Government of the District of Columbia
Office of the Chief Financial Officer

Natwar M. Gandhi
Chief Financial Officer

<u>MEMORANDUM</u>

TO:	**The Honorable Kwame R. Brown** **Chairman, Council of the District of Columbia**
FROM:	**Natwar M. Gandhi** **Chief Financial Officer**
DATE:	**June 5, 2012**
SUBJECT:	**Fiscal Impact Statement – "Fiscal Year 2013 Budget Support Act of 2012"**
REFERENCE:	**B19-743 – Amendment in the Nature of a Substitute shared with the Office of Revenue Analysis on June 4, 2012**

Conclusion

Funds are sufficient in the proposed FY 2013 through FY 2016 budget and financial plan to implement the proposed Fiscal Year 2013 Budget Support Act of 2012.

The proposed FY 2013 through FY 2016 budget and financial plan accounts for the expenditure and revenue implications of the proposals described in the subtitles included in the bill.[1] The initiatives in the Fiscal Year 2013 Budget Support Act of 2012 combined with the Mayor and the Council's programmatic choices provide sufficient funds to balance the estimated expenditures of $5.912 billion[2] in the proposed General Fund FY 2013 budget.

Subtitle V(Q) of the bill, "Temporary Assistance for Needy Families Time Limit Amendment Act of 2012" proposes to expand the eligibility requirements for the Department of Human Services POWER program and authorizes exemptions and extensions from the 60-month time limit for certain recipients of Temporary Assistance for Needy Families program. The bill plans to fund the cost of these exemptions and extensions contingent on availability of new revenue for FY 2013, according to the priorities outlined in Title X. *Unless amended, the funding authorization under Title X would not be sufficient to implement Subtitle V(Q).* The proposed exemption under Subtitle V(Q) is

[1] The FY 2013 proposed budget includes $5.912 billion in spending supported by $5.913 billion of resources, with an operating margin of $0.8 million.
[2] This figure excludes transfers to Enterprise Funds and the cost of Other Post Employment Benefits (OPEB) for FY 2012. Planned use of local funds for FY 2012 including transfers and OPEB equal $6.60 billion.

estimated to cost $4.9 million in FY 2013 and approximately $41.5 million in the four-year plan,[3] whereas Title X only allocates $1.75 million to this proposal.

Subtitle (I)(D) of the bill, the "Public Sector Workers' Compensation Return to Work Clarifying Amendment Act of 2012" expands the District's authority for obtaining income and benefits information from District employees who are receiving disability compensation. The Mayor is proposing to spend $19.6 million on disability compensation in FY 2013, partly relying on savings from the implementation of this subtitle. To compare, the expenditures for disability compensation have ranged between $24.8 million and $38.3 million over the past seven years. An additional $2 million is set aside to cover possible budget overruns, but if new efforts to stop payments to disabled workers who are able to return to work are not effective, the proposed FY 2013 budget of $19.6 million will result in a spending pressure.

The bill, the "Fiscal Year 2013 Budget Support Act of 2012," is the legislative vehicle for adopting statutory changes needed to implement the Mayor's proposed budget for the FY 2013 through FY 2016 budget and financial plan period. The purpose and the impact of each subtitle are summarized in the following pages.

[3] Additionally, the proposal would require $150,000 in FY 2012 funds to ensure timely implementation. The details of the estimate is provided under the analysis for this specific subtitle.

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TITLE I- GOVERNMENT DIRECTION

Subtitle (I)(A) – Bonus and Special Pay Limitation Act of 2012

Background

This subtitle prohibits the District from awarding performance-related bonuses, special awards pay, and service awards in FY 2013. Retirement awards, hiring bonuses and additional income allowances for difficult-to-fill positions, agency awards or bonuses funded by private grants or donations, safe driving awards, suggestion or invention awards, and any other award or bonus required by an existing contract or collective bargaining agreement are exempted from the requirements of this provision. Additional exemptions include gainsharing incentives in the Department of Public Works and District of Columbia Public Schools teachers eligible for special awards pay and bonus pay.

Financial Plan Impact

The subtitle prohibits the use of agency resources towards performance-related bonuses. The fiscal impact of this subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan.

Subtitle (I)(B) – Health Benefit Plan Contribution Amendment Act of 2012

Background

This subtitle increases[4] District's contributions towards its health benefits plan from 72 percent to 75 percent of insurance premiums.

Financial Plan Impact

The fiscal impact of the subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan. District's heath insurance premium contributions are projected to increase by approximately $6.9 million in FY 2013, $5.9 million of which is supported by local funds, approximately $312,000 by special purpose revenue and dedicated taxes, and the remainder by a combination of federal and private funds.

Subtitle (I)(C) – Facilities Service Request Fund Establishment Amendment Act of 2012

Background

This subtitle establishes[5] the Facilities Service Request Fund, a special purpose revenue fund, to receive all monies collected from non-District government tenants for services provided by the

[4] The subtitle amends § 2109 of the District of Columbia Government Comprehensive Merit Personnel Act of 1978, effective October 1, 1987 (D.C. Law 7-27; D.C. Official Code § 1-621.09).
[5] The proposed subtitle amends the Department of General Services Establishment Act of 2011, effective September 14, 2011 (D.C. Law 19-21; D.C. Official Code §10-551.01 *et seq.*).

Department of General Services (DGS). The fund will support facility-related services at real property under the control of DGS.

Financial Impact

The fiscal impact of this subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan. This fund is intended to be a fee-for-service program so the District would not have to use its own money to provide certain services for tenants. The fund is projected to collect between $800,000 and $1,000,000 to be spent on services to tenants within DGS controlled buildings.

Subtitle (I)(D) – Public Sector Workers' Compensation Return to Work Clarifying Amendment Act of 2012

Background

This subtitle expands[6] the District's authority for obtaining income and benefits information from District employees who are receiving disability compensation. Employees would be required to submit to the Mayor information regarding all income so the District can avoid making ongoing disability compensation payments to those who are no longer disabled and are earning compensation at a new job. An employee who fails to submit the required income information or lies about income information will lose all rights to disability compensation from the District, and may have to return compensation they have already received from the District.

Financial Impact

The Mayor is proposing spending $19.6 million on disability compensation in FY 2013 through the Office of Risk Management (ORM). An additional $2 million has been set aside within the ORM budget to cover possible expenditures over this budget. The budget for disability compensation has ranged between $24.8 million and $38.3 million over the past seven years. New efforts to stop payments to employees who are able to return to work may result in some savings, but these savings are not yet proven.

Subtitle (I)(E) – Delinquent Debt Recovery Act of 2012

Background

This subtitle authorizes the Office of the Chief Financial Officer (OCFO) to pursue the collection of outstanding debts owed to the District. This includes authorization to:

- Centralize the collection of delinquent debts owed to the District within the Central Collections Unit of the Office of Finance and Treasury;
- Authorize the Central Collections Unit to collect delinquent debt owed to the District;

[6] The proposed subtitle amends the Comprehensive Merit Personnel Act of 1979, effective March 3, 1979 (D.C. Law 2-139; D.C. Official Code § 1-601.01 *et seq.*).

- Receive funding and to pay the costs and expenses associated with the collection of delinquent debt owed to the District;
- Impose fees on debtors to cover costs associated with the collection of delinquent debt;
- Impose a fee to be paid by each person who gives in payment of a District obligation a check that is subsequently dishonored;
- Establish a special non-lapsing fund to be designated the Delinquent Debt Fund, from which the activities of the Central Collections Unit would be funded. The remaining amount, less ten percent that shall be retained as a reserve operating balance, shall revert to the General Fund;
- Establish a lien for the payment of delinquent debts;
- Authorize suspension of issuance of licenses and permits to delinquent debtors;
- Authorize reciprocal offset agreements and settlement agreements related to delinquent debts; and
- Establish a limitation of time for bringing actions.

Existing outstanding debt to the District from fines and fees is projected to be approximately $395 million, $380 million of which is in the form of delinquent tickets, fines, and fees to the Department of Motor Vehicles (DMV). The DMV turns over delinquent debtors to its outside collection contractor after 100 days. According to the DMV, the collection contractor has collected approximately 11 percent of the older debt from FY 1999 to FY 2007. The contractor has collected approximately 24 percent of the more recent debt from FY 2008 to the present. For FY 2011, the DMV projected the contractor would collect approximately $21.5 million, 20 percent of which will remain with the collection agency as a fee.[7] Past collections have typically ranged between $14 million and $17 million per year, for a total of $65 million collected since the collection agent contract began in FY 2008.

Financial Plan Impact

The fiscal impact of the subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan.

The Office of Revenue Analysis (ORA) projects one-time costs in FY 2013 of $3.55 million to establish an office to centralize the collection of these debts, and recurring costs of $1.54 million for the new office and staff of 9 full-time employees (FTEs). ORA projects collection of outstanding debts will increase by approximately $10 million each year. The one-time costs for starting a centralized debt collection office within the Office of Finance and Treasury are $3.55 million to purchase and develop the technology infrastructure necessary to move the information on the debts and debtors into a single database.

The 9 FTEs that are projected to make up the staff of the new office will include one manager, one supervisory accountant, one IT analyst, 5 collections analysts and one cashier. The 9 FTEs are projected to cost $719,000 annually for salaries and benefits and non-personnel expenditures such as communications and technology are projected to cost an additional $820,000 annually, for a total of $1.54 million annually beginning in FY 2013.

[7] This amount excludes the collections from the recent ticket amnesty program that started August 1, 2011 and continued through January 27, 2012.

The current collection contract has collected between $14 million and $17 million in past due debt annually from FY 2008 to the present. ORA projects that the new Central Collections Unit will be able to collect an additional $10 million each year above the collection agency's amount. Of this amount, the first $5 million would be an advance payment on the existing debt by the collection agency through which the Office of Finance and Treasury will collect old debt. The OCFO has discussed with collection agencies how the contract can be written to provide this advance payment to the District, and then revert to a percentage contract once the agency recovers the initial amount through collections. The contract would be subject to the District's procurement laws.[8]

In the subsequent years, the debt collection would be improved in two ways. First, the expenses of debt collection would be added to the existing fines. Under the current contract, the collection agency withholds 20 percent of the collections to cover its costs. The proposed legislation grants the OCFO the authority to levy a collection fee on the debtor to pay for the costs of the debt collection. Thus, under the OCFO regime, this amount would be passed on to the person who owes the fine. ORA projects that this change in the payment of the fees will increase annual collections of delinquent debt by $3 million.

Estimated Costs and Revenues from Implementation of the Delinquent Debt Recovery Act of 2012 (in $ millions)

	FY 2013	FY 2014	FY 2015	FY 2016	Four Year Total
Revenue Collection[1]	$10.0	$10.0	$10.0	$10.0	$40.0
Costs of Implementation[2]	$5.1	$1.6	$1.6	$1.7	$10.0
Net Revenue	$4.9	$8.4	$8.4	$8.3	$30.0
Less 10 Percent for Reserves	$0.5	$0.8	$0.8	$0.8	$3.0
Net Revenue to General Fund	**$4.4**	**$7.6**	**$7.5**	**$7.5**	**$27.0**

Source: Office of Revenue Analysis

Table Notes

[1] This amount includes revenue from a higher collection rate on newly delinquent debt and as well as revenue from recoveries from existing debt.

[2] This amount includes one-time costs in FY 2013 of $3.55 million to establish an office to centralize the collection of these debts, and recurring costs of $1.54 million for the new office and staff of 9 full-time employees (FTEs).

Additionally, new efforts are expected to increase collections by $7 million annually. The OCFO will use the new authorities granted by the proposed legislation and the new, dedicated staff to pursue outstanding debt in addition to the existing efforts by the debt collection contractor. The proposed legislation grants the OCFO the authority to sell existing debt, establish reciprocity agreements across state lines, and authorize liens and suspend licenses. According to DMV, Virginia residents owe more than $80 million and Maryland residents owe more than $190 million of the $380 million in outstanding debts, so reciprocity agreements with the two states are potentially lucrative for the District. These new administrative efforts by the OCFO will be in addition to, and along side, the current collection efforts of the debt collection contractor.

[8] The estimate does not include potential collections after the pre-payment amount is met, because it is not possible to know reliably the terms of the contract at this time.

The additional revenue from outstanding debt is projected to offset the one-time and annual costs of establishing a new centralized debt collections office under the OCFO.

Subtitle (I)(F) – District of Columbia Retirement Board Actuarial Method Amendment Act of 2012

Background

Each year on October 1st, the District of Columbia Retirement Board's actuary ("Actuary") estimates the annual contribution to the Police Officers' and Firefighters' Plan and Teachers' Retirement Plan ("Plans") for the following fiscal year.

This subtitle changes[9] the actuarial method used to calculate the District's contribution to the Plans from the aggregate method to the entry age normal method. The difference between the calculation methods is primarily technical and impacts the pattern of contributions over time. Each year, the Actuary calculates the present value of expected pension benefits[10] and the value of the pension fund assets. Under the aggregate method, the difference between benefits and assets is used to determine the contribution amount. Under the age entry normal method, benefits and asset differential is also estimated, but factors in two additional calculations. Those are the amount of benefits that active participants are expected to earn in their current year of service ("normal cost") and the remaining difference between benefits accrued to the valuation date and assets, amortized based on the Retirement Board's amortization policy.[11] As a result, normal cost is reported annually[12] as a component of the contribution.

Financial Impact

The FY 2013 budget includes $96.3 million for the Police Officers' and Firefighters' Plan and $6.4 million for the Teachers' Plan. The switch from the Aggregate Cost Method to the Entry Age Normal Cost Method based on current experience and assumptions does not change the overall fiscal burden of the retirement obligations to the District of Columbia—it only changes the contributions patterns. The required contributions through the financial plan are affected by multiple factors, especially return to investment and cannot be reliably estimated at this time, under either calculation methods. The financial plan assumes that the Police Officers' and Firefighters' Plan will grow by 2 percent annually, and the Teachers' plan will grow at the projected rate of CPI—that is 2.4 percent in fiscal years 2014 and 2013, and 2.1 percent in FY 2016.

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[9] Effective September 18, 1998 (D.C. Law 12-152; D.C. Official Code § 1-907.03).

[10] The present value of expected pension benefits is the current value of the future pension payments on October 1st based on assumptions about inflation and demographics of the Plan participants.

[11] The period of amortization and the economic assumptions involved in the calculation of the pension contribution will be determined by the Retirement Board. Economic assumptions include inflation rate and expected long term rate of return on assets.

[12] The Government Account Standards Board requires plans that use the aggregate method to calculate the annual benefit cost.

Subtitle (I)(G) – Financial Disclosure and Ethics Reform Clarification Amendment Act of 2012

Background

This subtitle requires the Office of Campaign Finance to receive, audit, and enforce the financial disclosures section of the Ethics Reform Act for tax year 2011. The Board of Ethics will perform these duties for tax year 2012. The amendment would require financial disclosures to be due on May 15th of each year, instead of October 1st.

The amendment places the authority to enforce the conflicts of interest provisions of the Ethics Reform Act with the Board of Elections until October 1st when those duties will be transferred to the new Board of Ethics. This change was made on an emergency basis by the Council at the May 1, 2012 Legislative Meeting.

Financial Impact

The fiscal impact of the subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan. Both the Office of Campaign Finance and the Board of Elections are currently performing these functions while the new Board of Ethics is being established.

Subtitle (I)(H) – Home Rule Act 40th Anniversary Celebration and Commemoration Act of 2012

Background

This subtitle establishes a commission, appointed by the Mayor and Council Chair, and a non-lapsing fund to coordinate and pay for the celebration of the 40th anniversary of the Home Rule Act. The fund would be available to cover the expenses of the commission and to pay for the programs and activities coordinated by the commission, as funds are available. The Mayor is also authorized to lend staff to the commission for the purpose of assisting with the programs and activities. The Secretary of the District of Columbia will be responsible for the implementation of the subtitle. The Commission and this authorizing legislation will expire at the end of FY 2013.

Financial Impact

The fiscal impact of the subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan. No money is guaranteed to the fund, but the purpose of the amendment is to have a place to hold funds and govern their expenditure should the District government or another entity choose to fund the activities proposed by the commission surrounding the celebration of the Home Rule Act.

Subtitle (I)(I) – Merit Personnel Clarification and Leave Restoration Amendment Act of 2012

Background

This subtitle exempts[13] employees of the Council from restrictions on placement into career positions. It also restores the number of annual leave days employees can carry over from year to year to 30 from 20. This reduction in carry-over days was enacted by District of Columbia Government Comprehensive Merit Personnel Amendment Act of 2012.[14]

Financial Impact

The proposed subtitle does not have an impact on the proposed budget and financial plan. The reduction in carry-over days has been effective since March 15, 2012. Since no savings were recognized from this reduction in the budget and financial plan, reversing it after such a short implementation period would have no fiscal impact.

Subtitle (I)(J) – Anti- Deficiency Emergencies and Capital Projects Act of 2012

Background

This subtitle brings District anti-deficiency law[15] into compliance with federal requirements.

Financial Impact

The proposed changes are technical, with no fiscal impact.

Subtitle (I)(K) – Council Publication of Statutes-at-Large Amendment Act of 2012

Background

This subtitle places responsibility for publishing Statutes at Large with the Council rather than the Office of Documents and Administrative Issuances, which has not published Statutes at Large in over a decade.

