

COUNCIL OF THE DISTRICT OF COLUMBIA
COMMITTEE OF THE WHOLE
FISCAL YEAR 2017 COMMITTEE BUDGET REPORT



DRAFT 5/4

TO: Members of the Council of the District of Columbia

FROM: Chairman Phil Mendelson
Committee of the Whole

DATE: May 5, 2016

SUBJECT: Report and Recommendations of the Committee of the Whole on the
Fiscal Year 2017 Budget and Corresponding Budget Support Act

The Committee of the Whole, having conducted hearings and received testimony on the Mayor's proposed fiscal year 2017 operating and capital budgets for the agencies under its purview, reports its recommendations for consideration by members for inclusion in the final Fiscal Year 2017 Budget. The Committee also comments on several subsections of the Fiscal Year 2017 Budget Support Act of 2016, and makes its own additional proposals.

CONTENTS

Introduction.....	iii
Summary Tables	vi
Agency Operating Budget Summary Table	vi
Agency Full-Time Equivalent Summary Table	xi
Agency FY 2017 Capital Budget Summary Table	xv
Committee Transfers.....	xvi
Summary of Committee Budget Recommendations.....	xvii
Agency Fiscal Year 2017 Budget Recommendations	1
Council of the District of Columbia.....	1
Office of the District of Columbia Auditor.....	4
Office of the Mayor	7
Office of the Senior Advisor.....	10
Office of the Secretary	12
Office of the City Administrator.....	23
DC Department of Human Resources.....	28
Office of Contracting and Procurement.....	32
Office of the Chief Technology Officer.....	37
Contract Appeals Board.....	42
Public Employee Relations Board	44
Office of Employee Appeals.....	47
Metropolitan Washington Council of Governments.....	51
Statehood Initiatives Agency	53
Office of Budget and Planning	56

Deputy Mayor for Planning and Economic Development.....	58
Office of Planning	70
Office of Zoning	74
District of Columbia Retirement Board.....	76
Police Officers’ and Fire Fighters’ Retirement System	80
Teachers’ Retirement System	83
District Retiree Health Contribution (OPEB)	86
University of the District of Columbia	90
University of the District of Columbia Subsidy	100
Debt Service.....	102
John A. Wilson Building Fund	104
Workforce Investments	105
Non-Departmental.....	107
Unemployment Compensation Fund	108
Master Equipment Lease/Purchase Program	110
Emergency and Contingency Reserve Funds	111
Pay-As-You-Go Capital Fund.....	114
Repayment of PILOT Financing.....	115
Fiscal Year 2017 Budget Support Act Language Recommendations	117
Title I-A Bonus and Special Pay Limitation.....	118
Title I-C Employee’s Compensation Fund Amendment	120
Title I-D DC Government Award of Interest and Interest Rate Amendment.....	122
Title I-G Public Sector Workers Compensation Budget Technical Amendment	123
Title I-I Public-Private Partnership Amendments.....	124
Title I-J OIG Budget Process Clarification Amendment.....	128
Title I-K Use of Official Vehicles During an Emergency	130
Title II-A QHTC Digital Media and Boundary Amendment.....	133
Title II-D Walter Reed Redevelopment Fund Clarification	136
Title II-E DMPED Grant-Making Authority Amendment	137
Title II-G DMPED Procurement Exemption Clarification	140
Title III-A COG Procurement Authorization Amendment.....	142
Title III-D Public Safety Executive Service Pay Schedule.....	144
Title III-H FEMS Services Department Chief Officers Service Longevity Amendment.....	148
Title IV-B DCPS Contract and Spending Flexibility Amendment.....	150
Title V-G Teen Pregnancy Prevention Fund Grantmaking	152
Title VII-A Subject to Appropriations Amendments.....	155
Title VII-B Prior Budget Act Amendments.....	157
Title COW-A New Columbia Statehood Commission Discretionary Funding.....	159
Title COW-B PDS Pension Creditable Service Clarification.....	161
Committee Action	163

INTRODUCTION

Introduction to this Report

The following presents the Council of the District of Columbia Committee of the Whole's recommendations regarding funding allocations for the fiscal year 2017 budget for the agencies under the Committee's purview. In addition, the Committee comments on policy priorities and concerns raised during performance oversight and budget hearings, provides comments and amendments on the Mayor's proposed Budget Support Act subtitles, and proposes its own additional subtitles.

Committee of the Whole, Overview

The Committee of the Whole ("Committee") is currently one of eight standing committees of the Council. The Committee of the Whole (COW) is responsible for the annual budget; regional, Congressional, and Federal relations; planning, zoning and economic development; truancy (jointly with the Committee on Education); homelessness (jointly with the Committee on Health and Human Services); District government workforce issues including human resources, retirement, retirement benefits, and compensation agreements; District government operations issues including procurement and technology; the University of the District of Columbia, and District government autonomy, including Statehood; and any other matters assigned to it by the Council's Rules or by the Chairman.

The Chairman of the Council is the Chairman of the Committee of the Whole and its members include all members of the Council. In addition to its oversight and

legislative responsibilities, the Committee reviews all measures reported from other committees for completeness of the record, legal sufficiency, and adherence to rules regarding fiscal impact. The District agencies that come under the purview of the Committee are as follows:

- Auditor of the District of Columbia
- Council of the District of Columbia
- Commemorative Works Committee
- Community College Transition to Independence Advisory Board
- Contract Appeals Board
- Deputy Mayor for Planning and Economic Development
- Department of Human Resources
- District of Columbia Retirement Board
- Executive Office of the Mayor
- Historic Preservation Review Board
- Interagency Council on Homelessness
- Labor/Mgmt. Partnership Council
- Labor Relations & Collective Bargaining
- Law Revision Commission
- Metropolitan Washington Airports Authority
- Metropolitan Washington Council of Governments
- New Columbia Statehood Commission
- Office of Budget and Planning (OCFO)
- Office of Contracting and Procurement
- Office of Employee Appeals
- Office of Planning
- Office of Public-Private Partnerships
- Office of the Chief Technology Officer
- Office of the City Administrator
- Office of the Statehood Delegation

- Office of Zoning
- Public Employee Relations Board
- Secretary of the District of Columbia
- Tax Revision Commission
- Tobacco Settlement Financing Corp.
- University of the District of Columbia
- Zoning Commission & Board of Zoning Adjustment

In addition to the above, the following entities are under the Committee's purview, but are not part of the District government, and the Committee's jurisdiction is therefore limited:

- Metropolitan Washington Airports Authority
- Metropolitan Washington Council of Governments
- National Capital Planning Commission

Committee Review of the Budget

The Committee is charged with oversight over the performance and annual operating and capital budgets of the agencies listed. In total, the Committee oversees approximately 20 agencies, and 15 paper agencies, that, in the Mayor's proposed budget for fiscal year 2017, comprise a total budget of over \$1.88 billion in gross funds and approximately 2,300 full-time equivalents (FTEs).

On March 24, 2016, Mayor Muriel Bowser submitted to the Council of the District of Columbia a proposed Fiscal Year 2017 Budget and Financial Plan entitled "A Fair Shot," which allocates resources for programs and services for the upcoming fiscal year. How funds are allocated represents the Administration's policy priorities.

In order to review the Mayor's budget proposal, determine the wants and needs of each agency under its jurisdiction, and provide the public with an opportunity to comment, the Committee held budget hearings for each of the agencies under its purview as shown in the table below. On April 29, 2016, it also held a hearing on both the Local Funds Portion Budget Act, the Federal Funds Portion Budget Act, and the Budget Support Act overall.

