

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer

Natwar M. Gandhi
Chief Financial Officer



MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

THROUGH: Natwar M. Gandhi
Chief Financial Officer

DATE: June 1, 2001

SUBJECT: Fiscal Impact Statement: “Fiscal Year 2002 Budget Support Act of 2001”

REFERENCE: Based on the Engrossed Original of Bill Number 14-144

Conclusion

Funds are sufficient in the proposed FY 2002 through FY 2005 budget and financial plan, subject to two caveats. First, the legislation provides for \$1.4 million to be spent for Medicaid subject to federal approval of a waiver allowing inclusion of services for additional targeted populations. Second, the legislation calls for spending \$11 million from the estimated FY 2001 unspent budgeted reserve amount of \$46 million for maintenance of streets and roads. To be spent, the \$11 million must be certified by the Chief Financial Officer. The proposed budget and financial plan assumes that these two conditions will be met.

Through this legislation the Mayor and the Council of the District of Columbia achieve their policy goals as articulated in the budget and financial plan. At the same time, with this legislation, they reduce future policy control and spending flexibility.

In the FY 2001 budget, approximately 28 percent of the District’s local funds budget—nearly \$1 billion—is dedicated to specific expenditures for public services. The dedicated revenues are of two types—those that are set aside to cover debt and those that are set aside for operating expenses. For example, \$490 million from real property taxes is set aside to support general obligation bonds. In addition, over \$64 million is set aside for the building of the new convention center, and \$32 million from motor vehicle fuel taxes is set aside for the Highway Trust Fund.

The structure of funding included in the proposed legislation accelerates the trend toward dedicated revenues for specific expenditures.¹ It dedicates about 14 sources of General Fund revenue by attaching them to explicit public expenditure categories.

For example:

- Proceeds from Industrial Revenue Bond program fees and earnings are allocated to the Deputy Mayor for Planning and Economic Development for economic development initiatives.
- The Alcoholic Beverage Regulation Administration (ABRA) receives \$17.4 million annually from alcohol retail sales tax and excise tax, monies previously included in General Fund revenues, for ABRA operations.
- The Department of Banking and Financial Institutions (DBFI) receives \$2.2 million annually from licenses and fees to fund DBFI operations.

Attaching revenue streams to specific public expenditures of the District government is not a sound budgeting practice. The Comprehensive Financial Management Policy (CFMP) which is currently under review by the Mayor and the Council requires that the District maintain a balanced and diversified revenue system that protects against adverse fluctuations in any one source of revenue. As stated in the CFMP, it is the policy of the District's Chief Financial Officer to discourage proprietary receipts, because doing so does not promote sound budgeting and spending practices and corrodes the integrity of the local General Fund. The implementation of proprietary receipts should require unassailable justifications that indicate why the local General Fund is unable to provide sufficient local revenue for these functions.

The following summarizes the extent to which the legislation provides new sources of "other" revenue to fund agency activities:

- Proceeds from Industrial Revenue Bond program fees and earnings will be deposited in a special account established for economic development initiatives to the full extent of funds accrued.
- The Department of Health will receive funding for the non-lapsing, non-reverting Health Care Safety Net Fund to provide health care services to District residents formerly served by the Public Benefits Corporation.

¹ The Financial Plan shows a reduction in "O"-type revenues for FY 2002; however, this reduction is a consequence of the elimination of \$110 million in federal reimbursement for services provided to federal prisoners

- The Child and Family Services Administration will administer \$3 million in appropriated funds designated specifically to provide support and incentives for foster parents who adopt District children.
- The establishment of the Alcoholic Beverage Regulation Administration (ABRA) receives \$17.4 million annually from alcohol retail sales tax and excise tax, monies previously included in General Fund revenues, for ABRA operations.
- The Department of Banking and Financial Institutions (DBFI) receives \$13,000 annually from examination fees on check-cashing businesses to fund DBFI operations.
- DBFI receives \$2.2 million annually from license and other fees on mortgage lenders and mortgage brokers to fund DBFI operations.
- DBFI receives \$15,000 annually from fees on consumer credit service organizations to fund DBFI operations.
- DBFI receives \$14,000 annually from fees on institutions conducting banking activities to fund DBFI operations.
- The Department of Health (DOH) receives at least \$1.1 million in fines and licensing fees, monies previously included in General Fund revenues, for the Health Regulatory Enforcement Fund and the Health Occupations Regulation Fund.
- DOH receives licensing fees for laboratory analysis of biological and environmental samples for a new non-lapsing, non-reverting Public Health Laboratory Fund.

Bill 14-144, the Fiscal Year 2002 Budget Support Act of 2001, is the legislative vehicle for adopting statutory changes needed to implement the District's proposed FY 2002 through FY 2005 budget and financial plan. The purpose and the impact of each title are summarized below and in the following pages.

[Title I – Reprogramming Policy Amendment Act of 2001:](#)

Background

The proposed legislation will increase the budgetary reprogramming thresholds that govern aspects of the approval process.

Financial Plan Impact

Because this legislation institutes an internal policy change that has no material impact on the cost of services provided by the District of Columbia and has no effect on General Fund revenue, this provision has no fiscal impact.

[Title II – Paramedic and Emergency Medical Technician Lateral Transfer to Firefighting Amendment Act of 2001:](#)

Background

The proposed legislation will facilitate the implementation of a full dual-role cross training program within the District of Columbia Fire and Emergency Medical Services (DCFEMS). The dual-role cross training program is a proposal by DCFEMS to train Fire and Emergency Medical Services (EMS) personnel to perform both fire fighting and EMS functions in an effort to improve service delivery. Currently, all uniform recruits are cross-trained as Emergency Medical Technicians. The proposed legislation would facilitate the full implementation of a dual-role cross training program in DCFEMS by allowing the lateral transfer of Paramedics and Emergency Medical Technicians to fire fighting. This proposal is consistent with the changing nature of fire and emergency medical service delivery, and has been implemented in many of the surrounding jurisdictions.

Financial Plan Impact

Funds are sufficient in the FY 2002 through FY 2005 budget and financial plan to implement the components of the proposed legislation. Appropriated funds and staff are provided to DCFEMS. The Fire Chief is responsible for using staff and resources provided to best accomplish the required activities and mission.

This bill is the legislative vehicle to authorize modifications to the District's payment and retirement systems. These modifications will be required to accommodate the new classification(s) of DCFEMS staff created through the Fire Chief's implementation plan. The proposed legislation will add additional complexity to the CAPPS system. The payroll system will need to be modified to provide for the required payroll functions to accommodate the new personal services expenditures provisions necessary to implement this bill.

An actuarial study conducted for the Mayor by Milliman and Robertson, Inc. determined the cost of the benefit change to the District of Columbia payment to the District of Columbia Police Officers and Firefighters' Retirement Fund to be \$100,000 in FY 2002. Funds in the FY 2002 through FY 2005 budget and financial plan accommodate this requirement.

Title III – The Office of Asian and Pacific Islander Affairs Establishment Act of 2001:

Background

The proposed legislation would establish the Office on Asian and Pacific Islander Affairs and the Commission on Asian and Pacific Islander Community Development. The Office and the Commission would be established within the Executive Office of the Mayor of the District of Columbia.

The Office of Asian and Pacific Islander Affairs will ensure that a full range of health, education, employment, and social services are available to the Asian and Pacific Islander communities in the District of Columbia. The Office of Asian and Pacific Islander Affairs will also monitor service delivery and make recommendations to the Mayor and the Commission on Asian and Pacific Islander Community Development to promote the welfare of the Asian and Pacific Islander communities.