Financial Impact

The fiscal impact of the subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan. This amendment would cost approximately $60,000 annually in technology and personnel costs for the General Counsel for the Council to complete this task, and $240,000 total over the financial plan period.

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[13] Amending The District of Columbia Government Comprehensive Merit Personnel Act of 1978, effective March 3, 1979 (D.C. Law 2-139; D.C. Official Code § 1-601.01 *et seq*.)
[14] Effective March 14, 2012 (D.C Law 19-115, 59 DMR 461)
[15]District Anti-Deficiency Act of 2002, effective April 4, 2003 (D.C. Law 14-285; D.C. Official Code § 47-355).

Subtitle (I) (L) – Protecting Injured Government Workers Reform Act of 2012

Background

The bill would make two changes to the District's Public Sector Workers' Compensation Program.[16] First, it would repeal the prohibition on claims for mental stress, emotional conditions, or emotional diseases. Second, it would add to the section on determination of benefits the statement that "in all medical opinions used under this section, the diagnosis or medical opinion of the employee's treating physician shall be accorded great weight over other opinions, absent compelling reasons to the contrary." Both of these changes are returning the statutory language to what it was prior to amendment in 2010.[17]

Financial Impact

Funds are not sufficient in the FY 2012 budget and the proposed FY 2013 through FY 2016 budget and financial plan to implement the proposed bill.

The table below outlines the estimated cost of implementing the bill beginning in FY 2013. The emotional damages estimate is the average annual payout to beneficiaries claiming emotional conditions or mental stress as a basis for damages, including an estimate of how many such cases last multiple years. The "great weight" language estimate is the average annual payout to beneficiaries whose claims would have been accepted had great weight been given to the medical opinions of their treating doctors.

Estimated Fiscal Impact of Protecting Injured Government Workers Reform Act of 2012 FY 2013-FY 2016					
	FY 2013	**FY 2014**	**FY 2015**	**FY 2016**	**4 Year Total**
Reinstatement of emotional damages	$52,354	$91,619	$117,796	$130,884	**$392,652**
Reinstatement of "great weight" language	$358,389	$358,389	$358,389	$358,389	**$1,433,556**
Total	**$410,743**	**$450,008**	**$476,185**	**$489,273**	**$1,826,208**

Source: Office of Revenue Analysis based on data received in claims from the Office of Risk Management

[16] The bill would amend Title XXIII of the District of Columbia Government Comprehensive Merit Personnel Act of 1978, Public Sector Workers' Compensation, effective March 3, 1979 (D.C. Law 2-139; D.C. Official Code § 1-623.01 *et seq.*)
[17] The statute was amended in the Fiscal Year 2011 Budget Support Act of 2010, effective September 24, 2010 (D.C. Law 18-223; 57 DCMR 6242).

TITLE II– ECONOMIC DEVELOPMENT AND REGULATION

Subtitle (II)(A) –Unemployment Compensation Additional Benefits Trust Fund Stabilization Amendment Act of 2012

Background

This subtitle would eliminate[18] the District's Additional Benefits program. The program was designed to provide up to ten weeks of additional benefits to the unemployed during periods when unemployment has been high in the District for a long time and no federal programs are in place to provide a comparable additional package of unemployment benefits.[19] When the Additional Benefits program is triggered under current law, these benefits are paid out of the District's Unemployment Insurance Trust Fund, which is in turn reimbursed from the locally funded Unemployment Compensation Fund in the case of beneficiaries who were laid off from District government service.

Financial Plan Impact

The fiscal impact of this subtitle is already incorporated into the proposed FY 2013 through FY 2016 budget and financial plan. Repealing the Additional Benefits program removes a potential negative fiscal impact on the Unemployment Compensation Fund, which is included in the District's budget and financial plan. It is impossible to predict when and if the Additional Benefits program would be triggered in the absence of repeal. Thus, it is impossible to determine the magnitude of the potential negative fiscal impact alleviated by this subtitle.

Subtitle (II)(B) – Unemployment Compensation Claim Processing Efficiency Amendment Act of 2011

Background

This subtitle would allow[20] the Department of Employment Services (DOES) to communicate with claimants, employers, or other parties relevant to administration of unemployment compensation programs by electronic mail or similar forms of communication. Recipients would be able to select a method for receiving DOES correspondence, notices, determinations, or decisions from a set of communications options to be approved by the DOES Director. The subtitle would also allow the DOES Director to sign such communications using an electronic signature.

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[18] The subtitle repeals Section 7(i) of the District of Columbia Unemployment Compensation Act, effective August 28, 1935 (49 Stat. 949; D.C. Official Code § 51-107 (i)). The "Unemployment Compensation Additional Benefits Program Temporary Amendment Act of 2009" updated the definition of the "Additional benefits period."

[19] Specifically, the Additional benefits period begins with the third week after a week in which the rate of insured unemployment, as defined by the Statute, is 3.75 percent or higher; provided, that there are no federally assisted programs in effect in the District which provides benefits to claimants who have exhausted their regular benefits.

[20] The bill amends the District of Columbia Unemployment Compensation Act of 1935, effective August 28, 1935 (49 Stat. 951; D.C. Official Code § 51-101 *et seq.*).

Financial Plan Impact

Most unemployment compensation claimants already choose to receive correspondence electronically, but current law requires DOES to also send the notifications in writing. This subtitle will reduce this redundancy, and thus save money on postage and paper. DOES estimates the postage savings to be in excess of $1 million per year. Because postage and paper costs are allowable administrative costs paid from the Unemployment Insurance Trust Fund (UITF), any savings would remain dedicated to administration of the UITF and would not generate a local revenue impact.

Subtitle (II)(C) – Economic Development Special Account Revival Amendment Act of 2012

Background

This subtitle is the permanent version of the emergency measure passed on November 19, 2011, to revive the Economic Development Special Account[21] (EDSA) that was abolished by the Fiscal Year 2012 Budget Support Act of 2011.[22]

The non-lapsing, non-reverting EDSA would hold, as it did before, all operating funds transferred from the now-defunct Anacostia Waterfront Corporation Enterprise Fund[23] and the National Capital Revitalization Corporation Enterprise Fund.[24] It would also receive all fees, revenues, and other income from real property or other assets formerly under the authority of the National Capital Revitalization Corporation or the Anacostia Waterfront Corporation or any of their subsidiaries. Any revenue subject to Community Development Block Grant (CDBG) regulations would be deposited into a segregated sub-account designated for CDBG funds for the purposes of reporting to the federal government.

The Deputy Mayor for Planning and Economic Development (DMPED) would have the authority to spend the monies in the EDSA.

Financial Plan Impact

The fiscal impact of this subtitle is already incorporated into the proposed FY 2013 through FY 2016 budget and financial plan. This is a technical amendment that would allow DMPED to execute its budget by reestablishing the EDSA.

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[21] The Economic Development Special Account was established by Section 301 of the National Capital Revitalization Corporation and Anacostia Waterfront Corporation Reorganization Act of 2008, effective March 26, 2008 (D.C. Law 17-138; D.C. Official Code § 2-1225.21).
[22] Effective September 14, 2011 (D.C. Law 19-21; 58 DCR 6226).
[23] Established by Section 114 of the Anacostia Waterfront Corporation Act of 2004, effective December 7, 2004 (D.C. Law 15-219; D.C. Official Code § 2-1223.14).
[24] Established by Section 9 of the National Capital Revitalization Corporation Act of 1998, effective September 11, 1998 (D.C. Law 12-144; D.C. Official Code § 2-1219.08).

Subtitle (II)(D) – Deputy Mayor for Planning and Economic Development Limited Grant Making Authority Act of 2012

Background

This subtitle would provide the Deputy Mayor for Planning and Economic Development (DMPED) with grant making authority to provide capital funds to several of the District's economic development projects. One is the redevelopment of the Skyland Shopping Center, an 18-acre site located in Ward 7 at the intersections of Good Hope Road, Naylor Road, and Alabama Avenue, S.E., into a mixed-use center with significant retail square footage and housing units. For this project the subtitle authorizes DMPED to provide $100,000 for sector consultants; $350,000 for local business promotion; $75,000 for regional economic development; and $50,000 for the Bank on DC program. DMPED currently has the authority to provide federal Community Development Block Grant funds to the Skyland project, but not to provide capital funds.

In addition, this subtitle would provide DMPED with the following:

- Grant-making authority for FY 2013 of up to $700,000 to support interior tenant improvements for a table service restaurant at 3220 Pennsylvania Avenue, S.E. (Penn Branch Shopping Center);
- Grant-making authority of $800,000 to assist a mixed-use development in Ward 7 that will provide affordable housing for former Lincoln Heights public housing residents;
- Authority to create, manage, and make grants from the Neighborhood Parade and Festival Fund, a non-lapsing fund to be used to help fund parades, festivals, and celebrations sponsored by neighborhood and civic associations; and
- Authority to make grants and issue loans for the creation of affordable housing for District residents.

Financial Plan Impact

The proposed FY 2013 through FY 2016 budget and financial plan includes capital funding for Project ASC13C, the Skyland Shopping Center, that is funded from DMPED Account (EB0 0300). It also includes $700,000 for tenant improvements at Penn Branch Shopping Center and $100,000 for the Neighborhood Parade and Festival Fund. No funds are in the budget for the Lincoln Heights project, but this subtitle is only providing grant-making authority for that project. Grants will only be made if a funding source is identified.

Subtitle (II)(E) – Inaugural Celebration and Holiday Extension of Hours Act of 2012

Background

This subtitle would allow[25] on-premise alcoholic beverage sales until 4:00 a.m. and food and non-alcoholic beverage sales around-the-clock during the one-week inaugural celebration, including the 2013 and 2017 Presidential Inauguration Weeks, and around District and Federal holidays. It would also require the Mayor to submit to the Council a report on the effect of this subtitle on local communities, on the required resources from the Metropolitan Police Department and an estimate

[25] The subtitle amends D.C. Official Code § 25-723 and § 25-827.

from the Office of the Chief Financial Officer of the revenue implications of the proposed extensions in sale hours.

Financial Plan Impact

Implementation of the Inaugural portion of this subtitle will generate an additional $751,000 in sales tax revenue in FY 2013. Implementation of the District and Federal holiday portion of this subtitle will generate an additional $1,956,000 in sales tax revenue in FY 2013 and $7.9 million over the four year financial plan period. The total impact on the sales tax collection is shown in the table below.

Additionally, the proposed subtitle will generate $132,000 in permit fees in FY 2013. This is special purpose revenue deposited with the Alcohol Beverage Control Administration.

The required report can be prepared with existing resources.

The fiscal impact of the proposed subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan.

Fiscal Impact of Subtitle (II)(E) – Inaugural Celebration and Holiday Extension of Hours Act of 2012

	FY 2013	FY 2014	FY 2015	FY 2016	Total
Increase in sales tax revenue	$2.71	$1.97	$2.08	$1.96	**$8.71**
Increase in Special Purpose revenue	$0.13				

Source: Office of Revenue Analysis

<u>Subtitle (II)(F) – Off-Premise Alcohol Act of 2012</u>

Background

This subtitle would allow[26] the sale of alcohol for off-premises consumption beginning at 7:00 a.m. instead of 9:00 a.m.

Financial Plan Impact

Allowing off-premise licensees to begin selling alcohol at 7:00am would generate an additional $1,330,000 in increased sales tax revenue annually starting in FY 2013, and approximately $5.32 million in the four-year financial plan period. The fiscal impact of this subtitle is already incorporated into the proposed FY 2013 through FY 2016 budget and financial plan.

[26] The subtitle amends D.C. Official Code § 25-722.

Subtitle (II) (G) – Gasoline and Fuel Pump- Octane Measurement Amendment Act of 2012

Background

This subtitle amends Chapter 2 of Title 37 (Weights, Measures, and Markets)[27] of the D.C. Official Code defining standard weights and measures in the District to allow the Department of Consumer and Regulatory Affairs (DCRA) to take samples of automotive fuel during gas station inspections and test it for octane level to ensure the octane level sold to customers is of the quality that is advertised.

Financial Plan Impact

DCRA already inspects each gas station in the District twice a year. Implementing this subtitle would make the twice annual inspections cover testing of octane levels. Testing is expected to find a 10 percent violation rate in the first year, and a 5 percent violation rate each successive year. The fine for a violation will be set at $1,000, so 48 violations in the first year will generate $48,000 in revenue in FY 2013, with $20,000 in one-time equipment costs to perform the octane level tests. Revenue from violations will be $24,000 in each successive year, FY 2014 through FY 2016, with no additional costs.

Subtitle (II) (H) – Rent Supplement Prioritization and Funding Act of 2012

Background

This subtitle would authorize[28] the Mayor to transfer up to $19,969,048 designated for deposit in the Housing Production Trust Fund to the Rental Assistance Support and Local Rent Supplement Fund ("Local Rent Supplement Fund"). These funds can be used towards existing project-based and sponsor-based voucher assistance, tenant-based assistance, or capital-based assistance, but not for program administrative fees.

Financial Plan Impact

The fiscal impact of this subtitle is already incorporated into the proposed FY 2013 through FY 2016 budget and financial plan. The budget includes $19.97 million to be transferred to the Local Rent Supplement Fund from the funds designated for the Housing Production Trust Fund.

Subtitle (II) (I) – Department of Employment Services Local Job Training Quarterly Outcome Report Act of 2012

Background

This subtitle would require that the Department of Employment Services (DOES) transmit to the Council and make available on its website, on a quarterly basis, a report on the outcomes associated with all local funding administered by DOES for job training or adult education purposes.

[27] D.C. Official Code § 37-201.18a is added.
[28] By adding a new subsection 12 to D.C. Official Code § 42-2802 (b).

Financial Plan Impact

Department of Employment Services can prepare this report with its existing staff and resources. Thus, this subtitle has no impact on the proposed FY 2013 through FY 2016 budget and financial plan.

<u>Subtitle (II) (J) – Department of Housing and Community Development Comprehensive Tracking Plan for Affordable Housing Inventory Act of 2012</u>

Background

This subtitle would require the Department of Housing and Community Development (DHCD) to draft an affordable housing inventory tracking plan. The plan will define the budget and resources needed to develop a system to track DHCD's affordable housing inventory of units that are currently under affordability restrictions. The subtitle outlines the aspects of the inventory to be tracked, including each unit's level of affordability, whether it is targeted to and tenanted by members of a certain demographic group, and for how many years its affordability restrictions remain in place.

Financial Plan Impact

DHCD can prepare this plan using existing staff and resources, so this subtitle has no impact on the proposed FY 2013 through FY 2016 budget and financial plan.

<u>Subtitle (II) (K) – Women-Owned Business Expenditure Reporting Act of 2012</u>

Background

This subtitle requires the Mayor to report to the Council by May 1, 2013, on the obligations and expenditures made by the District to woman-owned businesses through the first two quarters of FY 2013. For this purpose, a woman-owned business is defined as one that meets the D.C. Code definition of a Local Business Enterprise and a Small Business Enterprise,[29] is at least 51 percent owned by one or more women, and whose management and daily business operations are controlled by one or more women.

Financial Plan Impact

Information on woman ownership of businesses is not currently collected through the District's contracting process. Compliance with this subtitle will require the Office of Contracts and Procurement (OCP) to update its PASS procurement system to allow contracting agencies to report whether their contractors are woman-owned. The information will then be assembled by the Department of Small and Local Business Development (DSLBD) for the Mayor's report. OCP can make the upgrades and DSLBD can prepare the report using existing resources, so this subtitle has

[29] These definitions are provided in Sections 2331 and 2332 of the Small, Local, and Disadvantaged Business Enterprise Development and Assistance Act of 2005, effective October 20, 2005 (D.C. Law 16-33; D.C. Official Code § 2-218.31).

no impact on the proposed FY 2013 to FY 2016 budget and financial plan. It is important to note, however, that compliance with this subtitle will be based on self-reported information on the part of contractors. Verification of the contractors' claims of being woman-owned would require additional resources that are not included in the budget.

Subtitle (II) (L) – Distillery Manufacturer's Tasting Permit and Consumer Sales Amendment Act of 2012

Background

This subtitle authorizes holders of a Class A manufacturers license to sell spirits directly to consumers for off-premise consumption. It would also allow Class A licensed manufacturers to obtain tasting permits.

Financial Plan Impact

This subtitle would generate an additional $40,000 annually in sales taxes from the sale of spirits for off-premise consumption.

Subtitle (II) (M) – Film DC Economic Incentive Amendment Act of 2012

Background

This subtitle broadens the definition[30] of the types of film expenses that qualify for the Film DC Economic Incentive. Film and TV production companies that spend at least $250,000 in qualified expenses in the District are currently eligible for this incentive. The subtitle's changes to the definitions of "qualified personnel expenditure" and "qualified production expenditure" will make it easier for a production to reach the $250,000 threshold.

Financial Plan Impact

This subtitle does increase the District's potential liability for paying the incentive to film companies in that it could allow more productions to surpass the qualified expense threshold. However, the incentives are paid on a 'first come, first served' basis from the Film DC Economic Incentive Fund, which in turn is funded entirely through appropriations. Thus, the District's potential liability is capped by the amount the Mayor and the Council decide to budget for the Film DC Economic Incentive Fund. Since 2010, when the Fund's balance was swept into the General Fund, the Fund has been empty and has not paid any incentive benefits.

