


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



**Jeff DeWitt**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia

**FROM:** Jeff DeWitt  
Chief Financial Officer 

**DATE:** March 24, 2016

**SUBJECT:** Fiscal Impact Statement - "Fiscal Year 2017 Budget Support Act of 2016"

**REFERENCE:** Draft bill shared with the Office of Revenue Analysis on March 24, 2016

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**Conclusion**

Funds are sufficient in the proposed fiscal year 2017 through fiscal year 2020 budget and financial plan to implement the Fiscal Year 2017 Budget Support Act of 2016.

The Mayor's fiscal year 2017 budget proposes \$7.285 billion in Local funds spending, supported by \$7.286 billion of local resources, with an operating margin of \$0.5 million. The estimated expenditures for the proposed General Fund budget, which includes dedicated taxes and special purpose fund revenue in addition to Local funds is of \$8.190 billion.

The proposed budget and financial plan accounts for the expenditure and revenue implications of the bill.

*The bill, the "Fiscal Year 2017 Budget Support Act of 2016," is the legislative vehicle for adopting statutory changes needed to implement the Mayor's proposed budget for the fiscal years 2017 through 2020 budget and financial plan period. The following pages summarize the purpose and the impact of each subtitle.*

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## **TITLE I- GOVERNMENT DIRECTION AND SUPPORT**

### **Subtitle (I)(A) – Bonus and Special Pay Limitation Act of 2016**

#### **Background**

The subtitle prohibits District agencies from awarding performance-related bonuses, special awards pay, and service awards in fiscal year 2017. Contractually required bonuses and special payments, including those for some of the employees of the District of Columbia Public Schools or the Office of the Attorney General, are exempted from this requirement.

#### **Financial Plan Impact**

The subtitle extends into fiscal year 2017 current limitations on bonus payments and performance awards.

### **Subtitle (I)(B) – Lobbyist Registration Fee Clarification Amendment Act of 2016**

#### **Background**

The District requires lobbyists to register with the District and pay an annual fee of \$250. Persons who lobby only for nonprofit organizations can pay a reduced fee of \$50. The subtitle defines<sup>1</sup> nonprofit organizations as tax-exempt organizations that fall under the federal definition<sup>2</sup> of a nonprofit organization.

#### **Financial Plan Impact**

The subtitle offers a narrower definition of non-profit organization, which would exclude 42 organizations whose lobbyists had in the past registered paying the lower fee, but will now have to pay the full fee.

### **Subtitle (I)(C) – Employees’ Compensation Fund Clarification Amendment Act of 2016**

#### **Background**

District’s Employees’ Compensation Fund<sup>3</sup> pays injured District government workers for lost wages, medical services, and return-to-work services. The subtitle makes permanent temporary legislation<sup>4</sup> that allowed payment of administrative expenses from the Employees Compensation Fund, retroactive to October 1, 2008.

#### **Financial Plan Impact**

This subtitle codifies existing practice and does not have a fiscal impact.

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<sup>1</sup> By amending section 227(b)(2) of the Board of Ethics and Government Accountability Establishment and Comprehensive Ethics Reform Amendment Act of 2011, effective April 27, 2012 (D.C. Law 19-124; D.C. Official Code § 1-1162.27).

<sup>2</sup> § 501(c)(3) of the Internal Revenue Code of 1986, approved October 22, 1986 (68A Stat. 163; 26 U.S.C. § 501(c)(3)).

<sup>3</sup> This Fund is administered by the Public Sector Workers’ Compensation Program, authorized by Section 2342 of the District of Columbia Government Comprehensive Merit Personnel Act of 1978, effective March 3, 1979 (D.C. Law 2-139; D.C. Official Code § 1-623.42).

<sup>4</sup> Employees’ Compensation Fund Clarification Temporary Act of 2015, effective from March 9, 2016 (D.C. Law 21-86; D.C. Official Code §1-623.42).

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### **Subtitle (I)(D) – District of Columbia Government Award of Interest and Interest Rate Amendment Act of 2016**

#### **Background**

The subtitle prohibits, in an administrative proceeding, automatic awards of interest on judgments against the District, unless such interest payments are already required by law.<sup>5</sup> If a judge awards interest, the rate is set at the current prevailing rate of interest,<sup>6</sup> not to exceed four percent per annum.

#### **Financial Plan Impact**

The District will pay fewer interest awards in administrative judgments against the District, but because each case is unique, it is not possible to know how much money the District will save.

### **Subtitle (I)(E) – Tort Notice Budget Technical Amendment Act of 2016**

#### **Background**

The subtitle limits filing of tort claims to six months of an incident involving a District employee acting in the course of his or her duties. Tort claims against the District government already have this time limit, but claims against individual employees do not.

#### **Financial Plan Impact**

This subtitle does not have a fiscal impact.

### **Subtitle (I)(F) – District of Columbia Captive Insurance Agency Budget Technical Amendment Act of 2016**

#### **Background**

The subtitle exempts insurance companies from paying insurance premium taxes on insurance products they have sold to the District government. To claim the exemption, the District's broker must submit a statement identifying the portion of an insurance coverage allocated to the District government.

The subtitle also allows the Chief Risk Officer to purchase any type of insurance deemed appropriate for the District. Currently, the Chief Risk Officer may only purchase property insurance. The subtitle also makes a technical change to ensure that the Office of Risk Management can continue to purchase insurance utilizing the Captive Insurance Fund.

#### **Financial Plan Impact**

The subtitle will reduce insurance premium tax revenue<sup>7</sup> by \$42,000 every year.

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<sup>5</sup> D.C. Official Code § 2-509.

<sup>6</sup> D.C. Official Code § 28-3302(b) already limits the annual interest rate on judgments or decrees against the District of Columbia, its officers, and its employees acting within the scope of their employment, at 4 percent..

<sup>7</sup> D.C. Official Code § 47-2608(1A)(A) charges a tax of two percent of all policy and membership fees, net of premium receipts, received by insurance companies for policies in the District.

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### **Subtitle (I)(G) – Public Sector Workers’ Compensation Budget Technical Amendment Act of 2016**

#### **Background**

The subtitle requires the Mayor to establish a process for attorney fee reimbursement to claimants against the District. If a judge awards the claimants an award for retroactive benefits, the attorney fees cannot exceed a certain percentage of this award.

#### **Financial Plan Impact**

The Office of Risk Management is responsible for tracking attorney fee reimbursement and did not request additional funding to implement this subtitle in its fiscal year 2017 request. The subtitle could reduce attorneys’ fees paid out of the settlement and judgments fund, but it is not possible to provide a reliable estimate of these potential savings.

### **Subtitle (I)(H) – District of Columbia Subrogation Fund Establishment Act of 2016**

#### **Background**

The subtitle establishes a non-lapsing special purpose fund called the DC Subrogation Fund within the Office of Risk Management (ORM). Subrogation is the process of recovering money from a third party who has caused damage to the District’s real or personal property. The fund will collect any money ORM recovers. ORM can use the fund to defray subrogation costs and expenses it incurs; the District can also use it to repair and replace the damage done to District property.

#### **Financial Plan Impact**

The District Department of Transportation, the Department of Public Works and the Metropolitan Police Department already pursue subrogation cases and deposit that revenue in their own special purposes funds, or in the general fund. The subtitle will not change this. For this reason, no fiscal year 2017 revenue is certified for the Fund.

### **Subtitle (I)(I) – Public-Private Partnerships Amendment Act of 2016**

#### **Background**

In 2015, the District launched the Office of Public-Private Partnerships<sup>8</sup> to seek public-private partnership opportunities and receive unsolicited proposals from members of the community. The Office solicits and evaluates all potential public-private partnership contracts in the District; it also has the sole authority to award them.

The subtitle exempts the Office’s contracting activities from bonding and security requirements that the District has for other contracts. Its decisions will also not be subject to appeals with the Contract Appeals Board.<sup>9</sup>

The Office receives fees for the reviewing of pre-qualification applications and unsolicited proposals from entities interested in engaging in public-private partnerships with the District.<sup>10</sup>

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<sup>8</sup> The Public-Private Partnerships Act of 2014, effective March 11, 2015 (D.C. Law 20-228; D.C. Official Code § 2-271 *et seq.*).

<sup>9</sup> Procurement Practices Reform Act of 2010, effective April 8, 2011 (D.C. Law 18-371; D.C. Official Code §§ 2-357.01 *et seq.* & 2-360.01 *et seq.*).

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The subtitle expands the allowable uses of these fees to cover any activities within the Office’s jurisdiction.

**Financial Plan Impact**

Expanding the allowable use of fees the Office of Public-Private Partnerships charges does not have a fiscal impact.

**Subtitle (I)(J) – Office of the Inspector General Budget Process Clarification Amendment Act of 2016**

**Background**

Current law requires the Mayor to submit the budget of the Office of Inspector General to Council, without any revisions to what OIG has requested. The Mayor can make recommendations to the OIG budget request, but cannot make any modifications.<sup>11</sup> The subtitle permits the Mayor to make changes to OIG’s budget before submitting to Council, but requires the Mayor to include a statement outlining the budget requested by OIG.

**Financial Plan Impact**

No matter which agency has the ultimate authority to decide the amount of OIG’s budget, the overall District budget must be balanced. The Council can still review OIG budget and submit it with or without comments.

**Subtitle (I)(K) – Use of Official Vehicles During an Emergency Amendment Act of 2016**

**Background**

Current law prohibits District employees from using a government vehicle except when performing official duties. The law does authorize the Mayor, Chairman of the Council, and employees of certain agencies<sup>12</sup> who reside in the District and are on-call 24-hours a day to use government vehicles for travel between their workplaces and places of residence.

The subtitle authorizes, under emergency conditions, the Mayor, City Administrator, Director of the Homeland Security and Emergency Management Administration, or Chief of the Metropolitan Police Department to allow any District employee, and not just those who are residents or are on-call 24 hours a day, the use of government vehicles for commuting, if the transportation is deemed necessary to fulfill official duties. The permission to do so cannot exceed fifteen days, but if the emergency continues, can be extended, by up to seventy-five additional

**Financial Plan Impact**

Allowing the use of government vehicles for commute under emergency conditions could increase costs such as gas and maintenance. The Mayor’s fiscal year 2017 budget request does not include any adjustments for this title.