The Committee received hours of testimony, from both government and public witnesses. Typical of Council committee budget reports, testimony and written statements are made a part of the record but are not attached to the report.

The Committee has listened to extensive testimony from the public and agency heads to better understand the operations and needs of the various agencies. In this report, the Committee provides analysis of the budget requests, states its concerns, makes revisions, and offers budget policy recommendations as to policy or process.

Chairman Mendelson has set five overarching goals for the Committee of the Whole which informs its oversight work and its budget recommendations both for the agencies specifically under its purview, and in the Committee's later review of the final Budget Request and Support Acts. Those priorities are:

- Improve Homeless Services
- Sustain Truancy Reforms
- Encourage growth of the University of the District of Columbia
- Promote business attraction and retention
- Improve the effectiveness of Government

The Committee's budget and policy recommendations reflect many of these priorities.

With regards to the University of the District of Columbia, the Committee's recommendation would greatly increase matching funds provided by the District to UDC to encourage additional fundraising, and doubles the University's capital funds for FY 2017. With regards to promoting business attraction and retention, the Committee makes a number of policy recommendations to increase the availability of Great Street grant funds to businesses and work more closely with private developers to form strategic partnerships. Finally, with regards to improving the effectiveness of

Government, the Committee provides additional resources to the Office of Employee Appeals, the Public Employees Relations Board, and new staff and a new facility for the District's Archives.

Having thoroughly reviewed the Mayor's fiscal year 2017 budget proposal, the Committee believes that the recommendations contained herein provide each agency under its purview with the funds necessary to fulfill its core mission, and represent the policy priorities that best serve the people of the District of Columbia.

As such, the Committee presents its recommendations for the District's fiscal year 2017 budget.

Committee of the Whole Fiscal Year 2017 Budget Oversight Hearing Schedule

Wednesday, **April 6, 2016** at 9:30 a.m. in the Council Chamber

- | | |
|----------------------|--|
| ▪ Office of Zoning | ▪ Deputy Mayor for Planning and Economic Development |
| ▪ Office of Planning | |

Thursday, **April 7, 2016** at 9:30 a.m. in Room 412

- | | |
|---|-----------------------------------|
| ▪ University of the District of Columbia | ▪ Office of Employee Appeals |
| ▪ Office of Labor Relations and Collective Bargaining | ▪ Public Employee Relations Board |

Monday, **April 11, 2016** at 10:00 a.m. in Room 412

- | | |
|------------------------------------|--|
| ▪ Executive Office of the Mayor | ▪ Contract Appeals Board |
| ▪ Office of the City Administrator | ▪ Office of Contracting and Procurement |
| ▪ Office of the Senior Advisor | ▪ Office of the Chief Technology Officer |
| ▪ Office of the Secretary | |

Thursday, **April 14, 2016** at 10:00 a.m. in the Council Chamber

- | | |
|--|---|
| ▪ Metropolitan Washington Council of Governments | ▪ New Columbia Statehood Commission |
| ▪ Council of the District of Columbia | ▪ Office of Budget and Planning |
| ▪ District of Columbia Auditor | ▪ District of Columbia Retirement Board |
| ▪ Department of Human Resources | ▪ Retiree Health Contribution/ Other Post-Employment Benefits |

SUMMARY TABLES

AGENCY OPERATING BUDGET SUMMARY TABLE

(dollars in thousands)

Agency	FY 2015 Actual	FY 2016 Approved	FY 2017 Mayor	FY 2017 Committee	Committee Change	Percent Change
Council of the District of Columbia (AB)						
Local Funds	0	22,321	23,902	23,902	0	0.0%
Intra-District	0	70	30	30	0	0.0%
Gross Funds	0	22,391	23,932	23,932	0	0.0%
Office of the District of Columbia Auditor (AC)						
Local Funds	0	4,663	5,202	5,202	0	0.0%
Gross Funds	0	4,663	5,202	5,202	0	0.0%
Executive Office of the Mayor (AA)						
Local Funds	0	4,848	5,202	5,202	0	0.0%
Federal Funds	0	3,286	3,535	3,535	0	0.0%
Intra-District	0	407	682	682	0	0.0%
Gross Funds	0	8,542	9,419	9,419	0	0.0%
Office of the Senior Advisor (AI)						
Local Funds	0	1,894	2,200	2,200	0	0.0%
Gross Funds	0	1,894	2,200	2,200	0	0.0%
Office of the Secretary (BA)						
Local Funds	0	1,963	2,531	2,649	118	4.7%
Special Purpose	0	1,500	1,000	1,100	100	10.0%
Gross Funds	0	3,463	3,531	3,749	218	6.2%
Office of the City Administrator (AE)						
Local Funds	0	6,129	7,319	7,319	0	0.0%
Special Purpose	0	291	338	330	(8)	-2.2%
Gross Funds	0	6,420	7,657	7,649	(8)	-0.1%
District of Columbia Human Resources (BE)						
Local Funds	0	8,175	8,451	8,451	0	0.0%
Special Purpose	0	452	479	479	0	0.0%
Intra-District	0	5,203	5,858	5,858	0	0.0%
Gross Funds	0	13,830	14,788	14,788	0	0.0%

Agency	FY 2015 Actual	FY 2016 Approved	FY 2017 Mayor	FY 2017 Committee	Committee Change	Percent Change
Office of Contracting and Procurement (PO)						
Local Funds	0	20,968	23,906	23,906	0	0.0%
Special Purpose	0	375	375	375	0	0.0%
Intra-District	0	1,480	2,380	27,380	0	0.0%
Gross Funds	0	22,823	26,661	51,661	25,000	93.8%
Office of the Chief Technology Officer (TO)						
Local Funds	0	58,268	65,994	65,875	(118)	-0.2%
Special Purpose	0	14,149	12,153	12,153	0	0.0%
Federal Funds	0	114	48	48	0	0.0%
Intra-District	0	31,643	32,196	32,196	0	0.0%
Gross Funds	0	104,174	110,391	110,273	(118)	-0.1%
Contract Appeals Board (AF)						
Local Funds	0	1,449	1,492	1,492	0	0.0%
Gross Funds	0	1,449	1,492	1,492	0	0.0%
Public Employee Relations Board						
Local Funds	0	1,274	1,293	1,318	25	1.9%
Gross Funds	0	1,274	1,293	1,318	25	1.9%
Office of Employee Appeals						
Local Funds	0	1,745	1,795	1,849	54	3.0%
Gross Funds	0	1,745	1,795	1,849	54	3.0%
Metropolitan Washington Council of Governments (EA)						
Local Funds	0	472	495	495	0	0.0%
Gross Funds	0	472	495	495	0	0.0%
Statehood Initiatives Agency (ST)						
Local Funds	0	230	234	234	0	0.0%
Special Purpose	0	0	0	42	42	N/A
Gross Funds	0	230	234	276	42	17.9%
Office of Budget and Planning (AT)						
Local Funds	0	6,191	6,365	6,365	0	0.0%
Gross Funds	0	6,191	6,365	6,365	0	0.0%