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[30] The bill amends Section 2c of the Film DC Economic Incentive Act of 2006, effective March 3, 2010 (D.C. Law 18-111; D.C. Official Code § 39-501.03).

Subtitle (II) (N) – Housing Production and Job Training Funding Act of 2012

Background

This subtitle requires the Mayor to dispose of the District-owned property located at 35 through41 K Street, N.E. (the "property"),[31] through a solicitation to be issued no later than October 1, 2013. This disposition will require the relocation of a Department of Mental Health (DMH) facility that currently operates at the property. The proceeds from the property sale, net of costs for the DMH relocation, would be deposited in the Housing Production Trust Fund (HPTF). If, before the property disposition, the Chief Financial Officer certifies revenue available for the HPTF,[32] the certified available revenue shall be deposited into the HPTF, and the Mayor may decide whether or not to dispose of the property. If the Chief Financial Officer certifies revenue available for the HPTF after the property disposition, the certified available revenue shall be deposited into the HPTF, and any revenue left from the disposition, net of any shortfall in funding the HPTF at $18 million, may be used to fund a park in the North of Massachusetts Avenue section of the District.

Separately, the subtitle designates $550,000 of FY 2012 local funds revenues as FY 2013 revenue to be used for expanding adult job training under the Office of the State Superintendent of Education.

Financial Plan Impact

Based on an analysis of sale prices and property values near the property, the Office of Revenue Analysis (ORA) estimates that the property could sell for approximately $20 million.[33] ORA estimates that relocating the DMH facilities at the property will cost the District at minimum $5 million. Therefore, the net revenue raised from the sale is estimated at $15 million.

Information provided by DMH and the Department of General Services (DGS) suggests that relocating the DMH functions at the property will be a complicated and costly effort.

Currently, DMH occupies approximately 35,000 square feet at the property for two related functions that serve mentally ill customers–a walk-in clinic and a pharmacy. The clinic, DMH's only such facility that allows walk-in visits, processed 30,000 contacts with 4,000 customers last year. The pharmacy at this location serves patients from all of DMH's mental health clinics. It filled 24,000 prescriptions last year.

DMH reports that these functions must be co-located, given that clients may need immediate access to their prescriptions. Thus, DMH will require 30,000-35,000 square feet in a new location. Ideally the new location would be in the same general area as the current one to maintain proximity to DMH's customers. More essential, however, is that the facility has easy access to bus and rail transit options. (Already, relocating will require time from caseworkers to publicize the new location and, in many cases, personally escort customers to the new location and teach them how to find it.)

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[31] For tax and assessment purposes, the property is designated as Lot 838 in Square 675.
[32] This is in accordance with Section 10002(a)(4) of the Revised Revenue Estimate Contingency Priority List Act of 2012, passed on May 8, 2012 (Enrolled version of Bill 19-743).
[33] This is an estimate based on sales and tax assessment values, and not on an appraisal. The value of the building cannot be known with reasonable certainty without a professional appraisal of the property.

Given that the District has very few vacant buildings in its portfolio, it will be difficult to find a District-owned building that meets these criteria. The alternative is to lease space, which entails lower up-front fit-out costs, but an annual outlay for lease payments. The major challenge to leasing space is that most landlords would not accept this mental health facility use in a multi-tenant building. The timeline to complete a lease transaction is also longer–while the DMH facility could likely relocate to a District-owned building by the end of FY 2013, moving it to a leased space could take longer.

Further, the new space must meet several unique requirements to function for DMH's needs. For example, in order to pass DCRA and Department of Health certification, the new facility must meet strict security and safety codes. If a space cannot be fit out appropriately to meet these needs, the city may be forced to spend extra money on 24-hour security services. In addition, the facility must have six separate waiting rooms, a second private entrance for children, a large and secure space for medical records, and running water in every patient room.

In part due to DMH's unique space needs, DGS has estimated fit-out costs just for the facility space at approximately $150 per square foot. Thus, ORA's estimate of $5 million is the cost of fitting out a space for DMH, with a small allowance for other costs to facilitate the transition. The $5 million does not include any base buildings costs, such as systems upgrades or common area improvements that may be needed to make a building usable. Thus ORA's estimate of $5 million for the relocation represents the District's best case scenario, and there is a real risk that the costs could be significantly higher.

Finally, regarding adult job training, the February 29, 2012, revenue estimate by the Office of the Chief Financial Officer certified approximately $64.5 million in new District revenue. Within that amount are sufficient funds to pay for the subtitle's proposed adult workforce training expansion.

<u>Subtitle (II) (O) – Business Improvement Districts Amendment Act of 2012</u>

Background

This subtitle restricts the Mayor from issuing grants using funds from the Commercial Revitalization Assistance Fund for Commercial Revitalization Services or Clean Team services, including Ambassador services and the removal of trash, graffiti, illegal posters, and snow, within a geographic area that is part of a Business Improvement District. In addition, beginning in FY 2013, Clean Team services will be provided in the vicinity of the intersection of Minnesota Avenue, S.E., and Pennsylvania Avenue, S.E.

Financial Plan Impact

This subtitle impacts only the distribution of existing Clean Team funds, so it does not have an effect on the proposed FY 2013 through FY 2016 budget and financial plan.

Subtitle (II) (P) – Pennsylvania Avenue, S.E., Retail Priority Area Amendment Act of 2012

Background

This subtitle would reduce the remaining tax increment financing (TIF) bonding authority for the District's Downtown Retail Priority Area by $5 million and transfer the same amount to the Pennsylvania Avenue, S.E. Retail Priority Area. The Pennsylvania Avenue, S.E. Retail Priority Area, authorized under the "Great Streets Neighborhood Retail Priority Areas Resolution of 2007," originally had $10 million of TIF bonding authority allocated to it, and none has been used to date. The subtitle would increase this amount to a total of $15 million.

Financial Plan Impact

The Downtown Retail Priority Area originally established with $30 million of TIF bonding authority, currently has approximately $11.5 million of bonding authority remaining after accounting for bonds already issued under the program. Estimated debt service for such authority has been included in the TIF Program agency in the proposed FY 2013 through FY 2016 budget and financial plan. Transferring $5 million of the authority to a different retail priority area would have no fiscal impact.

Subtitle (II) (Q) – H Street NE Retail Priority Area Incentive Amendment Act of 2012

Background

This subtitle would expand the pool of potential applicants for business financing in the H Street, NE Retail Priority Area to those that provide services as well as goods. It would eliminate the minimum square foot requirement for the incentive, and would allow art galleries, theaters, performing arts centers, hair salons, and barber shops to qualify.

Financial Plan Impact

This subtitle merely expands the pool of potential applicants for an existing grant program, so it does not impact the FY 2013 through FY 2016 budget and financial plan.

Subtitle (II) (R) – Workers' Compensation Transcription Efficiency Amendment Act of 2012

Background

This subtitle would allow the Department of Employment Services (DOES) to record transcripts of its inquiries and hearings for the workers' compensation program using methods other than stenography, which is the method required under current law.

Financial Plan Impact

The purpose of this subtitle is to reduce the cost of transcribing hearings by using alternative technology. DOES spends an average of $173,000 per year on stenography services. DOES estimates that new technology for transcription would cost approximately $140,000 in the first year, and then $26,000 in future years to maintain. Thus, the savings would pay for the start-up costs in FY 2013, than then grow to approximately $145,000 annually starting in FY 2014. Any savings in this program are to federal funds, so there is no local revenue impact.

Subtitle (II) (S) – Workforce Housing Production Program Amendment Act of 2012

Background

This subtitle would authorize[34] City First Bank to release up to $1.8 million in an escrow account for City First Enterprises (CFE). CFR will use the funds to support the development of workforce housing units in compliance with the Workforce Housing Production Program. CFE is to report to the Mayor and Council by December 1, 2012, on the status of the funds being used from the escrow account. Also, within one year of the effective date of this subtitle, the Mayor is to report to the Council on recommendations for a permanent workforce housing program.

Financial Plan Impact

These funds are currently in escrow, so releasing them for use does not have a fiscal impact. The report can be completed by the Mayor with existing resources.

Subtitle (II)(T) – Local Rent Supplement Project-Based and Sponsor-Based Funding Amendment Act of 2012

Background

This subtitle requires that beginning in FY 2014, and for each fiscal year thereafter, the subsidy for the District of Columbia Housing Authority (DCHA) will include at least $2,000,000 for project-based and sponsor-based voucher assistance. This funding shall be in addition to any amount allocated for project-based and sponsor-based voucher assistance as of October 1, 2012. In FY 2013, DCHA would issue a Request for Proposals for project-based and sponsor-based voucher assistance.

Financial Plan Impact

Due to the time it will take to issue the Request for Proposals, select a developer, and develop the subsidized units, this subsidy will not be needed until FY 2014. The funds are included in the FY 2013 through FY 2016 financial plan beginning FY 2014.

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[34] By amending Section 102 of the Workforce Housing Production Program Approval Act of 2006, effective March 14, 2007 (D.C. Law 16-278; D.C. Official Code § 6-1061.02).

TITLE III – PUBLIC SAFETY AND JUSTICE

Subtitle (III)(A) – Notice of Unclaimed Property Modernization Act of 2012

Background

The subtitle requires the Metropolitan Police Department (MPD) to post a notice of unclaimed property in a newspaper of general circulation stating where a full description of unclaimed property can be found. MPD will post a full description and a copy of the published notice on the MPD website and maintain hard copies of the full list at the MPD headquarters. Currently, MPD must publish the full descriptions of unclaimed property in a newspaper of general circulation.

Financial Plan Impact

The fiscal impact of the subtitle is already incorporated into the proposed FY 2013 through FY 2016 budget and financial plan. MPD currently pays $100,000 per year to publish the full descriptions of unclaimed property in a newspaper of general circulation. The subtitle allows MPD to publish in a newspaper a much smaller, thus cheaper, notice which references where full descriptions can be found. This new notice will cost $10,000 per year, resulting in reduced costs of $90,000 in FY 2013 and $360,000 in the four-year financial plan period.

Fiscal Impact of Subtitle (III)(A) – Notice of Unclaimed Property Estimated Cost Savings from Notice of Unclaimed Property Changes					
	FY 2013	**FY 2014**	**FY 2015**	**FY 2016**	**Total**
Estimated Cost Savings	$90,000	$90,000	$90,000	$90,000	$360,000

Source: Office of Revenue Analysis based on data from MPD

Subtitle (III)(B) – OAG Contingency Fee Contract Authorization Act of 2012

Background

The subtitle authorizes the Attorney General to enter into contracts with private counsel to furnish legal services.[35] The Office of the Attorney General can set the terms of fees to be paid to a private counsel as long as those fees do not exceed typical charges for counsel practicing in the District. It also allows for costs to be paid from amounts recovered from legal proceedings.

Financial Plan Impact

There is no fiscal impact of the subtitle on the proposed FY 2013 through FY 2016 budget and financial plan because private counsel costs will only be covered through any recovery from legal proceedings. However, implementation is dependent on Congressional approval.[36]

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[35] Services could include representation in negotiation, compromise, settlement, and litigation, in claims and other legal matters affecting the District of Columbia.
[36] Congressional approval is being requested in Section 201 of the FY 2013 Budget Request Act of 2012.

Subtitle (III)(C) – Fire and Emergency Medical Services Overtime Limitation Amendment Act of 2012

Background

The subtitle amends the District of Columbia Government Comprehensive Merit Personnel Act of 1978[37] by extending through FY 2013 the overtime limitations imposed on Fire and Emergency Medical Services (FEMS) personnel. Uniform members of FEMS at the rank of Battalion Fire Chief and above are not allowed to receive overtime compensation and those officers and members eligible for overtime are restricted to a maximum of $20,000 in a fiscal year. The subtitle retroactively exempts from the overtime compensation limitations Heavy Mobile Equipment Mechanics and Fire Arson Investigators Armed back to FY 2011.[38]

Additionally, the subtitle extends the restriction on receiving overtime compensation in a pay period where sick leave has been requested and the ability to work more than 204 hours in two consecutive pay periods.

Lastly, the prohibition on detailing to Emergency Medical Technician classes for more than 60 days is extended into FY 2013.

Financial Plan Impact

The fiscal impact of the subtitle is already incorporated into the proposed FY 2013 through FY 2016 budget and financial plan.

These same limitations were passed in the Budget Support Acts for FY 2011 and FY 2012 and there is no cost to extend them through FY 2013. In addition to the proposed subtitle, FEMS has instituted a number of administrative procedures to help limit overtime.

The provision to allow overtime for Heavy Mobile Equipment Mechanics and Fire Arson Investigators Armed back to FY 2011 does provide one year worth of unexpected costs, but there are only 25 and 3 members respectively and the number is expected to be small.

Subtitle (III)(D) – Sentencing and Criminal Code Revision Modification Clarification Amendment Act of 2012

Background

Two of the D.C. Sentencing and Criminal Code Revision Commission's[39] ("Commission") main responsibilities are to analyze the District's criminal code and administration of criminal laws and

[37] Effective March 3, 1979 (D.C. Law 2-139; D.C. Official Code § 1-611.03(f)) as amended by the Fiscal Year 2011 Budget Support Act of 2010, effective September 24, 2010 (D.C. Law 18-223; 57 DCMR 6242) and the Fiscal Year 2012 Budget Support Act of 2011, effective September 14, 2011 (D.C. Law 19-21; 58 DCMR 6226) .
[38] The exemption was enacted with the Fiscal Year 2012 Budget Support Act of 2011, effective September 14, 2011 (D.C. Law 19-21; 58 DCMR 6226).
[39] Formerly called the Advisory Commission on Sentencing.

to propose reforms in the code to create a uniform and coherent body of criminal law. The Commission is working to make sure that the criminal statutes are clear and consistent, logically ordered, and constitutional, and to assess whether penalties are proportionate to the seriousness of offenses. The Commission analyzes sentencing data, policies, and practices in the District and nationally.

The subtitle amends the Advisory Commission on Sentencing Establishment Act of 1998[40] to define the Commission on Sentencing as a criminal justice agency and to provide the Commission until September 30, 2016 to complete its responsibilities. Defining the Commission as a criminal justice agency will allow the Commission to receive offender and sentencing related data from federal agencies that only release the data to criminal justice agencies.

Financial Plan Impact

There is no fiscal impact of the subtitle on the proposed FY 2013 through FY 2016 budget and financial plan.

In many cases the Commission is receiving the information it needs to fulfill its responsibilities, but the subtitle removes any ambiguity and ensures it can obtain information from those agencies reluctant to share with non-criminal justice entities. Additionally, delaying until September 30, 2016 for the Commission to complete its work will not require any additional resources.

Subtitle (III)(E) – Office of Unified Communications E-911 Fund Clarification Amendment Act of 2012

Background

The Emergency and Non-Emergency Number Telephone Calling Systems Fund (Fund)[41] collects a tax from wireline, wireless, and pre-paid wireless phone carriers and voice over internet protocol service providers to fund technology and equipment costs associated with the provision of the 911 emergency system. Additionally, the fund is used to off-set the direct costs incurred by wireless carriers in providing E-911 service.

The subtitle amends existing law and the FY 2011 Supplemental Budget Support Act of 2011[42] to stop an FY 2012 fund transfer from the Fund to the unrestricted portion of the General Fund. The subtitle also deposits into the Fund automated traffic enforcement revenues over $88 million in all fiscal years, except in FY 2014, when the deposit amount is revenues over $92.5 million.

Financial Plan Impact

The fiscal impact of the subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan.

[40] Effective October 16, 1998 (D.C. Law 12-167; D.C. Official Code § 3-101 *et seq.*).
[41] D.C. Official Code § 34-1802(a).
[42] Effective April 8, 2011 (D.C. Law 18-370; 58 DCR 1008).

The subtitle will stop a transfer of $472,000 from the end-of-FY 2011 balance of the Fund to the unrestricted portion of the General Fund. The Office of the Chief Financial Officer certified revenue of approximately $10.3 million for FY 2012 as a result of the District's auditing and rebasing of fees for District-owned nursing homes. The subtitle directs $472,000 from this revenue to be used in lieu of this eliminated transfer.

For fiscal years 2014 and 2015, the budget and financial plan proposed by the Mayor on March 23 2012 assumes that the General Fund revenues from automated enforcement would be $92.618 million, and $88.012 million. Thus under the proposed subtitle, the General Fund revenues will decrease by $118,000 in FY 2014 and $12,000 in FY 2015. These amounts will be absorbed in operating margins.

Subtitle (III)(F) – MPD Fleet Replacement Funding Designation Act of 2012

Background

The Metropolitan Police Department (MPD) manages a fleet of over 1,600 marked, unmarked, specialty, and support vehicles. MPD attempts to replace vehicles every five years.

The subtitle provides MPD with an additional $4,270,000 in local funds for fleet replacement.

Financial Plan Impact

The fiscal impact of the subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan.

The Office of the Chief Financial Officer certified revenue of approximately $10.3 million for FY 2012 as a result of the District's auditing and rebasing of fees for District-owned nursing homes. The subtitle directs $4.27 million of these funds to be directed to MPD for fleet replacement. Based on MPD's desired replacement schedule, over 750 vehicles are in need of replacement. These funds, in addition to what is included in the FY 2013 budget, will result in the replacement of approximately 320 vehicles.