The Commission on Asian and Pacific Islander Community Development would advise the Mayor, the Director of the Office on Asian and Pacific Islander Affairs, the Council, and the public concerning the views and needs of the Asian and Pacific Islander communities in the District of Columbia.

The Commission on Asian and Pacific Islander Community Development will consist of 15 public (voting) members appointed by the Mayor, with the advice and consent of the Council. In addition to these 15 members, the bill would require 11 ex-officio non-voting members (outlined in the proposed bill).

Financial Plan Impact

The personal services (PS) and nonpersonal services (NPS) costs associated with the proposed legislation are detailed in the tables below. The establishment of the Office on Asian and Pacific Islander Affairs and the Commission on Asian and Pacific Islander Community Development were considered in the development of the proposed FY 2002 through FY 2005 budget and financial plan.

The Office of Latino Affairs and the Commission on Judicial Disabilities and Tenure were used as benchmarks to identify appropriate levels of funding. PS expenditures average 72 percent of the total budget for FY 2002 through FY 2005. The salary and fringe benefits costs are for the Executive Director (DS-16, step 1), a translator (DS 11, step 1), and a program specialist (DS-9, step 1). A 3.3 percent inflator has been applied to PS costs beginning in FY 2003. The following table is for informational purposes and presents the PS costs required by the components of the proposed legislation.

PS Costs to the Financial Plan					
(\$ in 000's)					
Item	FY 2002	FY 2003	FY 2004	FY 2005	TOTAL
Director (DS 16-1)	\$85	\$88	\$91	\$94	\$358
Translator (DS 11-1)	37	38	39	41	155
Program Spec. (DS 9-1)	30	31	32	33	126
Fringe Benefits (15%)	23	24	24	25	96
Net Annual Impact	\$175	\$181	\$186	\$193	\$735

The Office would require non-recurring purchases in the first year for three computers, three multi-line telephones, and furniture. These non-recurring costs are reflected in "Equipment" in the following table. Contractual services are for interpreter services and are at a fixed cost for the foreseeable future. A 2.5 percent inflator has been applied to utilities, rent and telecommunications beginning in FY 2003. The following table is for informational purposes and presents the NPS costs required by the proposed legislation.

NPS Costs to the Financial Plan					
(\$ in 000's)					
Item	FY 2002	FY 2003	FY 2004	FY 2005	TOTAL
Contractual Services	\$50	\$50	\$50	\$50	\$200
Utilities	6	6	6	6	24
Telecommunications	5	5	5	5	20
Rent	9	9	9	10	37
Supplies	3	3	3	3	12
Equipment	10	3	3	3	19
Net Annual Impact	\$83	\$76	\$76	\$77	\$312

Although the expenditures for NPS decline by 7 percent from FY 2002 to FY 2005, the total budget increases from \$258,000 to \$263,000 due to inflation, cost-of-living adjustments and step increases for all three employees. The following table is for informational purposes and presents the expenditures that will be required by implementing the provisions of the proposed legislation.

Impact to the Financial Plan					
(\$ in 000's)					
Item	FY 2002	FY 2003	FY 2004	FY 2005	TOTAL
PS	\$175	\$181	\$186	\$193	\$735
NPS	\$83	\$76	\$76	\$77	\$312
Net Annual Impact	\$258	\$257	\$262	\$270	\$1,047

[Title IV – Transfer of the Office of Post-Secondary Education, Research and Assistance and Tuition Assistance Program to the State Education Office Act of 2001:](#)

Background

The proposed title transfers the Office of Post Secondary Education, Research, and Assistance and Tuition Assistance Program to the State Education Office.

Financial Plan Impact

Because this legislation institutes an internal policy change that has no material impact on the cost of services provided by the District of Columbia and has no effect on General Fund revenue, this provision has no fiscal impact. There are modest costs for the physical transfer of records and personnel, but they will be absorbed in the FY 2002 budget.

Transfer of the Tuition Assistance program from the Mayor to the State Education Office (SEO) includes a rollover of \$12 million in remaining FY 2001 funds and \$17 million in new appropriated funds in FY 2002. In addition, the transfer of the Office of Post-Secondary Education Research and Assistance from the Department of Human Services (DHS) to the SEO includes a conveyance of \$557,000. All amounts represent associated funding for the programs. There is a potential savings through administrative efficiencies in consolidating the funds into one fund. However, actual dollar savings cannot be quantified at this time.

[Title V – Summer School Weighting Revision Act of 2001:](#)

Background

The proposed legislation amends the Uniform Per Pupil Funding Formula for the Public Schools and Public Charter Schools Act of 1998 and the Special Education Act of 2000 to revise the weighting formulas used to calculate funding for summer school sessions. Funding is on a pro rata basis and the pupil is required to attend six weeks of a summer session to be qualified. The proposed legislation caps the funding for an individual pupil at \$935, increased from \$550.

Financial Plan Impact

Funds are sufficient in the proposed FY 2002 through FY 2005 budget and financial plan. The proposed budget for the District of Columbia Public Schools includes \$22,093,251, and the proposed budget for the D.C. Public Charter Schools includes \$2,570,851 to implement the components of the proposed legislation.

[Title VI – State Education Agency - Adult Education Funding Act of 2001:](#)

Background

The proposed title requires that the University of the District of Columbia designate a distinct funding line item in its budget which will be the repository for all State Education Agency – Adult Education funding. All appropriations and allocations for the State Education Agency – Adult Education program will be spent by the University of the District of Columbia as the expending agency for these funds.

Financial Plan Impact

Because this legislation institutes an internal policy change that has no material impact on the cost of services provided by the District of Columbia, this provision has no fiscal impact. The proposed legislation will have no impact on General Fund revenue.

[Title VII – Office of the Veterans Affairs Establishment Act of 2001:](#)

Background

The proposed legislation would eliminate the Office of Veterans Affairs that is presently located as an unbudgeted entity within the Department of Human Services and establish a new Office of Veterans Affairs (OVA) in the Executive Office of the Mayor (EOM).

Financial Plan Impact

The proposed FY 2002 through FY 2005 budget and financial plan includes \$230,000 in local funds for these purposes. The FY 2002 PS budget includes \$172,000 to fund 3 Full Time Equivalents (FTE), and the NPS budget totals \$58,000.

[Title VIII – Consumer Credit and Money Lender Reorganization Act of 2001:](#)

Background

The proposed legislation transfers the Consumer Credit Service regulatory functions of the District from the Department of Consumer and Regulatory Affairs (DCRA) to the Department of Banking and Financial Institutions (DBFI).

Financial Plan Impact

Because this legislation institutes an internal policy change that has no material impact on the cost of services provided by the District of Columbia and has no effect on General

Fund revenue, this provision has no fiscal impact. There are modest costs for the physical transfer of records and personnel, but they will be absorbed in the FY 2002 budget.

[Title IX – Funeral Services Regulatory Amendment Act of 2001:](#)

Background

The proposed legislation amends Section 14 of the District of Columbia Funeral Services Regulatory Act of 1984 with respect to the disposition of human remains by:

1. Redefining the order of priority for next of kin of deceased persons;
2. Eliminating the perceived age and gender bias in the District's current law; and
3. Providing a mechanism for the resolution of disputes among next of kin.

Financial Plan Impact

This legislation institutes a policy change that has no material impact on the cost of services provided by the District of Columbia and has no effect on General Fund revenue; thus, this provision has no fiscal impact.

