

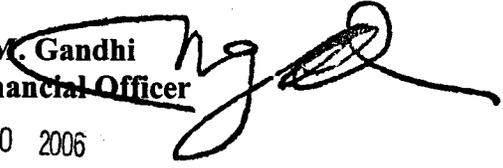
GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

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

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: APR 10 2006

SUBJECT: Fiscal Impact Statement: "Fiscal Year 2007 Budget Support Act of 2006"

REFERENCE: Bill 16-679 As Introduced

Conclusion

The "Fiscal Year 2007 Budget Support Act of 2006" provides the legislative authority to implement the Mayor's proposed FY 2007 through FY 2010 Budget and Financial Plan. The proposed FY 2007 Budget supports \$7.50 billion in total funding and \$4.95 in local budget funding.

The proposed Budget includes all of the Mayor's policy and revenue initiatives and agency funding recommendations for FY 2007. The Budget Support Act contains changes to current law as well as any new legislative authority required to carry out these initiatives and recommendations.

This statement estimates the fiscal impact of each subtitle in the Budget Support Act. All expenditures and revenue increases or decreases resulting from provisions in the Budget Support Act are included in the proposed FY 2007 Budget submitted to the Council by the Mayor on March 20, 2006, with the exception of Subtitle II (B).

The purpose and impact of each subtitle are summarized in the following pages.

TITLE I – GOVERNMENT DIRECTION and SUPPORT

Subtitle (I)(A) – Reprogramming Policy Act of 1980 Amendment Act of 2006:

Background

The proposed subtitle amends D.C. Official Code Title 47 § 363(a) so that the threshold limitation for a reprogramming request for capital projects requiring Council review is increased from \$860,000 to \$1,000,000 per year.

Financial Plan Impact

The proposed FY 2007 through FY 2010 budget and financial plan has sufficient resources to implement the provisions of the proposed subtitle.

Subtitle (I)(B) – Clean Hands Before Receiving a License or Permit Technical Update Amendment Act of 2006:

Background

The proposed subtitle makes changes to existing law to clarify the requirements for obtaining District licenses or permits, including withholding the issuance of licenses and permits until any liabilities owed to the District Government by an applicant are satisfied. The legislation terminates the self-certification process effective not later than June 1, 2007. In addition, the proposed legislation requires District agencies to participate in the inter-agency IT systems that provide data for implementing the Clean Hands laws.

Financial Plan Impact

The proposed FY 2007 through FY 2010 budget and financial plan has sufficient resources to implement the provisions of the proposed legislation. While there would be staffing and non-personal services costs to implement this subtitle, there would be a net revenue increase as reflected in the table below.

Estimated Impact to the Financial Plan (S in Millions)					
Item	FY 2007	FY 2008	FY 2009	FY 2010	4 - Year Total
Revenue	\$15.0	\$15.0	\$15.0	\$15.0	\$60.0
OTR Costs	\$3.0	\$0.7	\$0.7	\$0.7	\$5.1
Net Revenue	\$12.0	\$14.3	\$14.3	\$14.3	\$54.9

Subtitle (D)(C) – Recorder of Deeds Automation and Infrastructure Improvement Fund Use Clarification Act of 2006:

Background

The proposed subtitle makes technical changes to existing law so that revenue accruing to the Fund shall be used solely and exclusively to cover the costs of updating the automated system of the Recorder of Deeds (ROD) and the repair and improvement of the infrastructure located at 515 D Street, NW, and any incidental costs associated with the repair and improvement. The proposed subtitle further stipulates that these costs shall include, but not be limited to, the purchasing of computer hardware and software, maintenance of the new computer system, training staff to implement and operate the new system, and the repair of the infrastructure components necessary to meet the overall mission of ROD.

Financial Plan Impact

The proposed FY 2007 through FY 2010 budget and financial plan has sufficient funds for ROD to implement the provisions of the proposed legislation. No additional staff or resources will be required.

Subtitle (D)(D) – Bank Fees Payment Fund Establishment Act of 2006:

Background

The proposed subtitle establishes a segregated fund within the General Fund for the purpose of depositing interest earned on District government bank accounts. The money placed in the fund shall be only the amount necessary to pay the banking fees and expenses required to maintain the accounts of the District of Columbia. Funds will need to be appropriated to be expended and all monies remaining at the conclusion of any fiscal year shall revert to the local General Fund.