TITLE IV – PUBLIC EDUCATION SYSTEM

Subtitle (IV)(A) – Funding for Public Schools and Public Charter Schools Amendment Act of 2012

Background

This subtitle increases[43] the foundation level used in the Uniform per Student Funding Formula (UPSFF) to $9,124 per student for FY 2013. The UPSFF is used to calculate the amount of local funding that would be dedicated to public education in the District of Columbia. The FY 2012 foundation level is set at $8,945. The changes made to the foundation level funding, and the various add-ons are depicted in the following tables:

Weightings applied to counts of students enrolled at certain grade levels		
Grade Level	**Weighting**	**Per Pupil Allocation in FY 2013**
Pre-School	1.34	$12,226
Pre-Kindergarten	1.30	$11,861
Kindergarten	1.30	$11,861
Grades 1-3	1.00	$9,124
Grades 4-5	1.00	$9,124
Grades 6-8	1.03	$9,398
Grades 9-12	1.16	$10,584
Alternative program	1.17	$10,675
Special education school	1.17	$10,675
Adult	0.75	$6,843

General Education Add-ons			
Level/ Program	**Definition**	**Weighting**	**Per Pupil Supplemental**
LEP/NEP	Limited and non-English proficient students	0.45	$4,106
Summer	An accelerated instructional program in the summer for students who do not meet literacy standards pursuant to promotion policies of DCPS and public charter schools	0.17	$1,551

Special Education Add-ons			
Level/ Program	**Definition**	**Weighting**	**Per Pupil Supplemental**

[43] The provision amends The Uniform Per Student Funding Formula for Public Schools and Public Charter Schools and Tax Conformity Clarification Amendment Act of 1998, effective March 26, 1999 (D.C. Law 12-207; D.C. Official Code § 38-2901 *et seq.*).

Special Education Add-ons			
Level/ Program	**Definition**	**Weighting**	**Per Pupil Supplemental**
Level 1: Special Education	Eight hours or less/week of specialized services.	0.58	$5,292
Level 2: Special Education	More than 8 hours and less than or equal to 16 hours per school week of specialized services.	0.81	$7,390
Level 3: Special Education	More than 16 hours and less than or equal to 24 hours per school week of specialized services.	1.58	$14,416
Level 4: Special Education	More than 24 hours per week which may include instruction in a self contained (dedicated) special education school other than residential placement.	3.10	$28,284
Special Education Capacity Fund	Weighting provided in addition to special education level add-on weightings on a per student basis for each student identified as eligible for special education.	0.40	$3,650
Special Education Compliance Fund	Weighting provided in addition to special education level add-on weightings on a per student basis for each student identified as eligible for special education.	0.16	$1,460
Residential	DCPS or public charter school that provides students with room and board in a residential setting, in addition to their instructional program.	1.70	$15,511

Residential Add-ons			
Level/ Program	**Definition**	**Weighting**	**Per Pupil Supplemental**
Level 1: Special Education - Residential	Additional funding to support the after-hours level 1 special education needs of students living in a DCPS or public charter school that provides students with room and board in a residential setting.	0.374	$3,412
Level 2: Special Education - Residential	Additional funding to support the after-hours level 2 special education needs of students living in a DCPS or public charter school that provides students with room and board in a residential setting.	1.360	$12,409
Level 3: Special Education - Residential	Additional funding to support the after-hours level 3 special education needs of students living in a DCPS or public charter school that provides students with room	2.941	$26,834

	and board in a residential setting.		
Level 4: Special Education - Residential	Additional funding to support the after-hours level 4 special education needs of limited and non-English proficient students living in a DCPS or public charter school that provides students with room and board in a residential setting.	2.924	$26,679
LEP/NEP - Residential	Additional funding to support the after-hours limited and non-English proficiency needs of students living in a DCPS or public charter school that provides students with room and board in a residential setting.	0.68	$6,204

Special Education Add-ons for Students with Extended School Year (ESY) Indicated in Their Individualized Education Programs (IEPs)			
Level/ Program	**Definition**	**Weighting**	**Per Pupil Supplemental**
Special Education Level 1 ESY	Additional funding to support the summer school/program needs for students who require extended school year services in their IEPs.	0.064	$584
Special Education Level 2 ESY	Additional funding to support the summer school/program needs for students who require extended school year services in their IEPs.	0.231	$2,108
Special Education Level 3 ESY	Additional funding to support the summer school/program needs for students who require extended school year services in their IEPs.	0.500	$4,562
Special Education Level 4 ESY	Additional funding to support the summer school/program needs for students who require extended school year services in their IEPs	0.497	$4,535

Additionally, the subtitle authorizes DCPS to award competitive grants of $200,000, half of which would support a journalism mentorship program, and the other a mathematics literacy program.

Financial Plan Impact

The fiscal impact of the increase in the foundation level funding is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan. Under this subtitle, District of Columbia Public Schools would receive $645,975,908 for its instructional budget through UPSFF. Public charter schools would receive $438,975,335 for their instructional budgets[44] and $103,055,385 for facilities allowance,[45] bringing their collective budget to $ 542,030,720.

The proposed FY 2013 budget also accounts for the competitive grants authorized by the subtitle. It is important to note that the planned funding source for the competitive grants is outside of the UPSFF, and therefore would not require similar funding for the charter schools.

Subtitle (I)(B) – School Based Budgeting and Accountability Amendment Act of 2012

Background

This subtitle requires[46] the Mayor to submit to the Council a five-year Master Facilities Plan for public education facilities starting December 15, 2012. The Council would be required to hold at least one public hearing on the plan. Once receiving Council approval, the Master Facilities Plan would be effective in the following fiscal year. The Mayor would submit any material changes to the Master Facilities Plan to Council for review and approval along with the Mayor's annual submission of a capital budget for public schools. Under current law the Mayor is required to submit a revised comprehensive multiyear Master Facilities Plan for the District of Columbia Public Schools and public charter schools every year.

Additionally, starting on April 15, 2013, the Office of Public Education and Facilities Planning (under the Office of the Deputy Mayor for Education) will survey and update information on the enrollment, utilization and condition of each public school facility, and post its findings on the Mayor's website by December 1st of each year. Under current law, this office is not required to conduct such a survey.

Financial Plan Impact

The fiscal impact of the subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan.

Subtitle (IV)(C) – Books and Other Library Collections Materials Account Amendment Act of 2012

Background

This subtitle establishes the "Library Collections Account", a non-lapsing account, to collect revenue that will be used for the purposes procuring materials, such as books and CDs, for the District's public libraries. Revenue deposited into the account will come from appropriations, donations, and monies generated by the library from the sale of used books and other materials.

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[44] This amount includes $2,090,000 for Extended School Year allowance.
[45] This includes $6,667,200 in Intra-District Funds transferred from Office of the State Superintendent of Education , to be distributed on the basis of audited enrollment with verified residency.
[46] The subtitle amends Section 1104 of the School Based Budgeting and Accountability Act of 1998, effective March 26, 1999 (D.C. Law 12-175; D.C. Official Code § 38-2803).

Financial Impact

The proposed FY 2013 budget directs $2.2 million to the Libraries Collections Account from the Capital Project KA0-CE310 (*Alley Maintenance and Repair*) for the acquisition of materials.

<u>Subtitle (IV)(D) – University of the District of Columbia Financial Solvency and Right-Sizing Plan Act of 2012</u>

Background

This subtitle requires the University of the District of Columbia (UDC) to transmit to the Council by October 1, 2012 a right-sizing plan that outlines the steps UDC will take, starting in FY 2013, to bring its costs, staff, and faculty size in line with other comparable public universities.

Financial Impact

The subtitle directs UDC to pay for this study using remaining funds from the $500,000 allocated to support the development of a transition plan for an independent community college in Section 4704 of the "Fiscal Year 2012 Budget Support Act of 2011."[47] UDC estimates that it will need to engage outside consultants to assist with several parts of the study, including the faculty and staff compensation benchmarking, the legal analysis of existing union contracts, and the human resources restructuring plan. Sufficient funds remain from the $500,000 mentioned above to pay for this work, so this subtitle does not have an impact on the proposed FY 2013 through FY 2016 budget and financial plan.

<u>Subtitle (IV)(E) – University of the District of Columbia Community College Autonomy Act of 2012</u>

Background

This subtitle requires the University of the District of Columbia (UDC) to submit, by November 1, 2012, an application to the Middle States Commission on Higher Education for "branch campus" status for the University of the District of Columbia Community College (UDCCC). The subtitle also requires that by October 1, 2012, UDC change its administrative structure such that the Chief Executive Officer of UDCCC reports directly to the Board of Trustees or one of its subcommittees and has direct spending authority over the UDCCC line-item budget.

Financial Impact

The application and administrative changes required in this subtitle can be completed using existing resources at UDC.

[47] Effective September 14, 2011 (D.C. Law 19-21; 58 DCR 6226).

Subtitle (IV)(F) – District of Columbia School Reform Amendment Act of 2012

Background

This subtitle establishes a taskforce to study the issue of neighborhood preference in admissions at public charter schools. The taskforce would consist of 5 District government officials or their designees and 6 representatives from non-government entities. The taskforce would report to Council by September 30, 2012 on the issue of neighborhood preference.

Financial Impact

All costs to the appointees of the taskforce can be absorbed based in the FY 2013 proposed agency budgets.

Subtitle (IV)(G) –Healthy Schools Amendment Act of 2012

Background

This subtitle expands the Healthy Schools program to both private schools and organizations participating in the Summer Food Service Program. The Office of the State Superintendant of Education (OSSE) provides $7 per student to each participating school or organization in the first year of participation to cover set up costs. The amendment also clarifies OSSE's authority to suspend a school's participation in the Healthy Schools program when the school is found to be out of compliance with the legal requirements. The amendment authorizes a composting program in DC Public Schools which will be implemented with existing resources by the Department of Government Services (DGS).

The subtitle requires the Office of the City Administrator (OCA) to submit to Council a report on creating a comprehensive food services plan for the District of Columbia Public Schools (DCPS). The report would be due by February 15, 2013.

The subtitle requires the Deputy Mayor for Education (DME) to create and submit a strategic plan for Council detailing the interscholastic athletics programs and associated costs in District of Columbia Public Schools and the public charter schools.

Financial Impact

The fiscal impact of the subtitle is already incorporated into the proposed FY 2013 through FY 2016 budget and financial plan. OSSE has sufficient funds in its proposed budget to cover the expansion of the Healthy Schools program. DGS has sufficient funds to cover the new composting program at school facilities. OCA has $50,000 in its budget to report to Council on a comprehensive food services plan for DCPS. The strategic plan for interscholastic athletics is in progress at OSSE. The DME's office is not currently involved but could assist OSSE in this plan. OSSE currently has sufficient funds to complete this strategic plan, so no additional funds are necessary.

<u>Subtitle (IV)(H) – Education Funding Formula Equity Amendment Act of 2012</u>

Background

This subtitle postpones the requirement[48] that services by District of Columbia government agencies shall be provided on an equal basis to the District of Columbia Public Schools and public charter schools. Under current law, parity in service provision should have been implemented in FY 2013. The subtitle postpones the requirement to FY 2014.

Financial Impact

The fiscal impact of the subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan. Providing services on an equal basis could significantly change the funding structure for D.C. Public Schools, but the Office of Revenue Analysis cannot provide an estimate on the magnitude of this change before the term "equal basis" is clarified by the Mayor and the Council.

[48] The subtitle amends Section 115 of the Uniform Per Student Funding Formula for Public Schools and Public Charter Schools Act of 1998, effective September 24, 2010 (D.C. Law 18-223; D.C. Official Code § 38-2913).

TITLE V– HEALTH AND HUMAN SERVICES

Subtitle (V)(A) – Department of Mental Health Enterprise Fund Establishment Act of 2012

Background

Now that its facility at the St. Elizabeths Hospital Campus is fully staffed, the Department of Mental Health (DMH) plans to reopen the cafeteria there that has been closed for approximately ten years. This subtitle would facilitate these plans by establishing within the District's General Fund a non-lapsing O-Type account, the "Department of Mental Health Enterprise Fund," where DMH would deposit all proceeds and revenues from the operations of the cafeteria. DMH would in turn use the funds in the account to pay for operating and stocking the cafeteria.

Financial Impact

As the cafeteria is currently not operating, the Office of the Chief Financial Officer has not certified any revenue for the fund and DMH has not budgeted for any expenses for FY 2013. DMH estimates that the cafeteria would only earn enough to fund its operations, resulting in a no net impact to the proposed FY 2013 through FY 2016 budget and financial plan.

Subtitle (V)(B) – Reporting Requirements Act of 2012

Background

This subtitle would require the Departments of Health, Mental Health, and Health Care Finance, the Office of the Deputy Mayor for Health and Human Services, and the Not-For-Profit Hospital Corporation to report to the Council on a series of key health issues and their budgetary impact.

Financial Impact

These reports can be prepared using existing staff and resources at the respective departments.

Subtitle (V)(C) – Mosquito Control and Abatement Annual Plan Act of 2012

Background

This subtitle would require the Department of Health (DOH) to develop and submit to the Council by March 31st of each year a ward-based mosquito abatement plan to prevent mosquito infestation in the District of Columbia.

Financial Impact

DOH will require ½ of an FTE for the second quarter of each fiscal year to prepare the plan by March 31st. The cost will be $10,000 per year beginning in FY 2013, for a total of $40,000 over the four-year financial plan period. The fiscal impact of the proposed subtitle is incorporate into the proposed FY 2013 through FY 2016 budget and financial plan.

Subtitle (V)(D) – Not-For-Profit Hospital Corporation Establishment Amendment Act of 2012

Background

This subtitle would allow the Not-For-Profit Hospital Corporation (NPHC) to use proceeds from the Not-For-Profit Hospital Corporation Fund for educational or promotional events and programming.[49] The subtitle would also provide grant-making authority for NPHC to grant funds to promote health care programs, policies, and awareness.

Financial Impact

This subtitle allows for grant making and a new use of funds, but any grant making or spending is subject to the availability of funds.

Subtitle (V)(E) – Department of Mental Health Nurse Training Program Amendment Act of 2012

Background

This subtitle would require the Department of Mental Health (DMH) to develop, in partnership with the University of the District of Columbia, a nurse training program through which Licensed Practical Nurses or Registered Nurses employed by St. Elizabeths Hospital could earn advanced nursing degrees. DMH would administer the program and also pay tuition reimbursement for nurses that participate, subject to the availability of funds.

Financial Impact

The Council identified $250,000 in vacancy savings in the Mayor's proposed DMH FY 2013 budget to dedicate to the program. DMH can meet the requirements of the subtitle with this level of funding.

Subtitle (V)(F) – Health Navigation Coordination Act of 2012

Background

This subtitle would create a navigator program at the Not-For-Profit Hospital Corporation (NPHC) to assist patients with diabetes, including those with co-occurring illnesses, in accessing appropriate treatment and care. The subtitle would require the Department of Health (DOH) to enter into a memorandum of understanding with the NPHC to transfer at least $285,000 for the

[49] The subtitle amends the Not-For-Profit Hospital Corporation Establishment Amendment Act of 2011, effective September 14, 2011 (D.C. Law 19-21; D.C. Official Code § 44-951.01, *et seq.*).

purpose of implementing this program. NPHC must submit a work plan for this funding to the Council and DOH by October 1, 2012.

Financial Impact

The Council identified $285,000 in the Mayor's proposed DOH FY 2013 budget for the Community Health Administration to dedicate to the program. NPHC can design and implement a navigator program that will meet this funding level.

Subtitle (V)(G) – Increased Funding for Reimbursements for Psychiatric Services Act of 2012

Background

This subtitle would direct the Department of Mental Health (DMH) to allocate $500,000 to increase reimbursement rates for psychiatric services for children and adults in FY 2013.

Financial Impact

The Council identified $500,000 in vacancy savings in the Mayor's proposed DMH FY 2013 budget that can be used for this increase in funding.

Subtitle (V)(H) – Safe Children and Families Enrichment Services Task Force Establishment Act of 2012

Background

This subtitle establishes the Safe Children and Families Enrichment Services Task Force ("Task Force"), which will research and present recommendations for improving children, youth, and family services provided through a 501(c)(3) organization. The Task Force will be comprised of 10 members appointed by the Mayor and the Council within 30 days of effective date of this legislation. The work of the Task Force will be conducted over a period of 6 months. At the end of 6 months, the legislative authority established by this subtitle will expire.

Financial Impact

The establishment of the Task Force does not have an impact on the proposed FY 2013 though FY 2016 budget and financial plan. The members of the Task Force will represent the broad range of philanthropic, business, and community-based stakeholders and will serve without compensation.

Subtitle (V)(I) – Park Policy and Programs Division Amendment Act of 2012

Background

This subtitle establishes a new division within the Department of Parks and Recreation called the Park Policy and Programs Division (the "Division").[50] The purpose of the Division is to improve park programs in the District. The Division will be headed by a Chief Park Policy and Program Officer, who is required to carry out the functions outlined in the legislation, including establishing a community gardens program.

Financial Impact

The establishment of the new parks division has no impact on the proposed FY 2013 through FY 2016 budget and financial plan. The proposed FY 2013 budget reallocates approximately $293,000 in personal services funds from the agency's current vacant positions to the establishment of the new Division.

