OLG has been working closely with the NCPG on a variety of issues, including presentation opportunities, OLG booth, and, overall, providing general assistance to the NCPG at the national conference.

OGC also periodically works with the Washington Metropolitan Transit Authority (WMATA) and its Office of General Counsel on various matters relating to the implementation of the 2020 Dedicated Funding Agreement executed by WMATA, the District, Virginia, and Maryland.

Tax Administration

OTR maintains a relationship with several analogous agencies in other jurisdictions, whereby OTR gathers information on best practices in tax administration. These agencies include the IRS and other state, local, and international revenue authorities. Involvement with several trade associations, such as the Federation of Tax Administrators and the Multistate Tax Commission allows for training opportunities and information sharing across jurisdictions. Regular engagement with other District agencies, such as DOB, DSLBD, DHS, and others that relate to areas of common concern provide an opportunity for OTR to engage with District residents and to ensure that government processes continually improve.

In addition to collaboration with other government agencies and trade associations, OTR works with non-profit organizations regularly. For example, OTR engages in quarterly discussions with AARP and Legal Counsel for the Elderly to address concerns raised by District seniors has engaged with the Center for Taxpayer Rights in a series of workshops related to taxpayer rights, as well as organizations such as CAAB, DCFPI, Catholic Charities, and many others.

In addition to agency-wide meetings with government agencies, trade associations, and non-profit organizations, additional engagement relevant to specific business areas occurs on a regular basis. For example, the Assessment Services Division within the Real Property Tax Administration (RPTA) networks with the National Tax Lien Association and attends conferences. The community consists of representatives from several tax jurisdictions across the nation and tax lien professionals. The objective is to influence and share upcoming legislation, best practices and develop professional networks to enhance the District's tax lien process. Also, the Assessment Services Division in RPTA has established strong collaborative partnerships with the DC Business Improvement Districts (BIDs) and the DC Building Industry Association (DCBIA). In 2022 OTR established a relationship with the Small Multifamily Owners Association.

Revenue Analysis

The Office of Revenue Analysis (ORA), as the main research component of the Office of the Chief Financial Officer, is regularly and routinely in contact with many governmental agencies in other jurisdictions for collaborative efforts in conducting research and for consultation in terms of revenue estimation and legislative impact analyses. ORA engages in deliberation and discussions through participation in annual professional meetings and conferences, as well as participates in national and regional discussions through other non-governmental research organizations, educational institutions, and associations. ORA collaborated with revenue and budget office officials and economic development agencies in many cities and most states around the country, as well as in the DC metro area. Also, on both an annual and quarterly basis, the U.S. Census Bureau requests tax revenue data from ORA for publication in various quarterly and annual Census reports. Each year various governments, nonprofits, and non-governmental organizations request data from ORA related to the Nationwide Tax Burden Study, DC Tax Facts, and other ORA reports.

Financial Operations

The Office of Financial Operations and Systems (OFOS) routinely confers directly with the Governmental Accounting Standards Board (GASB) to obtain guidance on technical issues or clarification when interpreting new standards.

20. Please list all task forces or commissions of which the Chief Financial Officer or senior management are members. Where applicable, please list the designee.

RESPONSE

Board, Commission or Task Force Name	Member/Designee Name
ABLE Trust Program Trustee	Carmen Pigler Merzie Davis
Board of Review for Anti-Deficiency Violations (BRADV)	Angell Jacobs Timothy Barry
Child Abuse and Neglect Prevention Children's Trust Fund	Carmen Pigler
College Savings Program Trustee	Carmen Pigler Merzie Davis
Community Use of School Facilities Task Force	TBD
District of Columbia Housing Authority's Stabilization and Reform Board	Leroy Clay
Emergency Preparedness Council	Gilbert Davidson Marshelle Richardson Alok Chadda
Financial Literacy Council	Benedict Richardson
Foreign-Government-Owned Real Property Task Force	Keith Richardson
Green Finance Authority Board	Carmen Pigler
Multistate Tax Negotiations Delegation	Keith Richardson
Not-for-Profit Hospital Corporation Fiscal Management Board (NFPHC or UMC)	Angell Jacobs
Open Government Advisory Group	David Tseng
Public Parking Authority of the District of Columbia	Glen Lee
DC Retirement Board	Carmen Pigler
Single Audit Oversight Committee	Timothy Barry
DC Tax Revision Commission	Fitzroy Lee
Tobacco Settlement Financing Corporation Board of Directors	Darryl Street
Washington Convention and Sports Authority Board of Directors (Events DC)	Glen Lee
Washington DC Convention and Tourism Corporation Board of Directors (Destination DC)	Carmen Pigler

21. Please list each contract, procurement, and lease (“contract”) executed, extended, or option years exercised by OCFO during Fiscal Years 2021, 2022, and 2023, to date. For each contract, please provide the following information, where applicable:

- a. Name of contracting party;
- b. Contract number;
- c. Contract type (e.g., HCA, BPA, Sole Source, sing/exempt from competition award, etc.)
- d. Nature of the contract, including end product or service;
- e. Contract’s outputs and deliverables;
- f. Status of deliverables;
- g. Dollar amount of the contract, including amount budgeted and amount actually spent;
- h. Term of the contract;
- i. Whether the contract was competitively bid;
- j. Subcontracting status (i.e., whether the contractor subcontracted any provision of the goods and/or services with another vendor);
- k. Certified Business Enterprise (“CBE”) status;
- l. Division and activity within OCFO utilizing goods and/or services;
- m. Name of OCFO’s contract monitor and results of any monitoring activity; and
- n. Funding source.

RESPONSE

See **Attachment 21**, which provides the information requested for the contracts that are issued by the OCFO and paid for from the agency’s budget. All of the listed contracts were competitively bid unless otherwise indicated. The listing shows all agency contracts issued in FY 2021, FY 2022 and FY 2023 to date as well as contracts issued previously but still active. The “Dollar Amount of the Contract” indicates the current year value or most recent option period value, including the value of any contract modifications. In some cases, this is a “Not to Exceed” amount. The spending columns reflect spending on the contract in each fiscal year; in some cases this may exceed the current year value due to spending on a prior option period of the contract.

22. Please list all Requests for Proposals (“RFPs”) planned or currently out for solicitation by OCFO and include a brief description of each.

RESPONSE

1. CFOPD-22-R-004 – Cloud Contact Center – This procurement will replace the current on-premises call (telephony) center with a modernized Cloud based solution.
2. CFOPD-22-R-029 – Commercial Real Estate Data Services and Subscription – This procurement will provide access to commercial real estate information and marketing research subscription services that provide appraisers access to reliable and credible data to derive annual assessment values from commercial properties in the District.

3. CFOPD-22-R-031 – Records Retention Services – This procurement will provide records retention schedules to address an ever-increasing volume of records, the vast majority of which are no longer needed on-site for legal, fiscal, or other business purposes.
4. CFOPD-22-R-037 – Investment Account Custodial Services - This procurement will provide security custody services in connection with the buying, holding, and selling of investment securities as identified in the Annual Comprehensive Financial Report (ACFR).
5. CFOPD-22-R-038 – UDC Investment Advisory and Custody Services – This procurement will provide non-discretionary investment advisory services and custody services for the endowment funds of the University of the District of Columbia.
6. CFOPD-23-R-002 – Unclaimed Property Custody Services – This procurement will provide custody, securities brokerage, and accounting services of securities collected on behalf of the District from holders of abandoned securities.
7. CFOPD-23-R-012 – Benefit Plans Consultant Services – 401(a) & 457 – This procurement will provide expert advisory services and project execution assistance for the District’s 401(a) Defined Contribution Plan and 457(b) Deferred Compensation Plan.
8. CFOPD-23-R-014 – State and Local Tax Consulting Services – This procurement will provide expert analysis, technical assistance, and guidance on the DC Tax System specifically state and local tax issues and technical data work.
9. CFOPD-23-D-018 – Veritas NetBackup Software, Support and Maintenance – This procurement will be for support and maintenance of existing Netback (Veritas) software and hardware for the OCFO.
10. CFOPD-23-R-017 – Child Wealth Building Program – This procurement will provide an information management system to support the Program and Fund.
11. CFOPD-23-R-019 – Background Screening Services – This procurement will provide background screening services for new hires, contract employees, interns, temporary employees, and incumbent employees mandated to receive updated background screenings every five years.
12. TBD – Prepaid Debt Card Services - This procurement will provide reloadable, non-reloadable and instant load prepaid debit card services that allow for easily accessible card alternatives to paper checks.
13. TBD – Automated Testing as a Service (ATaaS) - This procurement will provide an automated system to test the Oracle ERP Cloud, Oracle EPM, and Oracle Integration Cloud System.
14. TBD – Armored Car Services – This procurement will provide armored car services for the pick-up and delivery of cash, checks, and miscellaneous securities and instruments from various District agencies to financial institutions or other locations in the District.
15. TBD – Lottery Security Services - This procurement will provide security services to protect all Lottery owned and leased facilities and equipment, the employees of these facilities, and all individuals that patronize the OLG facilities.
16. TBD – Master Trust Custodian – This procurement will provide Master Trust/Custody Services for the District’s Other Post-Employment Benefits Fund (Fund).
17. TBD – Universal Tax Collection Services – Primary – This procurement will be for the collection of taxes (delinquent individual income tax accounts and business tax debts).
18. TBD – 401(a) & 457 Deferred Record Keeping Services – This procurement will be for recordkeeping/administration, communication/education, investments, and custodial trustee services, etc.) for the 401(a) and 457 plans.

19. TBD – Printers – This procurement is for printers for OFT ‘s payment operation center’s printing operation.
 20. TBD – Kiosks – This procurement will provide Kiosks throughout the District for receipt of payments from customers.
 21. TBD – 529 College Savings Plan – This procurement will provide bundled services for the DC College Savings Plan: record keeping, administration and custodial services, investment management, marketing, and customer services.
23. Please attach copies of the required annual small business enterprise (“SBE”) expenditure reports for OCFO for Fiscal Years 2022 and 2023, to date.
- a. D.C. Official Code § 2-218.53(b) requires each District agency to submit supplemental information with their annual SBE expenditure report, including: a description of the activities in which the agency engaged to achieve their fiscal year SBE expenditure goal; and a description of any changes the agency intends to make during the next fiscal year to achieve their SBE expenditure goal. Has OLG submitted the required information for Fiscal Year 2022? Please provide a copy as an attachment.

RESPONSE

See **Attachment 23**, which provides the FY 2022 and FY 2023 to date SBE budget and spending reports for OCFO Agency Code AT0, as recorded in the DSLBD Enterprise System (DES). As shown on the attached, the DES system is not yet showing SBE spending for FY 2023. The DES system is not yet accepting the agency submission of FY 2022 year-end supplemental information. Our submission for FY 2022 will be similar to what we submitted for FY 2021, as shown below, updated with FY 2022 data:

The OCFO is pleased to report SBE spending for FY 2022 at 110% of the approved SBE goal. We were able to do so through the determined efforts of our contracts staff and program liaisons. For all procurement requests valued at or below \$250,000, we used CBE vendors if possible. We also used CBE vendors on major contracts in both prime contractor and subcontractor roles. We complied with the law regarding CBE subcontracting on major contracts and obtained subcontracting waivers only when necessary.

In FY 2023, we will continue to make CBE spending an agency priority. We will continue our outreach efforts to educate CBE vendor representatives on how to do business with the OCFO and to expand our internal customers’ awareness of the CBE program. We will also work to maintain our positive relationship with the DSLBD. We support their ongoing initiatives to help streamline the reporting process. The DSLBD team has been helpful to us, and we look forward to continued partnership with them.

24. Please provide the Committee with OCFO's SBE goals for Fiscal Years 2021, 2022, and 2023.

RESPONSE

The OCFO's SBE goal for Fiscal Year 2021 was \$15,294,362.16. The OCFO's SBE goal for Fiscal Year 2022 was \$14,523,918.96. The OCFO's SBE goal for Fiscal Year 2023 is \$24,874,009.60. We anticipate the Fiscal Year 2023 goal will be revised as additional exceptions are processed.

25. Please provide a list of OCFO's Financial Advisors as of January 1, 2023, and indicate each contractor's CBE status.

RESPONSE

As of January 1, 2023, the following Financial Advisory firms were supporting OCFO debt issuance and ongoing debt management: Acacia Financial Group Inc., Estrada Hinojosa & Company, Inc., Frasca & Associates, LLC, Hilltop Securities, Inc., PFM Financial Advisors LLC, Phoenix Capital Partners, and Public Resource Advisory Group.

While none of the firms are currently certified with DSLBD as CBE firms, in prior years Phoenix Capital Partners was certified as a CBE. However, Phoenix Capital Partners is a local firm headquartered in the District and is also a M/WBE firm, as is Estrada Hinojosa & Company and Acacia Financial Group Inc.

a. In response to this question during the Fiscal Year 21-22 Performance Oversight period, OCFO listed seven Financial Advisors, of which only one was a CBE. Recognizing that the contract is up in 2025, are there strategies being developed by OCFO to increase the number of its CBE Financial Advisors in the next contract application period?

RESPONSE

The OCFO supports the District's CBE program, and the OCFO Office of Contracts (OCFO-OC) meets regularly with our partners at DSLBD to address CBE issues, including expanding CBE contract and subcontract opportunities. In 2018, the OCFO-OC issued the Request for Proposal (RFP) for Financial Advisors. This was an open, competitive procurement process. Twelve firms responded to the RFP for Financial Advisory Services. One firm that was registered at that time as a CBE firm, Phoenix Capital Partners, responded to the Financial Advisory Services RFP, and they were one of the seven awarded contracts. The current group of Financial Advisory Contracts expires beginning in March 2025. Moving forward, the OCFO will continue to work with our partners at DSLBD to try to identify more CBE Financial Advisors and encourage them to respond to future solicitations. We can have our DSLBD partners post the solicitation on their website if a future business need for Financial Advisory services arises.

26. For Fiscal Years 2022 and 2023, to date, please list any purchase card spending by the Office, including the employee making each expenditure.

RESPONSE

Please see **Attachment 26A** for FY 2022 and **Attachment 26B** for FY 2023.

27. Please identify all electronic databases maintained by the Office (group by OCFO), including the following:

- a. A detailed description of the information tracked by each system;
- b. The age of the system and any substantial upgrades that have been made or are planned to the system; and
- c. Whether the public can access all or part of each system.

RESPONSE

Please see **Attachment 27**.

28. Please provide a chart showing OCFO's approved budget and actual spending, by division, for Fiscal Years 2022 and 2023, to date. Please explain any variance between fiscal year appropriations and actual expenditures.

RESPONSE

Please see **Attachment 28A** for FY 2022 and **Attachment 28B** for FY 2023. Nearly all of the variances shown are in nonlocal funds, as the FY 2022 OCFO local fund surplus was \$165,793 out of a \$158.2 million budget, or 0.1%. The \$30.6 million surplus shown on the report for FY 2022 is due to budgeted revenue amounts in nonlocal funds that exceeded actual year-end revenue in those funds. The budgetary surpluses that resulted were not available to spend.

29. Please list any reprogramming requests, in or out of OCFO, made during Fiscal Years 2022 and 2023, to date. For each, list the total amount of the reprogramming request, the original purposes for which the funds were dedicated, and the new use of funds. Please describe any impacts to OCFO operations as a result of the reprogramming.

RESPONSE

Please see **Attachment 29**. The internal reprogrammings shown were needed to align budget with operational spending needs. The report shows two reprogrammings to other agencies using available SPR budget authority. These were done with no impact to OCFO agency operations.

30. Please identify any special purpose revenue (“SPR”) accounts maintained, used, or available for use by OCFO during Fiscal Years 2022 and 2023, to date. For each, include the following information:

- a. The revenue source name and code;
- b. The source of funding;
- c. A description of the program that generates the funds;
- d. The amount of funds generated by each source or program in Fiscal Years 2022 and 2023, to date;
- e. Total expenditures of funds, including the purpose for each expenditure, in Fiscal Years 2022 and 2023, to date; and
- f. Whether the COVID-19 Pandemic had an impact on the SPR account.

RESPONSE

See **Attachment 30**. The pandemic had no significant impact on any OCFO SPR account.

31. Please provide a list of all projects for which OCFO currently has capital funds available. For each project, please include the following:

- a. A description of the project;
- b. The amount of capital funds available for the project;
- c. A status report of the project, including a timeframe for completion and expenditures; and
- d. Planned remaining spending for the project.

RESPONSE

BF303C / BF304C / IFSMPC – New Financial System

The OCFO is implementing a new financial system, known as the District Integrated Financial System or DIFS. The DIFS project will move the District from the antiquated technology of SOAR, the present accounting system, to a modern technology platform using the Oracle Cloud product suite. The project also includes a new budget system to replace the current Budget Formulation Application (BFA).

The first phase of the project – the new financial system - went live on October 1, 2022, with the start of the District’s FY 2023 operations. Budget execution – including the mechanism for the reprogramming of budget by agencies – was also implemented. The next phase of the project, budget formulation, is now in process.

Funding currently available for the DIFS project totals \$40,456,184.

CIM01 – Capital Infrastructure Plan (Capital Asset Replacement Scheduling System or “CARSS”)

The CFO’s Strategic Plan (2014-2017) included an initiative to develop a long-range capital financing plan for the District. As part of the Fiscal Year 2015 Budget Support Act, the Council included a requirement for the OCFO to develop a Replacement Schedule for Capital Assets and report on it in October of each year. In order to accomplish the goals of the legislation and the OCFO’s Strategic Plan, it became critical to create a centralized database of all District-owned assets and their respective conditions, so that a calculation of the costs to maintain or replace those assets can be performed. To determine the total cost for the District to maintain these assets, and better understand the total capital needs, a comprehensive review of all governmental agencies’ capital and asset maintenance requirements was completed. These needs were analyzed in the District’s Capital Asset Replacement Scheduling System, or CARSS. CARSS currently has 100% of all District owned assets (316,153) included in the data base.