Agency	FY 2015 Actual	FY 2016 Approved	FY 2017 Mayor	FY 2017 Committee	Committee Change	Percent Change
Deputy Mayor for Planning and Economic Development (EB)						
Local Funds	0	17,550	13,473	12,338	(1,135)	-8.4%
Special Purpose	0	18,827	20,975	20,975	0	0.0%
Federal Funds	0	2,594	1,756	1,756	0	0.0%
Intra-District	0	900	0	0	0	0.0%
Gross Funds	0	39,872	36,204	35,069	(1,135)	-3.1%
Office of Planning (BD)						
Local Funds	0	9,362	9,025	9,105	80	0.9%
Special Purpose	0	100	100	100	0	0.0%
Federal Funds	0	525	525	525	0	0.0%
Private Funds	0	325	10	10	0	0.0%
Intra-District	0	0	140	140	0	0.0%
Gross Funds	0	10,312	9,800	9,880	80	0.8%
Office of Zoning (BJ)						
Local Funds	0	2,606	2,915	2,915	0	0.0%
Intra-District	0	24	24	24	0	0.0%
Gross Funds	0	2,630	2,939	2,939	0	0.0%
District of Columbia Retirement Board (DY)						
Enterprise/Other	0	32,302	39,096	39,096	0	0.0%
Gross Funds	0	32,302	39,096	39,096	0	0.0%
Police Officers' and Fire Fighters' Retirement System (FD)						
Local Funds	0	136,115	145,631	145,631	0	0.0%
Gross Funds	0	136,115	145,631	145,631	0	0.0%
Teachers' Retirement System (GX)						
Local Funds	0	44,469	56,781	56,781	0	0.0%
Gross Funds	0	44,469	56,781	56,781	0	0.0%
District Retiree Health Contribution (RH)						
Local Funds	0	95,400	31,000	31,000	0	0.0%
Gross Funds	0	95,400	31,000	31,000	0	0.0%
University of the District of Columbia (GC)						
Enterprise/Other	0	153,968	162,543	162,543	0	0.0%
Gross Funds	0	153,968	162,543	162,543	0	0.0%
University of the District of Columbia Subsidy Account (GF)						
Local Funds	0	70,942	76,200	76,200	0	0.0%
Gross Funds	0	70,942	76,200	76,200	0	0.0%

Agency	FY 2015 Actual	FY 2016 Approved	FY 2017 Mayor	FY 2017 Committee	Committee Change	Percent Change
Debt Service (DS)						
Local Funds	0	615,652	642,214	642,214	0	0.0%
Dedicated Taxes	0	7,832	7,835	7,835	0	0.0%
Special Purpose	0	5,114	5,319	5,319	0	0.0%
Federal Funds	0	18,262	18,262	18,262	0	0.0%
Gross Funds	0	646,861	673,631	673,631	0	0.0%
John A. Wilson Building Fund (ZZ)						
Local Funds	0	4,745	4,369	4,369	0	0.0%
Gross Funds	0	4,745	4,369	4,369	0	0.0%
Workforce Investments (UP)						
Local Funds	0	17,815	18,025	18,025	0	0.0%
Gross Funds	0	17,815	18,025	18,025	0	0.0%
Non-Departmental (DO)						
Local Funds	0	2,754	2,504	3,605	1,101	44.0%
Special Purpose	0	18,532	3,142	3,142	0	0.0%
Gross Funds	0	21,286	5,646	6,747	1,101	19.5%
Unemployment Compensation Fund (BH)						
Enterprise/Other	0	235,000	194,147	194,147	0	0.0%
Gross Funds	0	235,000	194,147	194,147	0	0.0%
Master Equipment Lease/Purchase Program (EL)						
Local Funds	0	48,413	30,009	30,009	0	0.0%
Gross Funds	0	48,413	30,009	30,009	0	0.0%
Emergency and Contingency Reserve Funds (SV)						
Gross Funds	0	0	0	0	0	0.0%
Pay-As-You-Go Capital Fund (PA)						
Local Funds	0	21,449	75,705	75,705	0	0.0%
Special Purpose	0	51,017	49,589	49,589	0	0.0%
Gross Funds	0	72,466	125,294	125,294	0	0.0%
Repayment of PILOT Financing						
Enterprise/Other	0	18,741	31,113	31,113	0	0.0%
Gross Funds	0	18,741	31,113	31,113	0	0.0%
Transfer In from Other Committees						
Local Funds				0	0	0.0%
Gross Funds				0	0	0.0%

Agency	FY 2015 Actual	FY 2016 Approved	FY 2017 Mayor	FY 2017 Committee	Committee Change	Percent Change
Transfer Out to Other Committees						
Local				(125)	(125)	0.0%
Gross Funds				(125)	(125)	
NET EXPENDITURES						
Local Funds	0	1,227,864	1,264,233	1,264,233	0	0.0%
Dedicated Taxes	0	7,832	7,835	7,835	0	0.0%
Special Purpose	0	110,357	93,470	93,604	134	0.1%
Enterprise/Other	0	440,011	426,900	426,900	0	0.0%
Federal Funds	0	24,781	24,127	24,127	0	0.0%
Private Funds	0	325	10	10	0	0.0%
Intra-District	0	39,727	41,311	66,311	25,000	60.5%
Gross Funds	0	1,850,897	1,857,885	1,883,020	25,134	1.4%

AGENCY FULL-TIME EQUIVALENT SUMMARY TABLE

(by all funding sources)

Agency	FY 2015 Actual	FY 2016 Approved	FY 2017 Mayor	FY 2017 Committee	Committee Change	Percent Change
Council of the District of Columbia (AB)						
Local Funds	0.00	189.50	197.50	197.50	0.00	0.0%
Intra-District	0.00	4.50	0.00	0.00	0.00	0.0%
Gross Funds	0.00	194.00	197.50	197.50	0.00	0.0%
Office of the District of Columbia Auditor (AC)						
Local Funds	0.00	31.00	33.00	33.00	0.00	0.0%
Gross Funds	0.00	31.00	33.00	33.00	0.00	0.0%
Executive Office of the Mayor (AA)						
Local Funds	0.00	38.25	42.80	42.80	0.00	0.0%
Federal Funds	0.00	1.75	2.30	2.30	0.00	0.0%
Intra-District	0.00	4.50	4.40	4.40	0.00	0.0%
Gross Funds	0.00	44.50	49.50	49.50	0.00	0.0%
Office of the Senior Advisor (AI)						
Local Funds	0.00	17.00	17.00	17.00	0.00	0.0%
Gross Funds	0.00	17.00	17.00	17.00	0.00	0.0%
Office of the Secretary (BA)						
Local Funds		22.00	19.00	20.00	1.00	5.3%
Dedicated Taxes		0.00	0.00	0.00	0.00	0.0%
Special Purpose		3.00	6.00	6.00	0.00	0.0%
Gross Funds	0.00	25.00	25.00	26.00	1.00	4.0%
Office of the City Administrator (AE)						
Local Funds	0.00	50.00	49.50	49.50	0.00	0.0%
Special Purpose	0.00	3.00	2.50	2.50	0.00	0.0%
Gross Funds	0.00	53.00	52.00	52.00	0.00	0.0%
District of Columbia Human Resources						
Local Funds	0.00	28.00	44.00	44.00	0.00	0.0%
Intra-District	0.00	84.00	84.00	84.00	0.00	0.0%
Gross Funds	0.00	112.00	128.00	128.00	0.00	0.0%
Office of Contracting and Procurement (PO)						
Local Funds	0.00	178.00	198.00	198.00	0.00	0.0%
Intra-District	0.00	13.00	20.00	20.00	0.00	0.0%
Gross Funds	0.00	191.00	218.00	218.00	0.00	0.0%