[Title X – Fire/EMS Excepted Service Designation Amendment Act of 2001:](#)

Background

The proposed legislation would amend the District's Comprehensive Merit Personnel Act to authorize the Chief of the Fire and Emergency Medical Services Department (DCFEMS) to designate up to 11 of the total number of authorized positions in the DCFEMS as Excepted Service policy positions. Additionally, the proposed legislation requires that members of the sworn complement of DCFEMS may fill no more than 4 of the Excepted Service policy positions. These positions are in addition to the 220 existing Excepted Service positions. Excepted Service positions may be filled at the will of the Chief of DCFEMS. Excepted Service employees do not need to earn their positions through the course of rank and privilege. They are simply appointed to their positions.

Financial Plan Impact

The implementation of the proposed legislation will not have a financial impact on the District's FY 2002 through FY 2005 budget and financial plan because the proposed

legislation requires that the position changes must be made from the DCFEMS existing personnel complement.

[Title XI – Industrial Revenue Bond Special Account Amendment Act of 2001:](#)

Background

The proposed legislation establishes a special account that will be the repository for funds received in the form of program fees and earnings. The fund will be allocated to the Deputy Mayor for Planning and Economic Development. Funds may be expended for economic development initiatives up to the amount of the funds accrued. Any unexpended balance in the fund at the completion of the fiscal year will be deposited in the General Fund.

The Deputy Mayor for Planning and Economic Development may expend funds from the special account for credit support, loans, grants, contracts, and new or existing initiatives. The proposed legislation enables the Mayor to approve the expenditure of the funds from the special account using the Budget Support Act and the Appropriations Act as the legislative vehicle.

Financial Plan Impact

Funds are sufficient in the proposed FY 2002 through FY 2005 budget and financial plan because no additional staff or resources will be required. Additional local General Fund revenue may be realized should the Mayor allow funds to lapse at the completion of each fiscal year. No additional General Fund revenue is anticipated at this time.

[Title XII – District of Columbia Government Employees Disability Compensation Reorganization and Amendment Act of 2001:](#)

Background

The proposed legislation transfers the Administration and Operations of the Disability Compensation program for District government employees from the Department of Employment Services (DOES) to the District Office of Personnel (DCOP). However, the disability compensation hearings and adjudication functions will remain with the Labor Standards Bureau of DOES.

Financial Plan Impact

Because this legislation institutes an internal policy change that has no material impact on the cost of services provided by the District of Columbia and has no effect on General

Fund revenue, this provision has no fiscal impact. There are modest costs for the physical transfer of records and personnel, but they will be absorbed in the FY 2002 budget. DCOP will pro-rate all costs for the disability compensation and adjudication hearings and transfer those funds to DOES on an annualized basis.

[Title XIII – National Capital Revitalization Corporation Amendment Act of 2001:](#)

Background

The proposed legislation requires the National Capital Revitalization Corporation (NCRC) to submit its budget in time for inclusion with the Mayor's submission of the District's budget to the Council of the District of Columbia. Additionally, the proposed legislation amends the National Capital Revitalization Corporation Act of 1998 to allow the NCRC to submit its first required annual report in FY 2002 rather than FY 2001.

Financial Plan Impact

The proposed legislation institutes an internal policy change that has no material impact on the cost of services provided by the District of Columbia and has no effect on General Fund revenue; thus, this provision has no fiscal impact.

[Title XIV – Public Access Corporation Budget Review Amendment Act of 2001:](#)

Background

The proposed legislation requires the Public Access Corporation (PAC) to submit its budget in time for inclusion with the Mayor's submission of the District's budget to the Council of the District of Columbia. Funds are not budgeted for PAC, but the Mayor reviews its budget annually.

Financial Plan Impact

The proposed legislation institutes an internal policy change that has no material impact on the cost of services provided by the District of Columbia and has no effect on General Fund revenue; thus, this provision has no fiscal impact.

[Title XV – Criminal Justice Coordinating Council for the District of Columbia Support Act of 2001:](#)

Background

The proposed legislation transfers the existing mission and support functions of the Criminal Justice Coordinating Council (CJCC) to the Office of the City Administrator.

The District of Columbia Financial Responsibility and Management Assistance Authority (DCFRMAA) currently funds the CJCC. DCFRMAA currently houses all CJCC activities. Should the DCFRMAA become dormant at the end of the control year, the Office of the City Administrator will house all CJCC activities. The proposed budget will support 2 FTE positions and the resources they require.

Financial Plan Impact

The proposed FY 2002 through FY 2005 budget and financial plan provides \$169,000 within the operating budget for the District's City Administrator to provide required staff and administrative resources for the CJCC.

[Title XVI – Sports and Entertainment Commission Capital Improvements Amendment Act of 2001:](#)

Background

The proposed legislation requires the Sports and Entertainment Commission to submit to the mayor a long-term analysis of capital improvements of the facilities operated by the Commission.

Fiscal Plan Impact

Funds are sufficient in the proposed FY 2002 through FY 2005 budget and financial plan because no additional staff or resources will be required. Although the Sports and Entertainment Commission receives no budgeted local funding, the Commission has indicated it can absorb the anticipated costs.

[Title XVII – Highway Trust Fund Amendment Act of 2001:](#)

Background

The proposed legislation effects a technical change to existing law concerning funds collected from Public Rights-of-Way fees. The proposed change allows Highway Trust Fund dollars to be expended to offset costs of the Local Streets Program. The proposed change brings the law into alignment with the current practices of the Capital Improvements Program.

Under the provisions of the FY 1997 Budget Support Act of 1996 and the FY 2001 Budget Support Act of 2000, the Mayor is required to deposit funds received as Public Rights-of-Way fees into the Highway Trust Fund (HTF). These funds are dedicated to offset the costs of the Local Streets Program. Existing law requires that the initial \$30

million in revenue is to be deposited in the District's General Fund. All additional funds above \$30 million are required to be deposited into the HTF and administered by Department of Public Works (DPW). The functions and operations of DPW that these funds offset will be separated from DPW and housed in the District's Department of Transportation (DDOT) beginning in FY 2002.

Under the provisions of the proposed legislation all of the fees will be deposited into the Local Roads and Maintenance Fund, but not revert to the local General Fund revenue at the end of the fiscal year. Also in FY 2002, \$12 million taken from the Public Rights-of-Way fees may be used to offset operational or administrative costs. This new Maintenance Fund is the repository for this allocation through FY 2002 for one-time startup costs for DDOT.

Beginning in FY 2003 this fund becomes a non-lapsing fund that will be the repository of all the Public Rights-of-Way fees that are collected by the District. Additionally, the remaining balances will not revert to the General Fund at the end of a fiscal year.

Financial Plan Impact

Because this legislation institutes a policy change that has no material impact on the cost of services provided by the District of Columbia and has no effect on General Fund revenue, this provision has no net fiscal impact. In FY 2002 \$12 million in local appropriations has been allocated to fund operations and administration of DDOT. In FY 2002 no more than \$18 million may be taken from the Public Rights-of-Way fees to fund operations and administration of DDOT.

[Title XVIII – Health Care Restructuring Amendment Act of 2001:](#)

Background

The Health Care Safety Net Administration in the Department of Health (DOH) will be responsible for contracting for and funding all health care services previously provided by D.C. General Hospital and by satellite clinics. The primary function of the Health Care Safety Net Administration will be to monitor compliance with the contract to provide health care services to District residents formerly provided by the Public Benefits Corporation (PBC).

Additionally, the proposed legislation establishes a non-lapsing revolving fund called the Health Care Safety Net Fund. This new fund will not revert to the General Fund at the end of any fiscal year. The purpose of the fund is to offset the costs of indigent health care; it duplicates the Medical Charities Fund to be established in Bill 14-100 "Prompt Payment of Health Care Providers Act of 2001," currently being considered by the Council of the District of Columbia. Both funds will be used to offset the costs of

indigent health care for District residents. The provisions of the proposed legislation will allocate funds to the new Health Care Safety Net Fund through the appropriations process, accounts receivable from the former Public Benefits Corporation, gifts to the District, and donations.