Financial Plan Impact

The proposed FY 2007 through FY 2010 budget and financial plan has sufficient funds for the District CFO to implement the provisions of the proposed legislation. No additional staff or resources will be required. (Note: It has been determined since submission of B16-679 that this subtitle will be withdrawn because it is more appropriately handled in the Budget Request Act).

Subtitle (D)(E) – Appropriation of Additional Revenue Act of 2006:

Background

The proposed subtitle approves the stipulation that if the District CFO certifies through a revised quarterly revenue estimate for fiscal year 2007, that local funds exceed the annual revenue estimates incorporated in the approved Fiscal Year 2007 budget and financial plan, a minimum of \$74.9 million of those additional revenues shall be allocated as follows:

1. An amount of \$5,000,000 to the Office of the City Administrator for the Mayor's Youth Strategy Fund;
2. An amount of \$3,869,000 to the Child and Family Services Agency to fund the Adoption and Guardianship Subsidy;
3. An amount of \$5,122,000 to the Department of Human Services to provide additional funding for child care;
4. An amount of \$100,000 to the Office of the City Administrator to provide funding for the Safe Shores program;
5. An amount of \$5,000,000 to the Department of Parks and Recreation to support implementation of the Department of Recreation Youth Sports Development Act;
6. An amount of \$10,300,000 to the D.C. Public Schools to fund the Special Education Transportation Costs;
7. An amount of \$4,965,000 to the D.C. Public Schools to compensate for funding lost due to a reduction in student enrollment;
8. An amount of \$121,000 to the District of Columbia Public Charter School Board to address increased service demands;
9. An amount of \$2,500,000 to the State Education Office for the Lifelong Learning Initiative Expansion program;

10. An amount of \$2,800,000 to the State Education Office for an expansion of the District of Columbia Leveraging Educational Assistance Partnership Program;
11. An amount of \$824,000 to the University of the District of Columbia to increase nursing major opportunities;
12. An amount of \$2,000,000 to the University of the District of Columbia to establish Adult Education Centers in Wards 5,7, and 8;
13. An amount of \$5,000,000 to the University of the District of Columbia to fund pay increases for deans and faculty;
14. An amount of \$250,000 to the District of Columbia Public Libraries to fund expansion of library hours;
15. An amount of \$250,000 to the District of Columbia Public Libraries to fund library collections;
16. An amount of \$750,000 to the District of Columbia Public Libraries to provide funding for furniture, fixtures, and equipment;
17. An amount of \$1,800,000 to the Office of Contracts and Procurement to provide additional funds for contract administration;
18. An amount of \$99,000 to the DC Taxicab Commission to fund the position of Chief;
19. An amount of \$4,000,000 to the Office of the Chief Technology Officer to provide additional funds for the operating costs of Capital Projects;
20. An amount of \$200,000 to the District of Columbia Department of the Environment for additional program ramp-up costs;
21. An amount of \$200,000 to the District of Columbia Department of Local, Small, Disadvantaged Businesses for additional program ramp-up costs;
22. An amount of \$150,000 to the District of Columbia Office on African Affairs for additional program ramp-up costs;
23. An amount of \$150,000 to the District of Columbia Office of Lesbian, Gay, Bisexual and Transgender Affairs for additional program ramp-up costs;
24. An amount of \$525,000 to the Department of Corrections to fund inmate status documentation staff enhancements;
25. An amount of \$3,300,000 to the Department of Corrections to fund contractual bed space expansion;
26. An amount of \$535,000 to the Emergency Management Agency to provide funding for community preparedness, critical infrastructure and public warning;
27. An amount of \$789,000 to the Metropolitan Police Department to fund additional crossing guards;
28. An amount of \$1,000,000 to the Office of the City Administrator from which grants and or contracts may be awarded to provide legal services for the poor;
29. An amount of \$2,000,000 to the Department of Employment Services to fund an increase in summer jobs from 10,000 to 11,400;