Agency	FY 2015 Actual	FY 2016 Approved	FY 2017 Mayor	FY 2017 Committee	Committee Change	Percent Change
Contract Appeals Board (AF)						
Local Funds	0.00	10.00	10.00	10.00	0.00	0.0%
Gross Funds	0.00	10.00	10.00	10.00	0.00	0.0%
Office of the Chief Technology Officer (TO)						
Local Funds	0.00	186.90	195.90	194.90	-1.00	-0.5%
Special Purpose	0.00	17.90	15.90	15.90	0.00	0.0%
Intra-District	0.00	77.20	75.20	75.20	0.00	0.0%
Gross Funds	0.00	282.00	287.00	286.00	-1.00	-0.3%
Public Employee Relations Board						
Local Funds	0.00	9.00	9.00	9.00	0.00	0.0%
Gross Funds	0.00	9.00	9.00	9.00	0.00	0.0%
Office of Employee Appeals						
Local Funds	0.00	15.00	15.00	15.00	0.00	0.0%
Gross Funds	0.00	15.00	15.00	15.00	0.00	0.0%
Metropolitan Washington Council of Governments (EA)						
Gross Funds	0.00	0.00	0.00	0.00	0.00	0.0%
Statehood Initiatives Agency (ST)						
Local Funds	0.00	1.00	1.00	1.00	0.00	0.0%
Gross Funds	0.00	1.00	1.00	1.00	0.00	0.0%
Office of Budget and Planning (AT)						
Local Funds	0.00	42.00	42.00	42.00	0.00	0.0%
Gross Funds	0.00	42.00	42.00	42.00	0.00	0.0%
Deputy Mayor for Planning and Economic Development						
Local Funds	0.00	71.00	67.50	67.50	0.00	0.0%
Special Purpose	0.00	9.00	9.00	9.00	0.00	0.0%
Federal Funds	0.00	2.50	2.50	2.50	0.00	0.0%
Intra-District	0.00	3.50	0.00	0.00	0.00	0.0%
Gross Funds	0.00	86.00	79.00	79.00	0.00	0.0%
Office of Planning (BD)						
Local Funds	0.00	66.50	64.50	65.50	1.00	1.6%
Federal Funds	0.00	3.50	3.50	3.50	0.00	0.0%
Intra-District	0.00	0.00	1.00	1.00	0.00	0.0%
Gross Funds	0.00	70.00	69.00	70.00	1.00	1.4%
Office of Zoning (BJ)						
Local Funds	0.00	19.00	19.00	19.00	0.00	0.0%
Gross Funds	0.00	19.00	19.00	19.00	0.00	0.0%

Agency	FY 2015 Actual	FY 2016 Approved	FY 2017 Mayor	FY 2017 Committee	Committee Change	Percent Change
District of Columbia Retirement Board (DY)						
Enterprise/Other	0.00	62.50	69.50	69.50	0.00	0.0%
Gross Funds	0.00	62.50	69.50	69.50	0.00	0.0%
Police Officers' and Fire Fighters' Retirement System (FD)						
Gross Funds	0.00	0.00	0.00	0.00	0.00	0.0%
Teachers' Retirement System (GX)						
Gross Funds	0.00	0.00	0.00	0.00	0.00	0.0%
District Retiree Health Contribution (RH)						
Gross Funds	0.00	0.00	0.00	0.00	0.00	0.0%
University of the District of Columbia (GF)						
Enterprise/Other	0.00	968.50	968.50	968.50	0.00	0.0%
Gross Funds	0.00	968.50	968.50	968.50	0.00	0.0%
University of the District of Columbia Subsidy Account (GG)						
Gross Funds	0.00	0.00	0.00	0.00	0.00	0.0%
Unemployment Insurance Trust Fund (UI)						
Gross Funds	0.00	0.00	0.00	0.00	0.00	0.0%
Debt Service (DS)						
Gross Funds	0.00	0.00	0.00	0.00	0.00	0.0%
John A. Wilson Building Fund (ZZ)						
Gross Funds	0.00	0.00	0.00	0.00	0.00	0.0%
Workforce Investments (UP)						
Gross Funds	0.00	0.00	0.00	0.00	0.00	0.0%
Non-Departmental (DO)						
Local Funds	0.00	40.00	40.00	40.00	0.00	0.0%
Gross Funds	0.00	40.00	40.00	40.00	0.00	0.0%
Unemployment Compensation Fund (BH)						
Gross Funds	0.00	0.00	0.00	0.00	0.00	0.0%

Agency	FY 2015 Actual	FY 2016 Approved	FY 2017 Mayor	FY 2017 Committee	Committee Change	Percent Change
Master Equipment Lease/Purchase Program (EL)						
Gross Funds	0.00	0.00	0.00	0.00	0.00	0.0%
Emergency and Contingency Reserve Funds (SV)						
Gross Funds	0.00	0.00	0.00	0.00	0.00	0.0%
Pay-As-You-Go Capital Fund (PA)						
Gross Funds	0.00	0.00	0.00	0.00	0.00	0.0%
Repayment of PILOT Financing						
Gross Funds	0.00	0.00	0.00	0.00	0.00	0.0%
NET EXPENDITURES						
Local Funds	0.00	1014.15	1064.70	1065.70	1.00	0.1%
Dedicated Taxes	0.00	0.00	0.00	0.00	0.00	0.0%
Special Purpose	0.00	32.90	33.40	33.40	0.00	0.0%
Enterprise/Other	0.00	1031.00	1038.00	1038.00	0.00	0.0%
Federal Funds	0.00	7.75	8.30	8.30	0.00	0.0%
Private Funds	0.00	0.00	0.00	0.00	0.00	0.0%
Intra-District	0.00	186.70	184.60	184.60	0.00	0.0%
Gross Funds	0.00	2272.50	2329.00	2330.00	1.00	0.0%

Committee of the Whole
Summary Narrative: Budget and Policy Recommendations

AGENCY FY 2017 CAPITAL BUDGET SUMMARY TABLE
(thousands of dollars)

The Mayor's proposed fiscal year 2017 capital budget for agencies under the purview of the Committee of the Whole includes the following capital projects in fiscal year 2017. The Committee recommends adoption of the capital budget as shown below. Negative numbers represent rescissions recommended by the Committee.

Project No.	Project Title	Available Allotments	FY 2017 Budget	Total FY 2017-2022
UNIVERSITY OF THE DISTRICT OF COLUMBIA				
UG706C	Renovation of University Facilities	56,073	20,035	76,035
Total		57,595	20,035	76,035
OFFICE OF THE SECRETARY				
AB102C	Archives	6,043	10,000	58,175
Total		6,043	10,000	58,175
OFFICE OF PLANNING				
PLN38C	Sustainable DC – Agency Competition Fund	(2,700)	0	0
Total		590	0	0
OFFICE OF BUDGET AND PLANNING				
BF301	Soar Modernization	21,822	0	5,500
Total		21,822	0	5,500
DEPUTY MAYOR FOR PLANNING AND ECONOMIC DEVELOPMENT				
EB422	Hill East	2,932	3,000	7,200
AMS11	McMillan Site Redevelopment	29,562	34,916	48,916
EB008	New Communities	56,537	0	53,500
AWR01	Saint Elizabeths East Campus Infrastructure	22,234	15,000	50,000
AWT01	Walter Reed Redevelopment	12,251	12,350	21,350
EB409C	WASA New Facility	(13,500)	0	0
ASC13C	Skyland Development	(1,235)	0	0
Total		155,370	65,266	180,966
OFFICE OF THE CHIEF TECHNOLOGY OFFICER				
N9101	DC Government Citywide IT Security	3,361	1,850	1,850
NMM17	Enterprise Network Monitoring Modernization	0	1,090	1,090
AB115C	Archives	(600)	0	0
N9001C	New Data Center Buildout	(2,000)	0	0
Total		24,007	2,940	2,940
GRAND TOTAL		429,462	98,241	323,616

Committee of the Whole
Summary: Budget and Policy Recommendations

COMMITTEE TRANSFERS
(whole dollars)

Transfers Out of the Committee

Fund Type	Description	Amount
Local	One FTE to the Committee on Business, Consumer, and Regulatory Affairs to implement Bill 20-720	\$125,000

Transfers In to the Committee

Fund Type	Description	Amount
Local	Funds for UDC Elder Law clinical support	\$480,000

SUMMARY OF COMMITTEE BUDGET RECOMMENDATIONS

The following is a summary of changes and recommendations made by the Committee to the fiscal year 2017 budget as proposed by the Mayor for each agency under the Committee's purview. This summary lists changes the operating budget and capital budget, as well as policy recommendations relevant to each agency.