Financial Plan Impact

The amounts necessary to cover public health care operations as contemplated in this legislation have been included in the proposed FY 2002 budget submitted by the Mayor to the Council of the District of Columbia. The cost estimate was developed by an inter-organizational collaborative group with representation from the OCFO, affected agencies, the Office of the Mayor and DCFRMAA, and is based on the workload and costing assumptions the group collectively reached. The OCFO endorses these estimates.

For fiscal years 2003 through 2006, during which time the contract will be operating, the District will have the opportunity to fine-tune its fiscal year costs for the contract with the submission of each fiscal year's budget.

[Title XIX – Medicaid Eligibility Expansion Act of 2001:](#)

Background

The proposed legislation will expand the population of people who qualify for Medicaid. Currently the population is generally comprised of children and parents with household income up to 200 percent of Federal Poverty Level. There is a waiver proposal under separate consideration to add childless adults to the qualifying population. Currently the waiver is not in place, and the District is working with Healthcare Care Financing Administration (HCFA) to implement the initiative. Difficulties lie with how the District will receive new Medicaid funding until the waiver is approved. DOH has determined that the result of implementing the proposed legislation will be to add over 15,500 people to the current qualified Medicaid population in the District.

Financial Plan Impact

The proposed FY 2002 through FY 2005 budget and financial plan allocates \$5.2 million for Medicaid reimbursement. Of the total allocated \$1.4 million may not be expended until the waiver related to the proposed legislation is in force.

If the proposed legislation is implemented, there is a concern as to how the operational aspects of this Medicaid program can be funded. No funds may be drawn from the \$1.4 million until the waiver is in force. Although the financial plan considers the waiver, implementing the proposed legislation will currently result in \$1.4 million in unbudgeted

annual costs. This is because the District will be required by the components of the proposed legislation to perform services that do not yet have a funding program in place.

Expenditure Impact to the Financial Plan (\$ in 000s)				
FY 2002	FY 2003	FY 2004	FY 2005	4-Year Total
\$1,400	\$1,460	\$1,520	\$1,580	\$5,950

[Title XX – Real Property Tax Assessment Transition and Owner-Occupant Residential Tax Credit:](#)

[Subtitle A –Real Property Tax Assessment transition Act of 2001:](#)

Background

The proposed legislation would change the District's assessment cycle from a triennial assessment period to an annual assessment period. After a three-year phase out of the triennial cycle, real property assessments will occur on an annual basis. The phase-out period provides an appeal process that works in conjunction with the Tax Clarity Act of 2000. The proposed legislation retains improvements in the real property assessment appeal process that would otherwise be eliminated through the sunset of D.C. Law 12-40.

Financial Plan Impact

The following table presents the revenue difference between the phase out of triennial assessments over a three-year period and the estimated revenue should the triennial assessment remain in force. Given that these estimates are included in the District's proposed FY 2002 through FY 2005 budget and financial plan, there is no fiscal impact associated with the proposed legislation.

The figures for FY 2002 and FY 2003 reflect actual revenue expected based on property assessments already performed under the triennial system. The estimates for FY 2004 and 2005 assume an economic growth rate of 3.5 percent per year.

The following table presents the revenue difference between the phase-out of the triennial assessment program currently in place and maintaining the triennial assessment going forward. These numbers are being provided for information purposes.

Revenue Difference Between Phase-Out of Triennial Assessment and Maintaining Triennial Assessment					
(\$ in 000s)					
Item	FY 2002	FY 2003	FY 2004	FY 2005	TOTAL
Estimated Revenue Phase-Out	\$681,000	\$730,000	\$781,000	\$806,000	\$2,998,000
Estimated Revenue Maintaining Triennial Assessment	\$623,000	\$659,000	\$702,000	\$729,000	\$2,713,000
Additional Estimated Revenue	\$58,000	\$71,000	\$79,000	\$77,000	\$285,000

These certified revenue estimates appear in the FY 2002 Proposed D.C. Budget and Financial Plan.

[Subtitle B – Owner-Occupant Residential Tax Credit Act of 2001:](#)

Background

The proposed legislation limits a District resident's real property tax liability with certain qualifications required to be considered, including elective use of the homestead deduction. If the property value increase is the result of a zoning reclassification, the provisions of the proposed legislation will not be triggered. If a household's tax liability increases by greater than 125 percent of the previous year's liability, qualified household's will receive a tax credit. The credit will equal the difference between the current property tax liability and 125 percent of the previous year's tax liability. The proposed legislation requires the credit to be applied to tax year 2002.

Financial Plan Impact

Funds are sufficient in the FY 2002 through FY 2005 budget and financial plan to implement the provisions of the proposed legislation. Provisions of the proposed legislation cap the allocation of funds for the Owner-Occupant Residential Tax Credit at \$3 million. Funding for this cap was considered in the development of the FY 2002 through FY 2005 budget and financial plan.

[Title XXI – Police and Firefighters' Surviving Children Annuity Increase Amendment Act of 2001:](#)

Background

The proposed legislation increases the annuity benefit to qualified surviving children of Police and Firefighters. The individual benefit will be increased from \$1,548 to \$2,918

to be increased annually by the cost of living; and the family cap for all eligible survivors will be increased from \$4,644 to \$8,754 to be increased annually by the cost of living.

Financial Plan Impact

The Mayor will need to request an actuarial study in order to determine fully the impact of the proposed legislation on the District's payment and retirement systems. The results of the actuarial study would need to be integrated into the findings of this fiscal impact statement. The proposed FY 2002 through FY 2005 budget and financial plan includes \$100,000 in additional funding to absorb the impact of the proposed legislation.

[Title XXII – Adoption Support Fund Establishment Act of 2001:](#)

Background

The proposed legislation establishes the Adoption Support Fund to be administered by the Child and Family Services Administration (CFSA). The new fund shall be the repository for \$3 million of the \$5 million appropriated in the District of Columbia Appropriations Act of 2000 for providing support incentives for foster parents who adopt District children. The funds shall be used in the following amounts and purposes:

1. \$1 million shall be used to establish a scholarship fund to support post-secondary education and training for adopted children;
2. \$1 million shall be used to create an Adoption Resource Center with post-adoption service capacity; and
3. \$1 million shall be used to enhance recruitment and support of prospective adoptive families.

Financial Plan Impact

Because this legislation institutes a policy change concerning the allocation of existing appropriations, has no material impact on the cost of services provided by the District of Columbia, and has no effect on General Fund revenue, this provision has no fiscal impact.

[Title XXIII – Contract Review Period Increase Amendment Act of 2001:](#)

Background

The proposed legislation increases the time period for the review of contracts and reduces the membership of the review panel from five members to three.

Financial Plan Impact

Because this legislation institutes a policy change that has no material impact on the cost of services provided by the District of Columbia and has no effect on General Fund revenue, this provision has no fiscal impact.

[Title XXIV – Recorder of Deeds Recordation Surcharge Amendment Act of 2001:](#)

Background

The proposed legislation will delay the sunset for the \$5 deed recordation surcharge currently required and collected by the District's recorder of deeds from April 12, 2002 to April 12, 2007. Funds collected from this surcharge are currently dedicated to certain technology improvements for the Office of Tax and Revenue (OTR). If the surcharge were to cease as currently scheduled, funding pressures will occur related to OTR improvements.

Financial Plan Impact

Because this legislation institutes a policy change that has no material impact on the cost of services provided by the District of Columbia and has no effect on General Fund revenue, this provision has no fiscal impact. The proposed legislation simply continues a current District practice. The recorder of deeds collects approximately \$35,000 per month or \$420,000 annually through the deed recordation surcharge. The proposed FY 2002 through FY 2005 budget and financial plan anticipated the continued receipt of these fees.