Current plans for CARSS aim to create city-wide dashboards to better communicate data to end users, enhance capital budget scoring and reporting for the District’s assets, and the capture of additional data sources to better tie DGS maintenance information on facilities with asset maintenance information that is captured in CARSS.

As the District’s assets continue to grow and evolve, CARSS will need to do so as well. As an example, the EOM has expressed a goal for the District to achieve zero fleet emissions by 2050. This will require that all of the District’s 5,000+ vehicles be replaced with zero emission vehicles, which would occur over time. CARSS will need to be able to adapt to tracking different condition measures and systems for these types of vehicles not currently part of the existing system.

Funding currently available for the CARSS project totals \$592,383.

EQ9ATC and CSP10C – Short Term Borrowing and IT Upgrades

This project supports the OCFO’s central IT system infrastructure, including the composite hardware, software, network resources and services required for the existence, operation and management of an enterprise IT environment. It allows the delivery of IT solutions and services to our employees and residents. It covers capital investments associated with systems enhancements and includes life-cycle replacement of OCFO network appliances and servers.

One major IT upgrade is currently planned for our Customer Service operations. The OCFO is seeking to implement a new omnichannel, client engagement set of tools that will enable a higher level of Client service. Multi-channel capabilities will include voice, email, fax, chat, social media and SMS. We plan to solicit a cloud solution.

Additional initiatives included in this project are the replacement of our NetBackUp and SAN, new servers, implementation of data loss prevention services as well as implementation of an improved service desk system.

Funding currently available for these and other IT upgrades totals \$7,339,036.

32. Please provide a complete accounting of all federal grants received in Fiscal Years 2022 and 2023, to date.

RESPONSE

The OCFO does not have any federal grants awarded directly to the agency. However, the administrative costs of food stamps distribution through debit cards is covered by the Supplemental Nutrition Assistance Program (SNAP) awarded to the Department of Human Services (DHS). Expenses are recorded for this activity in fund 8200 within the OCFO’s Office of Finance and Treasury. An annual MOU is signed between the OCFO and DHS for grant funding to be allocated to OCFO to support this. For these grant funded activities, a total of \$450,000 was budgeted and expensed in FY 2022. For FY 2023, the budget amount is \$675,000 and a total of \$312,059 has been spent.

33. Please provide an update on actions taken in Fiscal Years 2022 and 2023, to date, to continue implementation and further evaluation of elements of the OCFO Strategic Plan, including significant changes in management and customer service initiatives. Please provide your answer in chart form. An example is provided below.

Strategic Initiative	Actions Taken in FY 2022	Actions Planned/Scheduled for FY 2023

RESPONSE

Please see **Attachment 33**.

34. Please provide the amount collected for Combined Reporting Fiscal 2022 (Tax Year 2021) returns and explain how this compares to the Fiscal Year 2021 (Tax Year 2020) returns.

RESPONSE

The filing of TY2021 combined reporting is slightly lower than that of TY2020. However, many fiscal filers have not yet filed their TY2021 returns; therefore, the number of filings for TY2021 is expected to rise throughout the year.

D-20*	# of filings	\$ collected
TY2020	3,370	288,916,991.31
TY2021	3,005	272,276,836.22

*D-20: Corporation Franchise Tax

D-30**	# of filings	\$ collected
TY2020	84	16,005,348.18
TY2021	78	8,819,767.38

**D-30: Unincorporated Business Franchise Tax

35. Please provide a breakdown of sales tax collections, by type, during Fiscal Years 2020, 2021, and 2022.

RESPONSE

Estimated Sales Tax Base, Collections and Transfers by Sales Tax Type (\$ millions)

		Hotel	Liquor	Medical Marijuana	Parking	Rental Vehicle	Restaurants	Retail	Soft Drinks	Total
FY 2020	Tax revenue	\$143	\$46	\$2	\$52	\$17	\$272	\$686	\$6	\$1,223
	Taxable Sales	\$953	\$448	\$25	\$291	\$162	\$2,717	\$11,429	\$77	\$15,744
FY 2021	Tax revenue	\$87	\$51	\$2	\$40	\$17	\$256	\$744	\$6	\$1,203
	Taxable Sales	\$584	\$497	\$30	\$224	\$162	\$2,555	\$12,396	\$80	\$16,529
FY 2022	Tax revenue	\$247	\$49	\$2	\$64	\$17	\$421	\$895	\$8	\$1,702
	Taxable Sales	\$1,655	\$475	\$37	\$357	\$161	\$4,206	\$14,705	\$97	\$21,695

36. Please list all regulations for which the Office is responsible for oversight or implementation by chapter and subject heading, including the date of the most recent revisions.

RESPONSE

- Title 1, Chapter 4, Freedom of Information, January 7, 2005
- Title 1, Chapter 9, Audit Standards for Governmental Organizations, Programs, Activities, and Functions, February 14, 1986
- Title 1, Chapter 11, Guidelines of the Board of Review for Anti-Deficiency Violations, May 11, 2007
- Title 1, Chapter 17, District of Columbia – Payment to Vendors (This also includes the Quick Payment Act regulations), November 18, 1988
- Title 1, Chapter 48, Investment of Public Funds: Repurchase Agreements, September 6, 1985
- Title 6, Chapter B26, Defined Contribution Pension Plan, May 1, 2020
- Title 9, Chapter 1, Income and Franchise Taxes, December 10, 2021
- Title 9, Chapter 2, Inheritance and Estate Taxes, April 18, 1997
- Title 9, Chapter 3, Real Property Taxes, July 22, 2022
- Title 9, Chapter 4, Sales and Use Taxes, May 14, 2021
- Title 9, Chapter 5, Tax on Recordation of Deeds, September 2, 2022
- Title 9, Chapter 6, Real Property Transfer Tax, February 9, 2018
- Title 9, Chapter 7, Personal Property Tax, April 26, 2019
- Title 9, Chapter 8, Motor Vehicle Fuel Tax, April 18, 1997
- Title 9, Chapter 9, Taxation of Motor Fuel Consumed by Interstate Buses, April 18, 1997

- Title 9, Chapter 10, Cigarette Taxes, April 18, 1997
- Title 9, Chapter 11, Qualified High Technology Company, May 1, 2020
- Title 9, Chapter 30, Disposition of Unclaimed Property, April 18, 1997
- Title 9, Chapter 31, Foreclosure Sale of Real Property, November 1, 1968
- Title 9, Chapter 35, Gross Receipts Tax, September 25, 1987
- Title 9, Chapter 37, Estate Tax, April 18, 1997
- Title 9, Chapter 38, Central Collection Unit, March 1, 2013
- Title 9, Chapter 39, Shared Responsibility Payment, February 7, 2020
- Title 9, Chapter 40, Tax Amnesty Program, April 18, 1997
- Title 9, Chapter 41, Toll Telecommunication Service Tax, April 7, 1989
- Title 9, Chapter 42, General Administration, March 23, 2012
- Title 9, Chapter 43, District of Columbia Child Trust Fund, proposed regulations published on December 23, 2022
- Title 9, Chapter 44, Bulk Sales, May 26, 2017
- Title 9, Chapter 99, Definitions, August 3, 1990
- Title 30, Lottery, December 3, 2021
- Title 31, Chapter 11, Public Vehicles for Hire Consumer Service Fund, January 25, 2019

37. Please identify any statutory or regulatory impediments to the OCFO's operations.

RESPONSE

There are no statutory or regulatory impediments to the OCFO's operations at this time. The Office of Tax and Revenue operations would benefit greatly from modernizing legislation, including updating electronic filing requirements for various District taxes.

38. Please list and describe any ongoing investigations, audits, or reports of the OCFO or any employee of the Office; or any investigations, studies, audits, or reports of the OCFO or any employee of the OCFO completed during Fiscal Year 2022 and Fiscal Year 2023, to date. Where application, please include links for any audits or reports available.

RESPONSE

Please see **Attachment 38**.

39. Please list all recommendations identified by the Office of the Inspector General, DC Auditor, or other federal or local oversight entities during the previous three years and fiscal year to date, and provide an update on actions taken to address these recommendations. If the recommendation has not yet been implemented, please explain why.

RESPONSE

The following reports were issued in FYs 2020-2023 to date with recommendations to the OCFO.

Inspector General Reports

- **Evaluation of the District of Columbia Government’s Management and Valuation of Commercial Real Property Assessments (22-1-25AT), Issued November 30, 2022**
- Audit of the OCFO Tax Abatement Program (20-1-02 AT), Issued December 3, 2021
- Audit of the West End Library and Fire Station Maintenance Fund (20-1-01MA-(b)), Issued November 19, 2020
- Audit of the Attorney General Restitution Fund 20-1-01MA(a), Issued August 26, 2020

DC Auditor Reports

- D.C. Lacked Unified System to Track, Reduce Settlements & Judgements, Issued December 7, 2020

Inspector General and DC Auditor Recommendations

OFFICE OF INSPECTOR GENERAL RECOMMENDATIONS

Evaluation of the District of Columbia Government’s Management and Valuation of Commercial Real Property Assessments (22-1-25AT), Issued November 30, 2022	
Recommendation	Status
<p><i>Recommendation 1.</i> We recommend that RPAD management develop a plan for periodically inspecting properties so there is reasonable assurance that property characteristics data are up to date. This recommendation is repeated from OIG Report No.16-1-14AT <i>Evaluation of the District of Columbia Government’s Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)</i></p> <p>Recommendation 2</p>	<p>The OCFO agreed with the recommendation. The Real Property Assessment Division (RPAD) management is developing a 3-year plan to conduct field inspections of all commercial properties in the District of Columbia. RPAD will produce the plan by January 6, 2023. The field inspections will start on March 1, 2023. RPAD is always striving to improve the quality of our property attribute data. The division will procure Mobile Assessment Technology that uses iPad field devices for this purpose. These tablets will have all the capability of replicating CAMA records along with oblique image libraries, sketching and image capture. Deployment is</p>

	<p>expected in the Spring of 2023. This will ensure complete coverage of the inventory. This initiative will be in addition to the fieldwork conducted because of sales and supplemental assessments.</p>
<p>Recommendation 2. We recommend that RPAD reconfigure the CAMA system to begin recording sale qualifications with respect to sales-ratio study purposes as well as validations with respect to modeling purposes. This recommendation is repeated from OIG Report No.16- 1-14AT <i>Evaluation of the District of Columbia Government’s Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)</i> Recommendation 3</p>	<p>The OCFO disagreed with the recommendation in 2016 and continues to disagree. RPAD’s primary use with respect to sale information is to help analyze and develop the appropriate capitalization rates for the various types and classes of commercial properties where the income approach to value is employed as the primary indication of value. RPAD collects and analyzes as much data as possible to ensure its analysis reflects the activity in the market. However, the number of sales of various types of commercial properties rarely meet levels that would allow for meaningful assessment to sales ratio studies. RPAD considers all appraiser-qualified sales suitable for both modeling and sales-ratio studies. RPAD sees no substantial benefit to reconfiguring our systems to support validating sales differently for the two different purposes. Sales are so rare and so critical to the income approach analysis that RPAD goes to great lengths to thoroughly research a sale before it must be disqualified.</p>
<p>Recommendation 3. We recommend that RPAD not use code 07 unless there is convincing documentation that the sale was “speculative.” This recommendation is repeated from OIG Report No.16- 1-14AT <i>Evaluation of the District of Columbia Government’s Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)</i> Recommendation 4.</p>	<p>The OCFO disagreed with the recommendation. RPAD stats show that in the last five years 147 (3%) of 4,761 commercial sales are coded 07. There are many legitimate reasons for an appraiser to code a sale 07, and RPAD does not believe it is an issue that warrants attention. The “speculative” code is defined as, “Sale is unqualified; the prime motivation of purchaser is quick profit through resale either before or after renovation. While these types of transactions tend to be below market value, they may represent market value and may be coded 01 (market), provided that the physical attributes of the sale represent the condition at the time of the sale, and the assessor believes the transaction represents an arms-length sale. When the property characteristics have changed subsequent to the sale, the sale must be unqualified.” When an appraiser selects this code, he or she is convinced that the sale is speculative. This is easily made manifest when: 1) the property has a renovation permit associated with it, or, 2)</p>

	<p>the appraiser notes on-going construction, or, 3) the property characteristics in our records have recently been improved on the property, or, 4) the property located in a neighborhood experiencing transition, or, 5) the buyer is a known speculator.</p>
<p>Recommendation 4. We recommend that RPAD seek to require I&E submissions before the assessment notice deadline by seeking the appropriate legislative remedy. This recommendation is repeated from OIG Report No.16-1-14AT Evaluation of the District of Columbia Government’s Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017) Recommendation 8.</p>	<p>The OCFO agreed with the recommendation. RPAD efforts to stream-line the I&E filing process is one part of a multi-part effort to allow RPAD to utilize the timeliest income and expense information in its valuations. The other aspects to implementing this initiative involve gaining support from the commercial community and acquiring legislative authority to change the assessment calendar. The latter two efforts are underway; however, they are beyond the control of the division.</p>
<p>Recommendation 5. Crowe recommends that RPAD implement a global review process for ratio study results. These ratio studies should be properly conducted and included as a part of the valuation process. Final appraised values should not be approved until quality standards are met. Key internal stakeholders and valuation team leaders should regularly review market movements and ratio study results together. RPAD should examine every step of the commercial valuation process for the various property types and sub-market areas to look for components, practices, and factors that may lead to appraised values that are below market value</p>	<p>The OCFO disagreed with the recommendation. RPAD adheres to appraisal industry standards and best practices and adopted the International Association of Assessing Officers (IAAO) standards in the assessment process in the District of Columbia. However, these IAAO standards are advisory, and the adaptation is not “one-size-fits-all”. RPAD agrees that a formal review process that enhances the existing valuation process benefits the assessment division's overall goal. Therefore, the RPAD leadership team will begin to conduct a quarterly review of sales and other market and submarket valuation matrices starting April 1, 2023. The results of the reviews will guide the annual reassessment exercise adopted for the three levels of property assessment appeals when necessary.</p>
<p>Recommendation 6a. Crowe recommends that RPAD do a thorough review of data quality, valuation practices, and valuation models in the identified strata. Specifically: a) We recommend that RPAD further improve the valuation of office buildings by reviewing property data for accuracy and consistency and by building data analysis skills. Because capitalization rates are so critical to value determination and office sales are relatively scarce, office sales should be thoroughly researched, and consideration should be given to expanding sample sizes through use of prior</p>	<p>The OCFO partially agreed with the recommendation. RPAD recently hired a second market analyst. The impetus for this was to strengthen RPAD data analysis capabilities. The market analysts working as a team can now research, evaluate taxpayer submissions, and distill credible data conclusions. RPAD conducts monthly sales verification by direct contact with the parties to the sales transaction. In addition, RPAD uses other resources to assist in sales and data verifications. “Building data analysis skill” is ambiguous. It insinuates a lack of skills rather than recognizing that RPAD market analysts carry out</p>

<p>year sales time-adjusted to the valuation date. Again, building data analysis skills will help, and continuing to check capitalization and other income rates with those reported in industry publications and services will provide additional support. This recommendation is repeated from OIG Report No.16-1-14AT <i>Evaluation of the District of Columbia Government’s Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)</i> Recommendation 11</p>	<p>their functions appropriately, evidenced by the work product manifested in published data and reports. RPAD typically uses the most current year to develop its capitalization rates when sales are adequate and consistent with industry practices. However, when the number of sales is determined to be inadequate to develop reliable market capitalization rates, RPAD will expand its sales to include time-adjusted sales over a period of up to two years. Additionally, RPAD generally relies more on survey data when sales are scarce.</p>
<p>Recommendation 6b(i). We recommend that RPAD develop and vet a plan for valuing retail properties at market value consistent with other properties in the District. This could be accomplished by phasing in increases over a 2- or 3-year period. The plan should include consideration of whether: i) The nine market areas used for offices are adequate for retail properties. Although the situation may well be different in the District, retail market areas or neighborhoods usually follow traffic corridors more than offices do. Again, while this may well not apply in the District, it would be prudent to consider whether retail areas should be defined separately from office areas.</p>	<p>The OCFO disagreed with the recommendation. The District of Columbia does not have retail destinations independent of the existing/identified nine commercial markets. While it is true that retail market areas usually follow traffic- pattern or pedestrian-friendly/walkable street fronts, the uniqueness of the commercial markets in the District of Columbia is that neighborhoods with high retail corridors are within these commercial markets. Therefore, RPAD does not need to segregate the retail submarket further from the existing commercial market or the “office market,” according to the auditors.</p>
<p>Recommendation 6b(ii). Additional space types, easily accommodated in the CAMA system, would be helpful. One example is restaurants. Current rent tables provide a separate rate for restaurant spaces but do not distinguish between fast-food and fullservice restaurants. Although appraisers can apply adjustments for "tenant appeal," standardizing rates creates consistency and lessens the need for individual property adjustments. This recommendation is repeated from OIG Report No.16-1-14AT <i>Evaluation of the District of Columbia Government’s Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)</i> Recommendation 12</p>	<p>The OCFO disagreed with the recommendation. RPAD continues to focus on identifying those value characteristics that the market deems significant and appropriate in establishing accurate values across property types and sub-categories. For example, RPAD believes that the current retail model captures all subcategories of retail properties in the CAMA valuation model. However, RPAD’s commitment is to continue to find better ways to develop property assessments in the District of Columbia. If in the future, a specific sub-category of properties lends itself to a separate or unique valuation model, RPAD will revise its current model to accommodate those sub-categories.</p>
<p>Recommendation 7. We recommend that RPAD adopt procedures for valuing air rights and add them to the ARM and/or Employee</p>	<p>The OCFO agreed with the recommendation. Air rights are unique, and the industry has yet to fully settle how best to value them, except in general</p>