Subtitle (V)(J) – Restoration of DC Healthcare Act of 2012

Background

This subtitle restores funding in FY 2013 for hospital-based services as a part of managed care contracts within the DC Health Care Alliance. The Council and the Department of Healthcare Finance estimate that in addition to emergency Medicaid funds, approximately $5.3 million in local funds are needed to restore this benefit to Alliance customers.

Financial Impact

The Office of the Chief Financial Officer certified revenue of approximately $10.3 million for FY 2012 as a result of the District's auditing and rebasing of fees for District-owned nursing homes. This subtitle directs $5.3 million of these funds to be deposited in the Healthy DC and Health Care Expansion Fund for the purpose of funding the Alliance hospital benefit.

Subtitle (V)(K) – Housing for Homeless Families Act of 2012

Background

This subtitle requires the Department of Human Services (DHS) to immediately begin identifying at least 200 homeless families from hotels or motels, severe weather or temporary shelter, or transitional housing to be placed in apartment style housing units that meet the requirements of

[50] This subtitle amends the Division of Park Services Act of 1988, effective March 16, 1988 (D.C. Law 7-209; D.C. Official Code §10-166, *et seq.*).

the Rent Supplement Program.[51] The subtitle directs DHS to place at least 100 of these families in apartments by September 30, 2012, with all families that were residing in hotels or motels being moved by that date. DHS must fill all vacancies in severe weather shelter, temporary shelter, and transitional housing with other families that have no other housing options. Families transitioned to apartments will be supported by the Local Rent Supplement Program's tenant-based vouchers, and DHS, in cooperation with the District of Columbia Housing Authority (DCHA), will submit to the Council within 45 days of the subtitle's enactment rules for transitioning families to this program.

Financial Impact

The Council has included an additional $4 million to the DCHA Subsidy for FY 2013 to pay for the tenant-based vouchers for families transitioned to apartments under this subtitle. The subtitle states the Council's intent to provide the $4 million in each year of the proposed FY 2013 through FY 2016 financial plan.

Subtitle (V)(L) – D.C. HealthCare Alliance Preservation Amendment Act of 2012

Background

This subtitle clarifies that any health maintenance organization or managed care organization that provides services to enrollees in the DC Health Care Alliance must in FY 2013 cover all services, including hospital-based services, that were provided to Alliance enrollees as of January 1, 2012. The Department of Health Care Finance may exclude coverage for those hospital-based emergency services that are eligible for Medicaid reimbursement.[52] This subtitle maintains for FY 2013 the Alliance hospital benefits that were eliminated in the Mayor's proposed budget.

Financial Impact

The funding for this change is provided in the proposed FY 2013 through FY 2016 budget and financial plan as outlined in Subtitle (V)(K), the "Restoration of DC Healthcare Act of 2012."

Subtitle (V)(M) – Tobacco Control Funding Act of 2012

Background

This subtitle requires the Department of Health (DOH) to spend an additional $495,000 on tobacco control programs in FY 2013.

Financial Impact

The Council provided $495,000 of undesignated local funds to DOH to fund this requirement.

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[51] Established by Section 26a of the District of Columbia Housing Authority Act, effective March 2, 2007 (D.C. Law 13-105; D.C. Official Code § 6-226).
[52] As defined in 8 U.S.C. § 1611(b)(1)(A), 42 U.S.C. 1396b(v)(3), and 42 C.F.R. § 440.255(c).

Subtitle (V)(N) – South Capitol Street Memorial Amendment Act Funding Act of 2012

Background

This subtitle requires the Department of Mental Health (DMH) to spend at least $1,815,000 of its FY 2013 budgeted funds on implementation of the South Capitol Street Memorial Amendment Act of 2012.[53]

Financial Impact

The Agency Fiscal Officer for DMH certified that DMH has allocated in its FY 2013 budget $815,000 in funds to pay for implementing four components of the South Capitol Street Memorial Amendment Act of 2012. The Council provided an additional $1 million to DMH's FY 2013 budget to fund the remainder of this requirement.

Subtitle (V)(O) – South Capitol Street Memorial Amendment Act Funding Designation Act of 2012

Background

This subtitle requires the Department of Healthcare Finance (DHCF) to set aside in a separate fund all unspent funds from Medicaid under-enrollment, calculated at the end of each fiscal year. The set-aside funds would be used to fund the unfunded provisions of the South Capitol Street Memorial Amendment Act of 2012.[54] The provisions of the subtitle would sunset once the South Capitol Street Memorial Amendment Act of 2012 is fully funded.

Financial Impact

DHCF's budget for Medicaid enrollment is based on projections that fluctuate monthly, so it is impossible to determine if funds will be available to set aside under this subtitle. Since the subtitle has no effect unless excess funds are available, it has no impact on the proposed FY 2013 through FY 2016 budget and financial plan. The availability of funds can only be determined when the Comprehensive Annual Financial Report is published, at the end of January following the end of a fiscal year.

Subtitle (V)(P) – Medical Assistance Program Amendment Act of 2012

Background

Approval by the Council of this subtitle will constitute the Council review and approval required by the District's Medicaid statute[55] of any modification or waiver to the District's State Plan for Medical Assistance ("State Plan") required to:

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[53] Enacted April 10, 2012, subject to appropriation (Act 19-344; 59 DCMR 3083).
[54] Enacted April 10, 2012, subject to appropriation (Act 19-344; 59 DCMR 3083).
[55] Section 1(a) of "An Act to enable the District of Columbia to receive Federal financial assistance under title XIX of the Social Security Act for a medical assistance program, and for other purposes," approved December 27, 1967 (81 Stat. 744; D.C. Official Code § 1-307.02(a)).

1. Update the diagnosis-related group (DRG) grouper the Department of Healthcare Finance (DHCF) uses to pay DRG hospitals for inpatient care in order to adjust the average payment-to-cost ratio from 114 percent to 98 percent;
2. Update the reimbursement methodology model for Intermediate Care Facilities for the Mentally Retarded (ICF/MR);
3. Exclude the cost of therapies, including physical therapy, occupational therapy, and speech therapy, from the calculation of the nursing and resident care component of the nursing home payment rate; or
4. Transition HIV-positive beneficiaries in both the fee-for-service and managed care organization populations to the replenishing pharmacy network for HIV/AIDS medications.

Financial Impact

The fiscal impacts of these State Plan amendments are incorporated into the FY 2013 through FY 2016 budget and financial plan, so deeming their approval through this subtitle will not have a fiscal impact. The estimated local[56] impacts of the four State Plan amendments are as follows:

1. The update to the DRG grouper to reduce average payment-to-cost ratio for inpatient care at DRG hospitals would reduce costs by an estimated $10.7 million in FY 2013.
2. Updating the ICF/MR reimbursement methodology would increase costs by approximately $6 million, $4.1 million of which is covered by the increased rates on the Stevie Sellows ICF/MR dedicated tax.
3. Excluding some therapies in the nursing home payment rate would reduce costs by an estimated $2 million in FY 2013.
4. Transitioning all HIV-positive Medicaid beneficiaries to the replenishing pharmacy network for HIV/AIDS medications would reduce costs by an estimated $600,000 in FY 2013.

<u>Subtitle (V)(Q) – Temporary Assistance for Needy Families Time Limit Amendment Act of 2012</u>

Background

This subtitle expands the eligibility requirements for Department of Human Services' POWER program to allow an "assistance unit" qualify for assistance under the program if the head of the unit is:

- the parent of a minor child and needed in the home to care for a household member who is physically or mentally incapacitated;
- the parent of a minor child and a victim of domestic violence, as determined by the Department of Human Services (DHS)[57]
- a pregnant or parenting teen who is exempt from the living at home requirements and enrolled in a high school or a GED program.

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[56] The federal government pays 70 percent of costs under the District's Medicaid plan, and local funds pay 30 percent. The costs and savings listed here represent the local funds only.
[57] Specifically the individual must

An assistant units' eligibility for POWER will be assessed each year.

The amendment also changes TANF rules regarding recipients who have exceeded the 60-monht time limit. Specifically, the amendment provides exemptions or extensions from the 60-month time limit requirement if the individual is:

- A minor child and not the head of an assistance unit or married to the head of an assistance unit;
- A parent or caretaker who is 60 years of age or older.
- Enrolled in an accredited postsecondary education program or a Department of Employment Services approved job training program.

Individuals that are exempt from the 60-month time limit will receive the same level of assistance for which they would be eligible if they had not exceeded the 60-month limit. Under the proposed changes, DHS is required to notify clients no less than 90 days prior of a scheduled reduction or elimination of benefits payments under TANF.

Finally, DHS is required to provide TANF recipients and applicants information regarding new the eligibility requirements for POWER program and the exemption and extensions authorized under TANF.

Financial Plan Impact

Expanding DHS's POWER program and authorizing certain exemptions and extension from the 60-month time limit under TANF will cost approximately $150,000 in FY 2012 and $4.9 million in the proposed FY 2013 budget. The total cost of the subtitle over the proposed FY 2013 through FY 2016 budget and financial plan is approximately $41.5 million.

This subtitle restores benefit payments for over 2,000 TANF recipients who have exceeded the 60-month time limit to the level they would have been had they not exceed the time limit because they meet the TANF exemption or extension criteria or the proposed POWER eligibility requirements as outlined in the amendment. This increases the estimated cost of benefits payments made under TANF and POWER by approximately $4 million in FY 2013 and $37.4 million over the FY 2013 through FY 2016 financial plan period.

Additionally, DHS requires $150,000 in FY 2012 to make the program changes necessary to implement the program changes by October 1, 2012. Starting in FY 2013, they will also require an additional 13 case managers and 2 supervisors to manage and track the approximately 5,000 cases that meet the eligibility criteria for either POWER or TANF.

Estimated Fiscal Impact of Subtitle (V)(Q)
Temporary Assistance for Needy Families Time Limit Amendment Act of 2012

	FY 2013	FY 2014	FY 2015	FY 2016	Five Year Total
Estimated Fiscal Impact	$4,886,177	$8,100,751	$13,116,630	$15,247,913	$41,351,471

Source: Office of Revenue Analysis, based on data provided by DHS

Because this subtitle is subject to availability of future revenues, it fiscal effect is *not* included in the four-year budget and financial plan. The Office of Revenue Analysis reviews revenue estimates for the District of Columbia quarterly. The revenue estimates may project an increase or decrease in revenues depending on economic conditions in the District. If revenues do not increase by the amount necessary to cover the cost of items 1 in Title X, this subtitle will not be implemented.

Additionally Title X only allocated $1.74 million for the implementation of this subtitle in FY 2013. Unless amended, that amount would *not* be sufficient to cover the cost of the proposed subtitle.

TITLE VI – TRANSPORTATION, PUBLIC WORKS, AND THE ENVIRONMENT

Subtitle (VI)(A) – Department of Transportation Parking Meter Pay-by-phone Transaction Fee Fund Amendment Act of 2012

Background

The District Department of Transportation (DDOT) launched a pay-by-phone program in 2011, which allowed parkers at metered locations to pay for parking with a cell phone or smart phone. The vendor, Park Mobile, charges a 32 cent transaction fee for each parking transaction. The District collects those transaction fees, but needs to pay them back to Park Mobile as a fee for service.

The subtitle creates the District Department of Transportation Parking Meter Pay-by-phone Transaction Fee Fund (Fund) to collect the transaction fees so DDOT can pay the vendor. The Fund ensures the transaction fees do not support the District's WMATA subsidy like most other parking meter related revenue.

The subtitle also repeals an outdated statute that allowed the Mayor to implement an experimental parking meter program on four square blocks of the city.[58]

Financial Plan Impact

The fiscal impact of the subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan. The subtitle creates a new special purpose revenue fund to capture transaction fees associated with the pay-by-phone parking program. Based on current usage of the program, DDOT expects the transaction fees to be $1,500,000 per year. The Fund will receive $1,500,000 from revenues generated by the Mayor's policy proposal to replace aging parking meters to cover the transaction fee needs.

Subtitle (VI)(B) – State Safety Oversight Agency Establishment Amendment Act of 2012

Background

The subtitle establishes a State Safety Oversight Agency within the Fire and Emergency Medical Services (FEMS) Department. This agency is needed to comply with Federal Transit Administration (FTA) safety and security oversight requirements[59] related to streetcar operations in the District. The agency will create a FTA-approved safety program binding over the streetcar operations in the District.

[58] Approved April 4, 1938 (52 Stat. 192; D.C. Official Code § 50-2633).
[59] 49 CFR Part 659: Rail Fixed Guideway Systems; State Safety Oversight.

Financial Plan Impact

The fiscal impact of the subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan. FEMS will run the State Safety Oversight Agency, which will be staffed by two FEMS members. The personnel and training costs are $194,789 in FY 2013 and $802,843 in the four year financial plan period.

Fiscal Impact of Subtitle (VI)(B) – State Safety Oversight Agency Establishment Act of 2012 Estimated Cost Increases for Establishment of the State Safety Oversight Agency					
	FY 2013	**FY 2014**	**FY 2015**	**FY 2016**	**Total**
Personnel[1] and Training Costs	$194,789	$198,685	$202,658	$206,711	$802,843

Table Notes
[1]Includes salary and benefits for 2 FTEs.

Subtitle (VI)(C) – District Department of Transportation Omnibus Amendment Act of 2012

Background

The subtitle amends, and makes permanent, a provision of the DDOT Omnibus Conforming Emergency Amendment Act of 2012[60] and establishes a new special purpose revenue fund. The subtitle designates a certain parking meter revenue amount[61] to be dedicated to the District's Washington Metropolitan Area Transit Authority (WMATA) operating subsidy. Any parking meter revenues collected above the dedicated amounts are deposited into the newly established, non-lapsing Sustainable Transportation Fund (Fund). In addition to these excess revenues, fifty percent of performance parking zone revenues above a baseline established on September 30, 2012[62] will be deposited in the Fund. The Fund's resources can be spent on unfunded recommendations in WMATA Bus Lines Studies, WMATA Service Evaluations, and other bus transit investments determined by the Mayor.

A second component of the subtitle eliminates a District Department of Transportation (DDOT) practice of using Highway Trust Fund monies to pay for capital project expenditures that are not eligible for federal reimbursement (non-participating costs). A new capital project will be created within DDOT's local transportation fund and enterprise fund for transportation initiatives.

Next, the subtitle creates two additional capital projects. The first is the labor cost transfer project which will not receive a budget. This project will collect all indirect labor costs and labor surcharges that cannot be charged directly to a project, but can be reimbursed through indirect[63] and additive

[60] Effective February 28, 2012 (D.C. Act 19-317; D.C. Official Code § 50-2603).
[61] The amounts are $30,578,700 in FY 2013 and FY 2014, $30,976,223 in FY 2015, and $31,378,914 in FY 2016 and each year thereafter.
[62] The baseline for the existing Ballpark and Columbia Heights Zones are established as of September 30, 2011 and the baseline for the H Street, N.E. Zone is established as June 1, 2012.
[63] Indirect costs as defined in the subtitle are those costs incurred for a joint purpose benefitting more than one project and not readily assignable to the project specifically benefitted.

rate[64] recovery. Costs will accrue in this project and then be redistributed to eligible projects. The second is the materials testing cost transfer project which will receive a defined budget.

The subtitle also gives DDOT the authority to enter into sole source subgrants in excess of $1 million to the Union Station Redevelopment Corporation ("Corporation"). The grants must be federal grants and the Corporation must meet any local funding match requirements. Currently, the DDOT Director is not permitted to issue into grants over $1 million.[65]

Lastly, the subtitle makes permanent provisions of the District Department of Transportation Omnibus Emergency Amendment Act of 2011.[66] These include ensuring Highway Trust Fund local expenditures do not exceed 22 percent annually of proposed federal-aid highway project expenditures and dedicating only public rights-of-way user fees, charges, penalties to the Local Transportation Fund.[67]

Financial Plan Impact

The fiscal impact of the subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan.

The specific parking meter revenue amounts dedicated to the WMATA subsidy by the subtitle are equivalent to the amounts dedicated to WMATA in the Mayor's proposed four year budget and financial plan from parking meter revenues. There are no additional revenues certified from parking meters in the financial plan period, but this ensures the WMATA subsidy receives priority payment over newly proposed initiatives if revenues generated are higher than expected.

The non-participating funds project will receive $13,000,000 in FY 2013 and $37,000,000 in the four year financial plan period. The materials testing costs project will receive $300,000 in FY 2013 and $1,200,000 in the four year financial plan period. The labor cost project will record labor costs and transfer those to reimbursable projects and there will be no impact on the four year financial plan.

Subtitle (VI)(D) – Washington Metropolitan Area Transit Authority Memorandum of Understanding Establishment Amendment Act of 2012

Background

The subtitle allows the District Department of Transportation (DDOT) to enter into contracts with the Washington Metropolitan Area Transit Authority (WMATA) without going through traditional

[64] Additive rate as defined in the subtitle is the rate used to represent labor surcharges as a percentage of direct labor costs, where labor surcharges are fringe benefits, worker compensation insurance, leave, and similar labor costs.
[65] D.C. Official Code § 50-921.02(c)(1).
[66] Effective December 21, 2011 (D.C. Act 19-254; 58 DCMR 11215).
[67] The first $2,600,000 will be deposited in the General Fund, but replaced by $2,600,000 in capital funds from a project under the oversight of the Committee on Libraries, Parks, Recreation, and Planning.

