

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




Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Kwame R. Brown
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer

DATE: June 5, 2012 

SUBJECT: Fiscal Impact Statement - "Fiscal Year 2012 Second Revised Budget Request Emergency Adjustment Act of 2012"

REFERENCE: Amendment in the Nature of a Substitute circulated on June 5, 2012

Conclusion

Funds are sufficient in the FY 2012 budget to implement the bill. The bill increases the District's FY 2012 expenditures by \$71.0 million. The District has \$64.2 million in new revenue in FY 2012 and \$5.9 million in unused spending authority to pay for the proposed expenditures.

Background

Since June 2011, the Office of the Chief Financial Officer twice revised the revenue estimates, certifying additional \$89.8 million local revenue for FY 2012.¹ On April 17, 2012, the Council passed the Fiscal Year 2012 Revised Budget Request Adjustment Emergency Act² of 2012, which authorized the expenditure of approximately \$15 million of these funds, leaving the District with unused resources of approximately \$74.8 million. On May 15, 2012, the Council passed the FY 2013 Budget Request Act of 2012, which appropriated an additional \$10.6 million of these funds³, leaving unused resources of approximately \$64.2 million.

Additionally, the District has \$5.9 million in existing spending authority.

¹ In December 2011, the revenues were revised up by \$42.2 million, and then in February 2012, by an additional \$34.8 million. The Office of Revenue Analysis also certified \$2.5 million in revenue for a rebate the Department of Human Resources received from health care providers, and \$10.3 million in revenue from the rebasing of Medicaid nursing home reimbursements. The total of these amounts is \$89.8 million.

² Bill 19-654, which is emergency legislation, was enacted on April 29, 2012. It expires July 28, 2012.

³ These funds include \$4.27 million for the MPD fleet (conversion to Paygo), \$4.3 million to restore the hospital benefit to the D.C. HealthCare Alliance, \$1 million to the Department of Mental Health, \$472,000 for the E911 program, and \$550,000 to the Office of the State Superintendent of Education for expanding adult workforce training at Cardozo and Phelps.

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FIS: "Fiscal Year 2012 Second Revised Budget Request Emergency Adjustment Act of 2012," draft bill shared with the Office of Revenue Analysis on June 4, 2012

The bill proposes a spending plan for these local funds according to the following table:

Fiscal Year 2012 Second Revised Budget Request Emergency Adjustment Act of 2012 Proposed FY 2012 Expenditures			
	Sources of Funds		
	New Revenue	Existing Authority	Total authorized
DC Council ¹		\$403,000	\$403,000
Department of General Services ²	\$4,000,000		\$4,000,000
Department of Employment Services ³		\$1,503,769	\$1,503,769
Deputy Mayor for Planning and Economic Development ⁴		\$2,500,000	\$2,500,000
Housing Production Trust Fund	\$2,000,000		\$2,000,000
District of Columbia Public Schools ⁵	\$25,190,843		\$25,190,843
Office of the Superintendent of Education ⁶		\$1,452,891	\$1,452,891
District of Columbia Public Libraries ⁷	\$414,000		\$414,000
Department of Healthcare Finance ⁸	\$10,227,000		\$10,227,000
Non-departmental ⁹	\$22,443,000		\$22,443,000
Repayment of Loans and Interest	(\$1,135,000)		(\$1,135,000)
Delaying of out-of-state municipal bond tax by one year ¹⁰	\$1,100,000		\$1,100,000
TOTAL	\$64,239,843	\$5,859,660	\$70,099,503

Table Notes

¹ This amount is for the District of Columbia Council's IT Fund.

² This amount covers the spending pressures in fixed costs and facilities maintenance.

³ This amount accounts for the funds necessary to support a non-lapsing adult workforce training fund.

⁴ This amount includes H Street Tax Incremental Financing Grants authorized by Bill 18-970, H Street, N.E., Retail Priority Area Incentive Amendment Act of 2010.

⁵ This amount includes funds to cover the \$4.5 million in loss in congressional appropriations, \$12 million for the foods services contract, \$3.4 million for after school programs, and \$5.3 million for non-instructional staff.

⁶ This is authority to access existing funds for which there is currently no budget authority.

⁷ This amount accounts for the funds necessary for the opening of the Rosedale Library.

⁸ This amount includes \$6 million for increases in complex care costs, and \$4.2 million in DSH disallowance for the Alliance Program.

⁹ This amount provides rebates for the furloughs D.C. employees took in FY 2011.

¹⁰ This amount is a set-aside to cover the revenue loss due to delaying of the taxes on out-of-state municipal bonds by one year. The fiscal impact of the delay is a revenue reduction of \$1.1 million in FY 2013. The Mayor intends to use FY 2012 revenue to cover this cost.

Financial Plan Impact

Funds are sufficient in the FY 2012 budget to implement the bill. The bill will increase FY 2012 expenditures by \$71.0 million, and authorize the use of \$5.9 million in existing resources.

The District currently has \$64.2 million in new local revenue that can be used to implement the proposed expenditures. This would leave the FY 2012 budget with an operating margin of \$157.

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Fiscal Impact of Fiscal Year 2012 Second Revised Budget Request Emergency Adjustment Act of 2012	
New Revenue Certified for FY 2012	\$89,803,000
Expenditure Authorized on April 17	(\$14,971,000)
Expenditure Authorized in FY 2013 Budget Request Act of 2012	(\$10,592,000)
Available Resources	\$64,240,000
New Expenditure Proposals	\$64,239,843
Operating Margin	\$157