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<sup>10</sup> Fees are deposited into the non-lapsing, Public-Private Partnership Administrative Fund (D.C. Law 20-228; D.C. Official Code § 2-272.04).

<sup>11</sup> D.C. Official Code § 1-301.115a(a)(2)(A).

<sup>12</sup> Agencies include the Metropolitan Police Department, Fire and Emergency Medical Services Department, Office of the Chief Medical Examiner, Homeland Security and Emergency Management Agency, and the Department of Corrections.

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**Subtitle (I)(L) – Office on Latino Affairs Amendment Act of 2016**

**Background**

The subtitle changes the name of the Office on Latino Affairs to the Mayor's Office on Latino Affairs.

**Financial Plan Impact**

The subtitle does not have a fiscal impact.



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## **TITLE II- ECONOMIC DEVELOPMENT AND REGULATION**

### **Subtitle (II)(A) - Qualified High Technology Company Boundary and Media Clarification Act of 2016**

#### **Background**

The subtitle makes companies located in the Ballpark TIF area<sup>13</sup> eligible for the Qualified High Technology Company (QHTC) designation<sup>14</sup> and the associated tax benefits, beginning in fiscal year 2021. Currently, companies in the Ballpark TIF area cannot be designated a QHTC.

The subtitle defines a new company category called a Qualified Digital Media Company, and makes such companies eligible for the Qualified High Technology Company interior renovation tax rebate.<sup>15</sup> The rebates are managed and certified by the Mayor, capped at \$3 million annually, and cannot exceed \$1 million for a single company per fiscal year.

#### **Financial Plan Impact**

The subtitle will cost \$7.25 million beginning in fiscal year 2021 to pay for the QHTC tax credits and exemptions, including exemption from sales and use taxes, personal property taxes and reduced franchise taxes.<sup>16</sup> Its costs are not incorporated into the proposed budget and financial plan as fiscal year 2021 falls out of the financial plan period. The Office of the Chief Financial Officer will incorporate this cost in the District’s financial plan beginning with the February 2017 revenue certification letter.

The budget and financial plan already accounts for the tax rebates for interior renovation, in the Economic Development Special Account. The proposal does not alter the cap for the rebate, it only increases the types of businesses that can apply for it.<sup>17</sup>

### **Subtitle (II)(B) - Inaugural Celebration Amendment Act of 2016**

#### **Background**

The subtitle designates 2017 Presidential Inaugural week as January 14 to January 22, 2017. During the inaugural period, licensed establishments can remain open for 24 hours and serve alcoholic beverages until 4 a.m.

#### **Financial Plan Impact**

The subtitle will increase sales tax revenue by \$84,452 in fiscal year 2017 only.

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<sup>13</sup> D.C. Official Code § 2-1217.12.

<sup>14</sup> D.C. Official Code § 47-1817.01.

<sup>15</sup> D.C. Official Code § 47-4665.

<sup>16</sup> QHTCs are also eligible for tax credits on the costs associated with paying and retraining qualified disadvantaged workers.

<sup>17</sup> The fund’s revenue comes from the following sources: (1) all operating funds transferred from the Anacostia Waterfront Corporation and National Capital Revitalization Corporation, (2) all fees, revenues, and other income arising from real property or other assets formerly under the authority of the Anacostia Water-front Corporation and National Capital Revitalization Corporation, or any of their subsidiaries, (3) funds authorized by an act of Congress, reprogramming, or intra-district transfer to be deposited into the account, (4) any other monies designated by law to be deposited into the account, and (5) interest earned on money deposited into the account.

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### **Subtitle (II)(C) - Reimbursable Detail Subsidy Program Amendment Act of 2016**

#### **Background**

The subtitle permits pub crawl<sup>18</sup> organizers to participate in the reimbursable detail subsidy program.<sup>19</sup> The program reimburses the Metropolitan Police Department half of the total cost incurred by alcoholic beverage licensees for police officers working details during approved hours. The licensees themselves cover the remaining half of the costs.

#### **Financial Plan Impact**

The program receives approximately \$1.17 million annually as dedicated transfers from sales tax receipts, and there is no obligation to spend more than what is allocated to the program.

### **Subtitle (II)(D) - Walter Reed Development Omnibus Act of 2016**

#### **Background**

The subtitle exempts grants from the Walter Reed Redevelopment Fund from competitive offer requirements.<sup>20</sup> The Redevelopment Fund will hold the possessory interest payments the Developer will pay on the lease once it takes over the property. DMPED intends to grant the funding solely to the site developer to support construction, maintenance, and operations at Walter Reed.

#### **Financial Plan Impact**

The possessory interest from the site is expected to be \$6 million for year. The subtitle will not change this amount; it will ensure that as intended by the Land Development Agreement, the developer will receive these funds.

### **Subtitle (II)(E) - Deputy Mayor for Planning and Economic Development Limited Grant-Making Authority Amendment Act of 2016**

#### **Background**

The subtitle expands the Deputy Mayor for Planning and Economic Development’s (DMPED) authority to issue grants to include the preservation of affordable housing, New Communities Initiative<sup>21</sup> projects, and real estate projects developed on disposed District properties. These grants will be exempt from the competitive bidding requirement for grants over \$50,000; DMPED can also issue them without any public notice. These exemptions will also apply to grants DMPED makes from the Economic Development Special Account.<sup>22</sup>

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<sup>18</sup> 23 DCMR § 712.

<sup>19</sup> D.C. Official Code § 25-798.

<sup>20</sup> The Walter Reed disposition was approved by Council on an emergency basis on February 29, 2016 and is awaiting Mayoral approval. (Bill 21-627, Walter Reed Development Omnibus Emergency Act of 2016, Response due March 23, 2016.) The permanent legislation is also pending approval of the Mayor (Bill 21-474, Walter Reed Development Omnibus Act of 2016, Response due March 25, 2016.)

<sup>21</sup> As defined in D.C. Official Code § 42-2802(b)(11).

<sup>22</sup> 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).

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The subtitle authorizes DMPED to issue loans for the preservation of affordable housing, where that authority is now limited to the creation of affordable housing.

### **Financial Plan Impact**

Exemptions from grant processes do not have a fiscal impact. DMPED can only issue grants or make loans up to its budgeted resources.

## **Subtitle (II)(F) – Office of Cable Television, Film, Music and Entertainment Amendment Clarification Act of 2016**

### **Background**

The subtitle changes the powers and responsibilities of the Office of Cable Television, Film, Music and Entertainment. It eliminates the Film DC Special Account Fund,<sup>23</sup> and shifts the revenue it received from film permits<sup>24</sup> to the agency’s Special Fund.

### **Financial Plan Impact**

The subtitle directs film fee revenue, an estimated \$95,000 in FY 2017, to a different special purpose fund within the same agency, but the total resources will not change.

## **Subtitle (II)(G) – Procurement Practices Reform Act Conforming Amendments Act of 2016**

### **Background**

Under current law, when the District disposes a property no longer required for public use, and the disposition includes a land development agreement, the procurement of services for the design, development and construction of a facility on the disposed property is not subject to the District’s procurement laws.<sup>25</sup> The subtitle extends this exemption<sup>26</sup> to the planned facilities on properties disposed of under any District law (and District-owned adjacent properties).

The subtitle also makes a number of conforming amendments to update the obsolete references to the repealed District of Columbia Procurement Practices Act of 1985<sup>27</sup> with references to the Procurement Practices Reform Act of 2010.<sup>28</sup>

### **Financial Plan Impact**

This subtitle has no fiscal impact.

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<sup>23</sup> D.C. Official Code § 2-1204.11e.

<sup>24</sup> D.C. Official Code § 2-1204.11d. Film fees are paid for occupation of a public space for film and television productions.

<sup>25</sup> Those disposed under An Act Authorizing the sale of certain real estate in the District of Columbia no longer required for public purposes, approved August 5, 1939 (53 Stat. 1211; D.C. Official Code § 10-801).

<sup>26</sup> Procurement Practices Reform Act of 2010, effective April 8, 2011 (D.C. Law 18-371; D.C. Official Code § 2-351.05(c)(13)).

<sup>27</sup> Effective February 21, 1986 (D.C. Law 6-85; D.C. Official Code 2-301.01 *et seq.*).

<sup>28</sup> Effective April 8, 2011 (D.C. Law 18-371; D.C. Official Code 2-351.01 *et seq.*).

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## **Subtitle (II)(H) – Home Purchase Assistance Program Loan Amendment Act of 2016**

### **Background**

The Department of Housing and Community development runs the District's Home Purchase Assistance (HPAP) program, which provides interest-free loans of up to \$50,000 and closing cost assistance of up to \$4,000 to qualified first-time homebuyers. The payment on the loan is deferred for the first five years and amortized over 40 years.<sup>29</sup>

The subtitle increases the maximum loan amount to \$80,000.<sup>30</sup>

### **Financial Impact**

For FY 2017, DHCD has budgeted \$4.9 million in local funds and \$11.4 million in federal funds to support these loans. Since the FY 2017 budget for the loans is more than twice what DHCD spent on the loans in FY 2014 and FY 2015, and the number of HPAP loans has been declining, we believe the budget can accommodate the increase in the maximum loan amount.

Additionally, these loans are not entitlements. Should the demand for them exceed the available budget, the Department of Housing and Community must ration them according to priority policies it already has in place.<sup>31</sup>

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<sup>29</sup> The maximum first trust loan amount cannot exceed \$417,000, the conventional conforming loan limit.

<sup>30</sup> Amount of Financial Assistance, 14 DCMR § 2503.1(b).

<sup>31</sup> According to DHCD, applications are prioritized to provide loans for very low or low income, elderly, handicapped, disabled or displaced District residents, then to other eligible District residents, then to non-residents who have been employed in the District for one year prior to application, and finally to non-residents who have lived in the District for three consecutive years as an adult.