District contracting requirements for outside entities or firms.[68] Currently, DDOT enters into sole-source contractual agreements with WMATA each time both agencies have oversight over a project. For example, DDOT may plan for an improvement to a WMATA run transit facility and receive federal funds to complete the project. However, only WMATA can construct the project, so the funds need to be transferred to WMATA. The proposed process simplifies the contracting process when WMATA is the only viable vendor and will allow for fund transfers in a manner similar to that among District agencies.[69]

Financial Plan Impact

The subtitle is a new process for reaching agreements between DDOT and WMATA. The process will be used as needed for projects where both entities are involved. There is no impact associated with implementation of the subtitle in the four year financial plan period.

<u>Subtitle (VI)(E) – Performance Parking Zone Expansion Amendment of 2012</u>

Background

The subtitle allows the Mayor to establish performance parking zones citywide and removes the term "pilot" from descriptions of performance parking zones. It also maintains the three existing performance parking zones,[70] while expanding the H Street, N.E. zone boundaries. Fifty percent of performance parking zone revenues above a baseline established on September 30, 2012[71] is deposited into the Performance Parking Program Fund (Fund) to be used exclusively for non-automotive transportation improvements in the zone in which the revenues were generated.

The subtitle also requires the District Department of Transportation to work with DC Surface Transit, a non-profit, if a performance parking zone is established in the Central Washington Area.[72]

Financial Plan Impact

The fiscal impact of the subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan.

The District, through its budget process, committed specific parking meter revenues[73] to the Washington Metropolitan Area Transit Authority (WMATA) operating subsidy. In order to maintain the subsidy level and account for rate decreases that could be a component of performance parking, the subtitle establishes a baseline of September 30, 2012 and only 50 percent of positive net

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[68] The Chief Financial Officer must still certify the availability of funds and any contract over $1 million must be approved by the Council of the District of Columbia.
[69] D.C. Official Code § 1-301.03(j).
[70] The three existing zones are the Ballpark, H Street, N.E., and Columbia Heights.
[71] The baseline for the existing Ballpark and Columbia Heights Zones are established as of September 30, 2011 and the baseline for the H Street, N.E. Zone is established as June 1, 2012.
[72] As defined in DCMR Title 10-A (Comprehensive Plan), Chapter 16 (Central Washington Area Element Penn Quarter Monumental Core).
[73] The amounts are $30,578,700 in FY 2013 and FY 2014, $30,976,223 in FY 2015, and $31,378,914 in FY 2016.

revenues from each zone will be retained in the Fund. The impact of the expanded boundaries of the H Street, N.E. zone is currently unknown because the zone will not officially begin until summer 2012. Additionally, there are no current plans to expand performance parking beyond the three existing zones.

Subtitle (VI)(F) – District of Columbia Taxicab Commission Fund Amendment Act of 2012

Background

The subtitle requires any fees or funds established by rule, law, or reprogramming by the District of Columbia Taxicab Commission (Commission) be deposited in the District of Columbia Taxicab Commission Fund (Fund). Any new fees or funds are expected to generate at least $1,000,000 starting in FY 2013 and each year thereafter for the Fund.

Financial Plan Impact

The fiscal impact of the subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan.

The Commission intends to implement a 50 cent flag drop fee for each taxi ride in the District. The new fee is estimated to generate $1,093,000 in FY 2013 and $4,372,000 in the four year financial plan period for the Fund and reduce general fund appropriations supporting the Commission's operations. The collection of these revenues is contingent upon implementation of a new Mayoral initiative that replaces the current meters in the District's taxicabs with smart meters that allow tracking of taxicab rides. The Commission is actively evaluating the viability of responses to the request for proposal[74] for the implementation of the smart meters.

Subtitle (VI)(G) – District Department of Transportation Policy Compendium Act of 2012

Background

The subtitle requires the District Department of Transportation (DDOT) make available online a policy compendium outlining the Department's policies and procedures that affect the management of the transportation network and public space. Additionally, DDOT must report quarterly to Council its progress on the compendium and its expected completion timeline.

Financial Plan Impact

The fiscal impact of the subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan.

DDOT is presently preparing the policy compendium and any costs to complete the compendium will be absorbed through existing resources.

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[74] The Request for Proposals is available at http://app.ocp.dc.gov/RUI/information/scf/solicitation_detail.asp?solicitation=DCPO-2012-R-0342

Subtitle (VI)(H) – Healthy and Efficient Homes Amendment Act of 2012

Background

The District Department of the Environment (DDOE) runs a number of residential programs to assist District residents in improving the energy efficiency and safety of their homes. A few of these programs include:

- Weatherization Plus Program: analyzes electricity energy usage and the potential for related health and safety improvements homes in the District;
- Heating System Repair, Replacement, and Tune-up Program: assists low-income residents with their home heating systems through audits and maintenance or replacement of those systems; and
- Lead and Healthy Homes Programs: work to mitigate in-home environmental hazards that are particularly harmful to children's health, including lead, radon, carbon monoxide, pests, and toxic household products.

The subtitle authorizes $2,000,000 to be spent on weatherization, appliance replacement, and healthy homes programs in FY 2013 from funds in the Sustainable Energy Trust Fund.

Financial Plan Impact

The fiscal impact of the subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan.

The $2,000,000 required for the weatherization, appliance replacement, and healthy homes programs is included in the Mayor's proposed FY 2013 budget and financial plan.

Subtitle (VI)(I) – Transit Subsidy for Foster Youth Amendment Act of 2012

Background

The School Transit Subsidy Program provides reduced fares for District students who use Metrobus, Metrorail, or the Circulator to travel to and from school. Presently, eligible participants in the program are residents of the District enrolled in a public, charter, private, or parochial elementary or secondary school, and are under the age of 19.[75]

The subtitle expands the District Department of Transportation's School Transit Subsidy Program to include youth in the District's foster care system 19 and 20 years of age.

Financial Plan Impact

The fiscal impact of the subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan.

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[75] Students with disabilities are eligible to participate up until age 22.

The Office of Revenue Analysis believes 191 foster youth will participate in the program at an additional cost of $85,300 in FY 2013 and $349,600 in the FY 2013 through FY 2016 financial plan. The Child and Family Services Agency will fund the increased costs through its existing resources.

Fiscal Impact of Transit Subsidy for Foster Youth Amendment Act of 2012 FY 2013 BSA Title VI, Subtitle I FY 2013 – FY 2016					
	FY 2013	**FY 2014**	**FY 2015[1]**	**FY 2016**	**Total**
Increased Subsidy Costs	**$85,300**	**$85,300**	**$89,500**	**$89,500**	**$349,600**

Source: Office of Revenue Analysis
Table Notes
[1] Assumes a WMATA rate increase in FY 2015.

TITLE VII– FINANCE AND REVENUE

Subtitle (VII)(A) – Subject to Appropriations Repealers Amendment Act of 2012

Background

This subtitle repeals the subject to appropriations provision of the following laws that authorize tax abatements:

- The United House of Prayer for All People Real Property Tax Exemption Act of 2011[76];
- Samuel J. Simmons NCBA Estates No. 1 Limited Partnership Real Property Tax Exemption and Equitable Real Property Tax Relief Act of 2009[77];
- Washington Ballet Equitable Tax Relief Act of 2011[78],
- Community Council for the Homeless at Friendship Place Equitable Real Property Tax Relief Act of 2011[79]
- New Issue Bond Program Tax Exemption Amendment Act of 2011 provided that the tax expenditure for this program would not exceed $400,000.[80,81]

Additionally, the subtitle repeals the subject to appropriations for the following laws that authorize expenditures:

- Certain provisions of the South Capitol Street Tragedy Memorial Act of 2011[82] are repealed. Specifically, the subject to appropriations for Title II and IV, with the exception of the requirement to create a behavioral resource guide[83]. The titles funded by this subtitle require the Mayor to develop a comprehensive plan for school-based behavioral health programs by school year 2016-2017 and the Department of Mental Health (DMH) create a behavioral training program and develop a Behavioral Health Ombudsman Program.
- Lottery Amendment Repeal Amendment Act of 2012[84]
- Corrections Information Council Amendment Act of 2011[85]
- District of Columbia Public Schools and Public Charter School Student Residency Fraud Prevention Amendment Act of 2012[86]
- Long-Term Care Ombudsman Program Amendment Act of 2012[87]

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[76] Effective December 2, 2011 (D.C. Law 19-51 § 3; D.C. Official Code § 47-1086).
[77] Effective March 12, 2011 (D.C. Law 18-311 § 4; D.C. Official Code § 47-4646).
[78] Effective January 12, 2012 (D.C. Law 19-77; D.C. Official Code § 47-4655).
[79] Effective December 2, 2011 (D.C. Law 19-42, 58 DCR 8962).
[80] Effective December 13, 2011 (D.C. Law 19-60; 58 DCRr 9169).
[81] The deed and recordation taxes that could be forgiven under the proposed subtitle is approximately $648,000, which is greater than the authorized funds. Thus, not all the projects that could qualify for a tax exemption (and refund) will benefit from the provisions of the law.
[82] Introduced April 5, 2011 (Bill 19-211).
[83] Section 15 (c) of Section 402 of Title IV of Bill 19-211.
[84] Effective May 23, 2012 (D.C. Act 19-322, 59 DCR 2254).
[85] Effective October 2, 2010 (D.C. Law 18-0223; DCR 4514).
[86] Signed by the Mayor on March 1, 2012 (D.C. Act 19-320; DCR 1939).
[87] Effective March 14, 2012 (D.C. Law 19-111; 59 DCR 455).

The subtitle also amends the Raising the Expectation for Education Outcomes Omnibus Act of 2012[88] to repeal the subject to appropriations provision for one year, starting October 1, 2012 through September 30, 2013. After FY 2013, the bill is subject to appropriations; therefore funding for subsequent years must be identified and incorporated into an approved budget and financial plan to continue implementation of this Act.

The subtitle also amends the Health Benefits Exchange Authority Establishment Act of 2012[89] to repeal the subject to appropriations provision through September 30, 2014. After FY 2015, the bill is subject to appropriations; therefore funding for subsequent years must be identified and incorporated into an approved budget and financial plan to continue implementation of this Act.

Finally, the subtitle amends the D.C. Official Code to exempt the real property for Lots 806 through 808 in Square 5190, and Lots 1 though 8 in Square 5348 as of 2003. These real properties are part of the project known as the Carver Low-Income and Senior Housing Project ("Project").[90] The aforementioned lots were exempt from taxation for a period of eight years beginning with the tax year 2003.[91] However, the exemption expired at the end of tax year 2010 and all the properties are now subject to the District's real property tax. The subtitle extends the exemption indefinitely.

Financial Impact

Repealing the subject to appropriations provision of the above-mentioned laws will cost approximately $42.9 million in FY 2013 and approximately $71 million over the proposed FY 2013 through FY 2016 budget and financial plan. The fiscal impact of the proposed subtitle is incorporated into the budget and financial plan.

Estimated Impact of Subtitle (VII)(A) Subject to Appropriations Repealers Amendment Act of 2012, FY 2013-FY 2016 ($ in thousands)					
	FY 2013	FY 2014	FY 2015	FY 2016	Four Year Total
Tax expenditures					
The United House of Prayer for All People Real Property Tax Exemption Act of 2011 [a, b]	$55	$22	$23	$23	$123
Samuel J. Simmons NCBA Estates No. 1 Limited Partnership Real Property Tax Exemption and Equitable Real Property Tax Relief Act of 2009 [c, d]	$438	$150	$150	$150	$888
The Washington Ballet Equitable Tax Relief Act of 2011[e]	$111	$0	$0	$0	$111
Carver Low-Income and Senior Housing Real Property Tax Exemption [g]	$157	$51	$52	$275	$535

[88] Signed by the Mayor on April 20, 2012 (D.C. Act 19-345)
[89] B19-0002, District of Columbia Health Exchange Authority Authorizing Act of 2011
[90] D.C. Official Code § 47-1086.
[91] D.C. Official Code § 47-4605.

Estimated Impact of Subtitle (VII)(A) Subject to Appropriations Repealers Amendment Act of 2012, FY 2013-FY 2016 ($ in thousands)					
	FY 2013	**FY 2014**	**FY 2015**	**FY 2016**	**Four Year Total**
Community Council for the Homeless at Friendship Place Equitable Real Property Tax Relief Act of 2011	$11	$0	$0	$0	$11
New Issue Bond Program	$400	$0	$0	$0	$400
Total Tax Expenditures	**$1,172**	**$223**	**$225**	**$448**	**$2,068**
Expenditure Increases					
South Capitol Street Tragedy Memorial Act of 2011[f]					
Title II - Comprehensive Plan for Behavioral Programs	*$103*	*$106*	*$108*	*$110*	*$427*
Title IV - Behavioral Health Training and Ombudsman Program	*$712*	*$718*	*$737*	*$757*	*$2,924*
Lottery Amendment Repeal Amendment Act of 2012 h	*no impact*				
Raising the Expectation for Education Outcomes Omnibus Act of 2012	$2,706	$0	$0	$0	$2,706
Accountant Mobility Act of 2011	$94	$94	$94	$94	$376
Corrections Information Council Amendment Act of 2010 i	*no impact*				
DCPS & PCS Student Residency Fraud Prevention Amendment Act of 2012	$364	$376	$388	$401	$1,529
Long-Term Care Ombudsman Program Amendment Act of 2012	$302	$308	$315	$323	$1,248
Health Benefit Exchange Authority Establishment Act of 2012	$37,400	$22,300	$0	$0	$59,700
Total Program Expenditure	**$41,681**	**$23,902**	**$1,642**	**$1,685**	**$68,910**
Total Estimated Fiscal Impact	**$42,853**	**$24,125**	**$1,867**	**$2,133**	**$70,978**

Table Notes

[a] The retroactive tax liability includes real property taxes owed for the period from March 1 through October 1, 2011 and for FY 2012.
[b] Growth in FY 2013 and FY 2014 assessed values are based on projections for property tax values.
[c] FY 2013 estimate includes property taxes owed in FY 2011, FY 2012, and FY 2013.
[d] Assumes project's gross income remains constant and therefore future PILOT payments are constant.
[e] Includes all real property taxes owed between 2008 and 2010, including fees, penalties, and interest; recordation tax owed on the transfer of the property, including penalties and interest; and attorney's fees due as a result of the sale of the property tax lien.
[f] For more details see fiscal impact statement issued for Bill 19-211 on March 5, 2012. Available at: http://app.cfo.dc.gov/services/fiscal_impact/search.asp?session_time=sel&number=&title=South+capitol
[g] FY 2013 estimate includes property taxes owed in FY 2011, FY 2012, and FY 2013.
[h] The cost of repealing online gaming is already reflected in the District’s revenue estimates.
[i] The cost of the legislation is already incorporated in the budget and financial plan.

Subtitle (VII)(B) – Targeted Retirement Distribution Withholding

Background

This subtitle makes permanent the clarification made to the Subtitle VIII(L) of Fiscal Year 2012 Budget Support Act of 2011[92] by the Retirement Distribution Withholding Emergency Act of 2011[93]. The emergency legislation clarifies that withholding requirements apply to all distributions from applicable plans, so long as the said distributions are subject to withholding of federal taxes.

Financial Plan Impact

The subtitle makes permanent an already approved emergency legislation and does not impact the budget and financial plan.

Subtitle (VII)(C) – Subsidized Nonprofit Rental Unit Fee Exemption Amendment Act of 2012

Background

Under the District's rental housing law,[94] rental housing providers pay a $21.50 rental unit fee annually on each of their units except those that have received subsidy financing from either the federal Low Income Housing Tax Credit program[95] or the federal Housing Choice Voucher Program.[96] Units that receive funding from these programs must meet certain defined affordability criteria and be rented to low income tenants. This subtitle would extend this exemption to nonprofit rental housing providers who provide a large number of units (at least 440) at rent levels that qualify as affordable under these subsidy financing programs, but who do not use subsidy programs to finance their units.

Financial Plan Impact

The Office of Revenue Analysis is aware of only one nonprofit organization –the United House of Prayer for all People – which rents at least 440 units at rates that would qualify as affordable under the proposed subtitle. Therefore, the revenue impact of this exemption is *de minimis* and can be absorbed into the budget.

Subtitle (VII)(D) – Employer Use Tax Return Amendment Act of 2012

Background

This subtitle requires[97] employers who are not required to collect and remit sales tax to file an annual use tax return with the Office of Tax and Revenue (OTR). Currently, companies are only able to file use tax through the District's sales tax program. This will provide a mechanism for companies

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[92] Effective September 14, 2011 (D.C. Law 19-21, 58 DCRM 6226).
[93] Enacted on December 22, 2011 (D.C. Act 19-265; 58 DCR 11242).
[94] Rental Housing Act of 1985, effective July 17, 1985 (D.C. Law 6-10; D.C. Official Code § 42-3504.01).
[95] Codified in Section 13142 of the Revenue Reconciliation Act of 1993 (P.L. 103-66; 107 Stat. 312).
[96] Commonly known as Section 8, and codified in Section 8 of the United States Housing Act of 1936 (P.L. 75-412; 50 Stat. 888).
[97] The subtitle adds a new subsection (g) to D.C. Official Code § 47-2211.

without sales tax liability to pay the use tax they owe on purchases made outside the District for goods and services used in the District.

