

**COUNCIL OF THE DISTRICT OF COLUMBIA
COMMITTEE OF THE WHOLE
COMMITTEE REPORT**

1350 Pennsylvania Avenue, NW, Washington, DC 20004

TO: All Councilmembers

FROM: Chairman Phil Mendelson
Committee of the Whole

DATE: February 18, 2020

SUBJECT: Supplement to the Report on Bill 23-208, the “Fiscal Year 2020 Local Budget Act of 2019” on Changes Made at Final Reading

On May 28, 2019, the Council considered the final reading and vote on the “Fiscal Year 2020 Local Budget Act of 2019” (LBA). Chairman Mendelson moved an Amendment in the Nature of a Substitute (ANS), which the Council accepted unanimously. The Council also approved several other amendments. The changes made by the amendments approved at the final reading are set forth below.

Washington Convention Center Fund’s Excess Reserves

At the May 14, 2019 first reading of the LBA, the Council proposed redirecting \$60 million in excess reserves from the Washington Convention Center Fund (also known as the Events DC Fund) to the D.C. Housing Authority’s (DCHA) Rehabilitation and Maintenance Fund for public housing units and to the Office of Unified Communications for the Emergency and Non-Emergency Number Telephone Calling Systems Fund (also known as the E-911 Fund). After new information about the excess reserves became available (*see* Table 1), for the May 28 final reading, the Council revised the redirection of excess reserves downward to \$49 million. By law, these excess funds should have been transferred to the District of Columbia at the end of FY 2017 and FY 2018 (D.C. Official Code § 10-1202.13(a)).

Subsequent to final reading, the Office of the Chief Financial Officer (OCFO) transferred approximately \$47.851 million in excess reserves from the Washington Convention Center Fund to the District of Columbia General Fund on or about June 6, 2019. In addition to transferring the excess reserves to the General Fund, the OCFO executed three financial transactions contrary to the Council’s clear intent in its approval of the LBA at final reading on May 28, 2019. The OCFO deposited \$28.053 million in the Cash Flow Reserve Account, \$9.899 million in PAYGO for capital projects, and \$9.899 million in the Housing Production Trust Fund (HPTF). With the excess funds no longer available, the Council eliminated the LBA’s \$49 million in budget authority as a technical correction.

On June 18, 2019, the Council reconsidered the Fiscal Year 2019 Revised Local Budget Emergency Act of 2019 (FY19 Revised LBA) to redirect the \$47,851,000 transfer by the OCFO.¹ The Council directed \$23,925,500 to the DCHA Rehabilitation and Maintenance Fund and \$23,925,500 to the E-911 Fund. In addition, the Council passed an amendment to the Fiscal Year 2020 Budget Support Act of 2019 (BSA) to strike the Mayor’s proposed \$0.80 per room or suite per night tax on hotels.²

TABLE 1: Legislative Timeline for Washington Convention Center Fund’s Excess Reserves, 2019

	March 20 →	May 14 →	May 28 →	June 6 →	June 18 →	June 18
Legislation	LBA, Mayor’s transmittal to Council	LBA, first reading	LBA, final reading	No legislation -OCFO’s transactions	LBA, technical correction to final reading	FY 2019 Revised Local Budget Emergency Act of 2019
Identified excess reserves in the Washington Convention Center Fund	\$0	\$60M	\$49M	\$47.9M	\$0	\$47.9M
Allocation of the excess reserve funds	N/A	Non-Departmental : ○ Public housing, \$30M ○ E-911, \$30M	Non-Departmental : ○ Public housing, \$24.5M ○ E-911, \$24.5M	○ Cash Flow Reserve, \$28.1M ○ PAYGO, \$10.0M ○ HPTF, \$10.0M	Eliminated enhancements to the Non-Departmental for public housing and E-911 (\$24.5M each)	○ DCHA for public housing, \$23.9M ○ UOC for E-911, \$23.9M
Hotel tax via FY 2020 Budget Support Act of 2019	\$0.80 per room/night	No tax	No tax	\$0.80 per room/night needed in the BSA to balance the budget	No tax	No tax

Housing Investments

Through the FY20 LBA and the FY19 Revised LBA, the Council added a total of \$39,208,419 in new funds to expand subsidized and affordable housing options, services, and supports for District residents (*see* Table 2).