<p>Handbook. This recommendation is repeated from OIG Report No.16-1-14AT <i>Evaluation of the District of Columbia Government’s Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)</i> Recommendation 10</p>	<p>terms. RPAD air rights valuation is an apportionment of the total fee value of the property. To streamline the air rights valuation process, RPAD developed a value allocation worksheet to apportion the total fee simple property value to all lots, including air rights lots that constitute the property. In addition, RPAD trained commercial appraisers on how to use the worksheet for value allocation. RPAD agreed with the recommendation to document this valuation approach even when it continues to refine the valuation approach. However, RPAD is reluctant to publish anything prematurely without thorough and complete vetting. The Office of Tax and Revenue (OTR) will, ensure that the topics are formally addressed and documented in our ARM and Employee Handbook for the TY 2025 reappraisal. The IAAO does not have a standard on valuation of air rights. Any publication on valuation of air rights will be unique to the District of Columbia.</p>
<p>Recommendation 8. Crowe recommends that RPAD use at least 3 years and preferably 5 years of commercial property sales in valuation and sales ratio studies. Statistical modeling should be used to produce time trends that adjust all sales to the effective date of the reassessment.</p>	<p>The OCFO agreed with the recommendation. RPAD market analysis for commercial valuation already considers three years of sales. RPAD recognizes that the “time-trend” or adjustment is rooted in prediction based on an observed pattern that even when limited sales may compel the use of multiple years, the time-trend may be opposed to the current or existing market reality at the time of reassessment. The volatility of the commercial real estate market in recent years, particularly in the District of Columbia, requires statistical modeling that better reflects current market conditions. Therefore, RPAD will continue to consider three-year sales; all or most weight will be on the most recent year leading to the reassessment because of the market dynamics in the District of Columbia.</p>
<p>Recommendation 9. We recommend that RPAD begin reporting ratio study statistics with respect to assessed values on the roll at the time of sale rather than, or in addition to, assessed values anticipated to be enrolled later, as are currently reported. This recommendation is repeated from OIG Report No.16- 1-14AT <i>Evaluation of the District of</i></p>	<p>The OCFO disagreed with the recommendation. RPAD disagreed with this recommendation in 2016 and continues to disagree. Ratio studies are conducted for a variety of purposes. In this context, the ratio report measures assessment quality by looking at the most recent reassessment program and comparing the results of that effort to actual market conditions. It is contrary to the</p>

<p><i>Columbia Government's Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)</i> Recommendation 16</p>	<p>purpose of the report to use current year values when the intent is to demonstrate the proposed year assessment quality. The introduction to the report clearly states that the OTR uses the proposed year reassessments compared to the 12 months of sales immediately preceding the valuation date. Please note that the Assessor Reference Materials (ARM) includes a section where proposed assessments are compared to both current and proposed year values. Additionally, RPAD management annually uses internal "going-in" ratio reviews to compare values to the current market in the District of Columbia and determine the need to adjust values up or down.</p>
<p>Recommendation 10. We recommend that RPAD transition to computing and reporting ratio statistics by property type and market area. This recommendation is repeated from OIG Report No.16-1-14AT <i>Evaluation of the District of Columbia Government's Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)</i> Recommendation 17</p>	<p>The OCFO agreed with the recommendation. RPAD will explore this recommendation by running internal ratio studies with an internal managerial review. The internal ratio study review shall be reported to Real Property Tax Administration (RPTA) leadership on October 15, 2023.</p>
<p>Recommendation 11. We recommend that RPAD begin to adopt a standard-accepted trimming rule while performing ratio studies in accordance with Appendix B of the IAAO Standard on Ratio Studies rather than the arbitrary ratio boundaries of 0.40 to 1.60 presently employed. This recommendation is repeated from OIG Report No.16-1-14AT <i>Evaluation of the District of Columbia Government's Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)</i> Recommendation 18</p>	<p>The OCFO disagreed with the recommendation. As discussed in response to recommendation #3, our primary use of qualified commercial property sales is to help develop and support the various matrices and capitalization rates used in the income approach to valuation. RPAD contends that its established trim range is not arbitrary and, most importantly, is sufficiently large, and few if any, ratios are excluded. Only the most extreme outliers are excluded in this trimming range, as would be appropriate. The trimming range and its use in our study remained consistent over the years. RPAD does not intend to modify this methodology.</p>
<p>Recommendation 12: We recommend that RPAD take steps to compute and, when appropriate, publish confidence intervals for important statistics. This would enable readers to judge whether an apparent success or failure is more likely to reflect a fluke of small samples rather than a real problem with the appraisals. This recommendation is repeated from OIG Report No.16-1-14AT <i>Evaluation of</i></p>	<p>The OCFO agreed with the recommendation. RPAD agrees that the confidence interval would be a good test to ensure the reliability of median calculation. It is easily developed from modern statistical software packages. RPAD published the confidence intervals in the ratio study report following the OIG Report No. 16-1-14AT. RPAD plans to continue publishing the statistical</p>

<p><i>the District of Columbia Government’s Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017) Recommendation 19</i></p>	<p>confidence interval in subsequent ratio studies report.</p>
<p>Recommendation 13: We recommend that RPAD begin to compute and, when appropriate, publish PRBs. This recommendation is repeated from OIG Report No.16-1-14AT <i>Evaluation of the District of Columbia Government’s Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017) Recommendation 20</i></p>	<p>The OCFO disagreed with the recommendation. The price-related differential (PRB) is currently measuring vertical inequity. The price-related bias test is one of several additional tools to measure this bias. In our experience, adequate sales exist in our residential inventory to make a price-bias test meaningful when values are generated from our CAMA system, which applies RPAD’s sales calibrated cost approach. For example, “economies of scale” may cause or introduce systemic errors in CAMA valuation models. However, in the valuation of commercial properties, where the income approach is the primary indicator of value, those limitations rarely, if ever, occur. As a result, the marginal square foot of rentable area is identical to the first square foot. Commercial properties are much more heterogeneous than residential properties, making interpreting a price-related bias (PRB) test challenging. Therefore, we must see the merit of computing the PRB for the commercial property before publishing it in the ratio study report.</p>
<p>Recommendation 14. We recommend that RPAD begin to produce statistical graphics to facilitate quick comprehension of patterns not immediately observable from numeric tables. This recommendation is repeated from OIG Report No.16-1- 14AT <i>Evaluation of the District of Columbia Government’s Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017) Recommendation 21</i></p>	<p>The OCFO agreed with the recommendation. RPAD includes a histogram depicting the distribution of ratios for all residential properties in the District. This chart quickly illustrates both the assessment level and the ratios' dispersion as measured by the standard deviation. RPAD will display a similar chart for the ratios of all commercial properties in its following ratio study report. In addition, RPAD will further review data that lends itself to meaningful statistical charts for internal managerial review. The charts will feature in the TY 2024 ratio studies scheduled for publishing October 2023.</p>
<p>Recommendation 15. We recommend that RPTA produce a USPAP-compliant mass appraisal report based on the ARM. The report would blend procedural narratives with statistical data on valuation parameters such as rents, expense ratios, and capitalization rates. The aim is to make public more evidence of</p>	<p>The OCFO agreed with the recommendation. Information discussed in the recommendation, such as statistical data on valuation parameters such as rents, expense ratios, capitalization rates, and the like, are contained in the division's Pertinent Data Book and Market Analytics Book. The Pertinent Data Book and Market Analytics</p>

<p>the credibility of assessments. The recent additions related to residential and residential land valuation provide a template for changes that would be desirable in the discussion of commercial valuation procedures. This recommendation is repeated from OIG Report No.16-1-14AT <i>Evaluation of the District of Columbia Government’s Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)</i> Recommendation 22</p>	<p>Book are available to the public on OTR's website at no charge. RPAD shall conduct more research to determine how the ARM can further comply with <i>Uniform Standards of Professional Appraisal Practice (USPAP)</i> requirements.</p>
<p>Recommendation 16. We recommend that efforts continue to improve how RPTA defends assessments under appeal. This can be done by: • Continuing to monitor the quality of its valuation performance as it already does via its appeals tracking system, recognizing that a superior measure of performance is found in assessment to sales price ratio studies. • Augmenting its efforts to manage its appeal/litigation management system, with attention not only to monitoring conditional liabilities and calendar related workflows, but also to the management of related documents and professional services. • Considering whether to advocate for a redress in the appeal incentives from a gametheoretic perspective, either by advocating for an increase in the cost to property owners of filing an appeal, perhaps on a recurring basis to spur their prompt resolution, or by adopting social pressures rather than, or in addition to, economic incentives to address the situation. This recommendation is repeated from OIG Report No.16-1-14AT <i>Evaluation of the District of Columbia Government’s Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)</i> Recommendation 23</p>	<p>The OCFO disagreed with the recommendation. The appeals tracking is fully operational in the Modernized Integrated Tax System (MITS). MITS has capabilities to track calendar workflow and archive documents. In addition, MITS can monitor conditional liabilities, workflow, and the storage/archiving of all appeal-related papers and various communications and interactions of all the professionals involved in managing the appeal/litigation process. Any effort to disincentivize recurring and nuisance appeals requires legislative changes or enactment.</p>
<p>Recommendation 17. Crowe recommends expanding HR Business Partner support of OTR’s organizational structure, workload statistics, performance measures, compensation requirements, staffing levels, training, qualifications, and staff development functions</p>	<p>The OCFO disagreed with the recommendation. OTR is currently supported by a designated HR Business Partner that is the point of contact for all HR related matters. The HR Business Partner meets with OTR leadership and management on a consistent basis to ensure the agency has the talent and resources to achieve its business goals. In</p>

	<p>weekly meetings, leadership is apprised of any relevant information related to HR processes and/or policy interpretations, and given the opportunity to discuss any talent management needs such as compensation requirements, staffing levels, training, qualifications, etc.</p>
<p>Recommendation 18. Additionally, we recommend that RPTA adopt measures to link operational activities to its organizational strategic plan and mission. In addition, key human resources metrics, such as Yield Ratios (ratio of offers to acceptance, interview-to-offer ratio, invitations-to-interview ratio, advertisements, or contacts-to-applicant ratio), should be established. RPTA personnel should compile an effective set of financial measures and operational measures (on customer satisfaction, internal processes, and the RPTA’s innovation and improvement activities) that will put RPTA’s strategy and vision at the center of its operations. This tool would drive its personnel to adopt behaviors and invest in actions that are critical to arrive at strategic and operational goals and align them toward an overall vision. This recommendation is repeated from <i>OIG Report No.16-1-14AT Evaluation of the District of Columbia Government’s Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)</i> Recommendation 32</p>	<p>The OCFO disagreed with the recommendation. RPAD’s position is that the Yield Ratios should be separate and distinct from the strategic and operational goals of the division. While those goals can include assuring that quality candidates are selected, any metrics related to the recruitment and hiring process are not within the purview of RPAD. The division is committed to establishing quantifiable strategic and operational goals for FY23. RPAD has yet to finalize the quantifiable strategic and operational goals framework. In the interim, KPIs for each RPAD unit have been revisited or redefined. The Division is committed to providing OTR leadership with this category's set goals by March 31, 2023.</p>
<p>Recommendation 19. Crowe recommends reinstating the monetary award component of the OCFO Incentive and Performance Recognition Award Program and training the Chief Appraiser and Supervisory Appraisers to recognize and reward these contributions.</p>	<p>The OCFO agreed with the recommendation. The OCFO has implemented several monetary systems to reward the ongoing contributions of OCFO employees. The OCFO implemented an annual award ceremony in which all staff’s contributions are recognized and selected staff are awarded monetary compensation. The OCFO was unable to host its annual event due to the operational and financial impact of the global COVID pandemic. However, we were able to offer a one-time bonus of 3.5% to recognize staff performance in FY22. Additionally, staff consistently receive career-ladder promotion opportunities allowing them to receive a grade promotion and pay increase when meeting performance expectations. All employees</p>

	<p>are awarded within grades increases either annually or bi-annually, and management is also allowed to reward performance by offering Tangible Item Awards (gift certificates, discounted parking, or transportation reimbursement) and Time Off Awards.</p>
<p>Recommendation 20. RPAD should develop formal policies and procedures to assign responsibility for tracking and monitoring the implementation status for recommendations.</p>	<p>The OCFO agreed with the recommendation. RPAD will develop a standard monitoring and tracking of the implementation of recommendations agreed to within this OIG Audit No. 22-1-25AT. RPAD plans to track the implementation quarterly and formerly report the status and progress to RPTA leadership starting April 3, 2023.</p>
<p>Recommendation 21. We recommend that RPTA establish an Office of Quality Assurance, Best Practices, and Innovation to:</p> <ul style="list-style-type: none"> (a) conduct random and regular independent assessments of quality in all core processes; (b) assess performance against best practices; (c) study the commercial real property assessment practices of state and local government entities across the United States; and (d) engage in process innovation to enhance service delivery. This Office should report directly to the Director of RPTA and report yearly to the District’s CFO. This recommendation is repeated from OIG Report No.16-1-14AT <i>Evaluation of the District of Columbia Government’s Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)</i> Recommendation 28 	<p>The OCFO disagreed with the recommendation. RPAD consistently adheres to IAAO standards and practices to maintain best practices in carrying out its assessment duties. In 2019, IAAO awarded the District of Columbia Certificate of Excellence in Assessment Administration. The certificate is how IAAO recognizes governmental units and individuals involved with property assessments that integrate industry best practices Unlike the States Assessment Administrations, which have oversight over County Assessment offices, The District of Columbia is an "all-in-all" assessment jurisdiction; that is, the administration and oversight of the assessment office in the District is the responsibility of the Government of the District of Columbia. In addition to the OIG's review, OCFO Risk Officer has established periodic risk controls and evaluation of RPAD functions. The OIG audit and the Risk Officer control tests are direct oversight of RPAD's business functions independent of RPAD. Also, the OCFO's Office of Integrity and Oversight conducts periodic audits of the assessment division to ensure the unit's adherence to its written policies and procedures. Furthermore, extensive internal and external appraiser training and the Assessment Education Certification Program (AECF) provides all appraisers with industry best practices. These combined efforts ensure that RPAD focuses on quality in its assessments and service delivery.</p>
<p>Recommendation 22. RPAD monitor and retain documentation to support their progress</p>	<p>The OCFO agreed with the recommendation. RPAD has defined its key performance indicators</p>

<p>against key performance indicators. This recommendation is repeated from OIG Report No.16- 1-14AT <i>Evaluation of the District of Columbia Government’s Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)</i> Recommendation 30</p>	<p>(KPI) as part of OTR’s technology enhancement initiatives. The KPIs for the commercial units currently utilizes Excel as a tracking mechanism. KPIs are reported to RPTA leadership monthly. RPAD is working with technical experts within IT to implement tracking, monitoring, and reporting of KPIs in MITS.</p>
<p>Recommendation 23. We recommend that RPTA develop a structured staff development and training program that is based on the following: • An organizational analysis; and • A job analysis of KSA for each function. Also, RPTA should clearly articulate training goals for each individual and establish criteria by which the effects of training can be measured. This recommendation is repeated from OIG Report No.16-1-14AT <i>Evaluation of the District of Columbia Government’s Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)</i> Recommendation 34</p>	<p>The OCFO partially disagreed with the recommendation. The OCFO currently conducts a job analysis before posting of all vacant positions and recruitments are based on the knowledge, skills and abilities (KSA) to successfully perform the function of the position. Additionally, OCFO annually develops and updates Individual Development Plan for each of its employees which outlines the employee’s career goals and determines a path to advancement. The OCFO also offers targeted job specified training, as well as other development courses to allow employees to gain expertise and advance in their careers.</p>
<p>Recommendation 24. We recommend that RPAD implement the following: • A review of the staff qualifications be performed in accordance with IAAO standards. This review should be performed on an annual basis. • A training program be developed to ensure all staff are appropriately trained, qualified, and certified</p>	<p>The OCFO agreed with the recommendation. Currently, there are required IAAO courses that candidates must complete in order to qualify for each position within the assessment unit. Candidates selected for hire must meet a minimum qualification requirement, which includes completion of various IAAO or equivalent courses, prior to being extended an offer of employment with the OCFO. Additionally, a training and certification program along with a cross-training program was developed in 2016 but was halted during the pandemic. The training program incorporated IAAO standards for certification. We will reinstate the program, updating the requirements, by the 3rd quarter of FY23.</p>
<p>Recommendation 25. Crowe recommends retaining a compensation consulting firm with public and private sector and/or commercial appraisal compensation expertise to ensure relevant compensation data is considered when market-pricing commercial appraiser positions.</p>	<p>The OCFO disagreed with the recommendation. The OCFO Office of Human Resources (OHR) regularly conducts job pricing by comparing market pay and internal pay through the analysis of position requirements. The OCFO uses reputable compensation surveys and other compensation information resourced directly from competitors. Further, the OCFO’s ongoing review of compensation data of applicants is used to</p>

	ensure that it is maintaining an appropriate pricing level for these positions.
<p>Recommendation 26. Crowe recommends clarifying the equivalent work experience policy for commercial appraiser hiring decisions by adding consistent work experience equivalency language to Commercial Appraiser grade 12 and 13 job descriptions and informing the appropriate HR and OTR practice stakeholders. This recommendation is repeated from OIG Report No.16-1-14AT <i>Evaluation of the District of Columbia Government’s Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)</i> Recommendation 35.</p>	<p>The OCFO disagreed with the recommendation. The OCFO OHR worked in collaboration with the assessment administration to conduct a job analysis for the Commercial Appraiser position. That collaboration effort resulted in the development of a position description and minimum qualifications that are used and reviewed prior to beginning any recruitment search. The OCFO has not found that applicants are having difficulty with the language used when advertising for our position openings: “Four (4) years of progressive experience performing related duties and responsibilities such as: assessing the market value and conducting inspections of residential and/or commercial properties; collecting/analyzing data on new and unique properties with complex characteristics; reviewing appraisal reports to ensure property values are estimated accurately and objectively; resolving property value problems; and providing training to lower level staff. In addition, successfully completing IAAO courses 101, 102, 112, and 300 or equivalent is required.”</p>
<p>Recommendation 27. We also recommend the OCFO provide the revised job descriptions to commercial appraisers, as required by the Master Agreement noted in the Criteria. This recommendation is repeated from OIG Report No.16-1- 14AT <i>Evaluation of the District of Columbia Government’s Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)</i></p>	<p>The OCFO agreed with the recommendation. The OCFO OHR will ensure that employees within RPTA are issued a current copy of their position description within thirty days of the issuance of these responses.</p>
<p>Recommendation 28. We recommend that RPTA design, document, and implement effective succession and contingency plans. This will ensure seamless continuity of RPTA strategy and operations in the event of an unanticipated vacancy in either role. The succession plans should be approved by senior management. To ensure accountability, responsibility for this key program should be embodied within the position description for each role. Key metrics should be designed to monitor and evaluate the program periodically.</p>	<p>The OCFO agreed with the recommendation with the exception of the succession plan program being “embodied within the position description for each role”, and this effort is underway. OHR has updated position descriptions and has created associated minimum qualifications for all positions within RPTA. Further, a recruitment strategy for unanticipated vacancy’s within RPTA is in place. OHR has identified specific recruitment resources to target appropriate applicants, established pipelines of passive candidates, and have a dedicated sourcing support that partners with</p>