30. An amount of \$2,500,000 to mitigate the fiscal impact of providing a tax incentive for Local, Small, Disadvantaged Business Enterprises with less than ten employees to provide health benefits;
31. An amount of \$200,000 to the Department of Insurance, Securities and Banking to provide funds for Opportunity Accounts;
32. An amount of \$1,000,000 to the Department of Health to fund the implementation of recommendations made in the Appleseed report;
33. An amount of \$2,100,000 to the Department of Health to increase Medicaid and Alliance provider rates;
34. An amount of \$2,370,000 to the Department of Health to increase funding for the Medicaid dental care benefit;
35. An amount of \$1,200,000 to the Department of Health to provide additional funds for school-based health;
36. An amount of \$550,000 to the Department of Youth Rehabilitation Services to provide additional funds for substance abuse prevention;
37. An amount of \$140,000 to the Office on Aging to fund In-home and Continuing Care programs;
38. An amount of \$200,000 to the Office on Aging to fund Community Based programs; and
39. An amount of \$1,000,000 to the D.C. Energy Office to provide additional funding for the Low Income Home Energy Assistance Program.

These provisions of the Budget Support Act do not apply unless the amount of revenue in a revised quarterly revenue estimate of the District CFO exceeds the annual revenue estimate incorporated in the approved fiscal year 2007 budget and financial plan by an amount sufficient to account for its fiscal effect.

Financial Plan Impact

The proposed subtitle specifies that the additional allocations will be made only if funds become available as the result of increased revenue projections. Funds to be allocated to the previously mentioned agencies and operations will need to be certified by the District CFO at a later time.

It should be noted that other bills enacted by Council during this session have also established funding priorities that may affect the priorities in this subtitle. These include the February Revised Revenue Allocation Emergency Act of 2006 (D.C. Act 16-297, February 27, 2006); the Fiscal Year 2007 Budget Tax Relief Priorities Act of 2006 (D.C. Act 16-557, February 27, 2006); and the School Modernization Act of 2006 (D.C. Act 16-341, March 30, 2006).

Subtitle (I)(F) – Other-Type Funds Surplus Balance Transfer Amendment Act of 2006:

Background

The proposed subtitle requires that notwithstanding any other provision of law, including the dedication of funds to a particular use, the amounts identified below as surplus funds in the balance of each Other-Type Fund shall be transferred by the Office of the Chief Financial Officer to the General Fund:

1. \$646,000 from the Department of Property Management's Other-Type Funds for Utility Payments for Non-DC Agencies;
2. \$1,000,000 from Office of Cable Television and Telecommunications' Other-Type Fund for cable franchise fees;
3. \$39,000 from the Deputy Mayor for Economic Development's Other-Type Fund for fees charged for professional occupational licenses;
4. \$223,000 from the Office of the Chief Technology Officer's Other-Type Fund for Tech City;
5. \$1,410,000 from the Department of Health, of which:
 - a. \$33,000 shall be from the Other-Type fund for Medical Examiners Fees;
 - b. \$19,200 shall be from the Other-Type fund for an Oil Spill Fee Court Ordered Settlement;
 - c. \$1,000,000 shall be from the Other-Type fund for the Vital Records Revenue;
 - d. \$81,000 shall be from the Other-Type fund for the University of the District of Columbia Health Clinic Reimbursement;
 - e. \$4,000 shall be from the Other-Type fund for the General Counsel Freedom of Information fees;
 - f. \$239,000 shall be from the Other-Type fund for the Radiation Protection fees;
 - g. \$22,000 shall be from the Other-Type fund for fund for the collection of other Medical Licenses and Fees; and
 - h. \$12,000 shall be from the Other-Type fund for the Addiction Prevention and Recovery Administration Medicaid Reimbursement;
6. \$1,000,000 from the Department of Consumer and Regulatory Affairs' Real Estate license fee collection Other-Type Fund;
7. \$10,500,000 from the Department of Housing and Community Development's Home Purchase Assistance Program Other-Type Fund;
8. \$913,000 from the Wilson Building Notes Payable Other-Type Fund;
9. \$638,000 from the District of Columbia Department of Transportation's Abandoned Vehicle program Other-Type fund; and

10. \$80,000 from the Office of the Chief Financial Officer's Recorder of Deeds
Other-Type fund.