¹ Fiscal Year 2019 Revised Local Budget Emergency Act of 2019, enacted July 8, 2019 (D.C. Act 23-75, 66 DCR 8076).

² Fiscal Year 2020 Budget Support Act of 2019, effective September 11, 2019 (D.C. Law 23-16, 66 DCR 8621),

TABLE 2: Council’s New FY 2020 and FY 2019 Investments in Housing

	Returning Citizens	Seniors	Workforce	Undesignated	TOTAL
Public Housing Maintenance and Repair					
New Funds				\$24,925,500	\$24,925,500
# of Stabilized Units				415	415
Tenant-Based Local Rent Supplement Program (LRSP)					
New Funds	\$420,720	\$700,000		\$1,000,000	\$2,120,720
# of New Units	20	33		48	101
Project/Sponsor-Based LRSP*					
New Funds				\$4,766,250	\$4,766,250
# of New Units				238	238
Housing Preservation Fund					
New Funds				\$274,000	\$274,000
Emergency Rental Assistance Program (ERAP)					
New Funds				\$1,115,000	\$1,115,000
Senior Shallow Subsidy					
New Funds		\$600,000			\$600,000
# of New Units		81			81
Workforce Housing					
New Funds			\$3,051,000		\$3,051,000
# of New Units			1,200		1,200
Rental Housing Commission					
New Funds				\$1,206,363	\$1,206,363
Rent Stabilization Program					
New Funds				\$367,000	\$367,000
Transparency in housing tools and resources					
New Funds				\$782,348	\$782,348
TOTAL					
New Funds	\$420,720	\$1,300,000	\$3,051,000	\$34,436,699	\$39,208,419
# of Units	20	114	1,200	701	2,035

The Council provided \$24,925,500 in new resources for public housing rehabilitation and modernization. This includes the redirection of excess revenue from the OCFO’s Washington Convention Center Fund transfer and a redirection of \$1,000,000 to public housing repairs in Ward 1 related to the one-year delay of the “Adams Morgan Hotel Real Property Tax Abatement Act of 2010”.³

³ Adams Morgan Hotel Real Property Tax Abatement Act of 2010, effective April 8, 2011 (D.C. Law 18-370; 58 DCR 1008). The tax abatement is contingent upon the hotel meeting seven requirements, including a minimum percentage of construction hours and permanent jobs that must be filled by District residents and Ward 1 residents. A recent audit conducted by the Department of Employment Services (DOES) revealed that the hotel had failed to meet at least two of the tax abatement’s seven requirements, however a legal opinion issued by the Attorney General concluded that DOES lacks the authority to waive the abatement’s requirements.

At final reading, the Council voted to enhance the Department of Housing and Community Development’s Housing Preservation Fund by \$4,000,000 by redirecting one-time funds from the Housing Production Trust Fund. This action increased the total budget for the Housing Preservation Fund by \$11,800,000.

The Council directed \$1,206,363 and 4.0 full-time equivalents (FTEs) to establish the Rental Housing Commission as an independent agency within the executive branch of the District government and fully funds its authorizing legislation.⁴

Human Support Services

At final reading, the Council added \$7,191,405 and 5.0 FTEs for homeless services (*see Table 3*) to the enhancements it made at first reading. This appropriation includes \$5,412,000 to create 200 new units of Permanent Supportive Housing (PSH) for unaccompanied individuals experiencing homelessness. Council also provided \$1,250,000 for homeless street outreach and \$529,405 for new staff positions to support the PSH and Targeted Affordable Housing (TAH) programs and homeless services for youth.