Financial Plan Impact

The fiscal effect of the subtitle is already incorporated into the proposed FY 2013 through FY 2016 budget and financial plan. Requiring companies to file an annual use tax return with OTR is estimated to increase tax collections by approximately $2.2 million in FY 2013 and $8.8 million over the four-year financial plan period.

Estimated Fiscal Impact of Subtitle (VII)(D) – Employer Use Tax Return Amendment Act of 2012, FY 2013 – FY 2016 ($ in millions)					
	FY 2013	**FY 2014**	**FY 2015**	**FY 2016**	**Four-Year Total**
Increase in use tax revenue	$2.2	$2.2	$2.2	$2.2	**$8.8**

Source: Office of Revenue Analysis

Subtitle (VII)(E) – Overpayment Interest Rate Act of 2012

Background

This subtitle changes the interest rate paid to taxpayers by the District for overpayments made on tax returns. Currently, the District pays 6 percent interest on overpayments.[98] The subtitle changes the rate to one percentage point above the Prime Credit Discount Rate for the Richmond Federal Reserve Bank as of the previous September 30, not to exceed 6 percent. This translates to an interest rate of approximately 3 percent.

Financial Plan Impact

The fiscal effect of the proposed subtitle is already incorporated into the proposed FY 2013 through FY 2016 budget and financial plan. Under the proposed legislation, the interest paid on overpayments would equal 1.75 percent.

Estimated Fiscal Impact of Subtitle (VII)(E) – Overpayment Interest Rate Act of 2012, FY 2013 – FY 2016 ($ in millions)					
	FY 2013	**FY 2014**	**FY 2015**	**FY 2016**	**Four-Year Total**
Projected interest savings	$1.8	$1.8	$1.8	$1.8	**$7.2**

Source: Office of Revenue Analysis estimate based on the Prime Credit Discount Rate projections by the Richmond Fed.

During the financial plan period, this rate is projected to stay at about 3 percent. This lower interest rate will result in a savings of approximately $1.8 million each year. The fiscal effect of the proposed subtitle is already incorporated into the proposed FY 2013 through FY 2016 budget and financial plan period.

[98] The subtitle amends D.C. Official Code § 47-4202(c).

Subtitle (VII)(F) – The Non-Individual Income Tax Electronic Filing Threshold Amendment Act of 2012

Background

This subtitle requires taxpayers with payments exceeding $5,000 to submit those payments though electronic fund transfer. Current law requires taxpayers with payments of $10,000 or more to pay electronically.

Financial Plan Impact

The fiscal effect of the proposed subtitle is already incorporated into the proposed FY 2013 through FY 2016 budget and financial plan. Requiring individuals with payments exceeding $5,000 to pay electronically will result in a savings of $125,000 each year for a total savings of approximately $500,000 over the four-year financial plan period. The savings reflect the additional interest accrued on deposits.

Estimated Fiscal Impact of Subtitle (VII)(F) – The Non-Individual Income Tax Electronic Filing Threshold Amendment Act of 2012 FY 2013 – FY 2016					
	FY 2013	**FY 2014**	**FY 2015**	**FY 2016**	**Four-Year Total**
Savings from EFT	$125,000	$125,000	$125,000	$125,000	**$500,000**

Source: Office of Revenue Analysis

Subtitle (VII)(G) – The Homestead Deduction, Personal Exemption, and Standard Deduction Amendment Act of 2012

Background

Under current law, the personal exemption, the standard deduction, and the homestead exemption are set for an inflationary adjustment in FY 2013 from the base year of 2007. The proposed subtitle will change the base year to 2011, thus in FY 2013 these values will be adjusted by one year of inflation.

Financial Plan Impact

The fiscal effect of the subtitle is already incorporated into the proposed FY 2013 through FY 2016 budget and financial plan. Change of the base year of inflationary adjustments for the personal exemption, the standard deduction, and the homestead exemption will reduce the amount by which these exemptions will increase each year, starting FY 2013. The new homestead deduction level would increase real property tax collections by approximately $5.5 million in FY 2013 and $23.5 million over the four-year financial plan period. The new level of personal exemption and standard deduction will increase income tax revenue by $6.5 million in FY 2013 and by $37.8 million in the four-year financial plan period.

Estimated Fiscal Impact of Subtitle (VII)(F) – The Homestead Deduction, Personal Exemption, and Standard Deduction Amendment Act of 2012 FY 2013 – FY 2016 ($ in millions)					
	FY 2013	**FY 2014**	**FY 2015**	**FY 2016**	**Four-Year Total**
Increase in property tax revenue	$5.50	$6.00	$6.00	$6.00	**$ 23.50**
Increase in income tax revenue	$6.50	$10.30	$10.40	$10.60	**$ 37.80**
Total Revenue impact	**$12.00**	**$16.30**	**$16.40**	**$16.60**	**$ 61.30**

Source: Office of Revenue Analysis

Subtitle (VII)(H) – Taxpayer Refund Offset for Department of Motor Vehicles Liabilities Act of 2012

Background

This subtitle authorizes the Office of the Chief Financial Officer (OCFO) to apply a taxpayers' refund to any delinquent taxes, fees, fines or other liabilities that taxpayer owes to the Department of Motor Vehicles.

Financial Plan Impact

The fiscal effect of the subtitle is already incorporated into the proposed FY 2013 through FY 2016 budget and financial plan. Authorizing the OCFO to apply taxpayer overpayments to outstanding liabilities owed to the Department of Motor Vehicles is estimated to increase revenue collection by approximately $2.5 million in FY 2013 and $10 million over the four-year financial plan.

Estimated Fiscal Impact of Subtitle (VII)(H) – The Taxpayer Refund Offset for Department of Motor Vehicle Liabilities Act of 2012 FY 2013 – FY 2016 ($ millions)					
	FY 2013	**FY 2014**	**FY 2015**	**FY 2016**	**Four-Year Total**
Increase nontax revenue	$2.5	$2.5	$2.5	$2.5	**$10.0**

Source: Office of Revenue Analysis

Subtitle (VII)(I) –Commercial Property Tax Rate Amendment Act of 2012

Background

This subtitle reduces the commercial property tax rate applied to the first $3 million of assessed value from $1.65 per $100 of assessed value to $1.55 per $100 of assessed value. The new rate would be effective starting October 1, 2013.

This subtitle would apply only upon certification by the OCFO that revenue revisions for FY 2013 provide sufficient funds to support the priorities 1 through 12 outlined in Subtitle (X)(A) of this Act.

If these priorities are funded, the rate change would become effective as of October 1, 2012, as priority 12 of Subtitle (X)(A) reduces the commercial property tax rate for FY 2013.

Financial Plan Impact

Reducing the commercial property tax rate for the first $3 million of assessed value from $1.65 per $100 of assessed value to $1.55 per $100 of assessed value would reduce revenue collections by approximately $10 million in FY 2013 and $41.2 million over the four-year financial plan period. (This estimate accounts for the impact in FY 2013 because the implementation of this subtitle is dependent on sufficient funds to support the rate reduction in FY 2013 as well.) Because this subtitle is subject to availability of future revenues, it fiscal effect is *not* included in the four-year budget and financial plan.

The Office of Revenue Analysis reviews revenue estimates for the District of Columbia quarterly. The revenue estimates may project an increase or decrease in revenues depending on economic conditions in the District. If revenues do not increase by the amount necessary to cover the cost of items 1-12 in Subtitle (X)(A) and this subtitle, it will not be implemented.

Estimated Fiscal Impact of Subtitle (VII)(I) – Commercial Property Tax Rate Amendment Act of 2012 FY 2013 – FY 2016 ($ in millions)					
	FY 2013	**FY 2014**	**FY 2015**	**FY 2016**	**Four-Year Total**
Reduction in property tax revenue	$10.0	$10.2	$10.4	$10.6	**$41.2**

Source: Office of Revenue Analysis

<u>Subtitle (VII)(J) – Cooperative Housing Association Economic Interest Recordation Tax Amendment Act of 2012</u>

Background

This subtitle[99] clarifies the language regarding recordation taxes on deeds for cooperatives enacted as part of the "Fiscal Year 2010 Budget Support Second Emergency Act of 2009."[100]

Specifically, the legislation clarifies that recordation taxes on a deed that conveys an economic interest in improved residential real property that is owned by a cooperative housing association are no longer exempt; imposes a recordation tax rate of 2.2 percent on the transfer of an economic interest in a cooperative housing association that is in connection with a grant, transfer or assignment of a proprietary leasehold or other proprietary interest where the consideration allocable to the real property is less than $400,000; makes the cooperative housing association jointly liable with the parties to the deed for the payment of the recordation taxes; exempts from recordation taxes a security interest instrument pertaining to a cooperative housing association, and a deed of economic interest pertaining to a limited-equity cooperative; and adds language

[99] This subtitle amends the District of Columbia Deed Recordation Tax Act of 1962, approved March 2, 1962 (P.L. 87-408; D.C. Official Code § 42-1101 *et seq*.).
[100] See Subtitle (VII)(G) – Economic Interests in Real Property Clarification Second Emergency Amendment Act of 2009, enacted October 15, 2009 (D.C. Act 18-207; 56 DCR 8228) .

regarding the transfer of an interest in a cooperative housing association to the definition of transfer of economic interest.

Financial Plan Impact

The Fiscal Year 2010 Budget Support Second Emergency Act of 2009 already effectuated these changes. Thus the deed recordation tax revenue generated by this legislation is already incorporated into the budget and financial plan.

Subtitle (VII)(K) – The Procedures for the Remittance of Hotel Taxes by Online Vendors Amendment Act of 2012

Background

This subtitle makes permanent amendments enacted as part of the Revised FY 2012 Budget Support Technical Clarification Temporary Amendment Act of 2011.[101] The temporary legislation outlines the procedure for collecting the transient accommodations tax[102] from online vendors known as room remarketers.[103] It requires that the transient accommodations tax is calculated on the net charges and additional charges received by the room remarketer. It also requires the room remarketer to collect and remit the transient accommodations tax to the operator who actually provided the accommodation (*.e g..* hotel, inn, tourist camp, etc.). This operator would then be required to file returns and remit the tax to the Office of Tax and Revenue.

Financial Impact

The subtitle makes procedural change, and does not impact the District's budget and financial plan. This subtitle clarifies and makes permanent the procedure for collecting the tax.

Subtitle (VII)(L) – Recordation Tax on Refinances of Security Interest Instruments Clarification Act of 2012

Background

This subtitle clarifies[104] that refinances of security interest instruments are taxed only on the amount of new debt that exceeds existing debt so long as that tax was paid on the existing debt or it was exempted from the recordation tax.

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[101] Effective December 2, 2011 (D.C. Law 19-53; 58 DCMR 8954).
[102] The transient accommodations tax rate is currently 14.5 percent.
[103] A room remarketer is defined as "any person, other than the operator of a hotel, inn, tourist camp, tourist cabin, or any other place in which rooms, lodgings, or accommodations are regularly furnished to transients for a consideration, having any right, access, ability, or authority, through an Internet transaction or any other means whatsoever, to offer, reserve, book, arrange for, remarket, distribute, broker, resell, or facilitate the transfer of rooms the occupancy of which is subject to tax under this chapter and also having any right, access, ability or authority to determine the sale or charge for the rooms, lodgings, or accommodations." Examples of room remarketers include Hotels.com, Orbitz, Travelocity, and Expedia.com.
[104] By amending the District of Columbia Deed Recordation Tax Act, approved March 2, 1962 (P.L. 87-408; D.C. Official Code § 42-1103(a)(3)).

A security interest instrument is what allows a creditor to enforce its rights against collateral in case the debtor defaults on the loan. It could be a mortgage, a deed of trust, or any other assignment of interest that creates an encumbrance on the real property.

The subtitle also provides that modifications to existing financing agreements are taxed as refinances unless otherwise exempt.

These clarifications affirm the present interpretation and implementation of that law.

Financial Impact

This subtitle does not have an impact on the proposed FY 2013 through FY 2016 budget and financial plan, as it clarifies existing law and is current practice.

<u>Subtitle (VII)(M) – Nonprofit Affordable Housing Developer Tax Relief Act of 2012</u>

Background

This subtitle allows non-profit affordable housing developers to maintain their exempt status from real property taxation, deed recordation tax, and payments in lieu of taxes offered for qualified affordable housing projects[105] during the time period the project is being developed for or continues to be used for affordable housing and is under the applicable restrictions of the federal low-income housing tax credit (LIHTC) compliance period.

This exemption would apply to real property tax years beginning after September 30, 2012.

Financial Impact

Allowing non-profit housing providers to maintain their tax exempt status, while taking advantage of LIHTC to develop affordable housing, is estimated to reduce tax revenue by approximately $255,000 in FY 2013 and $1.6 million over the proposed FY 2013 through FY 2016 budget and financial plan period.

The fiscal effect of the subtitle is already incorporated into the proposed FY 2013 through FY 2016 budget and financial plan. The estimated impact is detailed in the table below.

[105] D.C. Official Code § 47-1002(20) allows low-income housing providers that meet certain criteria the option to pay real property taxes or make PILOT payments equal to 5 percent of the gross income derived from the operation of the building, whichever is less.

Estimated Fiscal Impact of Subtitle (VII)(M Nonprofit Affordable Housing Developer Tax Relief Act of 2012, FY 2013 – FY 2016					
	FY 2013	**FY 2014**	**FY 2015**	**FY 2016**	**Four Year total**
Reduction in real property taxes	$100,000	$200,000	$300,000	$400,000	$1,000,000
Reduction in recordation taxes	$155,000	$155,000	$155,000	$155,000	$620,000
Total Impact	**$255,000**	**$355,000**	**$455,000**	**$555,000**	**$1,620,000**

Assumptions:

- One project per year qualifies for the exemption.
- Average property tax is $100,000
- Average deed recordation tax bill is $155,000
- Estimate assumptions are based on the number and size of past projects that met the proposed eligibility requirements.

Source: Office of Revenue Analysis

<u>Subtitle (VII)(N) – Gallery Place Tax Increment Refinancing Allocation and Washington Convention Center Authority Marketing Fund Amendment Act of 2012</u>

Background

This subtitle requires the CFO to recognize as local revenue the additional tax increment above which is needed to cover the debt service for the Gallery Place Project Bonds, Series 2002, issued for the Gallery Place Project. Further, the proposed subtitle requires that Gallery Place project tax increment revenue, above which is needed to cover debt service on Gallery Place Project refunding bonds planned to be issued in 2012, be recognized as local fund revenue in FY 2013 and each fiscal year thereafter.

Of the above revenue, $6.8 million will be used to fund the proposed appropriations of the Commission on Arts and Humanities. An additional $3 million will be transferred to the Washington Convention and Sports Authority Marketing Fund for purposes of Destination-DC led advertising programs.

Financial Impact

The proposed subtitle has no fiscal impact. A total of $9.8 million will be available in FY 2013. Six million of additional tax increment revenue will be available from the Series 2002 Gallery Place Project Bonds on a one-time basis in FY 2012 and will be carried over as fund balance use in FY 2013. Additionally, $3.8 million of additional tax increment revenue from the refunding bonds will be available in FY 2013 and through the financial plan, and these revenues, once converted to local funds, can be allocated for the purposes outlined in the subtitle.

<u>Subtitle (VII)(O) – Municipal Bond Tax Repeal Act of 2012</u>

Background

The proposed subtitle repeals the income tax levied on interest income earned on out-of-state municipal bonds. The tax applies to bond purchases made on or after January 1, 2012. This subtitle would apply only upon certification by the OCFO that revenue revisions for FY 2013 provide sufficient funds to support the priorities 1 through 6 outlined in Subtitle (X)(A) of this Act.

Financial Plan Impact

Repealing the tax on interest income earned on out-of-state municipal bonds would reduce revenue collections by approximately $1.1 million in FY 2013 and $9.1 million over the four-year financial plan period. Because this subtitle is subject to availability of future revenues, it fiscal effect is not included in the four-year budget and financial plan.

The Office of Revenue Analysis reviews revenue estimates for the District of Columbia quarterly. The revenue estimates may project an increase or decrease in revenues depending on economic conditions in the District. If revenues do not increase by the amount necessary to cover the cost of items 1-6 in Subtitle (X)(A) and this subtitle, it will not be implemented.

Estimated Fiscal Impact of Subtitle (VII)(I) – The Out-of-State Municipal Bond Tax Repeal Act of 2012, FY 2013 – FY 2016 ($ in millions)					
	FY 2013	**FY 2014**	**FY 2015**	**FY 2016**	**Four-Year Total**
Reduction in income tax revenues	$1.1	$1.7	$2.5	$3.8	**$9.1**

Source: Office of Revenue Analysis

TITLE VIII– BUDGET SUPPORT ACT CONFORMING AND TECHNICAL AMENDMENTS

Subtitle (VIII)(A) – Prior Budget Support Act Amendments Act of 2012

Background

The proposed subtitle provides various technical corrections to Fiscal Year 2012 Budget Support Act of 2011,[106] Revised Fiscal Year 2012 Budget Support Technical Clarification Temporary Amendment Act of 2011[107] and D.C. Official Code.