[Title XXV – Taxicab Hack Inspector Enforcement Amendment Act of 2001:](#)

Background

The proposed legislation requires the Metropolitan Police Department (MPD) to report annually to the Council of the District of Columbia civil citations issued to taxicabs and to report on any criminal infractions involving taxicabs. The proposed legislation requires the Taxicab Commission and the MPD to work in concert for the issuance of citations.

Financial Plan Impact

Funds are sufficient in the proposed FY 2002 through FY 2005 budget and financial plan because no additional staff or resources will be required. The statutory changes made here allow for the Taxicab Commission and the MPD to legally interact for the purpose

of issuance of civil citations. Existing staff and resources can absorb the required reporting components.

[Title XXVI – 21st Century Financial Modernization Amendment Act of 2001:](#)

Background

The proposed legislation amends the 21st Century Modernization Act of 2000 to exempt Automated Teller Machines (ATM) that are owned and operated by Federal Deposit Insurance Corporation (FDIC) insured financial institutions from registration fees. The Department of Banking and Financial Institutions (DBFI) has indicated that the intent of the legislation being amended was to exempt this category of ATM and the proposed legislation is an extension of current practice in the District.

Financial Plan Impact

Funds are sufficient in the proposed FY 2002 through FY 2005 budget and financial plan because no additional staff or resources will be required. The proposed legislation will not impact General Fund revenue.

[Title XXVII – Insurance Trade Economic Development Amendment Act of 2001:](#)

Background

The proposed legislation prohibits an insurance underwriter from insuring, refusing to insure, limiting insurance coverage, or differentiating ratings, premium payments or dividends based on any of the following criteria:

1. Marital status;
2. Race;
3. Color;
4. Personal appearance;
5. Sexual orientation;
6. Matriculation; or
7. Political affiliation.

Marital status may still, through components of the proposed legislation, be taken into account for the purposes of defining eligibility for dependent benefits. Marital status may also be considered in prohibiting or limiting the operation of fraternal benefit societies.

Financial Plan Impact

The proposed legislation is in accordance with the Human Rights Act of 1977 and has no actuarial significance. Because this legislation institutes a change that has no material impact on the cost of services provided by the District of Columbia and has no effect on General Fund revenue, this provision has no fiscal impact.

[Title XXVIII – Risk-Based Capital Amendment Act of 2001:](#)

Background

The proposed legislation makes a technical change to the Risk-Based Capital Act of 1996 that will bring the District into compliance with national accreditation standards for insurance companies. Amendments to the Risk-Based Capital Act have caused a misdirecting code reference to read “Section 3(c)” instead of “Section 3(g).”

Financial Plan Impact

Because this legislation institutes a technical change that has no material impact on the cost of services provided by the District of Columbia and has no effect on General Fund revenue, this provision has no fiscal impact.

[Title XXIX – Securities Amendment Act of 2001:](#)

Background

The proposed legislation amends the Securities Act of 2000 to clarify the rules established for notice filing fees. The term “unit investment trusts” refers to one of the four major categories of mutual funds. Deleting the phrase “for unit investment trusts” from § 308(b)(3) of the Securities Act of 2000 as this legislation proposes would make it clear that under § 308, all four types of mutual funds have to make notice filings and pay filing fees. The proposed legislation does not change the coverage of § 308; it simply removes a technical term that has the potential to create uncertainty.

Financial Plan Impact

Because this legislation institutes a policy change that has no material impact on the cost of services provided by the District of Columbia and has no effect on General Fund revenue, this provision has no fiscal impact. DISR has already anticipated the revenue from notice filing fees in its current financial plan. The proposed legislation cures a technical matter regarding the legislation being amended.

[Title XXX – Alcoholic Beverage Regulation Administration Fund Act of 2001:](#)

Background

The proposed legislation establishes the Alcoholic Beverage Regulation Administration (ABRA) Fund for the purpose of receiving revenue collected from alcoholic beverage taxes, licensing and permitting fees. The proposed legislation establishes that these funds will be non-lapsing and these funds will not revert to the General Fund. The proposed legislation requires that these funds be used to offset the operations of the ABRA.

Financial Plan Impact

Funds are not sufficient in the proposed FY 2002 through FY 2005 budget and financial plan because the proposed legislation will annually divert to a dedicated fund \$17.4 million in General Fund revenue: \$4.8 million from the alcohol excise tax and \$12.6 million from the alcohol retail sales tax. The following table presents the revenue reduction to the General Fund over the life of the proposed financial plan.

Net Reduction in General Fund Revenue					
(\$ in 000s)					
Item	FY 2002	FY 2003	FY 2004	FY 2005	TOTAL
Retail Sales Tax	(\$12,600)	(\$12,600)	(\$12,600)	(\$12,600)	(\$50,400)
Excise Tax	(4,800)	(4,800)	(4,800)	(4,800)	(19,200)
Net Annual Reduction	(\$17,400)	(\$17,400)	(\$17,400)	(\$17,400)	(\$69,600)

[Title XXXI – Check Cashers Amendment Act of 2001:](#)

Background

The proposed legislation imposes a new examination fee on check cashing businesses. There is a base fee of \$100 per examination plus \$20 per hour. For examinations that last more than four hours, the fee may be billed in increments of one-quarter hour. The purpose of the fee is to offset the costs of DBFI operations.

Financial Plan Impact

Funds are sufficient in the proposed FY 2002 through FY 2005 budget and financial plan because the proposed legislation will generate \$13,000 in annual revenue, as there are at least 88 check-cashing places. DBFI has indicated there may be a few more. The funds are dedicated to DBFI operations and do not impact the General Fund.

Net Impact to the Financial Plan				
(\$ in 000s)				
FY 2002	FY 2003	FY 2004	FY 2005	4-Year Total
\$13	\$13	\$13	\$13	\$52

[Title XXXII – Mortgage Lender and Broker Amendment Act of 2001:](#)

Background

The proposed legislation amends the Mortgage Lender and Broker Act of 1996 by establishing new fees, specifically: a \$500 fee for a mortgage broker license, a \$600 fee for a mortgage lender license, and a \$700 fee for a dual mortgage broker and lender license. The proposed legislation establishes license renewal fees, specifically: a \$900 fee for mortgage brokers, a \$1,000 fee for a mortgage lender, and a \$1,200 fee for a dual mortgage broker and lender. The license renewal fee will be collected annually. The proposed legislation establishes examination fees, specifically: a \$400 fee for a mortgage broker, an \$800 fee for a mortgage lender, and a \$1,200 fee for a dual mortgage broker and lender. The license examination fees will be collected annually. In addition, a \$6.60 fee will be collected per loan that is made or brokered in the District of Columbia. The purpose of these fees is to offset the costs of DBFI operations.

Financial Plan Impact

Funds are sufficient in the proposed FY 2002 through FY 2005 budget and financial plan to perform the required activities. Revenue generated by the establishment of these new fees is dedicated to DBFI operations and will not impact the General Fund.

The following table presents an estimate of the revenue that DBFI would receive. These estimates are calculated on a straight line over time because regional economics will greatly affect the provisions of the proposed legislation. This type of revenue cannot be accurately predicted over time.