Financial Plan Impact

The proposed FY 2007 through FY 2010 budget and financial plan has sufficient funds for the District CFO to implement the provisions of the proposed legislation. No additional staff or resources will be required.

Subtitle (D)(G) – Clarification of Authority to Examine Books and Records Act of 2006:

Background

The proposed subtitle amends regulatory tax law to make technical changes that provide specific instructions and requirements necessary for the official review and examination of a taxpayer's original books, records, and source documents. The provisions of the proposed subtitle discuss these operations when conducted both in District space, and in the offices and place of work of the taxpayer. These provisions were inadvertently deleted a few years ago.

Financial Plan Impact

The proposed FY 2007 through FY 2010 budget and financial plan has sufficient funds for the District CFO to implement the provisions of the proposed legislation. No additional staff or resources will be required.

TITLE II – ECONOMIC DEVELOPMENT AND REGULATION

Subtitle (II)(A) – Retail Incentive Act of 2004 and Tax Increment Financing Authorization Act of 1998 Re-Authorization and Amendment Act of 2006:

Background

This subtitle increases the cap on Tax Increment Financing (TIF) from the current \$300 million to \$600 million and extends the District's authority to issue TIF bonds from August 1, 2006 to January 1, 2008.

Financial Plan Impact

Because this is an authorization, it has no direct impact on the FY 2007 through FY 2010 budget and financial plan. However, additional TIF authorization throughout the District will have a long-term impact on revenues generated for the general fund.

As the District increases the amount of tax increment dedicated to specific projects or neighborhoods, it reduces the amount of funds available to the general fund. Future revenues generated from the site will not be returned to the general fund and, instead, will support debt service on TIF bonds. To the extent that development would occur without a TIF grant, future revenue for general governmental purposes is reduced. In developing the revenue projections for the District, the CFO makes assumptions about revenue growth District-wide, not on a project-by-project level.

Subtitle (II)(B) – Government Employer-Assisted Housing Program Amendment Act of 2006:

Background

The proposed subtitle amends Title § 42-2505(d) to allow the District's deferred payment loan program to be used in conjunction with the Home Purchase Assistance Program (HPAP).

In addition to the assistance provided in §§ 42-2504 and 42-2505, the proposed legislation makes the five-year property and income tax credits, currently available to Metropolitan police officers who are first time homebuyers, also available to District government employees, employees of District of Columbia public charter schools, and to persons who have accepted an offer to be a District of Columbia police officer, firefighter, emergency medical technician, public school teacher, or a teacher at a District of Columbia public charter school who would be first-time homebuyers in the District.

Financial Plan Impact

Funds are not sufficient in the proposed FY 2007 through 2010 budget and financial plan to implement the legislation. The extent to which the property tax credit may be used would result in a reduction of real property and income tax revenue as indicated in the table below. In addition to the revenue cost, the proposed subtitle would increase the District's income and real property compliance costs by approximately \$175,000 annually.

Approximate Revenue Decrease Impacting the Financial Plan (S in millions)				
FY 2007	FY 2008	FY 2009	FY 2010	4 - Year Total
\$2.8	\$4.9	\$6.3	\$7.1	\$21.1

Subtitle (II)(C) – District of Columbia Taxicab Commission Fingerprinting Fund Establishment Amendment Act of 2006:

Background

The proposed subtitle establishes a revolving fund for the purpose of depositing funds collected during the processing of licenses for hacker, taxicab, and limousine operators. The legislation specifies that the proposed District of Columbia Taxicab Commission Fingerprinting Fund shall be used to make payment to the Metropolitan Police Department for the cost of obtaining fingerprint records. The Fund would be continuing and monies deposited in the Fund would not revert to the District's General Fund.

Financial Plan Impact

The proposed FY 2007 through FY 2010 budget and financial plan has sufficient resources to implement the provisions of the proposed legislation. Currently approximately \$40,000 per annum is collected by the Taxicab Commission during the processing of hacker and cab operator licenses and is deposited in the local General Fund. These monies would be deposited in the Proprietary Fund to be used for the specific purpose of paying for fingerprint records.