<p>This recommendation is repeated from OIG Report No.16- 1-14AT <i>Evaluation of the District of Columbia Government’s Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)</i> Recommendation 36</p>	<p>RPTA’s assigned OHR Business Partner to ensure the onboarding of appropriate staff as quickly as possible.</p>
<p>Recommendation 29. Additionally, Crowe recommends that the OCHRO develop a written succession plan for the Chief Appraiser position and reinstating the Deputy Chief Appraiser and/or creating a Commercial Unit Manager role to provide additional leadership development opportunities for Supervisory Appraisers and reduce the number of direct reports to the Chief Appraiser. This recommendation is substantially similar and repeated from OIG Report No.16- 1-14AT <i>Evaluation of the District of Columbia Government’s Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)</i> Recommendation 27</p>	<p>The OCFO disagreed with the recommendation that there are limited leadership development opportunities. RPAD previously added two new units to the existing four appraisal units. The impetus for the additional units was [in part] to establish property type specialization for each appraisal unit; allow unit supervisors to have better oversight of unit activities by reducing the number of direct reports from initial average of ten staff to now average of six staff. Supervisory appraisers are working managers. They are responsible for administrative and technical operations of the unit. Senior Appraisers provide guidance and training to staff appraisers but are not responsible for their administrative supervision.</p>
<p>Recommendation 30. We also recommend that an organizational structure impact analysis be conducted when appropriate to ensure the OTR organization structure is aligned to OCFO 2017- 2021 Strategic Plan revisions when the plan is updated. This recommendation is repeated from OIG Report No.16-1-14AT <i>Evaluation of the District of Columbia Government’s Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)</i> Recommendation 24</p>	<p>The OCFO agreed with the recommendation. Like in the past, the OCFO will ensure that RPTA’s operations and tactical plans align with the OCFO’s strategic objectives and initiatives when the plan is updated.</p>
<p>Recommendation 31. Crowe recommends implementing an HR Business Partner driven process to gather and analyze OTR hiring practice stakeholder feedback on a periodic and event-driven basis. We also recommend adding hiring practice effectiveness and stakeholder experience HR KPIs</p>	<p>The OCFO disagreed with the recommendation. The OCFO currently has an HR Business Partner driven process that gathers and analyzes OTR stakeholder feedback on a consistent basis. OTR leadership meets weekly with a designated HR Business Partner to discuss the agency’s recruitment and staffing levels, talent management processes, and hiring feedback to provide OTR with the most highly qualified candidates. In addition, a Key Performance Indicator (KPI) metrics report has been developed, which is used by the respective HR Business Partner to inform all OTR recruitment and hiring actions. This</p>

	process ensures OTR is consistently provided with prompt and efficient HR service delivery related to hiring.
Recommendation 32. Crowe recommends gathering and analyzing OTR hiring practice stakeholder feedback regarding fostering vital interpersonal relationships and information networks, providing a sense of organizational culture, and determining how well employees understand their new jobs and related expectations on a periodic and event-driven basis. We also recommend HR KPIs include hiring practice effectiveness and stakeholder experience metrics	The OCFO disagreed with the recommendation. OCFO has implemented several processes to ensure all employees are provided with a seamless onboarding experience. The OCFO has implemented a New Hire Orientation process that ensures all new hires understand the history of the OCFO, our organizational culture and SMARTER values, as well as relevant information related to their jobs. Feedback is solicited via a New Hire Orientation survey and is assessed to continuously improve HR service delivery and the employee experience. In addition, OHR conducts 30-, 60-, and 90-day check-in sessions with all new staff to ensure a smooth transition and to assist in data driven decision making.
Recommendation 33. Crowe recommends expanding HR Business Partner responsibilities to include guidance and support of OTR hiring practices. We also recommend monthly reviews of current and projected hiring needs, hiring process status, HR KPI results, potential improvements, lessons learned, and identification and resolution of current or emerging hiring practice issues. This recommendation is repeated from OIG Report No.16-1-14AT <i>Evaluation of the District of Columbia Government’s Management and Valuation of Commercial Real Property Assessments (Issued April 10, 2017)</i> Recommendation 37	The OCFO disagreed with the recommendation. OHR not only reviews RPTA’s current and future needs monthly, but we hold weekly meetings with the administration to assess their ongoing needs, identify opportunities for improvement, and solicit feedback. OHR is proactive in its approach to RPTA’s recruiting and hiring as we have established recruitment sources, developed a pipeline of potential candidates, and have established relationships with the organizations such as the IAAO.
Audit of the OCFO Tax Abatement Program (20-1-02 AT) Issued December 3, 2021	
Recommendation	Status
Recommendation 1. Develop or adopt a methodology such as OMB Circular No. A-94 revised to conduct prospective analyses, including calculating net present value of tax abatement requests. (p. 7).	The OCFO disagreed with the recommendation. The TAFE Law states the financial analysis to be prepared by the OCFO in D.C. Official Code § 47-4701(b)(1)(F), shall include “a review and analysis of the financial condition of the recipient of the proposed exemption or abatement.” This is commonly known as a “but for” analysis. A TAFE must reflect, absent a financial subsidy from the District, whether the subject project is financially viable. Preparation involves reviewing and

	<p>validating a pro forma real estate analysis provided by the applicant, as described above. A discounted cash flow analysis focused on the return requirements of a project’s equity investors is the most appropriate evaluation tool for this analysis, rather than the identification of the District’s costs or benefits. Therefore, within the context of the TAFAs Law, OCFO is not required to conduct prospective analyses that would necessitate calculating the net present value of tax abatements. Therefore, net present value analysis and adopting the valuation methodology of OMB Circular No. A-94 is not applicable.</p>
<p>Recommendation 2. Develop or adopt a methodology such as OMB Circular No. A-94 revised to conduct prospective analyses, including developing a discount rate policy. (p. 7)</p>	<p>The OCFO disagreed with the recommendation. Within the context of the TAFAs Law, OCFO is not required to conduct prospective analysis that would necessitate determining the present value of future cash flows to the District. Therefore, developing a discount rate policy, and adopting methodology such as OMB Circular No. A-94 is not applicable.</p>
<p>Recommendation 3. Develop or adopt a methodology such as OMB Circular No. A-94 revised to conduct prospective analyses, including performing a sensitivity analysis. (p. 7).</p>	<p>The OCFO disagreed with the recommendation. Within the context of the TAFAs Law, OCFO is not required to conduct prospective analysis, including sensitivity analysis. Therefore, developing sensitivity analysis, and adopting methodology such as OMB Circular No. A-94 is not applicable.</p>
<p>Recommendation 4. Develop a plan for conducting a periodic retrospective cost-benefit analysis of individual tax abatements, and for the tax abatement program overall, to obtain reasonable assurance that the program creates economic value for the District. (p. 7).</p>	<p>The OCFO disagreed with the recommendation. The TAFAs Law does not require a retrospective economic cost-benefit analysis. OCFO will continue to provide retrospective evaluation of certain tax abatements and expenditures through the tax preference studies prepared in accordance with DC Law 20-155.</p>
<p>Recommendation 5. Develop procedures to conduct periodic formal training for analysts responsible for performing TAFAs. (p. 9)</p>	<p>The OCFO disagreed with the recommendation. EDF has established policies and procedures outlining the TAFAs Law and the necessary analysis required to complete a TAFAs. These policies and procedures are reviewed annually as required by OCFO. Beyond established policies and procedure, EDF professionals are engaged day-to-day with the Washington metro real estate market and the dynamics of financial markets in general.</p>

<p>Recommendation 6. Develop procedures to conduct periodic comparison of estimated cash flows to actual cash flows to consider the financial feasibility of proposed projects as the D.C. Code requires. (p. 9).</p>	<p>The OCFO disagreed with the recommendation. For the purposes of evaluating development projects, financial feasibility is considered prospectively, at the time of the analysis, based on the project’s identified funding sources and the budgeted cost to develop the project. This is consistent with real estate investment practices. It would be in the purview of the Council to decide whether to make legislatively authorized abatements and exemptions contingent upon continued documentation that the abatement or exemption is financially necessary.</p>
<p>Recommendation 7. Develop procedures to ensure the fiscal needs of the beneficiary are calculated, documented, maintained, and reported consistently. (p. 9).</p>	<p>The OCFO agreed with the recommendation and completed corrective actions to address the recommendation.</p>
<p>Recommendation 8. Develop procedures to analyze and validate the financial value of subsidies when the public policy objectives of abatement are to create economic values for the community as the D.C. Code requires. (p. 10).</p>	<p>The OCFO disagreed with the recommendation. The TAFAs Law does not require OCFO to provide an analysis of the financial value of community benefits, nor does it require such a policy objective be considered for most TAFAs. The Exemption and Abatements Information Requirements Act of 2011, as amended and found in D.C. Official Code § 47-4701 (the TAFAs Law), requires that a TAFAs include only a “summary of the proposed community benefits to be provided by the grantee of the exemption or abatement...” and requires no further analysis of this information by OCFO. The Draft Report’s assertion, that “OCFO is required to consider the public policy objective of the abatement” contradicts the TAFAs Law.</p>
<p>Recommendation 9. Develop procedures for reviewing and validating the TAFAs and all applicants’ information and assumptions to ensure conclusions are consistent with an objective set of criteria. (p. 11).</p>	<p>The OCFO agreed with the recommendation and completed corrective actions to address the recommendation.</p>
<p>Recommendation 10. Develop procedures to monitor tax abatement recipients’ compliance with the annual certification requirements set forth in D.C. Code § 47-4702(a). (p. 13)</p>	<p>The OCFO agreed with the recommendation. With the implementation of the Modernized Real Property Tax System (MRPTS) in 2020, OTR’s efforts to monitor compliance and execute enforcement actions have been enhanced. Exempt property use reports are now filed on-line through the MyTax.DC web portal and will enable MRPTS to monitor the filing of reports and provide OTR with the information needed to determine whether a tax exemption or abatement should be removed</p>

	for failure to comply. The implementation of this process is underway and is expected to be fully implemented by September 30, 2022.
Recommendation 11. Develop procedures to enforce the requirements set forth in D.C. Code § 47-4702(b) by terminating the abatement for failure to certify the use of a property annually. (p. 13).	The OCFO agreed with the recommendation and completed corrective actions to address the recommendation.
Recommendation 12. Develop a plan to establish and assign personnel responsibilities and authority to effectively coordinate and share TAFE supporting information within OCFO and with other District agencies that monitor community benefits, including DHCD and DOES. (p. 13).	The OCFO agreed with the recommendation and completed corrective actions to address the recommendation.
Audit of the West End Library and Fire Station Maintenance Fund (20-1-01MA (b) Issued November 19, 2020	
Recommendation	Status
Recommendation 1. Enhance the CAMA system to maintain a complete listing of all new buildings constructed on Lots 836, 837, and 855 in Square 37.	The OCFO disagreed with the recommendation. The CAMA system contains every parcel of land in the District and there is a unique identifier in the system for each development in the District which facilitates the history of the lots to be maintained. To create a listing of all new or existing buildings for the subject lots would require the input of a specific criterion in the CAMA system unique to the development. Hence, the request for information to identify new or existing buildings on the subject lots would have to be clearly expressed by the requestor so that the correct query can be input into CAMA. Based on this information, enhancements to the system are not warranted. (This recommendation was deemed closed by the OIG in their FY 2021 annual audit of the Fund, issued September 2021.)
Recommendation 2. Update RAA’s policy and procedures to periodically update the listing of buildings constructed on Lots 836, 837, and 855 in Square 37.	The OCFO agreed with the recommendation and took corrective actions to address the recommendation. (This recommendation was deemed closed by the OIG in their FY 2021 annual audit of the Fund, issued September 2021.)
Recommendation 6. Adjust the Maintenance Fund balance to correct the overstatement by transferring \$155,165 in deed transfer and recordation taxes from the Maintenance Fund into the District’s General Fund.	The OCFO agreed with the recommendation and took corrective actions to address the recommendation. (This recommendation was deemed closed by the OIG in their FY 2021 annual audit of the Fund, issued September 2021.)

Audit of the Attorney General Restitution Fund 20-1-01MA(a) issued August 26, 2020	
Recommendation	Status
<i>Recommendation 1.</i> Establish procedures to record and recognize the full restitution award amount, fewer penalties, and costs as Fund income as required by GASB 33.	The OCFO agreed with the recommendation and took corrective actions to address the recommendation. (The OIG deemed the recommendation as closed in their <i>FY 2021 OIG Recommendation Follow-up Report</i> issued September 30, 2021.)
<i>Recommendation 2.</i> Develop procedures for direct voucher creation, review, and approval activities to prevent duplicate payments.	The OCFO agreed with the recommendation and took corrective actions to address the recommendation. (The OIG deemed the recommendation as closed in their <i>FY 2021 OIG Recommendation Follow-up Report</i> issued September 30, 2021.)
<i>Recommendation 3.</i> Adjust the Fund Balance to account for any amounts identified as duplicate payments and amounts awarded but uncollected.	The OCFO agreed with the recommendation and took corrective actions to address the recommendation. (The OIG deemed the recommendation as closed in their <i>FY 2021 OIG Recommendation Follow-up Report</i> issued September 30, 2021.)

DC AUDITOR RECOMMENDATIONS

D.C. Lacked Unified System to Track, Reduce Settlements & Judgements issued December 7, 2020	
Recommendation	Status
<p>Recommendation 2. OCFO should work with OCTO and other agency partners (such as ORM) to facilitate the classification and reporting of personnel-related settlements and judgements (i.e., backpay, leave restoration) within the payroll system and the District’s accounting system so that all of the personnel-related settlements and judgements are captured to strengthen the District’s ability to monitor, report on, and reduce future risks. OCOF should ensure this functionality is built into the District Integrated Financial System (DIFS), its new accounting platform, which will replace the System of Accounting and Reporting (SOAR).</p>	<p>The OCFO agreed with the recommendation. (The DC Auditor deemed this recommendation was implemented in their report, <i>Seventy-One Percent of Auditor Recommendation in Place or in Progress</i>, issued February 3, 2022.)</p>
<p>Recommendation 4. The OCFO should amend its Policies and Procedures Manual to address the need for consistency in recording settlement and judgement payments in SOAR and train current OCFO staff, including AFOs, on the requirements.</p>	<p>The OCFO agreed with the recommendation. The OCFO implemented a Settlement and Judgment (PS Cost) tracking and reporting Process within People-soft (Using a unique Time Reporting Code) and in SOAR (using unique Comptroller Object Code – 0119). The DIFS crosswalk for this account is also established. The District’s Financial Management Control Order No 07-004A governs Non- Personnel (NPS) Settlement and Judgment payments. The new Direct Invoicing (DIFS) Policy issued on October 1, 2022, covers the recordation of all direct vouchers to include Settlements and Judgements. OFOS also provides ongoing training workshops that covers consistent coding and tracking of NPS Settlement and Judgment Vouchers. During the recent transition from SOAR to DIFS, OCFO employees processing Direct Invoices received systems training that covers the new Direct Invoice policy.</p>
<p>Recommendation 6. ORM, OCFO, and OAG should jointly implement SOPs with clear agency responsibilities as needed to govern the processing, handling, and reporting of S&Js from the S&J Fund to facilitate compliance</p>	<p>The OCFO agreed with the recommendation. ORM draft guidance has been created and is being reviewed. The agency expects that the review process will be completed by Feb. 28, 2023. Also, the OCFO has draft guidance regarding personnel</p>

<p>with the statutory requirements of D.C. Code § 2-402 and strengthen critical information sharing. This includes procedures for reclassifying expenditures when the S&J Fund is used for unanticipated expenditures.</p>	<p>settlements. The agency expects to finalize the review by Feb. 2023. While the guidance and policy are in progress, ORM, OAG and OCFO have been coding PS and NPS Settlement and Judgement transactions consistently. OCFO created a specific CFOSolve report in FY22 in order to track and review Settlement and Judgement payments to ensure that accurate Comp Objects are used on a monthly basis.</p>
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40. Please list all settlements entered into by OCFO, or by the District on behalf of OCFO, in Fiscal Years 2022 or 2023, to date. Include the parties’ names, the amount of the settlement, and, if related to litigation, the case name and a brief description of the case. If unrelated to litigation, please describe the underlying issue or reason for the settlement (e.g., administrative complaint).

