

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of Contracting and Procurement



Public Hearing on

Fiscal Year 2022 Budget Oversight of the Office of Contracting and Procurement

Testimony of
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Director and Chief Procurement Officer

Before the
Committee on Government Operations and Facilities
Council of the District of Columbia
The Honorable Robert C. White, Jr., Chairman

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Virtual Meeting Platform
John A. Wilson Building
1350 Pennsylvania Avenue, NW
Washington, DC 20004

Good afternoon, Chairman White and members of the Committee on Government Operations and Facilities. I am George Schutter, Chief Procurement Officer of the District of Columbia and the Director of the Office of Contracting and Procurement. I would like to thank you for the opportunity to provide testimony on the Office of Contracting and Procurement's Fiscal Year 2022 budget as submitted by Mayor Muriel Bowser on May 27, 2021.

The FY2022 budget addresses a turning point in the response to the COVID-19 public health emergency and lays the groundwork for a strong and equitable recovery for our city. As you know, OCP plays a significant role in the function of our government. The integral nature of our role was exemplified during the District's COVID-19 response operations. Our contracting and procurement professionals worked tirelessly to procure vital goods and services to ensure our first responders, medical professionals, and District residents had the proper resources to safeguard their health and safety. We accomplished all of this despite significant global supply chain challenges. Likewise, we worked with the City Administrator, the Assistant City Administrator, the Homeland Security and Emergency Management Agency, DC Health, and the Department of Public Works to consolidate logistics operations and establish the District Strategic Logistics Center (SLC). Through the SLC, we centralized the receiving, warehousing, and distribution operations to improve efficiency and increase cost-effectiveness, creating a low-cost yet high-value operation. I am proud of my team for their dedication and performance through the pandemic, but we still have much more to accomplish.

Now, as the District prepares for operations post-pandemic, OCP will again play a critical role in the District's recovery plan. The District's receipt of federal aid through the American Rescue Plan Act of 2021 is highlighted throughout the Mayor's FY2022 proposed budget. To execute the increases in funding and expansion of vital programs and services, OCP will work tirelessly to support these agencies with contracting, procurement, and logistics services. As the Chief Procurement Officer and Director of this agency, one of my goals is to increase the value we provide to our client agencies and programs and, ultimately, to our residents. This budget put forth by the Mayor represents an ongoing investment in the operations of OCP, maintaining a level of resources at parity with the FY2021 budget.

Personal Services Budget

The proposed FY2022 budget authorizes 234 full time equivalent positions, including an FTE authorization for one logistician in support of the District Strategic Logistics Center, raising the agency's total FTE's authorized from 233 in FY2021 to 234 in FY2022. The PS funding provided in the proposed budget retains the 219 staff currently on board and funded in the FY2021 budget.

The changes in the personal services budget totaling \$1.796 million from FY2021 to FY2022 are as follows,

- Eight currently employed FTEs funded in the FY2021 capital budget are shifting to the local budget (\$1.250 million). These eight positions are not new positions.
- Salary and fringe benefits supporting the District Strategic Logistics Center warehouse operations for \$307,590.
- Funding of \$136,952 for an existing OCP employee currently supporting DCRA contracting requirements.
- Adjustment in fringe benefit rate based on prior years expenditure for \$182,000.

Nonpersonal Services Budget

The proposed FY2022 budget provides an increase from FY2021 of \$1.46 million in nonpersonal services (NPS) funding for the agency, including:

- A reduction of \$262,000 from the FY2021 local budget for contractual services, equipment and equipment rentals, and supplies and materials.
- A shift in funding from the agency's capital budget to local budget in the amount of \$676,342 to fund existing contractors who provide PASS help desk support to residents and businesses.
- A shift in funding from COVID-19 emergency contingency funds in the amount of \$1.1 million to support ongoing COVID-19 SLC operations. These last two enhancements represent moving funds from one source to another, rather than funding for new initiatives or projects.

The agency's NPS budget supports several vital programs, like the District Strategic Logistics Center's central receiving and inventory management, in addition to the agency's core contracting function. As an essential function of the District's COVID-19 emergency response efforts, the SLC's efforts will continue to provide all hazard receiving, warehousing and logistics support — functions not available to the District prior to the COVID-19 public health emergency. While the demand for services such as fatality management have decreased, the need for other services such as those provided to sheltered residents and the gun violence prevention program are increasing. The funds allocated in the proposed FY2022 budget are vital to ensure these core operations may continue. A decrease in the proposed budget would result in a degradation of current operations, which would disproportionately impact the District's COVID-19 post-pandemic recovery efforts.

Capital Budget

The proposed FY2022 budget includes funds in the capital budget to maintain current operations and maintenance of the Procurement Automated Support System. OCP remains focused on migrating the PASS system to the cloud at the start of FY2024, which will result in substantial system improvements in usability, stability, and transparency. OCP is coordinating the PASS migration to the cloud with OCFO to ensure integration with the District Integrated Financial System.

Diversity, Equity, and Inclusion

We have created a new position within OCP to focus on diversity, equity, and inclusion. As the District begins its long economic recovery from the COVID-19 pandemic, we must be conscious of driving an equitable recovery in our underserved communities. With our new Diversity and Inclusion Chief Contracting Officer, OCP will do its part to ensure public procurement opportunities are accessible to all District residents. We will especially focus on increasing small business participation in the DC Supply Schedule through expanded educational opportunities, focusing on businesses within Wards 7 and 8. I am excited to begin a new chapter in OCP's commitment to this great city's residents and businesses. I look forward to reporting on our progress in our performance hearing next year.

Conclusion

The FY2022 budget, as presented by the Mayor, meets the operational needs of the agency. However, any reductions to the proposed agency budget would significantly impact the execution of new District-wide programmatic spending associated with funds from the American Rescue Plan Act of 2021. As I stated earlier, OCP plays an integral role in executing all new and expanded programs tied to this increase in federal funding. My team and I are committed to maintaining low overhead costs, as reflected in the proposed budget. While the last year proved to be OCP's busiest and most vital, the next year promises to be even busier. OCP will be charged with the critical contracting and procurement functions that will drive the District's recovery and growth. This budget is the most consequential budget in my tenure and OCP's role in its execution is paramount.

I want to thank Mayor Bowser, City Administrator Donahue, and Assistant City Administrator Melder for their steadfast leadership. I thank you, Chairman White and the members of the Committee on Government Operations and Facilities, in recognizing the need for government operations support to execute the desired outcomes for the District in FY2022. Thank you for the opportunity to testify and your ongoing support throughout the pandemic and as we look forward. This concludes my prepared testimony. I am happy to answer any questions you may have.