Subtitle (II)(D) – Library Omnibus Financing and Development Act of 2006:

Background

The proposed subtitle authorizes a 99-year lease of the current Martin Luther King Library (MLK) building. Funds received from an upfront lease payment will be deposited in the Library Development Trust Fund to help finance the development of the new Headquarters Library on the Old Convention Center site. This lease will effectively dispose of a current asset of the District. This does not have direct operating budget implications because assets are not part of the operating budget and financial plan. Through the lease, the District is essentially placing one asset of the District into the private market to support the development of another asset for a public use.

The proposed subtitle also authorizes a 30-year Payment in Lieu of Taxes (PILOT) agreement between the developer/lessee of the old MLK Library and the District. Through such an agreement, the lessee would pay no property tax but would pay an equivalent amount as a PILOT into the Library Development Trust Fund. This PILOT payment will support the development of the new Headquarters Library on the Old Convention Center site. The MLK library building was not previously a privately owned or operated property that supported the District's tax base. Therefore, it will have no direct impact on the operating budget or financial plan. The decision to establish the PILOT and dedicate proceeds to the Headquarters Library Fund does preclude collecting real property taxes from the site in the future.

The proposed subtitle authorizes the Mayor to issue bonds of up to \$90 million to be repaid with funds in the Library Development Trust Fund. The Mayor will subsequently allocate \$50 million in bonds to support the new central library, and \$40 million in bonds will be for the construction, reconstruction, renovation, or renewal of District branch libraries.

Finally, the proposed subtitle creates an "Old Convention Center TIF Area" and authorizes the use of available sales and use, and property tax from development on the Old Convention Center site to pay up to \$40 million into the Library Development Trust Fund. These funds will support the construction, reconstruction, renovation, or renewal of branch libraries.

Financial Plan Impact

The proposed FY 2007 through FY 2010 budget and financial plan has sufficient resources to implement the provisions of the proposed subtitle. No additional staff will be required. All funds to make debt service payments, establish and collect required reserves, and all reasonable expenses and fees will need to be fully funded by the resources of a newly established Trust.

PILOT financing (whereby private entities that would otherwise be located in properties that support the general fund through property taxes are now housed in buildings exempt from property taxes) in the District can erode future growth in general purpose revenue. "PILOTs" also add to tax-exempt property and reduce the portion of property generating revenues to support the District's general obligation bonds.

In developing the revenue projections that support District government operations the District CFO makes assumptions about revenue growth District-wide. This analysis is not on a project-by-project level, nor can it be. Specific new and successful projects will generally displace some economic activity and tax revenue elsewhere in the city, making it impossible to isolate the specific impact of one activity. To the extent that growth in

the local general fund tax base is curtailed through additional TIFs and PILOTs, there will be some eroding effect on the general fund in the future.

Subtitle (II)(E) – Deed Recordation Amendment Act of 2006:

Background

The proposed subtitle increases the District's 1.1 percent Class 1 residential property Deed Recordation and Class 1 residential property Deed Transfer taxes by 0.4 percent to 1.5 percent each. The proposed subtitle requires the District CFO to transfer all funds resulting from this increase to the Mayor's Comprehensive Housing Task Force Fund., except for 15% which under existing law is transferred to the Housing Production Trust Fund (HTPF). The Fund will be a non-lapsing, non-reverting proprietary fund.

Financial Plan Impact

The proposed FY 2007 through FY 2010 budget and financial plan has sufficient funds for the District CFO to implement the provisions of the proposed legislation. No additional staff or resources will be required.

The proposed subtitle is estimated to generate gross revenues of \$47.2 million in FY 2007, of which \$7.0 million (15% of the gross) would be transferred to the HTPF and the remainder of \$40.2 would be dedicated to the Comprehensive Housing Task Force Fund.

The table below presents the estimated increase in revenue.