First, it requires that all proceeds from sale of maps and statutes-at-large of District of Columbia accrue to the General Fund, and not the unrestricted balance of General Fund of the District of Columbia.[108]

Second, it relaxes the requirement[109] that all funds collected from notary public license fees be deposited in the unrestricted balance of the General Fund.

it correctly references the D.C. Official Code section that repealed the Antifraud Fund under Section 9004(b) of the FY 2012 Budget Support Act. The D.C. Official Code already reflects the intended change, so the elimination of the incorrect reference in the FY 2012 Budget Support Act is a technical correction.

Second, under Section 9067 of the FY 2012 Budget Support Act, it corrects the reference in the D.C. Official Code to the Drug Interdiction and Demand Reduction Fund, and repeals D.C. Official Code § 48-907.02, which discusses the funding and disbursement of the Drug Interdiction and Demand Reduction Fund. This repeal is technical since the fund itself had been repealed.

Third, it clarifies that Fund 2531 (Drug Interdiction and Demand Reduction Fund in the Narcotics Proceeds agency) within the Metropolitan Police Department shall be treated as a local fund, and not a special purpose fund. FY 2012 Budget Support Act repealed HC0 0608, the Drug Interdiction and Demand Reduction Fund in the Department of Health, but neglected to repeal Fund 2531, which is the corresponding account at the Metropolitan Police Department.

Fourth, under Section 9073 of the FY 2012 Budget Support Act, it repeals D.C. Official Code § 8-1804 that establishes the Animal Control License Fees Fund. This amendment is technical since the intent of Section 9073 was to deposit all Animal Control License Fees to the unrestricted portion of the General Fund of the District of Columbia.

Fifth, it repeals Section 9099 of the FY 2012 Budget Support Act, which made the Solid Waste Disposal Cost Recovery Special Account lapsing. This fund must remain non-lapsing to satisfy the conditions of a settlement agreement between the District and private haulers.[110]

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[106] The Fiscal Year 2012 Budget Support Act of 2011, effective September 14, 2011 (D.C. Law 18-0021; 58 DCR 6226)
[107] Effective December 2, 2011 (D.C. Law 19-053; 58 DCR 8954)
[108] This section amends D.C. Official Code 1-301.01. Additional powers of Mayor, Council, and Director.
[109] This section amends D.C. Official Code 1-1201 (a).

Sixth, it postpones[111] the requirement that the District's budget and financial plan include a Pay-as-you-go Capital account for the upcoming fiscal year and each subsequent fiscal plan year to FY 2016. Under current law, this requirement is effective FY 2013.[112]

Seventh, it clarifies that for taxpayers with a taxable income between $10,000 and $40,000, the relevant tax rate is $400 plus 6 percent of taxable income in excess of $10,000, and not in excess of $40,000 as erroneously drafted in FY 2012 Budget Support Act.[113] The subtitle also makes the corresponding correction in the D.C. Official Code.[114]

Eighth, it clarifies that the interest income earned on out-of-state municipal bonds is subject to taxation only for bonds purchased after January 1, 2012, and that this tax will apply only if the quarterly revenue estimates for FY 2013 announced by the Office of the Chief Financial Officer provides sufficient funds to support the Mayoral priorities outlined in order in Title X of this Act.

Financial Plan Impact

The proposed changes are technical clarifications, and do not have an impact on the proposed FY 2013 through FY 2016 budget and financial plan.

Subtitle (VIII)(B) – FY 2011 O-type Un-Designation Amendment Act of 2012

Background

The Fiscal Year 2012 Budget Support Act of 2011[115] directs the Chief Financial Officer to undesignate the entire amount of the FY 2011 fund balances of certain special purpose revenue funds, so that the funds revert to the unrestricted balance of the General Fund at the end of FY 2011.

The proposed subtitle specifies that for the following accounts, only the amounts shown in the following table (and not the full end of FY 2011 balances) be undesignated:

Agency	Fund Title	Amount
Alcoholic Beverage Regulation Administration	ABC - Import And Class License Fees	$615,230
Medical Liability Captive Insurance	Captive Insurance Fund	$66,502

[110] The settlement agreement requires the District to maintain transfer stations and pay the cost of private haulers using the District transfer stations and hauling their trash to the landfill.
[111] This section amends D.C. Official Code § 47-392.02, *Process for submission and approval of financial plan and annual District budget*.
[112] Under current law, the Pay-as-you-go Capital Account shall be equal to the projected local funds revenue of each year, minus the local funds revenue in the budget and financial plan approved May 2011 (for FY 2013 budget), multiplied by 25%. The proposed change clarifies that the first relevant date would be the May of 2015.
[113] It amends Section 6 of the Revised Fiscal Year 2012 Budget Support Technical Clarification Temporary Amendment Act of 2011, effective December 2, 2011 (D.C. Law 19-053; 58 DCR 8954)
[114] The provision amends D.C. Official Code § 47-1806.03(a)(8).
[115] The Fiscal Year 2012 Budget Support Act of 2011, effective September 14, 2011 (D.C. Law 19-21; 58 DCR 6226).

Agency	Fund Title	Amount
Agency		
DC Public Library	Copies And Printing	$170,302
Department of Corrections	Corrections Trustee Reimbursement	$1,478,008
Department of Employment Services	Workers' Compensation Admin.	$9,556,870
	U. I. Interest/Penalties	$960,263
	U.I. Administrative Assessment	$2,331,581
Department of Health	Pharmacy Protection	$1,100,295
	Board Of Medicine	$2,314,868
Department of Human Services	SSI Payback	$340,220
Department of Real Estate Services	Eastern Market Enterprise Fund	$58,130
Department of Transportation	Tree Fund	$19,972
Department of Consumer and Regulatory Affairs	Board of Engineers Fund	$49,273
	Basic Business License Fund	$0
	Green Building Fund	$405,144
	R-E Guar. & Educ. Fund	$594,862
District Department of The Environment	DC Municipal Aggregation Program	$35,055
	Anacostia River Clean Up Fund	$874,995
	Renewable Energy Development Fund	$217,446
	Energy Assistance Trust Fund	$20,999
	Soil Erosion/Sediment Control	$322,205
	Sustainable Energy Trust Fund	$3,100,000
Office of Cable TV	Cable Franchise Fees	$777,407
Office of Planning	Hist. Landmark & Hist. Dist. Filing Fees	$80,269
Office of People's Counsel	Advocate For Consumers	$712,404
Office of The Attorney General	Child Support - Interest Income	$894
	Child Support - Reimbursements & Fees	$29,321
	Child Support - TANF/AFDC Collections	$3,419,152
Taxicab Commission	Taxicab Assessment Act	$57,779
	Total:	**$29,709,446**

Second, the proposed subtitle requires that of these authorized redesignations, the Chief Financial Officer shall recognize $11.6 million as FY 2013 revenue. Third, the OCFO is instructed to transfer from Fund 6013 under the Department of Consumer and Regulatory Affairs (the Basic Business License Fund) to Fund 6017 under the Alcoholic Beverage Regulation Administration (the ABC – Import and Class License Fees Fund) in the amount of $512,505 in FY 2012, and 140,526 in FY 2013.

Financial Plan Impact

The proposed subtitle redesignates funds in the District's fund balance to various special purpose accounts. In the absence of this subtitle, the full FY 2011 balances of these funds would have been undesignated. This subtitle redesignates approximately $29.7 million as depicted in the table above in FY 2011 special purpose revenue fund balances that are available for potential agency use. It also converts $11.6 in FY 2011 fund balance into FY 2013 revenue, and allows the use of Basic Business License fund balance to support ABC Import and Class License Fees funds in FY 2012 and FY 2013. The proposed FY 2013 through FY 2016 budget and financial plan does not use these newly redesignated funds to balance agency budgets.

TITLE IX– CAPITAL BUDGET

Subtitle (IX)(A) – District Department of Transportation Capital Project Review and Reconciliation Amendment Act of 2012

Background

The proposed subtitle authorizes the Office of the Chief Financial Officer (OCFO) to close any capital project funded from revenues in the Local Transportation Fund if the project :

- has obligated or expended funds in excess of its approved budget; or
- has been inactive for 12 months or more.

The proposed subtitle also authorizes the OCFO to close any capital project funded from revenues in the Highway Trust Fund if the project:

- has been closed by the United States Department of Transportation;
- has an open balance of:
  - $500,000 or more, and has been inactive for 12 months;
  - Between $50,000 and $499,999, and has been inactive for 24 months;
  - Less than $50,000, and has been inactive for 36 months; or
- has obligated or expended funds in excess of its approved budget.

The subtitle authorizes the OCFO to adjust the budget allotment of a capital project if the allotment exceeds its budget authority.

The subtitle requires that up to $1.5 million in annual funds resulting from the closure of a capital project funded by the Local Transportation Fund to be allocated to the Pedestrian and Bicycle Safety Enhancement Fund, and then equally among the Local Streets Ward-based capital projects. It also requires funds resulting from the closure of projects funded by the Highway Trust Fund to be allocated to Federal Highway Administration capital projects approved for the current Fiscal Year.

Finally, the subtitle requires the OCFO to submit to the Mayor and the Council a quarterly summary of all capital project closures.

Financial Plan Impact

Authorizing the OCFO to close capital projects that meet the above-mentioned criteria and reallocating these funds to other capital projects would not have a negative impact on the proposed budget and financial plan. These activities are already authorized and being implemented under temporary legislation[116] that is set to expire June 2012. The proposed subtitle makes these activities permanent.

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[116] The District Department of Transportation Capital Project Review and Reconciliation Temporary Act of 2011 effective October 20, 2011 (D.C. Law 19-34; 58 DCR 6531).

Subtitle (IX)(B) – Capital Budget Reporting Requirements Act of 2012

Background

Under current law, the Office of Contracting and Procurement has authority to immediately spend funds or reclassify funds for immediate expenditures under emergencies. The proposed subtitle requires the Mayor to submit to Council a quarterly report with a list of all District Department of Transportation (DDOT) projects or accounts under which such emergency expenditures took place. The quarterly reports must be certified by the OCFO.

Financial Plan Impact

The proposed reporting requirements for DDOT have no impact on the proposed budget and financial plan, but allow for better tracking of emergency expenditures incurred by DDOT.

Subtitle (IX)(C) –Capital Budget Authority Transfer Act of 2012

Background

The proposed subtitle reduces the capital budget authority and allotment for the South Capitol Corridor Project by approximately $8.7 million and increases the capital budget authority and allotment for the 11th Street Bridge project by the same amount.

Financial Plan Impact

The proposed FY 2013 through FY 2018 Capital Improvement Plan already incorporates the fiscal effect of the proposed changes. According to the District Department of Transportation, the capital funds for the South Capitol project are no longer needed.

Subtitle (IX)(C) – Proposed Capital Budget Modifications	
Reduce Capital Budget Authority and Allotment:	
South Capitol Street Corridor (AW000)	**($7,801,428.00)**
Fund detail 0320	($1,716,314.00)
Fund detail 0350	($6,085,114.00)
Transit Operations and Dedicated Facilities (TOP00)	**($851,000.00)**
Fund detail 0320	($187,220.00)
Fund detail 0350	($663,780.00)
Total Reduction:	**($8,652,428.00)**
Increase Capital Budget Authority and Allotment:	
11th Street Bridge (HTF00)	**$8,652,428.00**
Fund detail 0320	$1,903,534.00

Subtitle (IX)(C) – Proposed Capital Budget Modifications	
Fund detail 0350	$6,748,894.00
Total Increase:	**$8,652,428.00**

Subtitle (IX)(D) – FY 2010 Capital Project Reallocation Approval Resolution Act of 2012

Background

The proposed subtitle authorizes the Office of the Chief Financial Officer (OCFO) to reallocate approximately $22.2 million in currently held general obligation bond balances from the capital projects with slow activity to the WMATA Transit Operations and Dedicated Facilities project, a project with insufficient bond balance to cover expenditures. This enables the District to make better use of the bonds held in escrow (at a low interest rate), avoid some future borrowing, and improve cash flow. The subtitle has no impact on the budget authority of the capital projects.

Financial Impact

Authorizing the OCFO to reallocate currently held bond balances from certain capital whose balances are currently not being used to the WMATA project would not have a negative impact on the proposed budget and financial plan. Additionally, the reallocation would neither increase nor decrease the budget authority for the WMATA project or the other capital budget projects cited in the legislation. The intent is only to reallocate available bond balances where they are needed, making more efficient use of District resources.

Subtitle (IX)(E) – Capital Project Rescission Act of 2012

Background

The proposed subtitle authorizes the Office of the Chief Financial Officer (OCFO) to rescind $1.1 million in PAYGO allotment and budget authority from capital project EB402c, the Pennsylvania Avenue SE properties project. The OCFO is also directed to recognize the rescinded amount as FY 2013 local fund revenue.

Financial Impact

The fiscal impact of the subtitle is incorporated into the proposed FY 2013 through FY 2016 budget and financial plan. Rescinding $1,100,000 of funds allocated to this project allows the funding to be used on another priority.

TITLE X– ADDITIONAL REVENUE CONTINGENCY LIST

Subtitle (X) (A) – Revised Revenue Estimate Contingency Priority List of 2012

Background

This subtitle sets forth a spending priority list in the event that a future revenue estimate projects revenues over and above the revenue estimate[117] incorporated in this, the FY 2013 budget. The priority list of possible spending is as follows:

(1) Department of Human Services - $7,000,000 to increase local funds for homeless services to cover the loss of federal block grant carryover funds;
(2) Department of Human Services - $14,700,000 to increase TANF;
  a. $1,749,000 to fund subtitle V-the Temporary Assistance for Needy Families Time Limit Amendment Act of 2012;
  b. $12,951,000 to increase the TANF job program to universality;
(3) South Capitol Street Memorial Act - $9,540,000 to implement the Act.
(4) K Street Disposition –
  a. $18,000,000 to be deposited in the Housing Production Trust Fund (HPTF);
  b. In the event the HPTF is fully funded, the remained of the $18,000,000 will be utilized to purchase land for a park in NoMa.
(5) For OSSE to increase number of infant and toddler services slots by 925 - $8,550,000;
(6) Youth Homelessness Prevention at Department of Health Services - $1,700,000;
(7) Increase local funds by $1,575,451 at Department of Human Services to cover the loss of federal funds in Family Services block grants, refugee services, emergency shelter, pregnancy, and teen parenting;
(8) Department of Housing and Community Development - $2,900,000 to increase local funding for the Home Purchase Assistance Program;
(9) Deputy Mayor for Public Safety and Justice/Office of Victims Services - $2,584,000 for Emergency and Transitional Housing, the restoration of the cut to core services, and to fund the Lethality Program;
(10) Office of the State Superintendent of Education - $5,000,000 for special education improvement, compliance, and capacity building (11 FTEs);
(11) Office of the State Superintendent of Education - $5,000,000 for the Office of Adult and Family Education;
(12) Department of Employment Services - $10,000,000 for adult job training;
(13) District of Columbia Public Schools - $1,600,000 to to restore funding for school librarians in public schools;
(14) General Fund Revenue - $10,000,000 to reduce the commercial property tax rate on the first $3,000,000 of assessed value from $1.65 to $1.55 per $100 of assessed value;
(15) University of the District of Columbia - $3,000,000 to provide full funding requested by the University of the District of Columbia for early out;
(16) Office of Planning - $1,500,000 for the Ward 8 Pilot budget challenge;
(17) Office on Aging - $76,874 to increase one full-time equivalent for the Senior Villages coordinator;
(18) Fire and Emergency Medical Services - $540,000 to expand the Fire Cadet program;

[117] Office of the Chief Financial Officer, February 2012 Revenue Certification Letter, dated February 29, 2012.

(19) Department of Human Resources - $320,000 to restore the Capital City Fellows Program (5 FTEs);
(20) Office of Motion Picture and Television Development - $150,000 for a cost-benefit study;
(21) Office of Motion Picture and Television Development - $ 10,000,000 for additional funds in the Film DC Economic Incentive Fund;
(22) Department of Small and Local Business Development - $220,000 for 2 additional full-time equivalents;
(23) Department of Consumer and Regulatory Affairs - $150,000 for the Boxing and Wrestling Commission;
(24) Department of General Services - $1,500,000 for expenses related to the Takoma Theater;
(25) Department of Parks and Recreation - $5,000,000 for expenses related to the Douglass Recreation Center.
(26) General Fund Revenue - $1,100,000 to fund the Out-of-State Municipal Bond Tax Repeal Act of 2012;
(27) General Fund Revenue - $5,100,000 to fund the fiscal impact of the Age-in-Place and Equitable Senior Citizen Real Property Act of 2012, signed by the Mayor on May 18, 2012 (D.C. Act 19-375), ; and
(28) General Fund Revenue - $1,826,208 to fund the Protecting Injured Government Workers Reform Amendment Act of 2012;

Financial Plan Impact

This priority list for potential spending in FY 2013 has no effect on the proposed budget and financial plan. The Office of Revenue Analysis reviews revenue estimates for the District of Columbia quarterly. The revenue estimates may project an increase or decrease in revenues depending on economic conditions in the District.

This spending list would propose to spend any future revenue increases, but if revenue increases do not materialize in FY 2013, Title X of this bill will not be implemented. If revenue increases do materialize within FY 2013, this list would govern the expenditure of those increased revenues.