RESPONSE

There were no OCFO settlements in FY 2022 or FY 2023, to date.

41. Please describe the Office’s procedures for investigating allegations of sexual harassment or misconduct committed by or against its employees. List and describe any allegations received in Fiscal Years 2022 and 2023, to date, and indicate whether those allegations have been resolved.

RESPONSE

Allegations of sexual harassment or misconduct are quickly and thoroughly investigated. If an investigation finds credible evidence that substantiates the allegation, appropriate disciplinary action is taken against the offender. There has been one allegation received in Fiscal Years 2022 and 2023, to date. The matter has been resolved.

42. Please list any administrative complaints or grievances that OCFO received in Fiscal Years 2022 and 2023, to date, broken down by source. Describe the process used to respond to any complaints and grievances received and any changes to Office policy or procedure that have resulted. For any complaints or grievances that were resolved in Fiscal Years 2022 or 2023, to date, describe the resolution.

RESPONSE

The OCFO resolves grievances as outlined in the Collective Bargaining Agreement between the District of Columbia Government and the labor organizations representing Compensation Units 1 and 2. There have been no OCFO Policy changes and/or updates resulting from any filed grievances. In fiscal year 2022 and to date in fiscal year 2023, no grievances have been filed.

43. Please provide a list of all studies, research papers, reports, and analyses the Office requested, prepared, or contracted for during Fiscal Years 2022 and 2023, to date, and state the status and purpose of each study.
- a. Please also identify/reference the tax preference analyses performed in Tax Year 2022 and what is under review for Tax Year 2023.

RESPONSE

The table below reflects the studies prepared, requested, and contracted during FY 2022 and FY 2023 to date by OFT.

<u>Analysis</u>	<u>Purpose</u>	<u>Status</u>
Armed Forces Retirement Home Payment-in-Lieu-of-Taxes (PILOT Underwriting Analysis)	Financial and market analysis and revenue projections prepared by an independent consultant, contracted by EDF, in support of Armed Forces Retirement Home PILOT application review.	Completed
Unified Economic Development Budget Report FY2022	The Unified Economic Development Budget Report provides information on how economic development dollars were allocated in the District during the prior fiscal year, aggregated by type of incentive, granting body/agency, and ward.	In progress
Wharf Coverage Analysis	Market analysis and revenue projections prepared by an independent consultant to confirm the project’s compliance with the District’s debt service coverage requirements in support of a note issuance in August 2022.	Completed
Rhode Island Avenue Payment-in-Lieu-of-Taxes (PILOT) Underwriting Analysis	Financial and market analysis and revenue projections prepared by an independent consultant, contracted by EDF, in support of Rhode Island Row PILOT application review.	Completed
Bryant Street Phase II Tax Increment Financing (TIF) Underwriting Analysis	Financial and market analysis and revenue projections prepared by an independent consultant, contracted by EDF, in support of Bryant Street Phase II TIF application review.	In progress
Skyland Phase II Tax Increment Financing (TIF) Underwriting Analysis	Financial and market analysis and revenue projections prepared by an independent consultant, contracted by EDF, in support of Skyland Phase II TIF issuance discussions.	In progress
Verizon Series A Note Prepayment Financial Analysis	Financial and legal analysis prepared by an independent consultant in support of optionally prepaying a portion of the Verizon Series A Note.	Completed

Long-Range Capital Financial Plan Report	Report on the status of the District’s infrastructure and amount of unmet capital needs, including deferred maintenance, and present a plan by which the District could fund its unmet capital needs in the shortest time period.	Completed
Other Post-Employment Benefits (OPEB) Fund Actuarial Valuation Report	The report presents the annual actuarial valuation of the District’s Other Post-Employment Benefits Fund.	Completed
OPEB Annual Report	The report presents the annual actuarial valuation of the District’s Other Post-Employment Benefits Fund.	In Progress
Report presents the annual actuarial valuation of the District’s Other Post-Employment Benefits Fund.	The study is an in-depth actuarial review of all assumptions, looking back at the actual experience of the plan compared to demographic and economic assumptions, and looks forward using demographic, economic, and capital market projections.	

Additionally, the Office of Revenue Analysis produced the following studies, reports, and analyses:

- 1- *Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison* (annual, pursuant to Public Law 93-407)
This report provides a comparison of selected tax rates, as well as a comparison of household tax burdens at five income levels in the District of Columbia with those in the largest city in each of the 50 States.

- 2- *Tax Rates and Tax Burdens: Washington Metropolitan Area* (annual, pursuant to Public Law 93-407)
This report provides a comparison of selected tax rates, as well as a comparison of household tax burdens at five income levels in the District of Columbia with those of seven neighboring jurisdictions.

- 3- *District of Columbia Tax Comparison: A Metro Area Comparison* (June 2022)
This report provides a comparison of selected tax rates, as well as a comparison of business tax burdens in DC to those of neighboring jurisdictions

- 4- *District of Columbia Tax Expenditure Evaluation report (tax preference analysis report)* (annual) pursuant to Title VII, Subtitle N of the Fiscal Year 2015 Budget Support Act of 2014, provides for evaluations and review of all tax expenditures in the District of Columbia. In FY21, the *Income Security and Social Policy Tax Expenditure Review* was released, and in early FY22, the *Health and Education Tax Expenditure Review* was released. Work on a *5-Year Wrap up/Summary* document is being

concluded for release in Spring of 2022, and research for the second *Housing Tax Expenditure Review* is underway, for release in late Winter or Spring of 2023.

- 5- *The Tax Expenditure report* (biennial, D.C. Law 13-161, the “Tax Expenditure Budget Review Act of 2000”). Provides for the estimates of revenue losses to the District resulting from both federal and local tax provisions that grant special relief designed to encourage certain taxpayers’ behavior or to aid taxpayers in special circumstances. Multiple ORA staff have contributed throughout FY22 and the report was published in September 2022.
- 6- *Cash Collection Reports* (monthly)
It provides for the tracking of cash collections, by source, in the District of Columbia. These reports are critical in monitoring the performance of the District’s revenue collections relative to the revenue estimates.
- 7- *District of Columbia Economic and Revenue Trends* (monthly).
Provides detailed information on changes in the national and local economies, as well as necessary information regarding the underlying assumptions that are used in preparation of Quarterly Revenue Estimates.
- 8- *Quarterly Revenue Estimates*.
Mandated by the Congress of the United States of America, quarterly revenue estimates provide for establishing annual budgets of the District of Columbia.
- 9- *DC Tax Facts* (annual)
Provides detailed data and information pertaining to the District’s various tax structures, tax and non-tax rates, legal references, and other comparative tax data for the purpose of educating and enhancing citizens’ awareness of their tax responsibilities.
- 10- *District of Columbia Data Book: Revenue and Economy*, issued in August 2022.
Provides detailed information on District’s economy, revenue system, variety of District taxes and other revenue sources. This publication was designed for use by citizens, policy makers, revenue practitioners, and researchers alike.
- 11- *Washington D.C. Tax Facts, A Visual Guide Report*
Provides detailed graphical or visual representations and explanation of the District’s various tax structures, tax distributions, and sources of revenue for the purpose of educating and enhancing citizens’ awareness of their tax system as well as financial transparency.
- 12- *Revenue Chapter of the D.C. Budget Book* (Chapter 3 of the Volume 1: Executive Summary of the Budget Book)

It provides underlying assumptions pertaining to the preparation of the final revenue forecast for the District of Columbia during every fiscal year.

13- *Fiscal Impact Studies*

Routinely, provides analyses of fiscal impacts of proposed legislation to ensure the integrity of the District's annual budget (an average of 150 reports per year).

14- *Annual Survey of State Government Tax Collections*, as a part of annual reporting provided to the U.S. Census Bureau, this survey is the only comprehensive source of details on tax collections by type of tax imposed and collected by state governments in the United States.

15- *Quarterly Reports to the U.S. Census Bureau*

As a part of quarterly reporting provided to of the U.S. Census Bureau's *Quarterly Survey of State Government Tax Collections* program, ORA reports quarterly D.C. tax revenue information to the Census Bureau.

16- *D.C. Special Purpose Fund Revenue Certifications*

As part of the District of Columbia Budget and Financial Plan's formulation process, ORA reviews, for approximately 200 Special Purpose (O-type) funds, agency provided projections of their Special Purpose fund non-tax revenue and fund balance use. Final ORA certifications are reported on Table 3-17 of the Revenue Chapter of Volume 1: Executive Summary of the Budget Book.

17- *District of Columbia Dedicated Taxes Report* – (periodic) A report detailing the city's various dedicated taxes, related revenue streams, and funds financed by the taxes. Last report to be released in February 2022.

18- Additional Supplemental ORA Research:

- "Inclusionary Zoning Program in DC"
Association for Public Policy Analysis (APPAM) Annual Conference, November 2022
Southern Economic Association Annual Meeting, November 2022
AEA/Allied Social Science Associations (ASSA), January 2023
- "Left Out: Measuring minimum wage effects on wage earners and the self-employed using tax data from Washington, DC"
AEA/Allied Social Science Associations (ASSA), January 2023
- Analyses Conducted by ORA Interns in 2022
- Evaluation of DC's Schedule H Property Tax Credit

- b. Please provide a copy of the agency's most recent OTR Ratio Report.

RESPONSE

Please see **Attachment 43B** for the most recent version of the OTR Ratio Report. We are currently updating the report and will have a final version by the end of March 2023.

44. Please provide a list of all reporting requirements for which OCFO is responsible. For each, include links to access the most recent report.

RESPONSE

Attached please find OCFO's Regulatory Compliance Reporting Matrix that contains 64 reporting requirements (**Attachment 44**). Some of the reports are posted on the Council website. For Council Period 24, these 12 reports were published on LIMS:

- **CFO24-0011**
[Audit of the New Columbia Statehood Fund Revenues and Expenditures Report for Fiscal Year Ended September 30, 2021](#)
June 30, 2022 : Introduced by Chairman Mendelson
- **CFO24-0007**
[Certification of Ballpark Fees, FY 2021](#)
November 15, 2021 : Introduced by Chairman Mendelson
- **CFO24-0008**
[Annual GARVEE Bond Report](#)
November 18, 2021 : Introduced by Chairman Mendelson
- **CFO24-0001**
[Final Report: Audit of the Inmate Welfare Fund Financial Statements for FY 2020](#)
February 22, 2021 : Introduced by Chairman Mendelson
- **CFO24-0004**
[DC College Savings Plan Fiscal Year Annual Report](#)
July 26, 2021 : Introduced by Chairman Mendelson
- **CFO24-0009**
[Audit of the Inmate Welfare Fund Financial Statements for Fiscal Year Ended September 30, 2021](#)
January 18, 2022 : Introduced by Chairman Mendelson
- **CFO24-0003**
[Other Post-Employment Benefits Annual Report](#)
May 3, 2021 : Introduced by Chairman Mendelson
- **CFO24-0012**

[Office of the Chief Financial Officer \(OCFO\)'s: Report on the Audit of the Direct Loan and Credit Enhancement Fund's Revenue and Expenditure Report for the Fiscal Year Ended September 30, 2021](#)

December 19, 2022 : Introduced by Chairman Mendelson

- **CFO24-0005**

[Review of Income Security and Social Policy Tax Expenditures](#)

August 19, 2021 : Introduced by Chairman Mendelson

- **CFO24-0006**

[Audit of the Direct Loan and Credit Enhancement Fund's Revenue and Expenditure Report for the Fiscal Year ended September 30, 2020](#)

September 7, 2021 : Introduced by Chairman Mendelson

- **CFO24-0010**

[Central Collections Unit 2021 Annual Report](#)

March 28, 2022 : Introduced by Chairman Mendelson

- **CFO24-0002**

[Audit of the New Columbia Statehood Fund Revenues and Expenditures Report for Fiscal Year Ended September 30, 2020](#)

March 11, 2021 : Introduced by Chairman Mendelson

45. Please provide the following information about the OCFO website:

a. How often it is updated;

RESPONSE

The OCFO website is reviewed on a continuous basis and is updated as the need arises.

b. How often content on department pages is reviewed or updated; and

RESPONSE

OCFO departments make changes and updates as the need arises and are asked to review their entire website presentations regularly.

c. Any plans for updates, upgrades, or improvements.

RESPONSE

The OCFO continuously looks for opportunities to make our web pages easier for residents and businesses to navigate. In FY 2022, the following upgrades were made:

- The individual income tax (D-40) and standalone Schedule H forms were updated and are now available online via the MyTax portal.

- The EITC landing page was completed to offer simple, straightforward information on the Earned Income Tax Credit
- Additional functionality is being explored to provide upgraded access to live chat and other features

In addition, feedback from District taxpayers is regularly reviewed to identify opportunities for improvement, such as improved functionality, changes in wording, and clarifications needed.

46. Please list or explain any community outreach programs that OTR has conducted to educate low-income residents and small businesses about tax relief programs.

RESPONSE

(Please also refer to the information included in Question 11.)

OTR engages routinely with advocates serving the low-income community and small businesses in the District. In addition to formal outreach, regular interaction takes place by way of phone calls and emails to quickly address issues brought by these stakeholders as they arise.

OTR engages in quarterly meetings with AARP, seasonal outreach with CAAB (encouraging District taxpayers to claim the Earned Income Credit) and works with other District advocates to ensure that all taxpayers are treated in a fair and equitable manner.

In FY2022, OTR created a landing page for the DC EITC credit to ensure that the information provided to individuals regarding this valuable refundable credit was in plain language and easy to understand. This page can be viewed at eitc.dc.gov. In addition to providing simpler, more accessible information online, OTR has begun the process of reviewing its notices to simplify and clarify the information shared with taxpayers, to make the notices more understandable, and to ensure that all taxpayers are familiar with their rights and obligations.

Regarding small businesses, OTR routinely engages with stakeholders and advocates in the small business community to provide clear and concise guidance, works with businesses one-on-one that need assistance, and strives to continuously improve processes that impact business owners in the District. Targeted outreach in FY2022 included outreach for restaurants, liquor licensees, taxi drivers, short-term rental owners, women-owned businesses, landlords of small multi-family housing units, and many others.

- a. In response to this question during the Fiscal Year 21-22 Performance Oversight period, OCFO described OTR’s efforts as it relates to seniors and the Schedule H credit. Can OCFO please describe its specific senior outreach that it conducts each year to help District residents?

RESPONSE

In FY2022, OTR conducted targeted outreach to educate taxpayers about the Schedule H credit, including regular discussions with AARP, Legal Counsel for the Elderly, the AARP Foundation, the North Woodridge Community Center, the Parents’ Tax Workshop, the Senior Housing Fair, and by providing written materials at numerous other events. In addition, OTR

has worked collaboratively with DC Department of Human Services and other agencies to serve District residents receiving means-tested public benefits such as TANF and ensure that they are educated regarding the availability of refundable tax credits.

Furthermore, OTR continues to work with the Mayor's Office on Veteran's Affairs to implement a newly expanded real property tax benefit for District taxpayers who have a service-connected disability and to ensure that they have the information they need to claim the Veteran's Disabled Homestead Benefit, if they qualify.

47. This year the Earned Income Tax Credit expansions expired due to Congress not extending it. Does OCFO know how much District residents in total are going to lose on their returns due to this?

RESPONSE

It is difficult to quantify reductions in District residents' refund amounts because DC administers the EITC in a way that may recapture some individuals that no longer qualify for a federal credit.

- Individuals who no longer qualify for the federal credit because of their age or because they do not have a qualifying child may qualify for the EITC under DC's expansion of the EITC to non-custodial parents, which allows a credit for low-income individuals living in DC, between the ages of 18 and 30, who are parents of a child who does not reside with them, and who paid court-ordered child support.
 - Individuals who are receiving a reduced amount for their federal EITC may not experience a reduction in their overall credit amount at the District level because the DC EITC will be matched at a higher rate for years 2022 and beyond.
- a. In addition, in response to this question during the Fiscal Year 21-22 Performance Oversight period, OCFO mentioned it does not track how many district residents are eligible for the Earned Income Tax Credit. Is there a reason that OCFO does not track those who are eligible?

RESPONSE

OTR does not track how many individuals are eligible for the EITC. The EITC requires that taxpayers meet certain eligibility tests. Eligibility requires information regarding an individual's income and household composition.