## **TITLE III – PUBLIC SAFETY AND JUSTICE**

### **Subtitle (III)(A) – Placement of Orders with Governmental Entities Amendment Act of 2016**

#### **Background**

The subtitle allows the District<sup>32</sup> to contract with the Washington Metropolitan Area Transit Authority, the Metropolitan Washington Council of Governments, or any other local or regional authority or intergovernmental organization for materials, supplies, equipment, work, or services.

#### **Financial Plan Impact**

This subtitle does not have a fiscal impact; it allows the District to write memoranda of understanding with agencies outside of the District government.

### **Subtitle (III)(B) – Reciprocal Agreements for Mutual Aid Amendment Act of 2016**

#### **Background**

The subtitle expands<sup>33</sup> the Mayor’s authority to make Fire and Emergency Medical Services Department (FEMS) personnel and equipment available to provide services on Washington Metropolitan Area Transit Authority (WMATA) and Council of Governments’ property. This will allow FEMS to provide a fire officer to serve as a Fire Liaison with Rail Operations Control Center rail supervisors. Current law limits the service area for FEMS to the District, but the Rail Operations Control Center is in Landover, Maryland, and WMATA provides service in both Virginia and Maryland.

#### **Financial Plan Impact**

The proposed budget for FEMS includes the funds for one fire officer who will work full time as the Fire Liaison.

### **Subtitle (III)(C) – Maternal Mortality Review Committee Establishment Act of 2016**

#### **Background**

The subtitle establishes a Maternal Mortality Review Committee to review factors that contribute to maternal death. The Chief Medical Examiner will provide facilities and other administrative support for the Committee. The subtitle specifies the Committee’s composition, and the terms and duties of its members; it also obligates health care providers to provide information on maternal death, and grants the Committee subpoena powers.

The Committee is exempted from open meeting requirements; nor would it be required to meet Freedom of Information Act requests.

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<sup>32</sup> By amending section 1 of An Act To grant additional powers to the Commissioners of the District of Columbia, and for other purposes, approved December 20, 1944 (58 Stat. 819; D.C. Official Code § 1-301.01).

<sup>33</sup> The subtitle amends Section 1 of An Act to provide for a mutual-aid plan for fire protection by and for the District of Columbia and certain adjacent communities in Maryland and Virginia, and for other purposes, approved August 14, 1950 (64 Stat. 441; D.C. Official Code § 5-414).

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### **Financial Plan Impact**

The Office of the Chief Medical Examiner will provide facilities and the administrative support for Committee meetings. Members will not receive any compensation. There are no other costs.

## **Subtitle (III)(D) – Executive Service Pay Schedule Amendment Act of 2016**

### **Background**

The subtitle includes in the executive pay schedule for public safety officials District’s health and education executives.<sup>34</sup> Executives on this pay schedule will no longer need to have a medical or advanced health-related degree. The extended pay schedule will apply to the Departments of Behavioral Health, General Services, and Health, and the District of Columbia Public Schools.<sup>35</sup>

The pay schedule ranges from a minimum of \$169,744 (level 1 minimum) to a maximum of \$353,423 (level 4 maximum) across four pay levels.

The bill also eliminates a statutorily established salary of \$203,125 for the Director of the Department of Forensic Sciences. The proposed changes are effective retroactive to January 1, 2015.

### **Financial Plan Impact**

The current salaries of the five directors of District agencies who will be moved to this pay schedule already fall within the prescribed ranges. The Chancellor of the District of Columbia Public Schools will also now be included in this salary schedule, but the current chancellor’s salary is set by statute.<sup>36</sup>

## **Subtitle (III)(E) – Corrections Information Council Board Amendment Act of 2016**

### **Background**

This subtitle increases<sup>37</sup> the number of Corrections Information Council members from three to five. The Mayor will nominate one of the two new members, and the Council will nominate the other.

### **Financial Plan Impact**

Expanding the membership of the Corrections Information Council does not have any costs. Members of the Council do not receive compensation for their service.

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<sup>34</sup> The pay schedule will be the DX Public Safety, Health, and Education Schedule.

<sup>35</sup> Current agencies include the Departments of Corrections, Forensic Science, and Youth Rehabilitation Services; Fire and Emergency Medical Services; Homeland Security and Emergency Management Agency; Metropolitan Police Department; and Offices of the Chief Medical Examiner and Unified Communications as long as those directors have medical or advanced health-related degrees.

<sup>36</sup> An amendment to D.C. Official Code § 1-610.52(b)(2) to increase the chancellor’s salary was approved by the D.C. Council on February 2, 2016 (Chancellor of the District of Columbia Public Schools Salary and Benefits Approval Resolution of 2016, R 21-403).

<sup>37</sup> By amending § 24-101.01 of the D.C. Official Code.

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### **Subtitle (III)(F) – DFS Laboratory Fund Establishment Act of 2016**

#### **Background**

This subtitle creates within the Department of Forensic Sciences a non-lapsing special purpose fund called the Laboratory Fund to hold federal grant payments.

#### **Financial Plan Impact**

The new fund will allow the Department of Forensic Sciences to keep unspent federal grant funds balances for use in future fiscal years.

### **Subtitle (III)(G) – Anatomical Board Repeal Amendment Act of 2016**

#### **Background**

This subtitle eliminates<sup>38</sup> the now-obsolete Anatomical Board. The Office of the Chief Medical Examiner (OCME) performs these duties.

#### **Financial Plan Impact**

This is a technical change with no fiscal impact.

### **Subtitle (III)(H) – Fire Officials’ Service Longevity Amendment Act of 2016**

#### **Background**

This subtitle provides longevity pay<sup>39</sup> to higher-ranking uniformed employees of the Fire and Emergency Medical Services (FEMS) who are not covered by collective bargaining. Assistant Fire Chiefs, Deputy Fire Chiefs, and Battalion Fire Chiefs will receive longevity pay equal to 5 percent of their scheduled salaries at the end of 15 years of service, 10 percent at 20 years of service, 15 percent at 25 years of service, and 20 percent at 30 years of service.

#### **Financial Plan Impact**

The proposed budget and financial plan includes adjustments to pay schedules of these FEMS employees.

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<sup>38</sup> By repealing An Act for the promotion of anatomical science and to prevent the desecration of graves in the District of Columbia, approved April 29, 1902 (32 Stat.173; D.C. Official Code § 3-201 *et seq.*).

<sup>39</sup> By amending section 401(a)(3) of the District of Columbia Police and Firemen’s Salary Act of 1958, approved August 1, 1958 (72 Stat. 484; D.C. Official Code § 5-544.01(a)(3)).

## TITLE IV – PUBLIC EDUCATION SYSTEM

### **Subtitle (IV)(A) –Funding for Public Schools and Public Charter Schools Amendment Act of 2016**

#### **Background**

The proposed subtitle sets the base level funding for the Uniform per Student Funding Formula (UPSFF) at \$9,682. This is a two percent increase over the fiscal year 2016 base amount.

Base level funding is multiplied by the weighting for each grade level or add-on services to determine the per-pupil funding at that level or for these services. The subtitle proposes no changes to the Uniform per Student Funding Formula weightings. The following tables show the foundation level funding at each grade level and the various add-ons:

<b>Weightings applied to counts of students enrolled at certain grade levels</b>		
<b>Grade Level</b>	<b>Weighting</b>	<b>Per Pupil Allocation in FY 2017</b>
Pre-Kindergarten 3	1.34	\$12,974
Pre-Kindergarten 4	1.30	\$12,587
Kindergarten	1.30	\$12,587
Grades 1-5	1.00	\$9,682
Grades 6-8	1.08	\$10,457
Grades 9-12	1.22	\$11,812
Alternative program	1.44	\$13,942
Special education school	1.17	\$11,328
Adult	0.89	\$8,617

<b>Special Education Add-ons</b>			
<b>Level/ Program</b>	<b>Definition</b>	<b>Weighting</b>	<b>Per Pupil Supplemental Funds</b>
Level 1: Special Education	Eight hours or less per week of specialized services.	0.97	\$9,392
Level 2: Special Education	More than 8 hours and less than or equal to 16 hours per school week of specialized services.	1.20	\$11,618
Level 3: Special Education	More than 16 hours and less than or equal to 24 hours per school week of specialized services.	1.97	\$19,074
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.	3.49	\$33,790
Blackman Jones Compliance	Weighting provided in addition to special education level add-on weightings on a per student basis Blackman Jones compliance.	0.069	\$668
Attorney’s Fees Supplement	Weighting provided in addition to special education level add-on weightings on a per student basis for attorney’s fees.	0.089	\$862
Residential	DCPS or public charter school that provides students with room and board in a residential setting, in addition to their instructional program.	1.67	\$16,169



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General Education Add-ons			
Level / Program	Definition	Weighting	Per Pupil Supplemental Funds
ELL	Additional funding for English Language Learners	0.49	\$4,744
At-Risk	Additional funding for students in foster care, who are homeless, on TANF or SNAP, or behind grade level.	0.219	\$2,120

Residential Add-ons			
Level/ Program	Definition	Weighting	Per Pupil Supplemental Funds
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.	0.368	\$3,563
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.	1.337	\$12,945
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 and board in a residential setting.	2.891	\$27,991
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.	2.874	\$27,826
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.	0.668	\$6,468

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 Funds
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.	0.063	\$610
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.	0.227	\$2,198
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.	0.491	\$4,754
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	0.489	\$4,734

### Financial Plan Impact

The proposed 2 percent increase, combined with the effects of growth in the projected enrollments, will increase the formula-driven local fund expenditures. The proposed budget and financial plan include approximately \$1.4 billion for instructional budgets; \$756,389,181 for the District of Columbia Public Schools and \$593,423,943 for the public charter schools.<sup>40</sup>

<sup>40</sup> Charter schools will also receive \$130,293,309 for facilities allowances, bringing the collective local budget to \$723,717,252.

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### **Subtitle (IV)(B) - DCPS Contracting and Spending Flexibility Amendment Act of 2016**

#### **Background**

The bill exempts<sup>41</sup> DCPS from competitive procurement requirements for professional development related purchases so long as the purchase is for goods or services valued under \$25,000.