Approximate Revenue Increase Impacting the Financial Plan (\$ in millions)				
FY 2007	FY 2008	FY 2009	FY 2010	4 - Year Total
\$47.2	\$51.8	\$56.8	\$62.3	\$218.1

Subtitle (II)(F) – Housing Production Trust Fund and New Communities Financing Clarification Act of 2006:

Background

The FY 2005 Budget Support Act allocated up to \$6 million annually from the Housing Production Trust Fund to secure bonds for the benefit of the Sursum Corda New Communities Initiative. This Subtitle directs up to \$6 million more in additional funds per year from the Housing Production Trust Fund to that initiative.

Financial Plan Impact

Because this is an earmark within an existing fund in the District, it has no impact on the FY 2007 through FY2010 budget and financial plan.

TITLE III – PUBLIC SAFETY and JUSTICE

Subtitle (III)(A) – Inmate Welfare Fund Establishment Act of 2006:

Background

The proposed subtitle establishes a non-tax revenue proprietary revolving fund, to be known as the Inmate Welfare Fund, for the purpose of operating the inmate commissary system among District correctional and detention facilities.

Resources contained in the new Fund will be used to stock the commissaries of District correctional facilities, including those operated by the District and those contractually administered by the Department of Corrections. The proposed legislation allows for profits of the Welfare Fund to be used as repayment of the initial appropriation used to finance the Fund, with remaining profits to be used for goods and services that benefit the general inmate population. Finally, the proposed legislation creates an Inmate Welfare Fund Committee composed of five members and charged with the administration and supervision of the operations and expenditures from the Welfare Fund.

Financial Plan Impact

The implementation of the proposed subtitle will be subject to the resources appropriated by Congress in FY 2007 for the District's Department of Corrections (DOC) for this program.

Subtitle (III)(B) – Victims of Domestic Violence Grant Making Act of 2006:

Background

The proposed subtitle grants the Mayor the authority to issue grants from local funds received for the Office of Victim Services to assist victims of domestic violence.

Financial Plan Impact

The proposed title will have no impact on the proposed FY2007 through FY 2010 budget and financial plan because the proposed title clarifies policy. Grants provided by the District are required to remain within available resources.

Subtitle (III)(C) – E-911 Support Amendment Act of 2006:

Background

In the District of Columbia there is imposed upon all local exchange carriers, including wireline and wireless carriers, a tax calculated on the basis of each individual telephone line sold or leased in the District of Columbia as follows: (A) for a wireline local exchange service: (1) \$0.76 per exchange access line; (2) \$0.62 per Centrex line; and (3) \$0.62 per private branch exchange (PBX) station; and (B) for wireless telephone exchange service, \$0.76 for each telephone number that has a District of Columbia billing address. The purpose of the telephone surcharge is to fund the costs for Emergency 911 communications operations. The proposed subtitle increases the Emergency 911 Operations surcharge from the previously mentioned charges to \$1.45 per line.

Financial Plan Impact

The proposed FY 2007 through FY 2010 budget and financial plan has sufficient resources to implement the provisions of the proposed legislation. The proposed subtitle is estimated to generate \$15 million in FY 2007 which will be added to the existing special revenue fund dedicated to 911 and 311 assessments. The table below presents the revenue increase to the financial plan.

Approximate Revenue Increase Impacting the Financial Plan (S in millions)				
FY 2007	FY 2008	FY 2009	FY 2010	4 - Year Total
\$15.0	\$15.1	15.2	15.3	\$60.6

TITLE IV – PUBLIC EDUCATION SYSTEM

Subtitle (IV)(A) – Uniform Per Student Funding Formula for the Public Schools and Public Charter Schools Amendment Act of 2004:

Background

The proposed subtitle increases the weighting and per pupil allocations used to fund operations in the District of Columbia Public Schools (DCPS) and the District of Columbia Public Charter Schools (PCS) from \$7,115.54 to \$8,002.06. The table below presents the weighting for school year 2007 through 2008.

