

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



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

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

FROM: Natwar M. Gandhi
Chief Financial Officer 

DATE: December 18, 2012

SUBJECT: Fiscal Impact Statement – Amendment to “Small and Certified Business Enterprise Development and Assistance Amendment Act of 2012”

REFERENCE: Amendment by Councilmember Cheh to Bill 19-1046, shared with the Office of Revenue Analysis on December 6, 2012

Conclusion

Funds are not sufficient in the FY 2013 through FY 2016 budget and financial plan to implement the amendment. Assuming implementation of the amendment begins in FY 2014, the cost will be \$1.7 million over the four-year financial plan period.

Background

The amendment would make not-for-profit corporations based in the District eligible for the District’s Certified Business Enterprise (CBE) Program. This change would allow qualifying not-for-profits to receive the same preference points as local, small, and disadvantaged businesses when bidding for District government contracts, and would afford them the same benefits and responsibilities under the CBE Program as for-profit entities enjoy.

Financial Plan Impact

Funds are not sufficient in the FY 2013 through FY 2016 budget and financial plan to implement the amendment. Assuming implementation of the amendment begins in FY 2014, the cost will be \$1.7 million over the four-year financial plan period.

This amendment would represent a significant change to the CBE Program and would require substantial additional resources and expertise at the Department of Small and Local Business Development (DSLBD) to implement. While it is difficult to project how many not-for-profit entities would apply for certification, one must assume that many of the not-for-profits that currently contract with the District or expect to do so in the future would apply for the CBE Program. The

The Honorable Phil Mendelson

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Office of Revenue Analysis estimates that the number of such entities could be 300 or more in the first year of implementation.

To implement the amendment, DSLBD will need additional certification and compliance staff, including some additional legal resources to update rules to accommodate not-for-profits in the program and pursue enforcement among entities in this sector. Additionally, DSLBD will incur costs for upgrading its database management systems and for conducting outreach and technical assistance to the not-for-profit community. These costs are detailed further in the table below.

Estimated Fiscal Impact of CM Cheh Amendment to B19-1046 -- FY 2013-FY 2016					
	FY 2013*	FY 2014	FY 2015	FY 2016	4 Year Total
Compliance Staff	\$0	\$437,840	\$552,055	\$669,856	\$1,659,751
IT Upgrades	\$0	\$20,000	\$0	\$0	\$20,000
Program Outreach and Technical Assistance	\$0	\$20,000	\$20,000	\$20,000	\$60,000
Total	\$0	\$477,840	\$572,055	\$689,856	\$1,739,751

Table Notes

* ORA assumes that implementation of this amendment would begin on October 1, 2013.