The bill also allows public schools to shift the non-personal budget across different object classes for up to \$10,000 per fiscal year without a reprogramming request.<sup>42</sup> District agencies allocate their non-personal expenditures across specific items as supplies and materials, contractual services, utilities, rent, and other fixed costs. School budgets follow this practice, too. Under current practices, any time a school chooses to spend their non-personal funds differently from what is approved in the budget, DCPS must request a budget reprogramming from the Office of the Chief Financial Officer (OCFO). Under the subtitle, schools can shift these funds without submitting a reprogramming request, but they must follow OCFO rules.

#### **Financial Plan Impact**

The subtitle has no cost. In fiscal year 2015, the OCFO processed over 5,000 requests of under \$10,000 from schools to reprogram non-personnel budget from one item to another. The subtitle will ease the administration of these small changes.

### **Subtitle (IV)(C) – Classroom Animal for Educational Purposes Amendment Act of 2016**

#### **Background**

This subtitle allows<sup>43</sup> schools to have animals in the classroom for educational and instructional purposes.

#### **Financial Plan Impact**

This subtitle does not have an impact on the District’s budget and financial plan.

### **Subtitle (IV)(D) – Healthy Tots Amendment Act of 2016**

#### **Background**

The Healthy Tots Act of 2014 defines the term “eligible child” in two ways: as someone who is eligible for subsidized child care, and as someone eligible for free and reduced meals. The subtitle eliminates this inconsistency<sup>44</sup> by including only one definition in the Act: eligibility for subsidized child care.

This subtitle also extends the deadline by which childcare providers must comply with the law by one year. The new deadline is September 30, 2017.

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<sup>41</sup> By amending the Procurement Practices Reform Act of 2010, effective April 8, 2011 (D.C. Law 18-371; D.C. Official Code § 2-354.13(17)).

<sup>42</sup> The bill amends D.C. Official Code § 47-361 to redefine reprogramming within each school’s non-personnel budget as a reallocation for up to \$10,000 in a fiscal year.

<sup>43</sup> By amending Section 9(h) of the Animal Control Act of 1979, effective October 18, 1979 (D.C. Law 3-30; D.C. Official Code § 8-1808(h)).

<sup>44</sup> By amending The Healthy Tots Act of 2014, effective February 26, 2015 (D.C. Law 20-155; D.C. Official Code § 38-281 *et seq.*).

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### **Financial Plan Impact**

Updating the code to correct a conflict within the law does not have a financial impact. Extending the deadline will delay the subsidies the District would have paid these providers by one year.

### **Subtitle (IV)(E) – National External Diploma Program Amendment Act of 2016**

#### **Background**

This subtitle authorizes<sup>45</sup> the Office of the State Superintendent of Education to retroactively recognize the National External Diploma Program diplomas awarded between January 1, 1980 and February 5, 2016.

#### **Financial Plan Impact**

This subtitle does not have an impact on the District’s budget and financial plan.

### **Subtitle (IV)(F) – Foster Care Extended Eligibility Amendment Act of 2016**

#### **Background**

This subtitle expands<sup>46</sup> the childcare subsidy program to cover:

- children with a parent under 21 years of age who is either in foster care or a ward of the District, and is either working or enrolled in a verified job training or education program;
- children in foster care placement with a foster parent who is not working but receives some form of verifiable income such as social security or disability; and
- children in foster care placement with a foster parent who is not working but enrolled in a verified job training or education program.

In the last two cases, the foster parent must demonstrate that the childcare is in the best interest of the children.

These practices are in current law that will expire on October 8, 2016.<sup>47</sup>

#### **Financial Plan Impact**

The Office of State Superintendent of Education expects that approximately 20 more children could qualify for child care subsidies under the expanded definition.

### **Subtitle (IV)(G) – Public Charter School Advance Payment Adjustment Amendment Act of 2016**

#### **Background**

The District transfers public charter schools their formula funds in four quarterly payments beginning July 15, when schools receive 35 percent of their annual instructional budgets. This

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<sup>45</sup> By amending Section 7b of the State Education Office Establishment Act of 2000 effective October 21, 2000 (D.C. Law 13-176; D.C. Official Code §§ 38-2608).

<sup>46</sup> By amending Section 5a(a) of the Day Care Policy Act of 1979, effective April 13, 1999 (D.C. Law 12-216; D.C. Official Code § 4-404.01(a)).

<sup>47</sup> The Foster Care Extended Eligibility Emergency and Temporary Amendment Acts of 2016, effective from Feb 26, 2016, (D.C. Law 21-70, 63 DCR 2328).

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subtitle adjusts<sup>48</sup> the public quarterly payment amounts for schools in their first year of operation to 45 percent of their total payment.

The payment schedule and amounts will be:

Payment schedules and amounts, as a share of total payment, under Title III (H)		
Payment date	Existing Schools	New Schools
July 15	35 percent	45 percent
October 25	25 percent	25 percent
January 15	20 percent	15 percent
April 15	20 percent	15 percent
TOTAL	100 percent	100 percent

### **Financial Plan Impact**

Increasing the first payment for newly opened schools could change the cash flow of the District, but because the law applies to new schools only for the first year of their operation, this impact will be small.

### **Subtitle (IV)(H) – My School DC EdFest Sponsorship and Advertising Amendment Act of 2016**

#### **Background**

The District uses the Common Lottery Board Fund to pay for the cost of the annual My School DC EdFest school fair. Current law allows the Fund to receive appropriations, grants, gifts, and donations.<sup>49</sup> This subtitle will include in this list<sup>50</sup> sponsorship and advertisement revenue from EdFest.

#### **Financial Plan Impact**

Directing sponsorship and advertisement revenue will allow the District to use these funds to pay for EdFest.

### **Subtitle (IV)(I) – School Immunization Requirements Enforcement Period Amendment Act of 2016**

#### **Background**

This subtitle increases<sup>51</sup> the number of allowable days a student can attend school while waiting for immunizations to 20 days from the current limit of 10 days.

#### **Financial Plan Impact**

This subtitle does not have an impact on the District’s budget and financial plan.

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<sup>48</sup> By amending Section 107b of the Uniform Per Student Funding Formula for Public Schools and Public Charter Schools Act of 1998, effective March 26, 1999 (D.C. Law 12-207; D.C. Official Code § 38-2906.02).

<sup>49</sup> D.C. Official Code § 38-195.

<sup>50</sup> By amending Section 4122 of the Fiscal Year 2016 Budget Support Act of 2015, effective October 22, 2015 (D.C. Law 21-36; 62 DCR 10905).

<sup>51</sup> By amending § 38-505. Attendance without certification of Chapter 5. Immunization of School Students of Subtitle I. Public Education – primary and secondary of Title 38. Educational Institutions (D.C. Law 21-43; DC Official Code § 38-505).

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### **Subtitle (IV)(I) – Public Charter At-Risk and Limited English Proficient Payment Amendment Act of 2016**

#### **Background**

This subtitle includes in the quarterly payments distributed to public charter schools the at-risk add-on.<sup>52</sup> Current law includes all formula driven add-ons in the quarterly payment but does not specifically refer to at-risk add-ons.

Public charter schools will receive the full annual equivalent of at-risk and limited English proficiency add-ons even if a student is found to fall under these add-on categories after the October 5 school enrollment audit. Current law limits the adjustment for limited English proficient students to the date when the student began receiving services, and not to the beginning of the year.<sup>53</sup> The adjustments for at-risk funds are not mentioned in law.

A school's two remaining quarterly payments would be adjusted to reflect any funding discrepancy due to newly identified at-risk and limited English proficiency students.

#### **Financial Plan Impact**

Including full, and not the pro-rated, annual payment for an add-on that is identified after the audit could increase transfers to public charter schools. Most at-risk and limited English proficiency school students are identified by the October 5 deadline so increases are expected to be minimal.

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<sup>52</sup> By amending Section 107b of the Uniform Per Student Funding Formula for Public Schools and Public Charter Schools Act of 1998, effective March 26, 1998 (D.C. Law 12-207; D.C. Official Code § 38-2906.02).

<sup>53</sup> D.C. Official Code § 38-2906.02 say that add-ons for special education and limited English proficient students shall be added on a pro-rata basis from the date on which a public charter school begins to provide add-on services for such students.

## **TITLE V- HEALTH AND HUMAN SERVICES**

### **Subtitle (V)(A) – Temporary Assistance for Needy Families Time Limit Exemption and POWER Expansion Amendment Act of 2016**

#### **Background**

The subtitle extends<sup>54</sup> through the end of fiscal year 2017 partial benefits for families enrolled in the District's Temporary Assistance for Needy Families (TANF) program for more than 60 months. Under current law, these partial benefits are scheduled to end at the end of fiscal year 2016. Families receiving partial benefits will not get the 15.3 percent cost-of-living increase that families receiving full benefits will get on October 1, 2016.

#### **Financial Impact**

The partial TANF benefits through FY 2017 will cost the Department of Human Services (DHS) \$11.16 million. DHS is paying for this with \$4 million of local money from the TANF employment program; a \$6.06 million enhancement; and \$1.1 million of local money that was originally budgeted for cost-of-living increases but will no longer be needed.<sup>55</sup>

We estimate that around 6,200 families will qualify for partial benefits in FY 2017 and the average benefit will be about \$150 per month.

### **Subtitle (V)(B) – Department of Health Care Finance Medical Assistance Program Amendment Act of 2016**

#### **Background**

Under current law the Department of Health Care Finance (DHCF) must submit all Medicaid state plan amendments and waivers to the District of Columbia Council for a 30-day passive review before sending them to the federal Centers for Medicaid and Medicare Services (CMS). This subtitle would waive<sup>56</sup> Council review for initiatives that change the:

- ICF/IDD reimbursement methodology;
- payment methodology for hospital services;
- payment methodology for nursing homes;
- payment methodology for disproportionate share hospital program;
- health homes program;
- Elderly and Persons with Disabilities waiver program and conforming changes to the state plan; or
- payment methodology for prescribed drugs.