Council of the District of Columbia ***(AB)***

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2017 budget as proposed by the Mayor.

Office of the District of Columbia Auditor ***(AC)***

Policy Recommendations:

- Recommend that ODCA should continue to aggressively monitor, evaluate, audit, and report on issues related to programs and budgets at agencies throughout the District, utilizing the Auditor's broad authority.
- Recommend that ODCA should evaluate alternative locations for its offices that reduce lease payments. The Wilson Building should be considered.

Office of the Mayor ***(AA)***

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2017 budget as proposed by the Mayor.

Policy Recommendations:

- Recommend that the executive should establish clear roles and responsibilities for the recruitment and hiring of executive and excepted service positions to reduce duplication between MOTA and DCHR, and leverage resources to maximize efficiency in hiring.
- Recommend that the executive should look for efficiencies and cross-utilization of resources between the several executive agency clusters to control.

Office of the Senior Advisor ***(AI)***

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2017 budget as proposed by the Mayor.

Policy Recommendations:

- Recommend that OSA closely monitor its non-personal services spending to fully align its spending to its needs.
- Recommends that OPLA work to expedite the transmittal of legislative materials to the Council.

Committee of the Whole
Summary: Budget and Policy Recommendations

Office of the Secretary

(BA)

Operating Budget Recommendation:

- Reduction of \$97,850.00 in Program 1401-D.C. Register, CSG 11-Regular Pay, Local Funds. (At the request of the AFO)
- Reduction of \$18,493.64 in Program 1401-D.C. Register, CSG 14-Fringe Benefits, Local Funds. (At the request of the AFO)
- Increase \$97,850.00 in Program 1600-Records Management, CSG 11-Regular Pay, Local Funds. (At the request of the AFO)
- Increase of \$18,493.64 in Program 1600-Records Management, CSG 14-Fringe Benefits, Local Funds. (At the request of the AFO)
- Transfer of 1.0 FTE from Activity 1401-D.C. Register to Activity 1600-Records Management, Local Funds, Position No. 00087577. (At the request of the AFO)
- Reduction of \$23,000.00 in Activity 1020-Contracting and Procurement, CSG 40-Other Services and Charges, Local Funds. (At the request of the AFO)
- Reduction of \$5,000.00 in Activity 1030-Property Management, CSG 40-Other Services and Charges, Local Funds. (At the request of the AFO)
- Reduction of \$15,000.00 in Activity 1090-Performance Management, CSG 40-Other Services and Charges, Local Funds. (At the request of the AFO)
- Reduction of \$17,000.00 in Activity 1600-Records Management, CSG 40-Other Services and Charges, Local Funds. (At the request of the AFO)
- Increase of \$60,000.00 in Activity 1601-Archival Administration, CSG 41-Contractual Services, Local Funds. (At the request of the AFO)
- A decrease of \$316,543.65 in Activity 1600-Records Management, CSG 40-Other Services and Charges, Special Purpose Revenue Funds. (At the request of the AFO)
- Increase of \$316,543.65 in Activity 1600-Records Management, CSG 41-Contractual Services, Special Purpose Revenue Funds. (At the request of the AFO)
- Increase of \$100,000.00 to Activity 1600-Records Management, CSG 41-Contractual Services, Special Purpose Revenue Funds. (At the request of the AFO)
- Increase of 1 FTE in Activity 2011-Web Maintenance, Local Funds (New FTE for Archives Transition).
- Reduction of \$95,790.00 in 1601-Archival Administration, CSG 11 – Regular Pay, Local Funds (Salary of FTE).
- Reduction of \$22,606.00 in 1601-Archival Administration, CSG 14 – Fringe Benefits, Local Funds (Associated fringe benefits)..

Capital Budget Recommendation:

- Increase of \$10,000,000.00 in Project AB102C – Archives in FY 2017.

Policy Recommendations:

- Recommend that OS identify all Agency Records Officers at all District agencies.
- Recommend that OS work with Agency Records Officers to fully develop retention schedules and other records policies, and inventory all current holdings of the agency and whether they should be archived.
- Recommend that OS work with the City Administrator to ensure that there are consistent policies across agencies with respect to the use of the NARA contract, and to ensure that requests by agencies under the NARA contract are coordinated with the Secretary.

Committee of the Whole
Summary: Budget and Policy Recommendations

- Recommend that OS obtain a full inventory of the holdings at NARA to determine what temporary records will need to be destroyed and when, and to identify those permanent records that should eventually come back to the District in the Archives.
- Recommend that OS and DGS abandon any further review of the Penn Center site for possible relocation of the Archives given its limitations of size and environment.
- Recommend that the District acquire through eminent domain portions of square 3942 to serve as the site for a new, purpose-built, state of the art archives facility.
- Recommend that new staff provided under the Committee's recommendation coordinate planning for the move to a new archives facility in 2020, and then augment the archives staff after the relocation.
- Recommend that after a final site is acquired or located that DGS and OS engage with an architect to develop design plans for a new archives facility..

Office of the City Administrator **(AE)**

Operating Budget Recommendation:

- Reduction of \$15,375.00 in Program 3005 – Labor Relations and Collective Bargaining, CSG 11-Regular Pay, Special Purpose Revenue Funds. (At the request of the AFO).
- Increase of \$7,811.00 in Program 3005 – Labor Relations and Collective Bargaining, CSG 14-Fringe Benefits, Special Purpose Revenue Funds. (At the request of the AFO).

Policy Recommendations:

- Recommend adoption of the fiscal year 2017 budget as proposed by the Mayor.

D.C Department of Human Resources **(BE)**

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2017 budget as proposed by the Mayor.

Policy Recommendations:

- .

Office of Contracting and Procurement **(PO)**

Operating Budget Recommendation:

- Increase of 25,000,000.00 in intra-District funds to Program 1020, CSG-40, Other Services and Charges.

Policy Recommendations:

- Recommend that OCP continue to aggressively fill vacant positions.
- Recommend that increased focus of Contracting Officers on the need for timely review by the Council of contracts, especially change orders and modifications that require Council review. OCP should reduce the number of contract changes that must be sent to the Council to approve by act rather than by passive approval.

Committee of the Whole
Summary: Budget and Policy Recommendations

- Recommend that that OCP continue to refine and improve its training courses based on feedback from classes and issues identified by management. This should also include lessons learned as part of the Performance Accountability Review Board reports.
- Recommend that that OCP continue to aggressively market surplus property to agencies that may have a need or for disposition. OCP should also work to recruit independent agencies that may benefit from OCP's surplus property expertise.