TABLE 3: New Funds for Homeless Services in FY 2020-2023 Provided at LBA’s 2nd Reading

Agency	Purpose	FY 2020	FY 2021	FY 2022	FY 2023	FY 2020-23 Financial Plan
DCHA	PSH individuals, housing costs for 200 new units	\$4,207,200	\$4,333,416	\$4,463,418	\$4,597,321	\$17,601,356
Department of Human Services (DHS)	Street outreach	1,250,000	1,442,000	1,485,260	1,529,818	5,707,078
DHS	PSH individuals, service costs for 200 new units	1,204,800	1,240,944	1,278,172	1,316,517	5,040,434
DHS	TAH families, 2 case managers	177,502	182,827	188,312	193,961	742,602
DHS	Youth, 1 program manager	157,429	162,152	167,016	172,027	658,624
DHS	TAH individuals, 1 social worker	105,723	108,895	112,162	115,526	442,306
DHS	PSH, 1 contract administrator	88,751	91,414	94,156	96,981	371,301
TOTAL		\$7,191,405	\$7,561,648	\$7,788,496	\$8,022,151	\$30,563,701

⁴ Rental Housing Commission Independence Clarification Amendment Act of 2018, effective February 22, 2019 (D.C. Law 22-200; 65 DCR 12066).

Together with the Council’s appropriations at the LBA’s first reading, the Council directed a net total of \$13,986,586 in new resources in FY 2020 to support 392 units of permanent housing and shelter beds for families, youth, and individuals experiencing homelessness (*see Table 4*) and related services.

TABLE 4: Council’s FY 2020 Investments in Homeless Services

	Homeless Individuals	Homeless Families	Homeless Youth	TOTAL
Permanent Supportive Housing (PSH)				
New Funds for Units	\$7,049,276		\$1,198,260	\$8,247,536
New Funds for Staff	\$88,751			\$88,751
# of New Units	261		35	296
Targeted Affordable Housing (TAH)				
New Funds for Units	\$210,360	\$3,000,000		\$3,210,360
New Funds for Staff	\$105,723	\$177,502		\$283,225
# of New Units	10	123		133
Transitional Housing				
New Funds for Units			\$1,134,000	\$1,134,000
# of New Units			27	27
Transitional Age Youth (TAY) Shelter				
New Funds			\$1,320,000	\$1,320,000
# of New Units			60	60
Rapid Re-Housing (PSH)				
New Funds		(\$3,000,000)	(\$975,000)	(\$3,975,000)
# of New Units		(94)	(30)	-124
Homeless Services for Youth (General)				
New Funds for Staff			\$157,429	\$157,429
Homeless Street Outreach				
New Funds	\$3,527,714			\$3,527,714
Medical Respite Care for Homeless Women				
New Funds	\$150,000			\$150,000
TOTAL				
New Funds	\$11,131,824	\$177,502	\$2,677,260	\$13,986,586
# of Units	271	29	92	392

The Council restored \$7,137,445 to the Not-for-Profit Hospital Corporation Subsidy, also known as United Medical Center (UMC). Consequently, the District’s FY 2020 operating subsidy to UMC stands at \$22,137,445.

The Council provided \$3,000,000 and 3.0 FTEs to the Department of Behavioral Health (DBH) for school-based mental health programs. This enhancement will allow DBH to expand its services to 40 more public schools and provide additional training and evaluation.

The Council approved \$450,000 to the Department of Youth Rehabilitation Services (DYRS) for the Credible Messenger Initiative.

The Council provided \$442,426 and 5.0 FTEs to the Child and Family Services Agency (CFSA) to implement the “School Safety Omnibus Amendment Act of 2019.”

The Council funded the “Leverage for Our Future Act of 2019” to direct the Department of Health (DOH) to issue a \$150,000 grant for home visiting services that also leverage private resources.

The Council reversed several of its first reading enhancements to the Department of Health Care Finance (DHCF), DOH, and DHS. These reversals include \$2,460,000 that had been dedicated to implement a pilot program related to the “D.C. Healthcare Alliance Reform Act of 2019” and \$95,000 for Pop-Up Family Markets. These reversals were used to enhance the UMC Subsidy.

The Council redirected \$80,000 of the \$100,000 it allocated at first reading to the Department of Parks and Recreation (DPR) for the Deanwood Recreation Center. The Council redirected \$50,000 to the Benning Park Recreation Center and rescinded its \$30,000 enhancement, which was intended to be used for eSports and a transit display. These reversals were also used to enhance the UMC Subsidy.