To qualify for the EITC, an individual must have earned income (unemployment, public benefits, child support, etc. do not qualify as earned income), have investment income below a certain threshold, have a valid social security number, be a U.S. citizen or resident alien for the entire year, meet certain requirements as to foreign earned income, and meet certain rules if the taxpayer is separated from his or her spouse and not filing a joint return. In addition, there are special rules for members of the clergy, military members, surviving spouses, and taxpayers with disabilities. There are also requirements related to when a child can be claimed as a "qualifying child."

These rules are established by the IRS and not by OTR and can be very complex. As such, eligibility for the EITC can fluctuate from one year to the next. While OTR may be able to

track an individual’s income based on data gathered from the IRS and other government sources, there are other criteria that must be met to qualify for this credit. OTR may not have the necessary data to know whether a taxpayer is truly eligible

48. In tax year 2023, DC expands its EITC to tax filers with ITINs. What is the OCFO’s plan to ensure that eligible taxpayers can receive the EITC given that the IRS limits issuance of ITINs to those who owe federal income taxes or who are eligible for federal tax credits? What solutions are the OCFO exploring to resolve this issue?

RESPONSE

The legislation as currently drafted requires a valid ITIN to qualify for the expanded EITC. OTR has communicated with other states that administer similar programs to gather information on best practices to ensure that the implementation of the program will be smooth and that all eligible taxpayers receive their credits.

OTR has been collaborating with the DC Fiscal Policy Institute, as well as several other stakeholders, to anticipate challenges that taxpayers may face in program participation and to mitigate any obstacles they may encounter.

49. Each year, OCFO provides the revenues collected in fines and forfeitures as well as charges listed in general purpose non-tax revenue tables within Revenue Chapters. Please provide the total amount of fines and forfeitures, as well as charges assessed in Fiscal Year 2021 and Fiscal Year 2022. Please also provide the total amount of assessed fines, forfeitures, and charges in each of the five previous fiscal years.

RESPONSE

Source of local non-tax revenue	2016	2017	2018	2019	2020	2021	2022
Fines and Forfeitures	197,439	167,385	164,382	195,392	147,943	137,544	161,321
Charges for Services	80,251	81,371	87,632	77,487	68,723	80,588	78,407

50. Please discuss progress to date on the implementation of the Child Wealth Building Act.
- a. Has a Fund Manager been secured? If not, please explain why not and where the Office is at in the procurement process.

RESPONSE

The Office of Contracts has issued a Request for Information (RFI) to gather information from prospective contractors that will build an information management system (IMS) platform to support the administration of the Program and the Fund. The input from the RFI will support the development of the Memorandum of Agreement between OCFO, the Department of Human Services (DHS), and the Department of Health Care Finance (DHCF). It will also support the

development of the Statement of Work, which will be the basis for the IMS platform that will provide both administrative support and participant accessibility for the Child Wealth Program.

b. Have future participating families been identified and notified?

RESPONSE

Future participating families have been identified, and DCAS is waiting for the Division of Eligibility Policy to finalize the mail merge notice that will be sent to households informing them of the program. The notices will be sent out shortly.

51. Please provide the number of commercial and residential real properties that have been late in paying their taxes and have been penalized for paying their taxes late. Please include the amount owed and a breakdown of the data by Ward.

RESPONSE

Please see the below tables.

Commercial Properties:								
Ward	Count	Total TAX	Total PEN	Total INT	Total FEE	Total Due	Total Collections	Total Current Balance
1	236	\$5,080,338.76	\$347,083.89	\$226,949.44	\$148,237.59	\$5,802,609.68	\$4,314,647.56	\$1,487,962.12
2	451	\$74,316,030.51	\$9,883,993.69	\$19,222,270.75	\$1,479,715.25	\$104,902,010.20	\$97,187,618.35	\$7,714,391.85
3	125	\$5,222,178.75	\$399,608.96	\$286,791.02	\$236,178.77	\$6,144,757.50	\$3,801,569.98	\$2,343,187.52
4	212	\$3,411,485.86	\$236,669.06	\$146,413.99	\$80,337.70	\$3,874,906.61	\$2,793,204.30	\$1,081,702.31
5	347	\$14,604,982.46	\$1,059,588.97	\$919,201.07	\$586,047.28	\$17,169,819.78	\$8,394,976.00	\$8,774,843.78
6	350	\$22,803,794.98	\$1,621,332.76	\$1,202,890.00	\$543,940.00	\$26,171,957.74	\$17,042,159.19	\$9,129,798.55
7	231	\$3,156,349.18	\$227,645.37	\$152,760.06	\$32,990.01	\$3,569,744.62	\$2,445,371.13	\$1,124,373.49
8	175	\$5,509,551.52	\$327,383.69	\$297,263.84	\$41,963.85	\$6,176,162.90	\$3,312,461.22	\$2,863,701.68
2,127		\$134,104,712.02	\$14,103,306.39	\$22,454,540.17	\$3,149,410.45	\$173,811,969.03	\$139,292,007.73	\$34,519,961.30

Residential Properties:								
Ward	Count	Total TAX	Total PEN	Total INT	Total FEE	Total Due	Total Collections	Total Current Balance
1	2,896	\$17,129,652.87	\$1,168,154.70	\$838,440.58	\$82,890.34	\$19,219,138.49	\$13,775,461.97	\$5,443,676.52
2	4,486	\$30,566,984.32	\$1,960,333.21	\$1,242,955.23	\$111,331.08	\$33,881,603.84	\$27,763,577.20	\$6,118,026.64
3	3,836	\$28,189,977.24	\$1,685,456.69	\$762,544.79	\$210,139.34	\$30,848,118.06	\$26,433,841.44	\$4,414,276.62
4	3,670	\$19,167,661.98	\$1,327,230.33	\$1,012,569.39	\$198,546.19	\$21,706,007.89	\$15,515,536.92	\$6,190,470.97
5	3,898	\$16,371,314.76	\$1,149,018.25	\$821,250.66	\$86,458.32	\$18,428,041.99	\$12,657,641.66	\$5,770,400.33
6	3,072	\$21,433,410.35	\$1,258,559.02	\$710,316.77	\$232,401.57	\$23,634,687.71	\$19,203,516.76	\$4,431,170.95
7	4,562	\$12,456,752.42	\$919,422.35	\$711,492.41	\$82,602.75	\$14,170,269.93	\$8,671,770.55	\$5,498,499.38
8	2,859	\$9,443,840.18	\$664,132.49	\$514,263.82	\$93,150.47	\$10,715,386.96	\$7,062,228.30	\$3,653,158.66
29,279		\$154,759,594.12	\$10,132,307.04	\$6,613,833.65	\$1,097,520.06	\$172,603,254.87	\$131,083,574.80	\$41,519,680.07

Note: The residential and commercial fees consist of special assessments from external agencies (for example, DOB, WASA, DPW) and internal levies (for example, Income and Expense non-filing fees, New York Avenue fees, Non-sufficient fund fees, and tax sale fees.

52. Please provide an updated Debt Statement chart including the District’s General Obligation Bonds, Income Tax Secured Revenue Bonds, Certifications of Participation, Tax Increment Financing and Payment-in-Lieu of Taxes debt, and any other tax-supported debt.

RESPONSE

Please see **Attachment 52**, which reflects the District’s outstanding tax-supported debt as of September 30, 2022.

53. The Office of Economic Development and Finance (“EDF”) advises the CFO on Tax Increment Financing (“TIF”) agreements. Please provide a list of all active TIF deals entered into by the District and provide the estimated tax revenues needed to cover debt repayment. Please also provide a comparison between the actual tax revenues collected on each of these deals and EDF’s anticipated revenue estimate.

RESPONSE

Please see the below table.

<u>Project</u>	<u>FY 2022</u>	<u>FY 2023</u>
Bryant St	1,026,982	1,570,752
Convention Center Hotel	11,105,774	13,450,537
Gallery Place	8,888,053	9,445,696
Georgia Ave CVS (Special Retail and Great Streets)	113,235	122,561
Mandarin (Paid off in 2022)	2,744,385	0
O Street Market	3,276,372	3,193,439
Skyland	709,552	738,612
Reunion Square	60,712	0
Rhode Island Place PILOT (Paid off in 2022)	51,378	0
SE Federal Center (Foundry Lofts & The Yards)	9,945,687	9,667,323
SW Waterfront/The Wharf	26,904,863	27,684,933
Verizon Center	7,601,608	8,088,111
Union Market	0	0

54. Please provide a description of all active or anticipated development projects in Fiscal Years 2022 and 2023, to date, that have received TIF agreements. For each project, please include:
- The TIF Area;
 - The developer;
 - A description of the project’s TIF debt;
 - CBE participation in the project; and
 - The associated community benefit commitment.

RESPONSE

In FY 2022 and FY 2023 to date, there have been no new or amended TIF agreements (called Development and Finance Agreements, or DFAs) executed on projects. DFAs are executed after the legislative authorization of a new TIF project.

55. Please provide the number of Tax Abatement Financial Analyses (“TAFAs”) OCFO performed in Fiscal Years 2022 and 2023, to date.
- How many negative TAFAs did the agency issue in Fiscal Years 2022 and 2023, to date?
 - Please provide a list of businesses or entities whose application received a negative TAFAs in Fiscal Years 2022 and 2023, to date.
 - D.C. Code § 47–4701 outlines the requirements for tax abatement analyses. Does OCFO consider methodology that is not codified when issuing a negative TAFAs?

RESPONSE

In FY 2022 and FY 2023 to date, EDF prepared 10 TAFAs that were published, and an additional TAFAs that was not finalized and released. Below is a list of TAFAs prepared, summarizing the applicant and findings. Six of the 10 published TAFAs received a negative finding (described below as “no”), meaning that the abatement or exemption was not financially necessary. EDF did not consider methodology not codified in DC Code 47-4701 when preparing TAFAs.

Bill No.	Applicant/Property Address	Findings: Is the Abatement or Exemption Financially Necessary?
B24-352	Players Lounge/2737 Martin Luther King Jr. Ave. SE	No
24-0452	Jair Lynch Real Estate Partners/3200 Pennsylvania Avenue SE	Partial yes
24-0453	Affordable Housing Opportunities, Inc./4414/4430 Benning Road NE	Partial yes
24-0579	Habitat for Humanity Washington DC/900 55th Street NE and 2327-2341 Skyland Terrace SE	Yes
24-0714	Community for Creative Non-Violence/425 2 nd Street NW	Yes

24-0766	Parkside Residential LLC/Parkside development	Evaluation undertaken but not completed as it was not scheduled for a hearing or included as a BSA subtitle.
24-0823	Dr. Aprille Ericsson/206 Elm Street NW	No
24-0894	Whitman-Walker entities/St. Elizabeths East Campus	No
24-0930	Volunteers of America, Inc./100 Potomac Avenue SW	No
24-0935	University of the District of Columbia (UDC)/4225 Connecticut Ave NW	No
24-1089	Howard University/500 Harvard Street NW	No

56. D.C. Code § 1-301.157 requires the CFO to evaluate and publish annually a report on tax incentives. Please provide an update on the status of this reporting requirement and provide a link to the most recently published report.

RESPONSE

Pursuant to Title VII, Subtitle N of the Fiscal Year 2015 Budget Support Act of 2014, provides for evaluations and review of all tax expenditures in the District of Columbia. In January 2022, the *Health and Education Tax Expenditure Review* was released. During the FY21, the *Income Security and Social Policy Tax Expenditure Review* was released, and in early FY22, the *Health and Education Tax Expenditure Review* was released. Also, *Summary Report on the District’s First Cycle of Tax Expenditure Reviews* was issued in March 2022. Research for the second *Housing Tax Expenditure Review* is underway and is expected to be released in late Winter or Spring of 2023.

57. Please provide the status of all contracts related to the Central Collections Unit (“CCU”), including contracts issued, pending, or awaiting approval.

RESPONSE

The OCFO has an active contract with Harris & Harris Ltd. to provide delinquent debt collection services for the Central Collections Unit (CCU). The contract provides the CCU with a system of record and a third-party collection agent for all District debt types. The contract was awarded on May 21, 2019, and is currently in the 3rd option year. There are no other active or pending contracts awaiting approval at this time that are related to the CCU.

58. Please provide a summary update on the planned Professional Development Program, formerly Professional Certification Program, described in OCFO responses to the Committee’s questions during the Fiscal Year 2021-2022 Performance Oversight period.

RESPONSE

The launch of the Professional Development Program (PDP) was postponed until after the rollout of the District’s new financial system. Under the OCFO University, the OCFO developed and rolled out an Administrative Development Program (ADP) in September 2022. The ADP is a series of required courses and discussions designed to enhance and strengthen our administrative staff’s skills and knowledge. The ADP is comprised of the following courses:

Program Kick-Off with International Professional Guest Speaker: A leading learning consultant, speaker, and trainer brought her expert knowledge to the OCFO for an engaging lecture and Q&A session with our administrative leaders on excellence, purpose, tapping into one’s personal catalyst, and developing a growth mindset.

About the OCFO: In this course, participants learned the functions of the OCFO: who we are, what we do, and how we do it. Additionally, participants gained insight into our accomplishments and key achievements.

An In-Depth Review of OCFO Personnel Policies and Procedures: Personnel Policies and Procedures Manual play an important part in how we run our business. Participants reviewed the general provisions to gain a better understanding and learned to apply the policies and procedures to their daily activities.

Boosting Administrative Productivity: This course helped participants gain the skills and techniques to prioritize and learn how to better manage their workload. Participants learned 5 essential skills for time management, developed skills to work more efficiently, and explored ways to adapt to various leadership styles.

Writing for Success: Our fifth course was designed to help administrative leaders craft clear and concise messages. Participants learned core elements of communication, 5 steps of writing with concise clarity, and practical ways to prevent punctuation errors from hindering their message.

How We Show Up: Building Our Personal Brand & Image: Designed to elevate administrative professionals’ self-awareness and self-understanding, participants reflected on core elements of growth. Topics included how their personal and professional brand and image overlap, 9 steps to build the brand and image they’re proud of, and ways they can use their brand and image as a strategic asset at the OCFO—Such as deepening work relationships, getting valuable feedback, and leveraging both to accomplish work goals.

Developing Your Analytical Thinking Skills: With a vision of teaching our administrative professionals how to be better assets, participants were provided a simplistic understanding of analytical thinking, and how they currently apply it in their roles. The course then focused on how to identify problems, determine the best approach, investigate further, and develop solutions.

Participants also gained 7 practical tips and tricks to continuously enhance their analytical thinking skills.

Achieving Administrative Excellence: Intentionally placed as the final facilitated course of the program, this course focused on the four behaviors of creating accountability, leading change, communicating clearly, and building relationships—And how each supported the success of the administrative professionals and the organization. With elements interwoven from each preceding course, participants learned a change management model, ways to ask better questions with colleagues, and how to take everything they had learned in the ADP program to achieve excellence.

The OCFO is committed to providing its employees with opportunities for professional growth and development, and the ADP is a critical step in achieving this goal.

59. Please provide an update on the District Integrated Financial System (“DIFS”) project.

RESPONSE

In FY 2022, the DIFS Implementation Team (comprised of Deloitte, our system integrator, contractors and OCFO staff). As a result, DIFS went live on October 3, 2022, with the beginning of the District’s FY 2023.

At go-live, At that time, the DIFS Support Center (DSC) also became operational. The DSC is staffed by both technical and business experts (staff and contractors), to ensure that needed ongoing training and maintenance are provided to end users, and for continuous improvements in the system going forward. Implementation of large financial systems is an extremely difficult and complex endeavor. We continue to work with our partners to reach stabilization of the system. Formal tracking and management of system issues encountered by users are in place and monitored daily so that prompt resolution can take place.

The DIFS project includes the future implementation for a new budget system to replace the current Budget Formulation Application (BFA). The budget component of the project will provide the District government with an improved process for formulating complex budgets (operating, revenue, and capital), and managing the peripheral data associated with these budgets (wards, classifications of projects, on-line publishing, etc.). This initiative will provide a consolidated view of the financial data within the various business units and agencies and will allow the government and its residents to track the District’s budget through enhanced data visualizations, charts, and datasets.

60. During the Fiscal Year 2021-2022 Performance Oversight period, OCFO updated the status of the Office’s major IT upgrade for its Customer Service operations, and that the Office was anticipating a contract during the Summer of 2022. Please provide an update on this effort.

RESPONSE

The Office of Finance and Treasury, Office of Chief Information Officer, Office of Tax and Revenue, and Office of Management and Administration collaborated to develop a Request for Proposal seeking a solution provider and integration contractor to implement and operate a cloud-based Contact Center as a Service System (CCaaS). The contract award has been delayed. The solicitation is in the evaluation process. A completed package will be sent to the Council for approval; the completed package is expected to be ready for approval and award in Spring 2023.

61. Please describe the current status Modernization of the Real Property Tax System (“MRPTS”) project. In last year’s answers the OCFO mentioned that the project would end its Warranty Period in May 2022.

RESPONSE

The Modernized Real Property Tax System (MRPTS) has been fully implemented and the contract period closed on June 4, 2022. MRPTS has now fully consolidated real property taxes into the District’s Modernized Integrated Tax System (MITS).

Regular updates to MITS—which now includes real property tax—are regularly implemented to further the OCFO’s goal of continuous improvement.

62. Please provide an update on the Replacement Schedule for Capital Assets and the Capital Asset Replacement Scheduling System (“CARSS”) model.

RESPONSE

The OCFO utilized CARSS to produce its 2022 Long-Range Capital Financial Plan report in October, as is legislatively required, to report on the state of the District’s assets and unfunded capital needs. The report identified those capital needs that were unable to be funded during the FY 2023-2028 CIP and provided a plan by which those unmet capital needs, including deferred maintenance, could be funded as soon as 2032.