Office of the Chief Technology Officer ***(TO)***

Operating Budget Recommendation:

- Reduction of 1 FTE in Activity 2011-Web Maintenance, Local Funds (Position 10006949).
- Reduction of \$95,790.00 in Activity 2011 – Web Maintenance, CSG 11 – Regular Pay, Local Funds (Salary of FTE).
- Reduction of \$22,606.00 in Activity 2011 – Web Maintenance, CSG 14 – Fringe Benefits, Local Funds (Associated fringe benefits).

Capital Budget Recommendation:

- Rescission of \$2,000,000.00 in available allotments in Project N9001C – DC Government New Data Center Buildout (Reduction of current allotments).
- Recession of \$600,000.00 in available allotments in Project AB115C – Archives (Reversion of allotment to the Office of the Secretary).

Policy Recommendations:

- Recommend that OCTO continue its efforts to contain contractual services spending.
- Recommend that OCTO reduce its reliance on contractors and should seek to convert long-time ITSA resources to District employees.
- Recommend that OCTO increase the availability of the Internet to District residents through its existing initiatives and expansion into homes and additional Wi-Fi.
- Recommend that OCTO work to increase the security of District IT infrastructure to continue to protect data networks.
- Recommend that OCTO develop a clear plan and milestones with regard to a future data center through an internal analysis of whether to own or lease a facility in the future.

Contract Appeals Board ***(AF)***

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2017 budget as proposed by the Mayor.

Policy Recommendations:

- The Committee recommends that CAB should continue to aggressively close cases in a timely manner to avoid backlogs in the future.
- The Committee recommends that CAB work with the Office of Public-Private Partnerships within the Office of the City Administrator to develop expectations for future CAB review of public-private partnership protests or disputes.

Committee of the Whole
Summary: Budget and Policy Recommendations

Public Employee Relations Board **(CG)**

Operating Budget Recommendation:

- Increase of \$25,000.00 in Activity 2001 – Legal Support, CSG 41 – Contractual Services, Local Funds (Restoration of Training Funds).

Policy Recommendations:

- .

Office of Employee Appeals **(CH)**

Operating Budget Recommendation:

- Increase of \$18,000.00 in Activity 2002 – Appeals, CSG 41 – Contractual Service, Local Funds (Restoration of NPS for Reporting).
- Increase of \$36,000.00 in Activity 2002 – Appeals, CSG 40 – Other Services and Charges, Local Funds (Website Improvements)

Policy Recommendations:

- .

Metropolitan Washington Council of Governments **(EA)**

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2017 budget as proposed by the Mayor.

Policy Recommendations:

- Recommend that MWCOG continue to implement programs and policies to increase regional cooperation and foster regionalism, especially leading the charge with the formation of the Metro Safety Commission.

Statehood Initiatives **(AR)**

Operating Budget Recommendation:

- Increase of \$42,000.00 in Program 3010 – New Columbia Statehood Commission, CSG 40 – Other Services and Charges, Special Purpose Revenue Funds.

Policy Recommendations:

- Recommend that the Commission develop a comprehensive, multi-year strategy to achieve statehood and develop future budget requests to support the plan.
- Recommend that the Commission and the Delegation increase efforts to fundraise dollars for the Fund

Office of Budget and Planning **(AT1)**

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2017 budget as proposed by the Mayor.

Committee of the Whole
Summary: Budget and Policy Recommendations

Capital Budget Recommendation:

- Recommend adoption of the fiscal year 2017 capital budget as proposed by the Mayor.

Policy Recommendations:

- Recommend that OBP maximize the capital resources available to make necessary improvements to its IT systems to prevent system degradation and obsolescence.

Deputy Mayor for Planning and Economic Development (EB)

Operating Budget Recommendation:

- Reduction of \$1,000,000.00 in Activity 5080 - Great Streets Initiative, CSG 50 - Subsidies and Transfers, Local funds.
- Reduction of \$135,000.00 in Activity 2020 - Community Outreach, CSG 41 - Contractual Services, Local Funds.

Capital Budget Recommendation:

- Rescission of \$13,500,000.00 in available allotments in Project EB409C - WASA New Facility (Reduction of current allotments).
- Rescission of \$1,235,000.00 in available allotments in Project ASC13C – Skyland Development (Reduction of current allotments).

Policy Recommendations:

- Recommend that DMPED allow for quarterly Great Streets grant allotments available on a rolling basis rather than a one-time up-front payment.
- Recommend that DMPED improve its engagement with community stakeholders, especially with regards to the McMillan site, but also to avoid similar issues in the future around other major development projects. This should not be limited to boiler-plate forums, but a continual conversations in conjunction with and after forums.
- Recommend that DMPED step up its role as not only the District’s development agency, but as the District government’s promoter of private development in the District.
- Recommend that DMPED work more closely with private developers to coordinate efforts, identify common goals, assist with identifying funding when needed, and assert the District’s interest in private development projects.
- Recommend that DMPED work more aggressively in negotiations for land dispositions to ensure that maximum monetary value, community amenities, affordable housing, and monetary value is negotiated to the benefit of the District and residents.
- Recommend that when negotiating land development agreements pursuant to affordable housing requirements, DMPED should as a matter of practice insist on a permanent affordability covenant that runs with the land and not with the life of the project.
- Recommend that DMPED and DGS develop a comprehensive list of District-owned real estate assets, assess the physical conditions of the land and structures on the land, develop a funding plan to provide for baseline maintenance so that the properties do not deteriorate, and budget dollars for providing the maintenance. Current efforts in this regard have been insufficient.
- Recommend that DMPED and/or DGS dedicate capital funds for the maintenance of empty properties in the respective portfolios.

Committee of the Whole
Summary: Budget and Policy Recommendations

Office of Planning **(BD)**

Operating Budget Recommendation:

- Increase of 1.0 FTE in Activity 2020, Local Funds (Create new HPO Staff Assistant).
- Increase of \$61,011.63 in Activity 2020, CSG 11 – Regular Pay, Local Funds (HPO Staff Salary).
- Increase of \$18,988.37 in Activity 2020, CSG 14 – Fringe Benefits, Local Funds (HPO Staff Fringe).

Capital Budget Recommendation:

- Rescission of \$2,700,000 in current available allotments from project PLN38C, Sustainable DC – Agency Competition Funds.

Policy Recommendations:

- Recommend that the OP work with DCRA to implement new regulations to establish lower, fixed fees for historic district permitting.
- Recommend that OP work with DCRA to streamline historic permit reviews.
- Recommend that OP continue to engage with the community and stakeholders to ensure a smooth transition to the new zoning regulations.
- Recommend that OP staff look through an independent lens with regards to recommendations and advice to the ZC and the BZA.

Office of Zoning **(BJ)**

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2017 budget as proposed by the Mayor.

Policy Recommendations:

- Recommend that OZ work with OP to reach out to the community and stakeholders to ensure a smooth transition to the new zoning regulations.
- Recommend that OZ ensure that BZA members are rigorously trained in the legal standards for variances and special exceptions, including training days devoted exclusively to that topic.

District of Columbia Retirement Board **(DY)**

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2017 budget as proposed by the Mayor.

Policy Recommendations:

- Recommend that DCRB continue to monitor its investments in line with its ESG policies to avoid investments in fossil fuels.
- Recommend that DCRB find efficiencies to reduce the pace of growth in personal services and contractual services to minimize administrative expenses paid from the retirement funds.

Police Officers' and Fire Fighters' Retirement System **(FD)**

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2017 budget as proposed by the Mayor.