Education, Lifelong Learning, and Career Training

The Council voted to add \$2,400,000 to the Office of the State Superintendent (OSSE) for payments to child development facilities for infants and toddlers, as specified by Title II of the “Birth-to-Three for all DC Act of 2018” (Birth-to-Three).⁵ Consequently, in FY 2020 the Council allocated a total of \$10,864,015 to implement components of this legislation (*see Table 5*). The Council also made a technical correction to part of its “Birth-to-Three” enhancement at first reading and redirected \$2,037,563 for home visiting for Early Head Start from DOH to the correct implementing agency, OSSE.

TABLE 5: Council’s FY 2020 New Investments in “Birth-to-Three for All DC Act of 2018”

Program	Agency	Council’s FY20 Enhancement
Home Visiting for Early Head Start (immigrant families)	OSSE	\$2,037,563
Home Visiting for Early Head Start (families experiencing homelessness)	OSSE	\$1,999,388
Cost of Care	OSSE	\$4,298,064
Healthy Futures	DBH	\$1,526,000
Healthy Steps	DOH	\$600,000
Lactation Professional	DOH	\$323,000
Help Me Grow	DOH	\$80,000
TOTAL		\$10,864,015

⁵ Birth-to-Three for All DC Amendment Act of 2018, effective October 30, 2018 (D.C. Law 22-179, 65 DCR 9569).

The Council directed \$523,000 to the Commission on the Arts and Humanities to fund international field trips for District students.

The Council also directed \$2,300,000 to DOES for Information Technology (IT) training for Project Empowerment, Career Connections, and the D.C. Infrastructure Academy.

Public Safety

The Council provided \$100,000 to the Office of Victim Services and Justice Grants at final reading to support a grant to track and report on homicides in the District.

Public Works

At final reading, the Council added \$1,925,595 and 1.0 FTE to the Department of Energy and Environment (DOEE) to accelerate lead service water line replacement. With the \$1,000,000 the Council dedicated to this purpose at first reading, the Council fully funded the “Lead Water Service Line Replacement and Disclosure Amendment Act of 2019.”⁶

The Council also directed \$105,000 to DOEE to fully fund the “Gas Station Advisory Board Abolishment Act of 2018.”⁷ It also made several changes to DOEE’s budget at the request of the Mayor.

Economic Development and Regulation

At final reading, the Council provided an additional \$500,000 for a matching grant to support the “National Cherry Blossom Festival Fundraising Match Act of 2019.”⁸ The Council’s total FY 2020 dedication for this purpose is \$1,250,000.

The Council also increased its enhancement to the Office of the Deputy Mayor for Planning and Economic Development to a total of \$1,200,000 for the Washington Economic Partnership.

The Council rescinded its \$100,000 dedication to the Washington Convention and Sports Authority for the Title IX Conference and Classic.

⁶ Lead Water Service Line Replacement and Disclosure Amendment Act of 2019, effective March 13, 2019 (D.C. Law 22-241, 66 DCR 923).

⁷ Gas Station Advisory Board Abolishment Act of 2018, effective April 11, 2019 (D.C. Law 22-289, 66 DCR 1665).

⁸ National Cherry Blossom Festival Fundraising Match Act of 2019, Subtitle VII(I) of the Fiscal Year 2020 Budget Support Act of 2019, effective September 11, 2019 (D.C. Law 23-16, 66 DCR 8621).

Capital Budget

The Council voted to shift \$1,250,000 to the rehabilitation of the Benning Park Recreation Center from the Fort Davis Recreation Center.

The Council provided a one-time enhancement of \$100,000 to the Pay-As-You-Go Capital Plan to fund technology related to short-term rentals (Project number CR0-ISMNEC).

The Council directed that Banneker High School's modernization project must take place at 925 Rhode Island Avenue, NW and directed the Shaw Middle School modernization project to take place at 800 Euclid Street, NW.

The Council also decreased the capital budget for the D.C. Infrastructure Academy by \$2,000,000.