Projected Fee Revenue Impacting the Financial Plan							
(\$ in 000s)							
Dealer	Number	Fee	FY 2002	FY 2003	FY 2004	FY 2005	4-Year Total
Dual	149	\$1,200.00	\$ 179	\$ 179	\$ 179	\$ 179	\$ 716
Dealer	288	800.00	230	230	230	230	920
Broker	120	400.00	48	48	48	48	192
Dual	478	1,200.00	574	574	574	574	2,296
Dealer	825	1,000.00	825	825	825	825	3,300
Broker	347	900.00	312	312	312	312	1,248
All	5,000	\$ 6.60	34	34	34	34	136
Net Annual Impact			\$2,202	\$2,202	\$2,202	\$2,202	\$8,808

[Title XXXIII – Consumer Credit Service Organization Amendment Act of 2001:](#)

Background

The proposed legislation requires that all consumer credit service organizations that operate in the District of Columbia register and pay an annual fee. The Mayor is required to establish a standard form and collect a registration fee of \$300 per institution. Thereafter, on or before April 2 of each subsequent year, all registered consumer credit service organizations are required to pay an annual fee of \$200.

Financial Plan Impact

Funds are sufficient in the proposed FY 2002 through FY 2005 budget and financial plan because the proposed legislation will generate \$15,000 in annual revenue. Economic impacts on the banking industry cannot be predicted at this time and may affect these projections. The funds are dedicated to DBFI operations and do not impact the General Fund.

[Title XXXIV – Banking Fees Establishment Amendment Act of 2001:](#)

Background

The proposed legislation establishes new fees on all financial institutions to conduct banking activities in the District of Columbia. The proposed legislation will put in place the following table of fees.

Application Description	Fee
Charter Bank	\$3,000
Merger	\$3,000
Conversion (National to District)	\$3,000
Office Relocation (Headquarters or Branch)	\$1,000
Branch	\$2,000
Branch or Agency of a foreign bank	\$2,000
Fiduciary or other additional powers	\$1,000
Operating Subsidiary	\$1,000
BHC Formation	\$6,000
BHC Acquisition	\$6,000
Non-branch Facilities (Electronic)	\$800
Non-branch Facilities (Brick and Mortar)	\$800
Mortgage Lender License (Establishment or Expansion)	\$800

Financial Plan Impact

Funds are sufficient in the proposed FY 2002 through FY 2005 budget and financial plan. The proposed legislation will generate \$14,000 in FY 2002. Economic impacts on the banking industry cannot be predicted at this time and may affect these projections. The funds are dedicated to DBFI operations and do not impact the General Fund.

[Title XXXV – Uniform Electronic Transactions Act of 2001:](#)

Background

The proposed legislation is a procedural statute that facilitates the transition from paper transactions to electronic transactions.

The bill's four basic components would do the following:

1. Validate an electronic record or signature;
2. Validate an electronic contract or the components of a contract being of an electronic source;
3. Deem that any law or statute requiring writing would be satisfied with an electronic record; and
4. Deem that laws and statutes pertaining to a signature would be satisfied with an electronic signature.

The proposed legislation goes further by defining administrative rules to determine the extent to which the District's agencies may create and retain electronic records as well as send and accept electronic records and signatures.

Financial Plan Impact

The proposed legislation authorizes the implementation of computerized transactions in the District of Columbia including dealings between the District of Columbia and the private sector. Implementation of the components of the proposed legislation may be accomplished within the current FY 2001 budget and the proposed FY 2002 through FY 2005 budget and financial plan. Although it is anticipated that the proposed legislation will yield eventual cost savings by moving from paper to electronic transactions, they are not measurable at this time.

Although no direct Information Technology (IT) costs are associated with the passage of the proposed legislation, the development of the appropriate technology will require additional IT resources.

[Title XXXVI – Prevention of Unauthorized Switching of Customer Natural Gas Accounts Act of 2001:](#)

Background

The proposed legislation would allow the District to license utility companies, establish civil fines and penalties, order refunds to utility customers, cancel contracts between customers and utility companies, and issue cease-and-desist orders. The Public Service Commission (PSC) is responsible for administering the provisions of the proposed legislation. The PSC may temporarily suspend the license of a public utility, and the PSC may determine and take any remedial action pending proper notices and hearings.

Financial Plan Impact

The Mayor will charge the PSC to establish all the required forms and fees required to license natural gas and other utility companies to conduct business in the District of Columbia. The PSC will be required to respond to all citizen complaints and conduct all required adjudications. The PSC will be required to fund all activities required by this bill from the revenue generated by the provisions of the proposed legislation.

[Title XXXVII – Police and Fire Senior Management Overtime Amendment Act of 2001:](#)

Background

The proposed legislation requires that police officers with the rank of Inspector and above will not receive overtime compensation in excess of the 40-hour workweek excluding roll call in an administrative week. The proposed legislation requires that DCFEMS personnel at the rank of Battalion Chief and above shall not receive overtime in excess of 40 hours in an administrative workweek. In addition, DCFEMS personnel at the rank of Battalion Chief and above shall not receive overtime in excess of 48 hours in an administrative workweek in the Firefighting Division.

The proposed legislation requires that all the previously mentioned personnel shall not be subject to pay deductions for disciplinary reasons based on variations in the quality or quantity of their work. These types of penalties may only be imposed for infractions of safety rules of major significance.

Financial Plan Impact

Funds are sufficient in the proposed FY 2002 through FY 2005 budget and financial plan because implementing the proposed legislation will result in a \$250,000 reduction in PS expenditures for overtime. This reduction in overtime was considered in the development of the FY 2002 through FY 2005 budget and financial plan.

[Title XXXVIII – Advisory Committee on Sentencing Amendment Act of 2001:](#)

Background

The proposed legislation amends the Advisory Commission on Sentencing Establishment Act of 1998 to bring the organization into compliance with the District of Columbia Comprehensive Merit Personnel Act of 1978 (CMPA). The Advisory Commission on Sentencing Establishment Act of 1998 did not speak to whether the new Commission would be independent of a District agency. The proposed legislation makes the Commission independent and authorizes staffing up to 6 FTEs. The proposed legislation makes the Commission subject to CMPA.

Financial Plan Impact

Because this legislation institutes a policy change that has no material impact on the cost of services provided by the District of Columbia and has no effect on General Fund revenue, this provision has no fiscal impact. The staff positions authorized by the proposed legislation are on-board and this bill authorizes the District to continue a current practice.

[Title XXXIX – Requirements for CFO Certification of Funds Freed Up from the Reserve Rollover and Priority for Spending Such Funds:](#)

Background

The proposed legislation requires the District's Chief Financial Officer for the government of the District of Columbia to dedicate the first \$11 million of the budgeted reserve rollover to the Local Roads and Construction Maintenance Fund, should it be determined that funds expended from the FY 2001 budget reserve are not required to be replaced.

Financial Plan Impact

Funds are sufficient in the proposed FY 2002 through FY 2005 budget and financial plan because \$11 million has been dedicated to existing appropriations.

[Title XL – Office of Labor Relations and Collective Bargaining Act of 2001:](#)

Background

The proposed legislation requires the City Administrator (CA) to develop a procedure to determine the cost to the Office of Labor Relations and Collective Bargaining, by agency, of representing agencies in employee grievance proceedings.

Financial Plan Impact

Because this legislation institutes a policy requirement that has no material impact on the cost of services provided by the District of Columbia and has no effect on General Fund revenue, this provision has no fiscal impact. The CA will absorb all costs accrued as a result of implementing the proposed legislation.

[Title XLI – Tax Parity Corporate Rate Clarification Act of 2001:](#)

Background

The purpose of the proposed legislation is to clarify future planned reductions caused by the implementation of the Tax Parity Act. Currently it could be interpreted that the tax year 2003 anticipated reductions would be formulated as a 9.0 percent base plus the 2.5 percent surcharge yielding a franchise tax rate of 9.225 percent. By amending the Tax Parity Act through the proposed legislation the District will ensure that the future planned rate reductions will yield the expected 9.0 percent and include the surtax.

