



CFO Forum Notes

Produced by the OCFO
Office of Communications

Anthony A. Williams, Mayor

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2nd CFO Forum Focuses on the Budget, College Savings and Keno

The District's FY 2003 budget and the recent introduction of Keno by the D.C. Lottery were the major topics of conversation at the second "CFO Forum" meeting in June. The forum, established by Chief Financial Officer **Natwar M. Gandhi**, with the assistance of **Eugene Kinlow**, who serves as chairman, is a venue for the various communities within the city that are impacted by the financial health of the District government.

Dr. Gandhi began last month's meeting by discussing the budget gaps that the Mayor and the Council had to close for FY 2003 – \$323 million last October and \$134 million in March – and how they recently agreed on an FY 2004 consensus budget. He contrasted this performance with the lingering, unresolved budget problems in neighboring states.

Questions were raised about who developed some of the more controversial proposals to close the budget gaps – such as eliminating the tax exemption for interest earned on out-of-state bonds – and why there were no public hearings on the numerous user fee increases. As Dr. Gandhi explained, the role of the CFO in the budget process is to provide options to the policymakers, not make policy. The city was given a short, aggressive timeline last fall to resolve the projected shortfall and submit a revised budget to Congress, leaving little time for public input.

For the next part of the meeting, Dr. Gandhi turned to **N. Anthony Calhoun**, deputy chief financial officer and treasurer, to provide an overview of the DC College Saving Plan (www.dccollegesavings.com), introduced last fall. Calhoun discussed the plan's low contribution minimums, the range of investment options offered, and the tax deductions available to District residents who invest. In response to questions, he reiterated that an individual can set up an account for anyone – a child, a grandchild, a neighbor, or even for themselves.

The forum participants then turned their attention to **Jeanette Michael**, executive director of the D.C. Lottery, who discussed DC KENO. Michael explained that DC KENO was launched like any other Lottery game, such as HOT FIVE and QUICK CASH, and is designed to increase sales by attracting new players and new agent locations. She stressed that the Lottery wants to locate DC KENO in social settings such as restaurants and nightclubs, where there is easy access to potential new players with disposable income.

Several forum participants expressed excitement about the launch of DC KENO and said they looked forward to other new games. However, some expressed concern about the social impact of such games. They argued that this type of gambling has indirect costs to society, such as increased addiction, and negatively impacts the poor.

Michael stressed that the Lottery's marketing plan targets new players who have high levels of disposable income. That is why the Lottery recruits restaurants and sports bars as DC KENO venues, and why less than three-dozen DC KENO monitors were placed in community locations such as convenience stores.

The next CFO Forum will be held in September. Participants are encouraged to suggest additional invitees for the next meeting and topics for discussion by contacting **Clarice Nassif Ransom**, communications director, at (202) 727-0058 or via email at clarice.ransom@dc.gov. ♦



Members of the District's Office of the Chief Financial Officer and community leaders discuss the city's financial affairs at last month's meeting of the CFO Forum. (Photo by Ernest Grant)