CARSS is generally considered among the most sophisticated asset management and planning tools currently in use by any state or local government in the nation. Nevertheless, the OCFO continues to look for ways to further improve and enhance the capabilities of CARSS. This push for continuous improvement, along with a change in the market focus of the original software vendor, led the OCFO to search for a new software partner to support the continued enhancement and evolution of CARSS. After an extensive search and procurement process, the OCFO selected ArcadisGen to be its new software partner in developing a further enhanced version of CARSS. The asset management platform of ArcadisGen will allow the OCFO to incorporate powerful new features into this new version of CARSS that did not exist in the previous version. It will allow for greater use of the system by end-users in the various asset-owning and managing agencies, thereby

facilitating even greater user acceptance of the system. This new version of CARSS will incorporate greatly enhanced data visualization and reporting capabilities, which should prove to be extremely useful to not only the core CARSS team, but to all the agencies throughout the District that manage capital assets, as well as to budget staff of the EOM and the District Council.

63. Please provide an update on the Real Property Tax Administration electronic Income & Expense (“I&E”) Report system, including the number of users as compared to number of filers, any updates to the Tax Year 2022 season, and any updates to changes made to the apartment model to better reflect the impact of subsidized and rent controlled apartments, as well as improvements to the website.

RESPONSE:

RPTA began mandatory electronic filing in TY 2019. We made enhancements to the electronic submission website to improve the users’ experience, such as updating the system to allow digital signatures on the rent roll forms. The online I&E filing is now fully implemented in MITS. Access to the system is provided through the MyTax.DC.gov portal.

An electronic I&E filing summary is listed in the table below:

Items	TY 2020	TY 2021	TY 2022	TY 2023
<i>I&E Request Letters Mailed</i>	<i>8685</i>	<i>10368</i>	<i>9472</i>	<i>9635</i>
Apartment I&E Received	1728	1753	1663	1731
Commercial I&E Received	3918	4369	4175	4312
Hotel/Motel Received	135	141	126	137
Total Received	5781	6263	5964	6180

Please Note: OTR accounts for mandatory filers by each SSL. A property owner may file I&E for multiple lots on one form, especially for One-Economic Unit properties (a single property/development on more than one lot). This accounts, in part, for the discrepancy in the total received and total requested. There are also property owners that fail to file.

In 2018-2019, meetings were held with DHCD and/or other stakeholders relating to subsidized units or rent-controlled units and modified the apartment I&E form, specifically to deal with subsidized units or rent-controlled units. OTR did not need to make any additional changes in 2022. However, OTR now classifies apartments using the International Association of Assessing Officers (IAAO) industry standard (Class A, B and C) for our apartment classification, as opposed to prior years using “high rise” and “low rise” to classify these units. The apartment income valuation model uses actual rents collected to value affordable rental units, as opposed to the market rent for the apartment unit.

The OTR process on newly constructed projects has changed. Though we do complete the cost approach, if information is available, we now complete the income approach. With both approaches completed, it is now OTR’s practice to use the income approach to capture newly constructed projects as opposed to the cost approach used in years past.

64. Please provide an update on implementation of any new technology for field work and Real Property Tax Appeal Commission (RPTAC) hearings. In response to this question during the Fiscal Year 2021-2022 Performance Oversight period, OCFO stated that they expected to award a contract in 2022. Please provide an update on the status of the project.

RESPONSE

OTR plans to roll out a new technology known as “Mobile Assessor.” The Mobile Assessor technology is meant to be utilized to increase the productivity of the field assessors, allowing them to make updates to property attributes and update the characteristics of a property while in the field by using iPads pre-loaded with the Mobile Assessor software. The updates made in the field will sync directly to the District’s Computer Aided Mass Appraisal (CAMA) system.

The revised expected award date for the implementation of the Mobile Assessor software that will integrate with the District’s CAMA system is Spring 2023.

65. Please provide a status update of any internal reviews of private alleys going to tax sale. In response to this question during the Fiscal Year 2021-2022 Performance Oversight period, OCFO stated that the Office a new private alley identifier launched during the summer of 2021. Please provide an update on this this and how many sales have gone through successfully due to this.

RESPONSE

The identifier is intended to prohibit the sale of private alleyways from going to tax sale. The identifier is working as intended. OTR has conducted two tax sales (October 2021 and July 2022) since the availability of the private alleyway identifier in the tax database. As an additional check, OTR maintains partnerships with DDOT to identify and designate private alleyways in the tax database.

66. Please provide an update on the Appraiser Education and Certification Program for real property tax appraisal staff. Please discuss any changes the Office made to the program in Fiscal Years 2022 and 2023, to date.

RESPONSE

The Appraiser Education Certification Program (AECF) has provided support services to enhance the daily activities of the assessment staff to provide continuous improvement.

The following In-house training modules have been completed:

- Uniform Standards of Professional Appraisal Practice (USPAP)
- GIS/CAMA - GIS technologies, high-definition imagery, modeling and valuation and implementation within the CAMA system
- Possessory Interest Valuation seminar
- Developed Uniformed Air Right Lots -Valuation Worksheet for new development
- Mass Appraisal of Commercial Properties

- Residential and Commercial Building Cost Analysis

Currently, there are 31 employees in the Real Property Assessment Division (RPAD) that have active designations in the AECF program. While the outbreak of the COVID-19 pandemic caused the cancellation of in-person/in-class education offerings for a period of time, the AECF has begun to offer virtual training for some specialized topics since the second quarter of 2021. For example, the AECF offered a seminar titled, *Techniques for a Good Expert Witness* virtually on Friday February 17, 2022. Fifty –eight appraisers and eight lawyers from Office of Attorney General and Office of General Counsel attended the seminar. The AECF plans to offer other instructor led remote/virtual education classes for appraisers in 2023.

In addition, RPAD developed a cross-training program to facilitate knowledge sharing among our staff of appraisers to help assessment technicians who aspire to become appraisers to develop the necessary skills through direct mentorship and provided hands-on training. The program information sessions for staff began in early February 2020 and the first cohort of four staff members enrolled in the 12-month program.

While the transition to work-from-home due to the COVID-19 emergency posed some challenges for the RPAD training model, RPAD continues to explore and assess the framework of the AECF program and other cross-training opportunities. OTR, and RPAD specifically, remain committed to continuous improvement and to providing its staff with the training, mentoring, and information needed to excel. In addition, RPAD is also exploring an affiliation with a local chapter of IAAO in a neighboring jurisdiction.

67. Please discuss your working relationship with the Real Property Ombudsman in the Department of Aging and Community Living.

RESPONSE

RPTA has a successful and professional working relationship with Laura Newland, Director, Department of Aging and Community Living. The partnership effectively resolves taxpayers’ concerns and provides information related to available tax relief to Ms. Newland’s office.

Furthermore, RPTA maintains a supportive and professional working relationship and an open communication channel with Sakina Thompson, Senior Legal & Policy Advisor, Office of the Deputy Mayor for Health & Human Services. RPTA routinely collaborates with Ms. Thompson to provide efficient and effective resolutions regarding taxpayer concerns and to provide requested information.

68. For each tax relief program listed below, please provide the status of the program and note whether it is still offered. If the program is not active, please explain why. Additionally, include a comparison between the number of eligible filers and the number that utilize each program. For programs that are underutilized, please describe any efforts by OCFO to increase awareness or otherwise encourage residents to take advantage of them
- a. Assessment Cap Credit
 - b. First-time Homebuyer in DC Recordation Tax Reduction

- c. Historic Properties
- d. Limited-Equity Cooperative (“LEC”)
- e. Lower Income Homeownership Tax Abatement
- f. Lower Income, Long-Term Homeowners Income Tax Credit
- g. Property Tax Deferral programs for all homeowners including low-income homeowners and low-income senior homeowners
- h. Real Property Tax Exemptions for non-profit organizations
- i. Resale Restricted Properties
- j. Senior or Disabled Owner Real Property Tax Relief
- k. Small Retailer Property Tax Relief Credit

RESPONSE

- a. Assessment Cap Credit – Ongoing program for TY 2022; there were 30,665 properties benefiting from the Assessment CAP Credit.
- b. First-time Homebuyer in DC Recordation Tax Reduction – Ongoing program. For TY2022, there were 1,993 property owners who participated in the program.
- c. Historic Properties – Ongoing program. OTR provides courtesy notification for 30,225 properties with the annual Assessment Notices sent to property owners.
- d. Limited-Equity Cooperative (“LEC”) – Ongoing program. There is a total of 54 COOP properties. DC Housing Authority can only identify how many filed under LEC.
- e. Lower Income Homeownership Tax Abatement – Ongoing program. Approximately 1,159 homeowners are participating in the program.
- f. Lower Income, Long-Term Homeowners Income Tax Credit – Ongoing program. As of February 2023, there have been approximately 18 filings. 7 allowed credits with \$ 492.00 and 11 disallowed.
- g. Property Tax Deferral programs for all homeowners including low-income homeowners and low-income senior homeowners – Ongoing program. Approximately 200 homeowners are participating in the program.
- h. Real Property Tax Exemptions for non-profit organizations – Ongoing program. Non-profit organizations are spread across multiple exemption types such as Libraries, Religious, Educational, Charitable, Hospital, Cemeteries etc., and there are 2,069 properties.
- i. Resale Restricted Properties – Ongoing program. 514 Resale Restricted properties
- j. Senior or Disabled Owner Real Property Tax Relief – Ongoing program. 19,142 participants.

- k. Small Retailer Property Tax Relief Credit – Ongoing program. There were 798 participants filed totaling \$ 2,896,721.00.
- l. In addition to the programs listed above, the Veteran’s Disabled Homestead Exemption was introduced for FY23. OTR continues to work with the Mayor’s Office on Veteran’s Affairs to communicate the benefits of this program to the public and encourage eligible taxpayers with service-connected disabilities to claim this exemption.

OTR encourages all eligible taxpayers to participate in benefit programs that may generate savings for them. However, OTR does not have information available related to the total population that may be eligible for a benefit and relies on the property owners to apply for those benefits that they seek. To encourage property owners to claim these valuable benefits, every bill that is mailed contains an insert with a description of the benefit programs, and the information is contained on the OTR website.

69. For Tax Years 2019, 2020, 2021, and 2022, where applicable, please provide data that measure the outcome of the real property tax relief programs listed in question 60 for low-income property owners and senior citizens in the District. Please provide the data in a chart that includes income and Ward.
- a. Please provide the number of applications or forms for tax relief programs received.
 - b. Please state the number of people or businesses that filed for each tax relief program and their corresponding wards.
- a. Please provide the number of applications or forms for tax relief programs received.

RESPONSE

On average, annually, OTR receives 1,400-1,500 Senior Credit and 60-65 Disabled Credit applications. Ward numbers are not available.

- b. Please state the number of people or businesses that filed for each tax relief program and their corresponding wards.

RESPONSE

Please see the below table.

Tax Relief Program Application Summary											
		Low Income Deferral		Low Income Deferral - Senior		Low Income Abatement		Senior Credit		Disabled Credit	
Tax Year	Ward	Count	Tax Amount	Count	Tax Amount	Count	Tax Amount	Count	Tax Amount	Count	Tax Amount
2022	1	13	\$47,743.48	4	\$20,435.68	99	\$247,514.70	1144	\$3,052,611.36	44	\$105,548.92
2022	2	4	\$26,953.48	3	\$21,028.32	94	\$204,369.88	1126	\$3,702,933.74	48	\$139,213.57
2022	3	9	\$46,356.91	6	\$59,785.20	85	\$196,724.03	2125	\$6,978,938.18	31	\$101,335.03
2022	4	23	\$114,197.49	16	\$65,717.78	101	\$308,469.28	3950	\$8,662,408.95	116	\$286,771.23
2022	5	37	\$143,485.26	13	\$45,728.16	148	\$328,230.37	3544	\$5,595,379.93	148	\$281,680.28
2022	6	4	\$14,790.88	7	\$44,601.96	63	\$145,324.03	1570	\$4,319,339.36	60	\$161,774.67
2022	7	24	\$68,432.68	8	\$13,580.87	364	\$866,497.71	3444	\$3,609,907.09	160	\$182,201.92
2022	8	17	\$24,663.33	9	\$19,483.32	351	\$763,888.70	1544	\$1,182,396.64	88	\$93,440.35
	Total:	131	\$486,623.51	66	\$290,361.29	1305	\$3,061,018.72	18447	\$37,103,915.25	695	\$1,351,965.97

70. Regarding Exempt Property Use filings for the April 1, 2022, and April 1, 2023, deadline:

- a. How many properties were required to file under D.C. Official Code § 47-4702?
- b. How many properties were required to file under D.C. Official Code § 47-1007?
- c. How many properties eligible for an exemption did not file by the deadline?
- d. How many properties requested an extension?
- e. Are there any properties still outstanding (i.e., properties that did not file by the deadline or request an exemption)? If so, please provide the name, address, ward, and square and lot number.
- f. How many properties had their status revoked? Please provide the name, address, ward, and square and lot number for each.
- g. Please provide an update on offering an e-filing solution to this filing.

RESPONSE

Oversight Questions	Regarding FP-161 filing for Calendar Year 2020 that was due April 1, 2021	Regarding FP-161 filing for Calendar Year 2021 that was due April 1, 2022
a. How many properties were required to file under D.C. Official Code § 47-4702?	269	2804*
b. How many were required to file under D.C. Official Code § 47-1007?	3057	2804
c. How many properties eligible for an exemption did not file by the deadline?	1333	947
d. How many properties requested an extension?	0	10
e. Are there any properties still outstanding (i.e. that did not file by the deadline or request an exemption)? If so, please provide the name, address, ward, and square and lot number.	516**	243
f. How many properties had their status revoked (include name, address, ward, and square and lot number)?	491**	243
g. Please provide an update on offering an e-filing solution to this filing.	These reports are filed online through the MyTaxDC web portal, which has been in use since Tax Year 2021.	

*Prior year's data came from the legacy system that differentiates 47-4702 filers and 47-1007 filers. The new MITS system does not differentiate legacy exemption. However, exemptions filed after April 2022 in MITS captures category 1 filers (47-1007) and category 2 filers (47-4702).

**Clarification for the discrepancy between 516 v. 491: data is dynamic and changes, daily as the outstanding status is updated. Please note, data for 70e and 70f are provided in a separate file.

71. During the Fiscal Year 2021-2022 Performance Oversight period, OCFO stated that the application process for administrative real property tax exemptions has issues that create delays from incomplete applications, describe the process, what steps OCFO has taken to help make this process more efficient, and identify any additional resources or legislation needed to improve the process.

RESPONSE

Real property tax exemptions generally have two elements that must be examined: ownership and use. To receive a real property tax exemption, both elements must be satisfied. Ownership requires analysis of the non-profit nature of both the owner and user of the property, as not every non-profit qualifies for an exemption (*e.g.* business league, social club, *etc.*). Use requires observation and determination of how the property is being used to fulfill the exemption requirement of the statute (*e.g.* use as a hospital, church or charity). Non-use or use for a purpose other than which the statute permits an exemption disqualifies the property from further consideration.

To establish the foregoing elements of ownership and use, a properly completed exemption application is necessary. The application form, which is now filed online through the MyTax.DC.gov portal, lists the documents that need to be provided for the application to be considered complete. It is the responsibility of the applicant to provide the documents and information that make up a complete application.

However, many applications received by OTR are incomplete. Applicants often omit required items, even though the application form lists the documents that should be included when the filing is made. In some cases, the documents, such as a certificate of occupancy, are not available when the application is filed, and it is OTR's practice to allow an applicant every reasonable opportunity to supply the missing documentation. Also, the law incentivizes potentially premature filing because a filed application is needed to secure a recordation tax exemption for the deed and the property cannot be exempt for periods before the application is filed. Accordingly, applicants may file applications even before acquiring the property, or obtaining all required documents.

The process for reviewing applications is as follows. Applications are given an initial review once received, after which the applicant is contacted and requested to provide any missing information. Applications are subject to an ongoing process of review by OTR to determine whether additional information is needed and whether outstanding requests for information have been satisfied. OTR also responds to contacts initiated by the applicant during this process. Accordingly, there is ongoing communication during each phase of application processing. Applications may be denied after thirty days when taxpayer is non-responsive to request for additional supporting documents.

The application review process also includes an inspection of the property. The inspection is normally scheduled and conducted when the property is developed and ready for operation, as inspection at this time produces the most meaningful information concerning its actual use. Moreover, since a property must be inspected before it can be exempted, an inspection to determine its use is often not practical until the property is in operation. This is especially the case where the property has multiple uses or has more than one tenant organization.

Delays in putting property to exempt use can slow processing of applications. To qualify for exemption, the law generally requires that property be put to, or be under development for, an exempt use. In many instances, however, the application is filed before any necessary construction or renovation is performed. Many non-profits engage in fundraising activities to raise necessary capital. Also, the applicant must find financing, hire architects, engineers, and construction contractors, obtain the necessary permits from the Department of Buildings (DOB), do the actual work on the building, and secure a certificate of occupancy before a property is ready for use. OTR gives applicants a reasonable opportunity to undertake and complete this work before a decision is made on an application. The process of developing and putting a property to actual use can take years and is a frequent reason that decisions on applications are deferred. Expedited decisions in these cases could lead to harsh results.