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<sup>54</sup> By amending the District of Columbia Public Assistance Act of 1982, effective April 6, 1982 (D.C. Law 4-101; D.C. Official Code § 4-201.01 *et seq.*)

<sup>55</sup> DHS will be able to use federal money to cover a portion of the cost-of-living increase in FY17, which DHS had not anticipated being able to do. This frees up some local funds for FY17.

<sup>56</sup> By amending 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: DC Official Code § 1-307.02(a).

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### **Financial Plan Impact**

Discontinuing legislative oversight of proposed state plan amendments and waivers does not have a fiscal impact; however, it would eliminate some analytical review of these proposals, including legal sufficiency review and fiscal impact analysis.

District anti-deficiency laws<sup>57</sup> prohibit District officers and employees from exceeding agency appropriations in any fiscal year, so DHCF would still need to budget and appropriate funds required to implement the amendments and waivers or absorb future costs in its budget and financial plan, and the Agency Fiscal Officer would still need to certify that funds are sufficient for implementation.

### **Subtitle (V)(C) – Contribution to Cost of Supports Fund Act of 2016**

#### **Background**

The Department on Disability Services (DDS) pays rent for approximately 960 persons with development disabilities who live in the community and receive services through the Medicaid Home and Community-Based Services Waiver. People in this program who receive Social Security benefits must contribute a portion of their Social Security benefits towards rent. This subtitle requires<sup>58</sup> people who have other sources of income besides Social Security to also contribute a portion of their other income towards rent. The money will go into the Contribution to Costs of Support Fund, which DDS will use to pay the landlords.

#### **Financial Plan Impact**

DDS expects to collect about \$200,000 a year in the Contribution to Costs of Support Fund, though the fund balance could increase if more people receiving rental assistance from DDS become employed. DDS’s FY 2017 budget has enough money to pay rent for people enrolled in this Medicaid program even if DDS is not able to collect the \$200,000 as expected.

### **Subtitle (V)(D) – Department on Disability Services Medical Assistance Program Amendment Act of 2016**

#### **Background**

Under current law the Department on Disability Services (DDS) must submit all Medicaid state plan amendments and waivers to the District of Columbia Council for a 30 day passive review before sending them to the federal Centers for Medicaid and Medicare Services (CMS). This subtitle allows<sup>59</sup> DDS to submit state plan amendments, modifications, or waivers needed to change the Home and Community-Based Services Waiver for Persons with Intellectual and Developmental Disabilities directly to CMS, and without Council review.

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<sup>57</sup> 31 U.S.C. § 1341 (2007) and D.C. Official Code § 47-355.01 *et seq.* (2001).

<sup>58</sup> By amending the Developmental Disabilities Service Management Reform Amendment Act of 2006, effective March 14, 2007 (D.C. Law 16-264; D.C. Official Code § 7-761.01 *et seq.*).

<sup>59</sup> By amending 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; DC Official Code § 1-307.02(a)).

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### **Financial Plan Impact**

Discontinuing legislative oversight of proposed state plan amendments and waivers does not have a fiscal impact; however, it would eliminate some analytical review of these proposals, including legal sufficiency review and fiscal impact analysis.

District anti-deficiency laws<sup>60</sup> prohibit District officers and employees from exceeding agency appropriations in any fiscal year, so DDS would still need to budget and appropriate funds required to implement the amendments and waivers or absorb future costs in its budget and financial plan, and the Agency Fiscal Officer would still need to certify that funds are sufficient for implementation.

### **Subtitle (V)(E) – Persons with Intellectual and Developmental Disabilities Rent Increase Relief Act of 2016**

#### **Background**

The subtitle limits<sup>61</sup> annual rent increases to 5 percent for housing units occupied by people with developmental disabilities who receive services from the District through the Medicaid Home and Community-Based Services Waiver. Currently, about 960 people a year fall into this category.

#### **Financial Plan Impact**

The Department on Disability Services (DDS) administers this waiver program, and this subtitle will save DDS money if landlords had planned to increase rents for these housing units by more than 5 percent. But, because we cannot reliably predict landlords’ actions, we do not have an exact estimate of savings.

The FY 2017 budget includes enough money to pay rent for these 960 people even if the rent increases are not capped. DDS’s entire residential budget in FY 2017 is about \$26 million. This is a decrease from the FY 2016 budget of \$27 million, but DDS decreased the budget because of programmatic changes, not anticipated savings from legislation in the Budget Support Act.

Any money that DDS budgeted for rent that it does not spend in FY 2017 will be rolled over to the next fiscal year.

### **Subtitle (V)(F) – Commission on Health Equity Amendment Act of 2016**

#### **Background**

The subtitle establishes<sup>62</sup> a Commission on Health Equity, which will recommend ways to address health inequities in the District. The Commission will consist of nine voting members, six of whom will be appointed by the Mayor and three of whom will be appointed by D.C. Council. The Commission will work closely with the Department of Health’s Office of Health Equity.

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<sup>60</sup> 31 U.S.C. § 1341 (2007) and D.C. Official Code § 47-355.01 *et seq.* (2001).

<sup>61</sup> By amending the Rental Housing Act of 1985, effective July 17, 1985 (D.C. Law 6-10; DC Official Code § 42-3501.01 *et seq.*).

<sup>62</sup> By amending Sections 2 through 4 of the Commission on Health Disparities Establishment Act of 2014, effective March 10, 2015 (D.C. Law 20-192; D.C. Official Code § 7-755.01 - § 7-755.04).



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### **Financial Plan Impact**

Establishing the Commission will not impact the District's budget or financial plan. The members of the Commission will be volunteers and the Department of Health can handle any work associated with the Commission using its current resources.

### **Subtitle (V)(G) – Teen Pregnancy Prevention Fund Amendment Act of 2016**

#### **Background**

The subtitle transfers<sup>63</sup> the responsibility of administering the Teen Pregnancy Prevention Fund from the D.C. Campaign to Prevent Teen Pregnancy to the Department of Health (DOH). The administrator of the Fund grants money to non-profits that work to prevent teen pregnancy.

#### **Financial Plan Impact**

Transferring the administration of the Teen Pregnancy Prevention Fund to DOH will not impact the budget or financial plan. DOH can administer the fund using its current staff and resources.

Unlike the DC Campaign to Prevent Teen Pregnancy, DOH does not need to use any of the money in the fund to cover administrative costs. All of the money in the fund will go towards grants. The Campaign used 10 percent of the money in the fund for administration costs.

The fund will begin fiscal year 2017 empty. The Mayor has not included money for the fund in her proposed fiscal year 2017 budget, and no money will be rolled over from fiscal year 2016.

### **Subtitle (V)(H) – Medicaid Hospital Outpatient Supplemental Payment Act of 2016**

#### **Background**

The subtitle extends for another year the District's tax on hospitals' outpatient gross patient revenue. The tax will now end on September 30, 2017. It was set to expire on September 30, 2016.

The money from the tax will go into the Hospital Provider Fee Fund, which the Department of Health Care Finance will use to give supplemental Medicaid payments to hospitals for outpatient services. The tax will sunset on September 30, 2017, but any remaining funds will remain in the Hospital Provider Fee Fund for future use, and not revert to the local fund.

Psychiatric hospitals run by the District are exempt from the tax.

The tax will be set at a rate that allows the District to pay hospitals the maximum allowable amount for outpatient services for Medicaid recipients. The tax will also be set so that it provides \$150,000 to the Department of Healthcare Finance to cover the costs of managing the Fund.

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<sup>63</sup> By amending Sections 5142 through 5147 of the Fiscal Year 2015 Budget Support Act of 2014, effective February 26, 2015 (D.C. Law 20-155; D.C. Official Code § 1-325.321 *et seq.*).

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### **Financial Plan Impact**

The District plans to set the tax at a rate of 0.174 percent to generate about \$6.7 million in revenue in FY 2017. The \$6.7 million will cover the local costs to the District of making the maximum allowable Medicaid payments to hospitals and pay \$150,000 for administrative costs. The federal government’s share of the cost associated with increased payments to providers will be about \$15.3 million.<sup>64</sup> The providers will receive the supplemental payments quarterly by the 15th day after the end of the quarter.

<b>Fiscal Impact of Subtitle (V)(H) – Medicaid Hospital Outpatient Supplemental Payment Act of 2016</b>			
<b>Estimated FY 2017 dedicated tax revenues</b>			
	Dedicated Tax (local funds)	Federal Medicaid Match	Total Resources
Sources of funds for making maximum allowable payments to providers	\$6,709,025	\$15,304,392	\$22,013,417

Source: Department of Healthcare Finance, cost estimation model

### **Subtitle (V)(I) – Medicaid Hospital Inpatient Rate Supplement Act of 2016**

#### **Background**

The subtitle extends for another year the District’s tax on hospitals’ inpatient gross patient revenue. The tax will now end on September 30, 2017. It was set to expire on September 30, 2016.

The money from the tax will go into the Hospital Fund, which the Department of Healthcare Finance will use to fund Medicaid inpatient hospital services (both fee-for-service and managed care operations). The tax will sunset on September 30, 2017, but any remaining funds will remain in the Hospital Fund for future use, and not revert to the local fund. The tax will be set at a rate that allows the District to reimburse hospitals for 98 percent of their inpatient costs for District Medicaid recipients. Without the tax the District would be able to reimburse hospitals for only 86 percent of their inpatient costs.

Specialty hospitals will be excluded from the tax. In order to exclude these hospitals, the Department of Healthcare Finance will need to get a waiver from the Center for Medicare and Medicaid Services (CMS). The Department of Healthcare Finance believes the waiver will be approved, but if it is not the District will need to extend the tax to all hospitals.

#### **Financial Plan Impact**

The District plans to set the tax at a rate of 0.52 percent. This will generate \$10.4 million in revenue in FY 2017. The \$10.4 million will cover the local costs to the District of paying 98 percent, as opposed to 86 percent, of hospitals’ Medicaid inpatient costs. The federal government will also give the District about \$24.3 million to cover its portion of the costs associated with a payment rate of 98 percent.<sup>65</sup> The District will transfer the federal money to hospitals as part of its normal Medicaid payments.