Financial Plan Impact

Because this legislation institutes a policy change that has no material impact on the cost of services provided by the District of Columbia and has no effect on General Fund revenue, this provision has no fiscal impact. Future planned changes to the franchise tax through the further implementation of the Tax Parity Act have been considered in the development of the proposed budget and financial plan.

[Title XLII – Addiction Prevention and Recovery Administration Initiatives](#)

[Subtitle A - Choice in Drug Treatment Amendment Act of 2001:](#)

Background

The proposed legislation establishes a non-lapsing revolving fund to be the repository of appropriations for the purpose of drug treatment in the District of Columbia as identified in the Appropriations Act. The fund will be an "O" type and not revert to the General Fund at the completion of any fiscal year.

Financial Plan Impact

Funds are sufficient in the FY 2002 through FY 2005 budget and financial plan because this legislation institutes a policy change that has no material impact on the cost of services provided by the District of Columbia. The new fund will be the repository of \$7.5 million for contractual services that are currently acquired through the District's standard procurement mechanisms.

[Subtitle B – Pilot Substance Abuse Program for Youth Act of 2001:](#)

Background

The proposed legislation requires the Mayor to establish by contract a 2-year pilot program for substance abuse. The pilot program is required to target youths aged 16 to 21 years of age. The program is to be administered by the Addiction Prevention and Recovery Administration (APRA). APRA will be required to submit performance reports of the program to the Council of the District of Columbia no later than 30 days after the beginning of APRA operations. The proposed legislation specifically identifies the measures that are to be reported, including per capita costs of service and comparison success rates.

Financial Plan Impact

Funds are sufficient in the proposed FY 2002 through FY 2005 budget and financial plan. There is \$2 million dedicated to the implementation of the proposed legislation and this was considered in the development of the FY 2002 budget.

[Title XLIII – Department of Parks and Recreation Vacant Positions Act of 2001:](#)

Background

The proposed legislation requires that the Department of Parks and Recreation work with DOES to fill vacant positions with candidates who are Temporary Assistance to Needy Families (TANF) recipients.

Financial Plan Impact

Because this legislation institutes a policy change that has no material impact on the cost of services provided by the District of Columbia and has no effect on General Fund revenue, this provision has no fiscal impact. Department of Parks and Recreation will be required to remain within its appropriations when implementing the provisions of the proposed legislation. For these purposes the FY 2002 budget includes \$1.5 million to fund the implementation of the proposed legislation.

[Title XLIV – Corrections Information Council Codification Act of 2001:](#)

Background

The proposed legislation identifies the personnel and responsibilities of the Corrections Information Council (CIC). The proposed legislation authorizes one staff member for the purpose of supporting the operations of the CIC. The additional FTE will be an excepted service position pursuant to CMPA.

Financial Plan Impact

Funds are sufficient in the proposed FY 2002 through FY 2005 budget and financial plan because \$100,000 was included in the budget for the CIC to hire 1 FTE as an excepted service position. CIC will be required to remain within PS appropriations.

[Title XLV – Performance and Financial Accountability Amendment Act of 2001:](#)

Background

The proposed legislation requires the implementation of performance-based budgeting for the government of the District of Columbia and makes the necessary technical amendments and changes to existing code. The practice of performance-based budgeting will be required for the development of the FY 2003 proposed budget, specifically by the following agencies:

1. Metropolitan Police Department;
2. Department of Health;
3. Department of Human Services;
4. Fire and Emergency Medical Services Department;
5. Department of Motor Vehicles;
6. D.C. Public Schools;
7. Department of Public Works; and
8. Office of the Chief Financial Officer

The proposed legislation requires that performance-based budgeting be practiced by all remaining agencies in the government of the District of Columbia beginning with the FY 2004 proposed budget.

Additionally, the proposed legislation provides the Office of Budget and Planning (OBP) with the authority to review all agency program expenditures, estimated direct and indirect cost allocations assumptions and methodologies, program definitions, agency performance measures and agency benchmarks. The proposed legislation requires that all agency budgets be approved by OBP prior to their submission to the Mayor.

Financial Plan Impact

Funds are sufficient in the proposed FY 2002 through FY 2005 budget and financial plan because no additional staff or resources will be required to implement the components of the proposed legislation. OBP will be required to remain within its appropriations for staff and resources when implementing this legislation. For these purposes the FY 2002 budget includes an additional \$638,000 to implement the provisions of the proposed legislation.

[Title XLVI – Child Fatality Review Committee Establishment Act of 2001:](#)

Background

This title authorizes the Mayor to establish a Child Fatality Review Committee for the purpose of examining past events and circumstances leading to or causing the death of a:

1. Child or youth;
2. Committed ward of child welfare; or
3. Person with mental retardation and developmental disabilities.

The proposed legislation specifies the make-up of the committee and addresses its structure and authority.

Financial Plan Impact

Funds are sufficient in the proposed FY 2002 through FY 2005 budget and financial plan. DHS will require a program coordinator, a program specialist, a resource assistant, a nurse abstractor, a social services representative and a clerical assistant. Personal services (PS) costs presented in the table below include 17.9 percent of salary for fringe benefits. Salaries are inflated by a factor of 3.3 percent beginning in FY 2003. FY 2002 costs assume implementation in the second quarter of FY 2002. The following table is provided for informational purposes.

PS Expenditure Impact to the Financial Plan					
(\$ in 000s)					
Item	FY 2002	FY 2003	FY 2004	FY 2005	TOTAL
Coordinator	\$52.0	\$72.0	\$74.0	\$76.0	\$274.0
Specialist	51.0	70.0	72.0	74.0	267.0
Resource Asst.	32.0	45.0	46.0	48.0	171.0
Nurse Abstractor	27.0	37.0	38.0	39.0	141.0
Soc. Serv. Rep.	27.0	37.0	38.0	39.0	141.0
Clerical Asst.	20.0	28.0	29.0	29.0	106.0
Net Annual Impact	\$209.0	\$289.0	\$297.0	\$305.0	\$1,100.0

In addition to PS costs there will be expenditures to support the additional personnel and other expenditures that will be required to implement components of the proposed legislation. The following table is for informational purposes and presents the costs associated with nonpersonal services. FY 2002 costs include one-time startup costs. NPS costs inflate by a factor of 2.8 percent beginning in FY 2003. FY 2002 costs assume implementation in the second quarter of FY 2002.

NPS Expenditure Impact to the Financial Plan					
(\$ in 000s)					
Item	FY 2002	FY 2003	FY 2004	FY 2005	TOTAL
Office Supplies	\$2.0	\$2.1	\$2.1	\$2.2	\$8.4
Postage	0.2	0.2	0.2	0.2	0.8
Printing	2.5	2.6	2.6	2.7	10.4
Office Equipment	16.6	0.0	0.0	0.0	16.6
Contractual Services	11.7	12.0	12.4	12.7	48.8
Net Annual Impact	\$33.0	\$16.9	\$17.3	\$17.8	\$85.0

FY 2002 NPS costs include \$16,600 for one-time purchases of office equipment such as fax machines, copiers and other shared resources.

The following table is provided for informational purposes and summarizes the expenditure impact to the financial plan required by the provisions of the proposed legislation.

Expenditure Impact to the Financial Plan					
(\$ in 000s)					
Item	FY 2002	FY 2003	FY 2004	FY 2005	TOTAL
PS Costs	\$209.0	\$289.0	\$297.0	\$305.0	\$1,100.0
NPS Costs	33.0	16.9	17.3	17.8	85.0
Net Annual Impact	\$242.0	\$305.9	\$314.3	\$322.8	\$1,185.0

[Title XLVII – Unemployment Compensation Federal Conformity Amendment Act of 2001:](#)

Background

The proposed legislation requires an advisement to individuals who file for unemployment compensation. The advisement is a federal requirement and discusses the taxation of benefits and the options available to recipients of unemployment compensation.