Grade Level	Weighting	Per Pupil Allocation in FY 2007
Pre-School	1.16	\$9,282.39
Pre-Kindergarten	1.16	\$9,282.39
Kindergarten	1.16	\$9,282.39
Grades 1-3	1.03	\$8,242.12
Grades 4-5	1.00	\$8,002.60
Ungraded ES	1.03	\$8,242.12
Grades 6-8	1.00	\$8,002.06
Ungraded MS/JHS	1.00	\$8,002.06
Grades 9-12	1.17	\$9,362.41
Ungraded SHS	1.17	\$9,362.41
Alternative	1.23	\$9,842.53
Special Education Schools	1.17	\$9,362.41
Adult	0.75	\$6,001.55

In addition, the proposed subtitle makes many amendments and technical changes that provide instructions and clarity when regulating the District public schools and public charter schools funding allocations. Determinations of pupil participation regulate the allocation of funding. The proposed subtitle makes many clarifying points with regard to this. The proposed subtitle also determines the timing of the District's transfer of funding to public chartering entities.

Financial Plan Impact

Funds are sufficient in the proposed FY 2007 through FY 2010 budget and financial plan to implement the proposed title. The total funding transfer for education purposes in the budget is estimated \$1,204,184,794. The proposed title will result in a transfer of \$810,655,971 from District resources to DCPS, and \$265,865,572 to the Public Charter Schools.

TITLE V – HUMAN SUPPORT SERVICES

Subtitle (V)(A) – Medical Homes Grant Making Act of 2006:

Background

The proposed subtitle authorizes the Mayor to award a grant not to exceed \$8.2 million in FY 2007 and \$2.8 million in FY 2009 to the DC Primary Care Association to support the Medical Homes DC initiative and develop electronic health record and reporting systems for community health centers. Of the FY 2007 amount, the legislation directs \$6 million to the Northwest One Community Health Center, with the project to be managed according to the general rules of the Medical Homes Grant Agreement between the District and the DC Primary Care Association.

Financial Plan Impact

Funds are included in the proposed FY 2007 through FY 2010 capital budget and financial plan to implement the subtitle.

Subtitle (V)(B) – Hospital and Medical Services Corporation Regulatory Act of 1996 Amendment Act of 2006:

Background

Under current law, the insurance premiums tax rate charged to CareFirst is 1.0 percent, instead of the full 1.7 percent rate. The proposed change in law would increase the insurance premiums tax rate on CareFirst to the full 1.7 percent and deposit the entire amount into an Affordable Health Coverage Fund, which would be used by the Department of Health to fund health coverage programs for District residents.

The legislation specifies that the monies in the Fund shall be used to (1) the expand health coverage to District residents between 200 and 400 percent of the federal poverty level, (2) add new benefits to the District's Medicaid or DC HealthCare Alliance programs, or (3) expand the number of individuals covered by the DC HealthCare Alliance program.

Financial Plan Impact

The estimated revenue in FY 2007 from imposing the full 1.7 percent rate on CareFirst is \$5.5 million. However, the certified revenue estimate assumed that CareFirst would continue to return a minimum of \$2.0 million to the General Fund in FY 2007 and beyond. As such, the net revenue increase from the proposed change is \$3.5 million.

The table below presents the increased net revenue to the Affordable Health Coverage Fund anticipated from this proposal.

Approximate Revenue Increase Impacting the Financial Plan (S in millions)				
FY 2007	FY 2008	FY 2009	FY 2010	4 - Year Total
\$3.5	\$3.5	\$3.5	\$3.5	\$14.0

**Subtitle (V)(C) – Department of Mental Health Establishment Act of 2001
Amendment Act of 2006 Act of 2006:**

Background

The proposed legislation authorizes the transfer of all authority, funding, and full-time equivalent staffing relating to the operation of the Oak Hill Youth Center and Youth Services Center from the Department of Mental Health (DMH) to the Department of Youth Rehabilitation Services (DYRS).

Financial Plan Impact

Funds are sufficient in the proposed FY 2007 through FY 2010 budget and financial plan to make the proposed transfer of all authority, funding, and full-time equivalent staffing relating to the operation of the Oak Hill Youth Center. The transfer will be a transfer of existing positions, funding and authority from one District agency to another agency.

TITLE VI – PUBLIC WORKS and the ENVIRONMENT

Subtitle (VI)(A) – Clean City Fund Name Change Amendment Act of 2006:

Background

The proposed title will change the name of the Clean City Fund to the Solid Waste and Nuisance Abatement Fund.

Financial Plan Impact

The proposed legislation will have no impact of the District's FY 2007 through FY 2010 budget and financial plan.