If CMS does not approve the District’s waiver, and the District must tax all hospitals, it will adjust the tax to a lower rate so that it still generates \$10.4 million in revenue.

<sup>64</sup> The federal government pays 70 percent of the District’s Medicaid costs.

<sup>65</sup> The federal government pays 70 percent of all the District’s Medicaid costs.

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<b>Fiscal Impact of Subtitle (V)(I) – Medicaid Hospital Inpatient Rate Supplement Payment Act of 2016</b>			
<b>Estimated FY 2017 dedicated tax revenues</b>			
	Dedicated Tax (local funds)	Federal Medicaid Match	Total Resources
Sources of funds for reimbursing hospitals for 98 percent of their costs (baseline is 86 percent)	\$10,400,000	\$24,266,667	\$34,666,667

Source: Department of Healthcare Finance, cost estimation model

### **Subtitle (V)(I) – Program on Work, Employment, and Responsibility Amendment Act of 2016**

#### **Background**

The subtitle removes<sup>66</sup> eligibility for the Program on Work Employment and Responsibility (POWER) for single parents with a baby under 6 months.

#### **Financial Plan Impact**

Removing POWER eligibility for single parents with a baby under 6 months will save DHS \$2.6 million. DHS is using this money to close a gap in the FY 2017 budget.

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<sup>66</sup> By amending the District of Columbia Public Assistance Act of 1982, effective April 6, 1982 (D.C. Law 4-101; D.C. Official Code § 4-201.01 *et seq.*)

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## **TITLE VI – TRANSPORTATION, PUBLIC WORKS, AND THE ENVIRONMENT**

### **Subtitle (VI)(A) - Wildlife Protection Rulemaking Amendment Act of 2016**

#### **Background**

The Wildlife Protection Act<sup>67</sup> provides the standards for nuisance wildlife abatement in the District and the Department of Energy and Environment (DOEE) licenses and regulates wildlife control operators<sup>68</sup> who provide abatement services. At present DOEE cannot fine operators who are not compliant with the Act. The subtitle grants DOEE this authority. It also allows DOEE to charge fees to cover the costs of its services, such as inspections or documents reviews.

#### **Financial Plan Impact**

No approved or proposed service fee or fine structure exists to allow for a reliable estimate of potential revenues at this time.

### **Subtitle (VI)(B) - Brownfields Revitalization Amendment Act of 2016**

#### **Background**

The Department of Energy and Environment (DOEE) manages the Voluntary Cleanup Program (VCP), which supports the cleanup of brownfield<sup>69</sup> sites in the District. VCP staff review cleanup plans and provide technical assistance to private entities (mostly property owners or developers) that are cleaning up a brownfield site for redevelopment. DOEE also issues certificates of completion, which are necessary before the brownfield site can be redeveloped.

The subtitle authorizes DOEE to license professionals who perform contamination remediation services. Under the subtitle, VCP applicants will be able to select their cleanup method from a set of broad cleanup standards the subtitle establishes and DOEE will be able to issue a conditional certificate of completion after the cleanup is complete, but before DOEE receives the cleanup report.<sup>70</sup>

The subtitle offers various technical amendments and clarifications to the VCP program, including who can participate in the VCP,<sup>71</sup> what security requirements they must provide,<sup>72</sup> and what they should include in their program application.<sup>73</sup> It also amends DOEE's institutional control requirements,<sup>74</sup> clarifies the public notice requirements for different stages of the VCP;<sup>75</sup> and

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<sup>67</sup> Effective March 8, 2011 (D.C. Law 18-289; D.C. Official Code §8-2201 *et. seq.*).

<sup>68</sup> A person who is licensed to harass, repel, evict, exclude, possess, transport, liberate, reunite, rehome, take, euthanize, or kill wildlife.

<sup>69</sup> Brownfields are underutilized, abandoned, or idled properties where redevelopment is challenged by environmental contamination at the site.

<sup>70</sup> The cleanup report certifies that the cleanup plan has been completed (Brownfield Revitalization Amendment Act of 2000, effective June 15, 2001 (D.C. Law 13-312; D.C. Official Code § 8-633.06(a)).

<sup>71</sup> D.C. Official Code § 8-631.02(5).

<sup>72</sup> D.C. Official Code § 8-633.04.

<sup>73</sup> D.C. Official Code § 8-633.02.

<sup>74</sup> D.C. Official Code § 8-635.01.

<sup>75</sup> D.C. Official Code § 8-636.01.

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includes the reference to federal law<sup>76</sup> that describes a property owner’s liability for contamination issues.

### **Financial Plan Impact**

The VCP program already exists. DOEE’s fiscal year 2017 budget request for the program does not incorporate any new staff or non-personnel expenditures related to this subtitle.

## **Subtitle (VI)(C) - Air Quality Rulemaking Amendment Act of 2016**

### **Background**

The Department of Energy and Environment (DOEE) enforces federal and the District’s air quality laws through emission permits. It also monitors pollutant levels to ensure permit holders adhere to emissions standards.

The subtitle makes clear that DOEE has authority to issue fees and fines to enforce the Air Pollution Control Act.<sup>77</sup> It also allows DOEE to charge fees to cover the costs of services, such as document reviews.

### **Financial Plan Impact**

DOEE’s authority to issue fees and fines was inadvertently removed in 2014<sup>78</sup> and this subtitle reinstates that authority. Reimbursements for cost of services could increase General Fund revenue but as there is no program in place, the amounts cannot be estimated at this time.

## **Subtitle (VI)(D) - Energy Innovation and Savings Amendment Act of 2016**

### **Background**

Businesses that occupy commercial property in the District must keep their doors and windows closed when the air condition system is operating.<sup>79</sup> Current law exempts restaurants, hotels, and small stores from these restrictions; the law also makes exceptions for ingress and egress of people, delivery of goods (including through loading docks), and emergencies. The subtitle eliminates all of these exceptions, but allows the Mayor to issue rules regarding circumstances in which doors and windows can be open while an air conditioner is in operation.

### **Financial Plan Impact**

There are no costs associated with replacing statutory exemptions with regulations.

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<sup>76</sup> Comprehensive Environmental, Compensation, and Liability Act of 1980, effective December 11, 1980.

<sup>77</sup> Effective March 15, 1985 (D.C. Law 5-165; D.C. Official Code §8-101.01 *et seq.*).

<sup>78</sup> Air Quality Amendment Act of 2014, effective September 9, 2014 (D.C. Law 20-135; D.C. Official Code § 8-101.06).

<sup>79</sup> The Energy Innovation and Savings Amendment Act of 2012, effective March 19, 2013 (D.C. Law 19-252; D.C. Official Code § 8-1772.01 *et seq.*)

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### **Subtitle (VI)(E) - Product Stewardship Program Establishment Act of 2016**

#### **Background**

The Department of Energy and Environment (DOEE) runs two product recycling programs: one for electronics<sup>80</sup> and one for paint.<sup>81</sup>

The subtitle delays various application and compliance deadlines for the electronics recycling program.

- Deadline for a manufacturer to apply for registration with the District: from January 1, 2016 to December 31, 2016,
- Deadline for a manufacture to register its products with the District and label those products with the manufacturer’s identifying information: from January 1, 2016 to June 1, 2017,
- Deadline to begin diversion of electronic waste: from January 1, 2016 to January 1, 2017,
- Deadline for manufacturer’s to provide point-of-sale information on electronic recycling: from January 1, 2017 to January 1, 2018,
- Deadline for the first annual report to the Council on the program’s implementation and goal achievement progress: from March 1, 2017 to June 1, 2018, and
- Deadline to report to council on the effectiveness of the program in progressing toward achieving 80 percent electronic waste diversion from landfills by 2032.

The subtitle also establishes the Product Stewardship Fund, a non-lapsing, special purpose revenue fund into which the DOEE will deposit registration and shortfall fees<sup>82</sup> from the electronic recycling program and permit fees from the paint stewardship program. DOEE can spend the Fund resources on the District’s product stewardship programs.

#### **Financial Plan Impact**

DOEE is still developing the two programs so there is not sufficient program detail to reliably estimate the potential fee collections. For the same reason, delaying application deadlines do not have a fiscal impact.

### **Subtitle (VI)(F) - Clean and Affordable Energy Amendment Act of 2016**

#### **Background**

The Department of Energy and Environment (DOEE) contracts with a Sustainable Energy Utility (SEU) to run programs that promote and support sustainable energy use in the District. The SEU is not a regulated utility, but rather a private firm that receives a one-year contract from the District. D.C. law requires this contract to include minimum performance benchmarks the SEU must meet such as reducing energy consumption, increasing renewable energy capacity, efficiency and green jobs in the District.

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<sup>80</sup> Sustainable Solid Waste Management Amendment Act of 2014, effective February 26, 2015 (D.C. Law 20-154; D.C. Official Code § 1041.01 *et seq.*).

<sup>81</sup> Paint Stewardship Act of 2014, effective March 11, 2015 (D.C. Law 20-2015, D.C. Official Code § 8-233.01 *et seq.*).

<sup>82</sup> Shortfall fees are required payments by manufacturers when the weight of electronics they collect and recycle or reuse falls short of a manufacturer’s minimum required share.

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At the end of each contract year, the Sustainable Energy Utility Advisory Board evaluates the SEU’s performance,<sup>83</sup> and must report its findings to the Council within thirty days after the conclusion of the contract year. The subtitle extends the Board’s timeline to report to Council from thirty days to ninety days.

**Financial Plan Impact**

There is no cost to the extension. The Board must use in its report the results of an independent evaluation, measurement, and verification of the contractor’s performance.<sup>84</sup> The Board requests this extension so it would have sufficient time to review those independent results.

**Subtitle (VI)(G) - Streetcar Authorization Amendment Act of 2016**

**Background**

Under current law, the District Department of Transportation’s authority to plan and operate a Streetcar program expires on September 30, 2015.<sup>85</sup> The subtitle repeals the sunset provision.

**Financial Plan Impact**

The subtitle is a technical correction. The DC Streetcar began operations on February 27, 2016, so the sunset is no longer necessary.