Financial Plan Impact

Because this legislation institutes a policy change that has no material impact on the cost of services provided by the District of Columbia and has no effect on total General Fund revenue, this provision has no fiscal impact. No additional staff or resources will be required to implement the components of the proposed legislation.

[Title XLVIII – Chief Financial Officer Certifications for Maintenance of Effort and Matching Funds Act of 2001:](#)

Background

The proposed legislation requires that, beginning with the development of the FY 2003 budget, the District's Chief Financial Officer for the government of the District of Columbia certify to the Council of the District of Columbia and the Mayor that amounts necessary to meet and maintain the requirements for Maintenance of Effort and Matching Funds are sufficient.

Financial Plan Impact

Because this legislation institutes a policy change that has no material impact on the cost of services provided by the District of Columbia and has no effect on General Fund revenue, this provision has no fiscal impact.

[Title XLIX – Department of Health Functions Clarification Act of 2001:](#)

Background

The proposed legislation establishes three new "O" type funds for the Department of Health (DOH). The proposed legislation requires the establishment of a Department of Health Regulatory Enforcement Fund to be the repository for fines and fees that are collected during the course of DOH regulatory operations. This new fund will be a non-lapsing revolving fund. Additionally, Department of Health Regulatory Enforcement Fund revenue will not revert to local General Fund revenue at the end of a fiscal year. Disbursements from this fund are required to be used to support DOH regulatory operations, including expenditures for supplies, equipment, training and staff.

The proposed legislation requires the establishment of the Health Occupations Regulation Fund to be administered by the Mayor as a DOH agency fund. This new non-lapsing, revolving account will be the repository for licensing fees, civil fines and interest payments related to health occupations practicing in the District of Columbia. Revenue deposited into the Health Occupations Regulation Fund will not revert to the local General Fund revenue at the end of the fiscal year. Disbursements from this new fund will be used to offset the costs of operations for DOH licensing boards.

The proposed legislation requires the Mayor to establish a schedule of licensing fees for performing laboratory analysis of biological and environmental samples to identify environmental contaminants. The schedule of fees is also required to consider analysis

for cases of lead poisoning, tuberculosis, rabies and sexually transmitted diseases. Bulk service provisions are recommended by the provisions of the proposed legislation.

The proposed legislation requires the establishment of the Public Health Laboratory Fund to be administered by the Mayor as a DOH agency fund. This new non-lapsing, revolving fund will be the repository for fees received for laboratory services previously mentioned. Revenue deposited into the account will not revert to the General Fund at the end of the fiscal year. Disbursements from the Public Health Laboratory Fund will be used to offset the costs of operations for conducting laboratory analysis required by the provisions of the proposed legislation. Additionally, funds from the Public Health Laboratory Fund may be used for hiring staff, purchasing supplies, maintaining equipment and continuing education programs.

Financial Plan Impact

The proposed legislation diverts revenue collected as license fees from local General Fund revenue to new "O" type revenue funds. The proposed legislation will reduce local General Fund revenue by over \$1 million annually. In FY 2000, DCRA issued 4,255 licenses for which the District collected \$1,095,222 in fees. Provisions of the proposed legislation will divert annual and first time license fee revenue to the Department of Health Regulatory Enforcement Fund and the Health Occupations Regulation Fund.

Further clarification will be required when addressing specific businesses such as hotels. A case may be made that the licensing of a hotel business would require certificates from both DCRA (for the hotel portion) and DOH (for the pool and restaurant portion).

Provisions of the proposed legislation allow the Mayor and DOH to establish new fees and increase old fees. The full impact of the proposed legislation can only be measured once the old rates and fees are adjusted and the new rates and fees have been established and collected. The following table presents the revenue collected from license fees by DCRA in FY 2000:

FY 2000 License Fee Revenue		
Description	Issued	Fees Collected
Deli	503	\$124,943
Bakery	11	2,486
Grocery Store	148	31,153
Retail Marine Food Products	4	672
Restaurant	1,665	610,806
Food Vending Machine	124	19,333
Barber Shop	158	10,692
Beauty Shop	259	16,732
Massage Establishment	6	3,000
Swimming Pool	91	56,791
Food Vendor (ACZ, ABH, ARW)	569	145,672
Patent Medicine	671	70,146
Barber Chair	16	936
Beauty Booth	30	1,860
Total Revenue		\$1,095,222

The following table presents estimated license fee revenue that will be diverted to new "O" type funds to be established in DOH:

Estimated DCRA Revenue to be Diverted to DOH				
(\$ in 000s)				
FY 2002	FY 2003	FY 2004	FY 2005	TOTAL
\$1,100	\$1,100	\$1,100	\$1,100	\$4,400

Implementing the proposed legislation will negate the cost and performance savings associated with the Regulatory Reform Act of 1998. The Regulatory Reform Act created in DCRA the "One-Stop-Center" for all licensing of businesses operating in the District of Columbia. Prior to the Regulatory Reform Act business operators were required to transact with multiple District agencies in order to fully obtain required certificates. The proposed legislation will have the affect of bifurcating the system to obtain the required business certificates between DCRA and DOH. Costs for administrating these functions will increase due to duplicated effort.

[Title L – Interim Disability Assistance Pilot Program Amendment Act of 2001:](#)

Background

The proposed legislation requires the Mayor to establish an Interim Disability Pilot Program. The program is to begin October 1, 2001 and continue until all FY 2002 appropriations have been expended. In FY 2003 this program is required to appear as a line item in the proposed budget and financial plan.

Financial Plan Impact

Funds are sufficient in the proposed FY 2002 through FY 2005 budget and financial plan because \$2.15 million has been budgeted for the purposes outlined in the proposed legislation.

[Title LI – Multiyear Budget Plans for Specific Programs Act of 2001:](#)

Background

The proposed legislation requires the following agencies to submit to the Council of the District of Columbia and to the Chief Financial Officer a multi-year financial plan:

1. Risk Management Programs administered by the Mayor; and
2. Settlements and Judgments Fund administered by the Corporation Counsel.

The multi-year financial plans need to be submitted by September 30, 2001. The plans are required to detail projected cost of services for FY 2002 through FY 2005. Reasonable assumptions for inflation, personal service levels, wage increase and budgetary assumptions are to be incorporated into the analysis. The plans are required to calculate and specify the cost per fiscal year to achieve the objectives and goals required by the performance plan. The proposed legislation details the requirements for the submissions.

Financial Plan Impact

Because this legislation institutes a policy change that has no material impact on the cost of services provided by the District of Columbia and has no effect on General Fund revenue, this provision has no fiscal impact. No additional staff or resources will be required to implement the components of the proposed legislation.

SUMMARY

Funds are sufficient in the proposed FY 2002 through FY 2005 budget and financial plan, subject to the two caveats noted above in the "Conclusion." Through this legislation the Mayor and the Council of the District of Columbia achieve their policy goals as articulated in the budget and financial plan.

While the proposed legislation is consistent with the FY 2002 budget, the structure of funding included in the legislation accelerates the trend toward dedicated revenues for specific expenditures. The draft Comprehensive Financial Management Policy requires that the District maintain a balanced and diversified revenue system that protects against adverse fluctuations in any one source of revenue and recommends against the establishment of proprietary receipts, because doing so does not promote sound budgeting and spending practices and corrodes the integrity of the local General Fund.