OTR has implemented three strategies to expedite the processing of incomplete applications:

- First, when requesting information, we are now allowing no more than 45 days to produce the information. If the applicant is having trouble obtaining the necessary additional information OTR will work with them, but if the applicant does not contact OTR within 45 days after the request for information, the application is processed as is.
- Second, when contacting an applicant to conduct the required physical inspection, if OTR does not receive a response after three attempts to schedule the inspection, the application is processed as is.
- Third, for properties that are not actively being used for the proposed exempt purpose, if after 6 months there is no progress (actual construction, plans, permits, contracts with architects, etc.), those applications are being processed as is as well.

Once application processing—including attempts to obtain missing documents and information—is complete, a decision is made as to whether the property qualifies for exemption or not. The decision is then communicated to the applicant. Denials of exemptions may be appealed to the DC Superior Court.

As for additional resources, OTR seeks to take maximum advantage of existing resources to process applications in a timely manner and to apply these resources in the most efficient and productive manner. The new MPRTS incorporates several functions related to real property tax exemptions. As a result of additional capabilities acquired through the implementation of MRPTS, OTR only accepts exemption applications filed electronically through the MyTax.DC.gov portal. Additionally, OTR implemented an online filing option for the exempt property use reports submitted in 2020 and beginning with the 2021 filing season, and required that these reports be filed exclusively online, eliminating filing of paper reports. OTR expects that MRPTS will continue to enhance overall efficiencies in administering real property taxes and that this will facilitate best use of available resources for processing applications.

72. For Tax Years 2021 and 2022, provide a chart with the number of stand-alone Schedule H returns submitted and the number denied, broken down by Ward and the range of adjusted gross income (“AGI”). Please include filing status, age, and the amount of property tax credit received.

RESPONSE

Note: Data provided is compiled as of January 25, 2023.

*Tax Year Returns (TY) 2020 for 2021 Tax Filing Year.

*Tax Year Returns (TY) 2021 for 2022 Tax Filing Year.

Please see **Attachments 72a-d**.

73. Please provide a neighborhood assessment breakdown, for all four property classes of real property tax assessments completed in Fiscal Years 2022 and 2023, and identify which classes saw a decline.

RESPONSE

Tax Class	TY 2022	TY 2023
1	\$145,769,753,237	\$152,856,443,055
2	\$91,693,512,758	\$93,594,416,854
3	\$816,067,211	\$856,204,982
4	\$80,112,600	\$84,444,840
Mixed Use (1 &2)	\$9,359,255,333	\$9,525,628,819

Note: The parcels representing the figures above are not a static number because OTR adds or deletes lots daily. Department of Building (formerly DCRA) certifies tax class 3 and 4 properties daily, so those categories change frequently.

The table above is a snapshot in time and an attempt to answer the question with real-time data available at the time of response. It is essential to understand that OTR's reassessment activities rely on Tax Years, with the effective date of annual valuation on January 1. Use Codes dictate the grouping for appraisal and reporting assessment results for different properties. OTR does not keep permanent assessment tables based on Tax Rate Classification referred to in this question. Property tax classifications can change frequently, and the Department of Building (DOB) oversees class 3 and 4 changes. The attached excel sheet has detailed assessment breakdown by neighborhood and tax class. Please see **Attachment 73** for additional details.

74. Please describe any active real property tax programs available for class 3 vacant real property.

RESPONSE

Changes to a property’s tax classification to/from Class 3 (vacant) or Class 4 (blighted) are administered by the Department of Buildings (DOB). DOB provides tax classification information to OTR, which then ensures that those properties reflect the classifications reported. There are no tax programs offered by OTR that are specifically targeted to those properties that have been designated as vacant or blighted; however, property owners may request a forbearance from the

Annual Tax Sale to have their properties excluded from the sale. The forbearance requests are reviewed and if special circumstances are presented, the request may be granted.

- a. Please provide the amount in real property tax revenue collected from class 3 and 4 real properties during Tax Years 2019, 2020, 2021, and 2022, broken down by Ward.

RESPONSE

Please see **Attachment 74a**.

75. During the Fiscal Year 2020-2021 Performance Oversight period, the OCFO stated that requests had been initiated to track certain data related to Clean Hands Certification. Please provide an update on each of the following requests:

- a. To capture data that tracks how often the Clean Hands requirements leads to a payment plan arrangement; and

RESPONSE

From March 1, 2022, to January 31, 2023, OTR has received 65,945 Certificate of Clean Hands requests. Of those requested, 42,318 were deemed compliant and 23,627 were deemed non-compliant at the time of the request.

1,777 unique taxpayers were denied Clean Hands between March 1, 2022, to January 31, 2023, for a reason that included delinquent tax owed to OTR:

- 84 created a payment plan within 3 days
- 108 created a payment plan within 7 days
- 153 created a payment plan within 30 days
- 900 taxpayers (of that 1,777) submitted a payment for the entire balance of debt owed within 7 days of being denied a Certificate of Clean Hands.

- b. To collect statistical data needed to determine the average amount owed by small businesses that are denied a Certificate of Clean Hands.

RESPONSE

Currently, OTR's system has no small business indicator however, from March 1, 2022, to January 31, 2023, there were 3,957 installment agreements initiated by all businesses. For taxpayers applying for a Certificate of Clean Hands, approximately 36% of the applications were initially non-compliant (owed over \$100 or had at least one non-filed period) and not able to obtain a Certificate of Clean Hands through MyTax.DC.gov's self-service options. Of those taxpayers that were denied a Certificate of Clean Hands, the average liability was approximately \$1,700.

76. Please provide the number of unique applicants denied occupational or business licenses due to non-compliance with the Clean Hands Law in the most recent fiscal year available.
- What are the demographics (gender, race, ward or neighborhood cluster) of those denied licenses under the Clean Hands Law?
 - What are the average debts owed for those denied occupational and businesses licenses? Please provide data for each license type.

RESPONSE

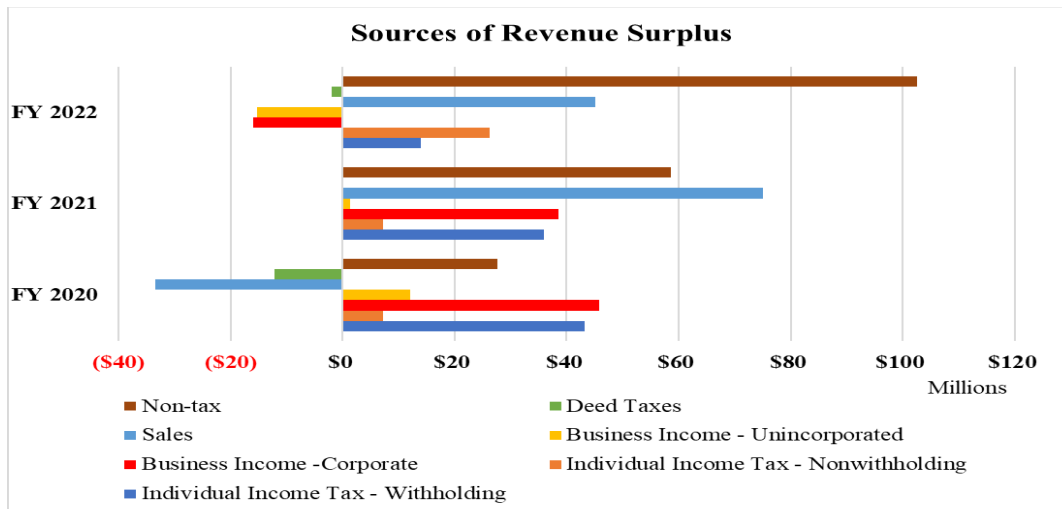
OTR does not track the denial of the Clean Hands certificates for licensing requirements from other District of Columbia Government agencies, nor does it track demographics. The total number of requests for a Certificate of Clean Hands that were denied by OTR from March 1, 2022, to January 31, 2023, is 23,627 (individuals and businesses) out of 65,945 total requests.

77. According to the December 2021 Revenue Estimate, there is a \$172.1M revenue surplus for Fiscal Year 2021. Please provide revenue surplus amount for Fiscal Years 2020, 2021, and 2022, and a chart showing the sources of the revenue surplus (i.e., income tax withholdings, deed transfer tax, etc.) for each Fiscal Year.

RESPONSE

<u>Summary Table of Revenue Surplus</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>
Individual Income Tax - Withholding	\$43,167	\$36,018	\$13,991
Individual Income Tax - Nonwithholding	\$7,258	\$7,260	\$26,335
Business Income -Corporate	\$45,871	\$38,600	(\$15,942)
Business Income - Unincorporated	\$12,072	\$1,416	(\$15,185)
Sales	(\$33,469)	\$74,970	\$45,080
Deed Taxes	(\$12,122)	\$0	(\$1,892)
Real property	\$54,195	\$30,135	\$12,049
Other taxes	\$26,559	\$17,622	\$5,138
Non-tax	\$27,572	\$58,634	\$102,495
Total revision	\$393,198	\$264,654	\$172,069

Source: ORA Revenue estimates; note - values show differences between December estimate and September estimate



a. Describe what happens to these surplus revenue funds.

RESPONSE

Unassigned surplus revenue funds become part of the District’s year-end General Fund balance. Within the fund balance, the surplus is initially used to replenish any usage of the District’s cash reserves, such as the Contingency and Fiscal Stabilization reserve funds. Any remaining amounts after the replenishments, and after other fund balance requirements are satisfied, are committed at a 50/50 distribution rate to the Housing Production Trust Fund (HPTF) and to Pay-As-You-Go capital.

78. Please describe how the OCFO engages with other District agencies about their financial management and operations. How would the agency’s benefit from increased oversight and engagement by OCFO?

RESPONSE

The current depth and breadth of the OCFO’s engagement and oversight of District agencies is quite extensive. The OCFO has established an entire infrastructure to ensure the effective and efficient management and oversight of the District’s financial operations at both the city and agency levels. Central Financial Operations, which are led by Deputy CFOs, provide city-wide financial management functions such as ensuring a balanced budget and financial plan; managing all cash and investments and issuing all debt; keeping the District’s “books” and ensuring that all financial are properly accounted for and all transactions are properly recorded; develop revenue estimates that set the available resource level for the budget, and analyze the fiscal impact of all permanent legislation; and ensuring the full and fair collection of tax revenue. At the appropriation level, Associate CFOs have oversight of the financial operations within a given appropriation title or cluster such as Health and Human Services or Public Safety and Justice. Reporting to them are agency fiscal officers, assigned to manage and maintain the financial operation of each individual agency. Associate CFOs, agency fiscal officers and their staffs function as strategic financial advisors to agency program directors and their staffs on a daily basis, providing acceptable financial solutions and ensuring that the integrity of the financial operation is consistently

maintained while supporting them in achieving their agencies' missions. All financial staff, whether at the central or agency level, are independent from program management in the exercise of their financial oversight of agency operations, and serve at the pleasure of the independent CFO. This structure, along with the sound financial policies and practices implemented, has led to consistently superlative financial results.

79. During the Fiscal Year 2021-2022 Performance Oversight period, OCFO mentioned that they had developed policies to help with the financial management and issues with the Housing Production Trust Fund. Can you please describe these policies and what success they have had? If there are issues that have arisen from this please describe them and the steps taken to fix them.

RESPONSE

The OCFO developed and implemented policies and procedures to provide additional guidance to employees to ensure that expenses are accurate, properly classified, and within the administrative cap. These policies and procedures include:

Classification of HPTF Expenditures - to provide appropriate and consistent guidance for reviewing and approving requisitions related to HPTF administrative and project delivery expenditures to ensure that expenses are accurate, properly classified, and that requisitions do not exceed loan/grant agreement amounts; and

Classification of Expenditures and Monitoring of Grant Administrative Expenses - to document the process to be followed during the review and approval of requisitions from all funding sources at DHCD to ensure that they are accurate, properly classified and that requisitions do not exceed loan/grant agreement amounts.

We are aware of no issues that have arisen since the implementation of these procedures and believe the controls are operating as intended.

80. DC Code § 1-204.24a(e) says the CFO shall appoint the heads of certain subordinate offices, after consultation with the Mayor and Council. Please list all appointees from the previous year and describe the process of hiring for these subordinate offices.
- a. How was the position advertised, where, and for how long?
 - b. How many candidates were considered for the role?

RESPONSE

In our efforts to identify qualified candidates for the position of Deputy Chief Financial Officer, Office of Financial Operations and Systems, the OCFO advertised the vacancy on the OCFO's webpage, major professional networking and employment websites, industry-specific publications, various job boards, organizations, and with social media groups.

Additionally, we proactively sourced passive candidates leveraging our applicant tracking system, which houses approximately 7,000 candidate profiles and numerous external resume databases. Through these outreach efforts, we were able to compile a comprehensive list of 127 candidates.

After an extensive vetting process, interviews of the most highly qualified candidates were conducted, from which the current Deputy Chief Financial Officer was selected.

81. Please provide an update on the status of the School Modernization Project, including a chart that describes the budget amount, actual expenditures, and the reason for each expenditure, for Fiscal Years 2020, 2021, 2022, and 2023, to date.

RESPONSE

Please see **Attachment 81** for budget and expenditures for DCPS capital projects from FY 2020 through FY 2023.

82. Describe what checks are currently in place to address cost overruns for the School Modernization Program and ensure funds are not expended without justification. Please list each cost overrun that has taken place in the project as well in FY 2022.

RESPONSE

Capital project budget balances are monitored to ensure that deficits do not occur or are addressed if they have occurred. Capital project spending plans are required for all projects with available budget. Quarterly reporting is required on actual activity by project compared to agency projected spending plans. Variances of 5 percent or more or exceeding \$1 million between the project budgets and their project spending plan are required to be explained by the agency. When cost overruns are expected due to change in scope or increases in the cost of project inputs, reprogrammings can be requested processed to increase the budget if needed.

Committee Recommendations

83. The Committee made the following policy and operating budget recommendations to the agency in its Fiscal Year 2023 Budget Report. Please provide an update on how the agency has addressed the Committee's recommendations.
- a. The Committee encourages OCFO to increase transparency around how the Office calculates Fiscal Impact Statements for proposed legislation, including descriptions of methodology.

RESPONSE

The OCFO strives to include with each FIS a full explanation of the costs to implement (or revenues derived from implementation). Where specific assumptions or details may have been omitted for conciseness, the OCFO is always willing to provide those assumptions in response to questions from Councilmembers, their staff, and members of the public or advocacy groups. It is also our practice to share FIS charts with committee staff prior to their markup in case the committee chair would like to alter bill language in order to reduce a fiscal impact. While our FIS methodology varies according to the requirements of each bill, it is an accurate generalization that ORA always speaks to agencies that would be responsible

for implementing the bill while supplementing agency feedback to provide for an independent analysis. Agency discussions take place once agencies have had a chance to review the draft committee print language. Following those discussions, ORA seeks independent and supplemental data to confirm assumptions agencies made in developing their estimate. Depending on the bill's requirements, ORA may alter the agency's estimate by applying statistics and ratios from the agency's current caseload/workload; using economic assumptions used in ORA's revenue estimates; considering how the bill may change public behavior reflected in current statistics; using published research or statistics provided by interest groups, and, where possible, looking at the experience of other jurisdictions implementing similar legislation. ORA also speaks with committee staff about issues raised by the agency, such as ambiguous bill language and unintended consequences foreseen by the agency.

With the responsibility for ensuring that the District budget does not end with a deficit at the end of each fiscal year, the OCFO develops fiscal impact statements with best available information available at the time, to minimize budgetary risk. The ultimate budget allocated to a policy over the long term will be adjusted as the Mayor and Council evaluate the public's response to a policy and an agency's execution of the policy.

- b. The Committee recommends the OCFO consider how improve transparency, public engagement, and accountability across agency operations, including calculation of District revenue projections and determination of the Office's Fiscal Year proposed budget requests.

RESPONSE

The OCFO strives to present studies and analyses that are transparent and comprehensible to District stakeholders. As such, quarterly revenue certification letters describe in detail the state of year-to-date revenue, the economic changes that took place since the last forecast, the forecast assumptions, and relevant legislative actions that impacted the revenue estimates. To further the goal of transparency, quarterly revenue certification letters will break out components of the major tax revenue sources such as individual income, sales, and real property taxes, to better inform District residents and other stakeholders of the makeup of the underlying forecast.

- c. The Committee recommends the OCFO work to fill vacant positions. Further, because OCFO consistently has a significant number of vacant positions, the Committee recommends that OCFO undergo an internal review to understand how the Office can better attract and retain personnel.

RESPONSE

The OCFO, like many other agencies, continues to face recruitment challenges, as the Great Resignation is showing no signs of stopping. To combat these challenges, the agency has devoted time and additional resources to aid in our efforts to attract, recruit and retain high-quality employees and create a thriving post-pandemic organization. We have made concerted

efforts to fully understand each business unit's needs; we utilize the services of major professional networking and employment websites, industry-specific publications, job boards, organizations, and networking groups, colleges, and universities; we leverage social media platforms; we continuously obtain and evaluate the reasons employees decide to leave the agency and work to address any adverse findings; we have developed programs to develop, engage, and encourage work-life balance. We have and will continue to be diligent in our efforts to fill our vacancies.

- d. The Committee encourages the Office to increase the number of the District residents it hires.

RESPONSE

The OCFO is committed and continues to work to increase our visibility to DC residents. We have added a recruitment tool that posts our positions on DC job boards and with local DC community organizations. We have created and manage a LinkedIn recruitment page that has grown to over 15,000 followers, with more than 50% of those followers residing in the Washington, DC region, thereby, increasing our reach and allowing the OCFO to better position ourselves to target DC residents. We developed and continue our “work where you live” campaign by hosting District resident only events where residents have an opportunity to meet with our recruitment staff to better understand our recruitment process, discuss vacant positions, and successfully apply to our openings.