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<sup>83</sup> As a part of this review, the Board provides DDOE recommendations on the performance benchmarks for DOEE to include in the future contracts. Clean and Affordable Energy Act of 2008, effective October 22, 2008 (D.C. Law 17-250; D.C. Official Code § 8-1774.01).

<sup>84</sup> Clean and Affordable Energy Act of 2008, effective October 22, 2008 (D.C. Law 17-250; D.C. Official Code § 8-1774.05).

<sup>85</sup> Section 5 of the District Department of Transportation DC Streetcar Amendment Act of 2012, effective April 20, 2013 (D.C. Law 19-268; D.C. Official Code§ 50-921.71, note).

## TITLE VII- FINANCE AND REVENUE

### **Subtitle (VII)(A) – Subject to Appropriation Amendment Act of 2016**

#### **Background**

The subtitle authorizes expenditures for the following laws, which had been enacted, but not funded in the past.

- The Injured Worker Fair Pay Amendment Act of 2015<sup>86</sup>, which increases workers’ compensation payments whenever District employees receive city-wide raises or cost-of-living adjustments; and
- The Access to Emergency Epinephrine in Schools Act of 2015<sup>87</sup>, which sets up a program to provide District public schools with epinephrine injectors and train staff to administer injections to students.

#### **Financial Plan Impact**

Repealing the subject to appropriations provision of the above-mentioned laws authorizes additional expenditures of approximately \$1.4 million in FY 2017 and \$5.8 million over the four year financial plan period. These costs are included in the proposed budget and financial plan.

<b>Subject to Appropriations Amendment Act of 2016, Expenditures</b>					
<b>FY 2017-FY 2020 (\$ thousands)</b>					
	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>Four Year Total</b>
Injured Worker Fair Pay Amendment Act of 2015	\$1,200	\$1,300	\$1,300	\$1,300	\$5,100
Access to Emergency Epinephrine in Schools Act of 2015	\$168	\$173	\$179	\$179	\$699
<b>Total Program Expenditure</b>	<b>\$1,368</b>	<b>\$1,473</b>	<b>\$1,479</b>	<b>\$1,479</b>	<b>\$5,799</b>

Source: Office of Revenue Analysis

### **Subtitle (VII)(B) – Prior Budget Act Amendments of 2016**

#### **Background**

The subtitle makes two changes to last year’s Budget Support Act<sup>88</sup>:

- It changes the name of Office of Cable Television, Film, Music, and Entertainment<sup>89</sup> to the Office of Film, Television and Entertainment; and,
- It eliminates the spending cap on the Kids Ride Free program<sup>90</sup>, and changes the program’s expiration date from fiscal year 2016 to fiscal year 2017.

#### **Financial Plan Impact**

Changing the name of the agency has no cost.

<sup>86</sup> Injured Worker Fair Play Amendment Act of 2015, effective December 13, 2015 (D.C. Law 21-39; D.C. Official Code § 1-601.01 *et seq.*).

Access to Emergency Epinephrine in Schools Act of 2015, effective March 6, 2016 (D.C. Law 21-77; D.C. Official Code § 38-6S51.01 *et seq.*).

<sup>88</sup> The Fiscal Year 2016 Budget Support Act of 2015, effective October 22, 2015 (D.C. Law 21-36; \*\*\*).

<sup>89</sup> D.C. Official Code § 34-1251.01.

<sup>90</sup> D.C. Official Code § 35-233(h)(6).



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The fiscal year 2017 budget request includes \$18.6 million for all transportation subsidy programs for students, including the Kids Ride Free on Rail program, which subsidizes rail transport for students. In fiscal year 2016, the program has so far spent \$12.8 million, including \$2.9 million of the \$7 million allocation for the Kids Ride Free on Rail program. The District must eliminate the \$7 million program cap and extend the deadline so that the District Department of Transportation can continue the program for one more fiscal year.

The program is still subject to reporting risk as the expenditure information is not available immediately (for example from the District’s accounting system of record) and the agency must rely on the Washington Metropolitan Area Transit Authority reports to track expenditures. The District Department of Transportation’s Agency Fiscal Officer cannot know exactly when the program runs out of funds. This means the District Department of Transportation must watch the program extremely closely, providing regular reports to the Office of the Chief Financial Officer on usage, expenditures, and student balances on Metrorail cards. Without this information, the District cannot know how much has been spent on the program in a timely manner.

### **Subtitle (VII)(C) – Combined Reporting Amendment Act of 2016**

#### **Background**

In fiscal year 2011, when District enacted combined reporting laws, it adopted accounting rules that would allow publicly traded companies to take a deduction in the future for the restatement of deferred tax assets and liabilities that they now had to recognize in their financial statements.<sup>91</sup> Under these rules, companies would be able to take deductions starting fiscal year 2016 for seven years.<sup>92</sup> The proposed subtitle delays the deductions by an additional five years, so companies will not be able to take these deductions until fiscal year 2021.

#### **Financial Plan Impact**

Delaying Financial Accounting Standards #109 credits will increase corporate income tax collections by \$3.7 million in fiscal year 2016, and by \$7.4 million annually beginning fiscal year 2017. The full impact of the delay over the four-year budget and financial plan period is \$29.8 million. The fiscal impact of the subtitle is incorporated into the proposed budget and financial plan.

<b>Estimated Fiscal Impact of Subtitle VII (C) – Combined Reporting Amendment Act of 2016</b>						
<b>FY 2016 and FY 2017-FY 2020 (\$ thousands)</b>						
	<b>Current fiscal year</b>	<b>Proposed Budget and Financial Plan</b>				
	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>Four-Year Total</b>
Increase in corporate franchise taxes	\$3,721	\$7,443	\$7,443	\$7,443	\$7,443	\$29,772

Source: Office of Revenue Analysis

<sup>91</sup> According to the Statement of Financial Accounting Standards #109 (FAS #109), the effects of income taxes resulting from transactions occurring in the current and preceding years must be reported on an entity’s financial statement for current and future years. This includes accounting for certain deferred tax liabilities and assets to reflect the future tax consequences of events that have been recognized in a corporation’s financial statement or tax return (See Massachusetts Technical Information Release 09-8).

<sup>92</sup> D.C. Official Code § 47-1810.08(b).

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**Subtitle (VII)(D) – Supermarket Tax Incentives Clarification Act of 2016**

**Background**

The subtitle makes Square 2960 in Ward 4 an eligible location for supermarket tax incentives.<sup>93</sup>

**Financial Plan Impact**

The subtitle will reduce property tax revenue by \$237,000 in fiscal year 2017 and \$1 million over the four-year budget and financial plan.

Reduced revenue due to Supermarket Tax Incentives Clarification Act of 2016					
FY 2017-FY 2020 (\$ thousands)					
	FY 2017	FY 2018	FY 2019	FY 2020	Four Year Total
Reduced Property Tax Revenue	\$237	\$248	\$260	\$273	\$1,018

Source: Office of Revenue Analysis

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<sup>93</sup> See D.C. Official Code § 47-3802 for more on the supermarket tax incentives.

## TITLE VIII – CAPITAL BUDGET

### **Subtitle (VIII)(A) – Fiscal Year 2017 Capital Project Reallocation Approval Act of 2016**

#### **Background**

The subtitle authorizes the Office of the Chief Financial Officer to reallocate approximately \$180.8 million in bond balances<sup>94</sup> from the capital projects with slow activity to fifteen projects with insufficient bond balances to cover expenditures. The reallocation does not change project costs or authorized budget amounts; rather, it directs capital funds to projects that are most likely to spend them. In this way, the District can make better use of the bonds proceeds in escrow (at a low interest rate), improve cash flow, and reduce future borrowing. The two tables below show the sources and uses of these funds.

<b>Subtitle (VIII)(A) – Projects that will serve as source of financing</b>		
<b>TABLE A</b>		
<b>Owner Agency Name</b>	<b>Project Title</b>	<b>Total</b>
<b>Department of Behavioral Health</b>	Integrated Care Applications Management	\$145,551
	St. Elizabeths Information Technology System	\$81,575
<b>Department of Corrections</b>	DOC Elevator Refurbishment	\$1,600,000
	Roof Refurbishment at DOC Facilities	\$2,008,089
<b>Department of Employment Services</b>	Unemployment Insurance Modernization Project	\$7,354,064
<b>Department of General Services</b>	Facility Condition Assessment	\$1,088,698
<b>Department of Health Care Finance</b>	District Operated Health Information System	\$3,145,040
	Medicaid Payment Management System	\$1,313,068
	MMIS System Upgrade	\$2,300,000
<b>Department of Parks and Recreation</b>	American with Disabilities Act Compliance	\$75,757
	Barry Farm Recreation Center	\$3,927,608
	Benning Park Recreation Center Rehab	\$1,400,000
	Benning Stoddert Modernization	\$3,124,785
	Edgewood Recreation Center	\$14,000,000
	Fort Davis Recreation Center	\$2,000,000
	Fort Greble Recreation Center	\$1,000,000
	Friendship Park	\$880,968
	Hillcrest Recreation Center	\$1,500,000
	Ivy City Community Center	\$1,925,000
	Park Improvements - Project Management	\$393,520
	Ward 2 Public Park Rehabilitation	\$334,244
	<b>Department of Public Works</b>	Upgrade to DPW Fueling Sites
<b>Deputy Mayor for Planning and Economic Development</b>	New Communities	\$9,000,000
	Saint Elizabeths E Campus Infrastructure	\$1,546,808
	Strand Theatre	\$1,000,000
<b>District Department of Transportation</b>	Equipment Acquisition - DDOT	\$3,526,564
	Georgetown Streetscape Improvements	\$500,000
	Great Streets Initiative	\$292,359
	Pedestrian Bridge – Parkside	\$9,678,669
	Planning, Management, and Compliance	\$148,484
	Power Line Undergrounding	\$4,000,000
	Prevention of Flooding in Bloomingdale/Ledroit Park	\$1,508,674
	Railroad Bridges	\$10,340
	Rhode Island Avenue, NE Small Area Plan	\$599,509

<sup>94</sup> There can be balances currently held, or from approved and pending, but not yet issued, bonds.

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Subtitle (VIII)(A) – Projects that will serve as source of financing		
TABLE A		
Owner Agency Name	Project Title	Total
	South Capitol Street/Frederick Douglass Bridge	\$40,000,000
	Streetcars	\$43,409
	Traffic Operations Center	\$1,500,000
District of Columbia Public Library	Capitol View Library	\$4,500,000
	Cleveland Park Library	\$4,125,000
	Palisades Library	\$5,700,000
	Woodbridge Library	\$3,091,863
District of Columbia Public Schools	Coolidge HS Modernization/Renovation	\$3,000,000
	Deal MS Modernization/Renovation	\$11,664
	Drew ES Modernization/Renovation	\$39,641
	Johnson MS Renovation/Modernization	\$2,886,000
	Maintenance Improvements	\$7,738,513
	Martin Luther King ES Modernization	\$538,150
	McKinley Modernization	\$11,442
	Moten ES Modernization	\$1,565,607
Fire and Emergency Management Services	Engine 22 Firehouse Replacement	\$3,000,000
	Engine 27 Major Renovation	\$2,000,000
	Engine Company 16 Renovation	\$2,268,528
Metropolitan Police Department	Automation of Report Generation and Purchase	\$300,000
	Specialized Vehicles - MPD	\$2,000,000
Office of the Chief Financial Officer	CFO Solve	\$569,613
Office of the Chief Technology Officer	Citywide Disk Based Backup Infrastructure	\$445,022
	DC Cable Net	\$83,199
	DC Government Citywide IT Security Program	\$1,500,000
	DC Government New Data Center Build-Out	\$3,000,000
	Transportation Infrastructure Modernization	\$581,460
Office of the Secretary	Archives	\$3,284,215
Office of the State Superintendent of Education	Single State-Wide Student Information System	\$1,800,000
Special Education Transportation	Bus Facility Upgrades	\$2,740,000
	DOT GPS System	\$1,000,000
<b>Grand Total</b>		<b>\$180,809,546</b>

Subtitle (VIII)(A) – Projects that will use financing		
TABLE B		
Owner Agency Name	Project Title	Total
Department of Human Services	Case Management System - GO Bonds	\$14,000,000
Department of Parks and Recreation	Edgewood Recreation Center	\$14,000,000
	Park Improvements	\$19,000,000
	Ridge Road Recreation Center	\$9,730,000
Deputy Mayor for Economic Development	McMillan Site Redevelopment	\$1,467,000
District Department of Transportation	Alley Rehab	\$3,000,000
District of Columbia Public Schools	Ballou HS	\$20,100,000
	Brookland MS Modernization	\$8,200,000
	High School Labor - Program Management	\$5,000,000
	Major Repairs/Maintenance	\$6,100,000
	Roosevelt HS Modernization	\$15,500,000
Fire and Emergency Management Services	FEMS Scheduled Capital Improvements	\$2,275,000
State Superintendent of Education	Evans Campus	\$2,000,000
WMATA	WMATA CIP Contribution	\$40,437,546
	WMATA Fund - PRIAA	\$20,000,000
<b>Grand Total</b>		<b>\$180,809,546</b>

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The reallocated proceeds come from the following bond issuances:

Bond Issuance Series	Total
2010A	\$140,465
2012C I.T.	\$10,109,211
2013A G.O.	\$9,540,859
2013A GO	\$1,576,078
2014 A/B GO	\$25,054
2014C G.O.	\$37,240,108
2015A G.O.	\$429,148
Pending	\$121,748,623
Grand Total	\$180,809,546

### **Financial Plan Impact**

The reallocation does not change the budget authority for any one of the capital budget projects the bill cites. The intent is improve resource use by reallocating available bond balances to where they are needed.

## **Subtitle (XIII)(B) – Capital Project Review and Reconciliation Amendment Act of 2016**

### **Background**

Under current law, the Office of the Chief Financial Officer can remove any balance from dormant capital projects (projects that did not spend any money for three consecutive years).<sup>95</sup> The OCFO then transfers these funds to the Alley Rehabilitation Project and make them available for other capital projects.

The proposal clarifies that the Alley Rehabilitation Project will continue to hold the balances from dormant projects, unless the dormant project was backed by Master Lease financing. If that is the case, the money from the dormant project will be held at the WMATA Fund project (project SA311C).<sup>96</sup>

### **Financial Plan Impact**

This is a technical amendment.

The District’s Master Lease account is a revolving credit account with strict use limits. The bank requires the District to use this account only to buy items that can be recovered—that is, in case of default, repossessed and sold. The District may not use Master Lease credits to improve public space such as roads, sidewalks, or alleys since these are not recoverable assets. The District also cannot hold Master Lease funds, even temporarily, in a projects associated with such unrecoverable public use.

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<sup>95</sup> D.C. Official Code § 1-325.151.

<sup>96</sup> The WMATA Fund project (SA311C) holds the Capital Project Support Fund, which, before fiscal year 2016, held all dormant funds. One of the two accounts under the Capital Project Support Fund is the Non-Bond Account which holds all surplus funds financed by non-bond monies including those from the Local Street Maintenance Fund, Master Equipment Lease/Purchase financing, Sale of Assets and Pay-as-You-Go capital funding (excluding federal grants and Federal Highway Trust Fund).

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### **Subtitle (XIII)(C) – Reverse Paygo Reprogramming Clarification Act of 2016**

#### **Background**

The subtitle defines the term “reverse paygo transfer” as the reprogramming of authorized paygo capital budget funds to the operating budget.<sup>97</sup> It also establishes that when determining whether reverse paygo transfers would require Council approval, the relevant measure will be adjustments to each project on the capital side, and not the combined adjustments to the operating budget.

Each reverse paygo transfer is recorded in a single operating account even when, on the capital side, the paygo could originate from many different projects. Under the subtitle, the budget taken from each project on the capital side, and not the budget recorded in the single account on the operating side, will be the basis of determining if the reverse transfer requires Council approval.

#### **Financial Plan Impact**

D.C. laws allow the Mayor to proceed with any reprogramming under \$500,000 without Council approval. If the reprogramming is from the operating budget to a capital project, the threshold for Council approval is the cumulative adjustment to the project’s capital budget during that fiscal year.<sup>98</sup> This ensures that the combined reprogramming to a capital project would still receive Council review when their the project’s budget changes by more than \$500,000, even when individual reprogramming can each be under the trigger limit.

The subtitle extends the same practice to reverse capital transfers.

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<sup>97</sup> By adding a new paragraph (15) o D.C. Official Code § 47-361.

<sup>98</sup> D.C. Official Code § 47-361(14)

## TITLE IX – SPECIAL PURPOSE AND DEDICATED REVENUE FUND AMENDMENTS AND TRANSFERS

### Subtitle (IX)(A) – Designated Fund Transfer Act of 2016

#### Background

The subtitle would allow the District to use the balances of various funds as a source of revenue in fiscal years 2017 through 2020. Of the \$9.1 million swept from the Credit Enhancement, Geneva Funds at the Office of State Superintendent of Education, \$4.4 million will be dedicated to the Charter School Credit Enhancement Fund within the same agency.

<b>Subtitle (IX)(A) – Designated Fund Transfer Act of 2016 - Designated Fund Balances</b>		
<b>Agency</b>	<b>Fund Name</b>	<b>Amount</b>
<b>Local Funds</b>		
<b>Department of Small and Local Business Development</b>	Microloan/Small Business Capital Access Fund	\$228,362
	Streetscape Loan Relief Fund	\$1,584,297
<b>Office of the City Administrator</b>	Pay for Success Contract Fund	\$2,699,287
<b>Office of the State Superintendent of Education</b>	Credit Enhancements, Geneva Funds	\$9,411,800
	<b>Total</b>	<b>\$13,923,746</b>
<b>Dedicated Taxes:</b>		
<b>Alcohol Beverage Regulation Administration</b>	Dedicated Taxes	\$400,000
<b>Department of Health Care Finance</b>	Healthy DC Fund	\$6,000,000
	<b>Total</b>	<b>\$6,400,000</b>
<b>Purpose Restrictions and other Special Purpose Funds:</b>		
<b>Department of Consumer and Regulatory Affairs</b>	Green Building Fund	\$1,409,850
	Basic Business License Fund	\$268,332
	Board of Engineers Fund	\$697,203
	Corporate Recordation Fund	\$112,879
	Vending Regulations Fund	\$984,622
	Cable Franchise Fees	\$7,113,314
<b>Department of Disability Services</b>	Cost of Care for Non-Medicaid Clients	\$772,757
<b>Department of Health</b>	Pharmacy Protection	\$2,100,000
<b>Department of Human Services</b>	SSI Payback	\$1,000,000
<b>Department of Insurance, Securities, Banking</b>	Foreclosure Mediation Fund (temporary)	\$340,500
<b>District Department of Transportation</b>	DDOT Enterprise Fund, Non-tax revenues	\$3,000,000
<b>Office of the Chief Financial Officer</b>	Recorder of Deeds Surcharges	\$3,000,000
<b>Office of the Chief Technology Officer</b>	DC Net Service Support	\$4,800,000
<b>Office of Victim Services</b>	Crime Victims Assistance Fund	\$2,600,000
<b>Unemployment Compensation Fund</b>	Unemployment Compensation Fund	\$1,000,000
	<b>Total</b>	<b>\$29,199,457</b>
<b>TOTAL</b>		<b>\$49,523,203</b>

The Honorable Phil Mendelson

Fiscal Impact Statement for "Fiscal Year 2017 Budget Support Act of 2016," based on the draft bill shared with the Office of Revenue Analysis on March 24, 2016

**Financial Plan Impact**

The proposed subtitle sweeps \$49.5 million from balances of various local, dedicated tax, and special purpose funds. Of this amount, \$4.4 million is redirected to another special purpose fund; the remaining \$45.1 million is converted into unrestricted local funds. The proposed budget and financial plan includes \$36.5 million of fund balance use in fiscal year 2017 and \$1.4 million in fiscal year 2020. The Capital Improvement Plan for fiscal years 2017 through 2022 uses the remaining \$7.2 million as pay-go.