Committee of the Whole
Summary: Budget and Policy Recommendations

Teachers' Retirement System **(GX)**

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2017 budget as proposed by the Mayor.

District Retiree Health Contribution (OPEB) **(RH)**

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2017 budget as proposed by the Mayor.

Policy Recommendations:

- Recommend that OPEB, within two to three years, conduct a follow on experience study to validate the plan's new assumptions.
- Recommend that OPEB implement an Environmental, Social, and Governance Policy aimed at minimizing investments in fossil fuels and other undesirable investments while protecting its fiduciary responsibility to the plan.

University of the District of Columbia **(GC)**

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2017 budget as proposed by the Mayor. (See Non-Departmental for additional information).

Capital Budget Recommendation:

- Increase of \$10,000,035 in current available allotments from project UG706, Renovation of University Facilities.

Policy Recommendations:

- .

University of the District of Columbia Subsidy Account **(GF)**

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2017 budget as proposed by the Mayor.

Debt Service **(DS, ZA, ZB, SM, DT)**

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2017 budget as proposed by the Mayor.

John A. Wilson Building **(ZZ)**

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2017 budget as proposed by the Mayor.

Committee of the Whole
Summary: Budget and Policy Recommendations

Workforce Investments **(UP)**

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2017 budget as proposed by the Mayor.

Policy Recommendations:

- .

Non-Departmental **(DO)**

Operating Budget Recommendation:

- Increase of \$1,101,000.00 in Activity 1100 – Non-Departmental, CSG 50 – Subsidies and Transfers, Local Funds (UDC Fundraising Matching funds).

Unemployment Compensation Fund **(BH)**

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2017 budget as proposed by the Mayor.

Master Equipment Lease/Purchase Program **(EL)**

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2017 budget as proposed by the Mayor.

Pay-As-You-Go Capital Funds **(PA)**

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2017 budget as proposed by the Mayor.

Repayment of PILOT Financing **(EL)**

Operating Budget Recommendation:

- Recommend adoption of the fiscal year 2017 budget as proposed by the Mayor.

AGENCY FISCAL YEAR 2017 BUDGET RECOMMENDATIONS

The Committee presents the following with regard to the agencies and programs under its purview. The information contained herein provides for each agency: (I) a brief overview of its purpose and function; (II) a summary of the Mayor's fiscal year 2017 budget proposal; (III) commentary on issues and concerns the Committee has identified; and (IV) the recommended changes to the proposed budget as well as policy recommendations.

COUNCIL OF THE DISTRICT OF COLUMBIA

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The Council of the District of Columbia is the legislative branch of the District of Columbia government. The Council sets policy through the enactment of laws. The Council is comprised of 13 members – a representative elected from each of the eight wards and five members, including the Chairman, elected at-large. The Council conducts its work through standing committees and Councilmember staff that perform legislative research, bill drafting, budget review, program and policy analysis, and constituent services.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2017 Operating Budget¹

The Mayor's fiscal year 2017 budget proposal for the Council of the District of Columbia is \$23,932, an increase of \$1,542, or 6.9 percent, over the current fiscal year. The proposed budget supports 197.5 FTEs, an increase of 8.0 FTEs, or 4.2 percent, over the current fiscal year.

¹ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

**Table AB-A: Council of the District of Columbia;
Total Operating Funds Budget FY 2011-2017**

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	18,265	18,542	19,405	19,971	19,539	22,391	23,932
FTEs	187.2	184.5	184.5	182.1	171.2	189.5	197.5

Source: Budget Books (dollars in thousands)

Local Funds: The Mayor's proposed budget is \$23,902, an increase of \$1,582, or 4.2 percent, over the current fiscal year. The proposed budget supports 197.5 FTEs, an increase of 8.0 FTEs, or 4.2 percent, over the current fiscal year.

Intra-District Funds: The Mayor's proposed budget is \$30, a decrease of \$40, or 57.0 percent, under the current fiscal year. The proposed budget supports no FTEs.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2017 (FY 2017) budget and agency performance over the last year.

FY 2015 and FY 2016 Accomplishments: The Secretary to the Council is responsible for internal administrative, budget, and operational support to the Council, shared with other centralized responsibilities including the Office of the General Counsel which provides legal counsel and legislative advice, and the Office of the Budget Director, which provides advice and support in crafting the annual District budget.

Over the last year, the Council has continued to implement improvements to its Legislative Information Management System, or LIMS. This has included completing records going back to Council Period 19, beta testing improvements that will eventually allow for electronic filing of legislative materials, and beta testing a public engagement session that will offer the public a new way to comment on proposed legislation.²

The Secretary has also continued an inventory and audit of all legislative record files going back to Council Period 13, digitizing those records and making them available on LIMS. The Council has also completed its archiving of all Council Period 16 documents, and was able to make available historical records of the pre-Home Rule Appointed Council going back to 1967.

² Council of the District of Columbia: Budget Oversight Hearing before the Council of the District of Columbia Committee of the Whole (Apr. 14, 2016) (oral testimony of Nyasha Smith, Secretary to the Council of the District of Columbia).

The Secretary and other central offices are also spearheading a number of projects and initiatives aimed at providing more information to the public, support to Council staff, physical building improvements to the Wilson Building, and moving forward with a new website to house the D.C. Code making it more accessible to both staff and the public.

FY 2017 Budget: The FY 2017 budget increases proposed will allow for the standard 3 percent cost-of-living adjustment and regular increases in fringe benefit costs for personal services. The budget also provides for additional FTEs for the end of Council Period 21 and for Council Period 22. In addition, one additional FTE is budgeted for the Office of the General Counsel. The non-personal services budget, which is anticipated to decrease by approximately \$589 thousand will nonetheless allow the Council to continue its digitization efforts, create a new records retention policy, archive additional documents from Council Periods 13 through 16, and invest in records management infrastructure. The non-personal services funds will also support a planned café vendor in the Wilson Building, and the new DC Code website.

Uniform Law Commission: The Uniform Law Commission was established by the District of Columbia Uniform Law Commission Act of 2010.³ The Council administers the budget for the Commission which, by law, is in its own free-standing budget chapter. The funds are used for the purpose of paying annual dues to the National Conference of Commissioners on Uniform State Law and for registration fees and travel expenses associated with the annual meeting.

The 2017 proposed budget for the Uniform Law Commission is \$50, which represents no change from the fiscal year 2017 approved budget. The budget is comprised wholly of local funds and supports no FTEs.

**Table AB-B: Uniform Law Commission;
Total Operating Funds Budget FY 2011-2017**

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	0	0	0	44	41	50	50
FTEs	0	0	0	0	0	0	0

Source: Budget Books (dollars in thousands)

Council Information Technology Fund: The Council has a Council Technology Projects Fund which captures all excess monies remaining in the operating budget for the Council at the end of each fiscal year in the form of capital funds. Therefore, any underspending by the Council supports future information technology needs of the Council. The Fund is administered by the

³ D.C. OFFICIAL CODE § 3-1431 *et seq.*

Council Chief Technology Officer and currently has an available balance of approximately \$5 million.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2017 Operating Budget

The Committee recommends no change to the fiscal year 2017 budget for the Council of the District of Columbia as proposed by the Mayor.

OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The Office of the District of Columbia Auditor (ODCA) was established by the United States Congress in section 455 of the Home Rule Act, approved December 24, 1973 (87 Stat. 803; DC Official Code § 1-204.55). ODCA's mission is to "support the Council of the District of Columbia by conducting audits that improve the economy, efficiency, and accountability of District government." ODCA is also required to certify revenue estimates in support of general obligation bonds issued by the District government, and to audit and provide financial oversight of the District's 37 Advisory Neighborhood Commissions. Additionally, D.C. Official Code § 1-204.55(c) states: "(t)he District of Columbia Auditor shall have access to all books, accounts, records, reports, findings, and all other papers, things, or property belonging to or in use by any department, agency, or instrumentality of the District government and necessary to facilitate the audit."

Pursuant to the Home Rule Act, the District of Columbia Auditor is appointed by the Chairman of the Council, subject to the approval of a majority of the Council. Under D.C. Official Code § 1-205.55(b), the District of Columbia Auditor, whose term of appointment is six years, is required "each year [to] conduct a thorough audit of the accounts and operations of the government of the District."

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2017 Operating Budget⁴

The Mayor's fiscal year 2017 budget proposal for the Office of the District of Columbia Auditor is \$5,202, an increase of \$539, or 11.6 percent, over the current fiscal year. The proposed budget supports 33.0 FTEs, an increase of 2.0 FTEs, or 6.5 percent, over the current fiscal year.

**Table AC-A: Office of the District of Columbia Auditor;
Total Operating Funds Budget FY 2011-2017**

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	3,614	3,361	4,118	3,758	4,460	4,663	5,202
FTEs	30.9	28.5	28.5	28.4	31.0	31.0	33.0

Source: Budget Books (dollars in thousands)

Local Funds: The funding for this account is comprised entirely of local funds.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2017 budget and agency performance over the last year.

Budget Increase: For its 2017 budget, the Auditor requests a 2 FTE increase over the previous level. These FTEs are envisioned to support additional program evaluations and program reviews. This is the continuation of the Auditor's realignment of a stand-alone program evaluation unit that investigates the efficiency and effectiveness of government projects and programs. This is in contrast to more traditional audits which investigate financial compliance. The new staff will continue to strengthen the Auditor's ability to look in to programs across the government, as the Auditor has the power to do, and report back to the Council on findings and recommendations. Already in FY 2016, the Auditor has released over 32 reports, including program evaluations and financial audits.

Repeal of Audits and Mandates: In April 2016, the Council passed permanent and emergency legislation which repeals or modifies a number of statutory mandates on the Auditor, many of which are outdated or unnecessary. The intent is to enable the Auditor to free up important resources to provide better and more useful work for the Council and the public. Reducing the burden of unnecessary or outdated mandates allows the Auditor to achieve this goal. The Auditor testified that due to the Committee's moving forward with the legislation, ODCA had already

⁴ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

deleted a number of auditors in its FY 2017 plans so that the requested budget will align to ODCA's work plan.

However, one provision of the legislation dealing with a review of private-entity compliance with the District's sick and safe leave laws, was passed subject to inclusion in an approved budget and financial plan. According to the Chief Financial Officer,⁵ this provision would cost \$125,000 in additional costs to the Department of Employment Services (DOES) in FY 2017, consisting of \$75,000 in personal services funding and \$50,000 in contractor funding. The Committee strongly disagrees with the estimated costs of the review by DOES. The review is currently in the law and the Auditor has been performing the function. According to a letter sent to the Committee, past work was performed by ODCA spread between several staff over 14 months. ODCA estimates that a dedicated FTE resource could complete the work over 10 months.⁶ The auditor did not identify any non-personal services costs involved in the review. Therefore, the Committee believes that inclusion of the FTE identified in the Fiscal Impact Statement by the OCFO should suffice to implement this provision, especially given the ample non-personal services resources already available to DOES.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2017 Operating Budget

The Committee recommends adoption of the fiscal year 2017 budget for the Office of the District of Columbia Auditor as proposed by the Mayor.

Policy Recommendations

1. Office of the District of Columbia Auditor should continue to aggressively monitor, evaluate, audit, and report on issues related to programs and budgets at agencies throughout the District, utilizing the Auditor's broad authority.
2. ODCA should evaluate alternative locations for its offices that reduce lease payments. The Wilson Building should be considered.

⁵ Fiscal Impact Statement, April 5, 2016.

⁶ Letter from Kathy Patterson April 19, 2016.

OFFICE OF THE MAYOR
Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of the Executive Office of the Mayor (EOM) is to serve the public by supporting the Mayor in governing, including constituent engagement and media relations. EOM provides District agencies with vision and policy direction, and provides agencies with the leadership, support, and oversight to implement specific policy goals and objectives, including building a pathway to the middle class, through an improved education system, safe and clean neighborhoods, better job opportunities, and long-term investments in the city's infrastructure.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2017 Operating Budget⁷

The Mayor's fiscal year 2017 budget proposal for the Office of the Mayor is \$13,286, an increase of \$1,768, or 15.3 percent, over the current fiscal year. The proposed budget supports 86.5 FTEs, an increase of 14.0 FTEs, or 19.3 percent, over/under the current fiscal year.

**Table AA-A: Office of the Mayor;
Total Operating Funds Budget FY 2011-2017**

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	46,061	12,718	12,194	12,483	14,158	11,519	13,286
FTEs	85.8	87.0	87.4	83.4	89.3	72.5	86.5

Source: Budget Books (dollars in thousands)

Local Funds: The Mayor's proposed budget is \$9,069 , an increase of \$1,244, or 15.9 percent, over the current fiscal year. The proposed budget supports 79.8 FTEs, an increase of 13.6 FTEs, or 20.5 percent, over the current fiscal year.

Federal Grant Funds: The Mayor's proposed budget is \$3,535, an increase of \$250, or 7.6 percent, over the current fiscal year. The proposed budget supports 2.3 FTEs, an increase of 0.6 FTEs, or 31.4 percent, over the current fiscal year.

⁷ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

Intra-District Funds: The Mayor’s proposed budget is \$682, an increase of \$275, or 67.5 percent, over the current fiscal year. The proposed budget supports 4.4 FTEs, a decrease of 0.1 FTEs, or 2.2 percent, under the current fiscal year.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2017 budget and agency performance over the last year.

Structure of the Office of the Mayor: For fiscal year 2017, the Office of the Mayor will consist of four sub-offices. First, the Office of the Mayor provides staff support to the Mayor in leading the government and the community. Second, the Mayor’s Office of Talent and Appointments provides assistance to the Mayor by making recommendations for individuals to serve as members of various boards and commissions and recruiting agency leaders. Third, the Office of Community Affairs provides coordinated leadership and administrative support for several activities primarily through the Mayor’s Office of Community Relations and Services. Fourth, Serve DC is the Mayor’s Office on Volunteerism and serves as the District’s Commission on National and Community Service, receiving federal grant funds to encourage volunteerism.⁸ Serve DC receives 80 percent of its funding from federal grant funds and the remaining 20 percent from intra-District funds. All other funds for the Office of the Mayor consist of local funds.

Increasing Budget of Executive Cluster: Each Mayoral administration reorganizes the several agencies in the executive cluster to suit that Mayor’s vision for executing his or her agenda. These agencies include and have included the Executive Office of the Mayor, the Office of the City Administrator, the Office of the Secretary, the Office of the Senior Advisor, the Mayor’s budget office, the Office of Policy and Legislative Affairs, the Office of Community Affairs, and Serve DC.

When Mayor Bowser took office in 2015, these agencies were again realigned. The Office of Budget and Finance was transferred from the Executive Office of the Mayor to the Office of the City Administrator, and the Office of Policy and Legislative Affairs was being transferred to the new Office of the Senior Advisor that also oversees a new Office of Federal and Regional Affairs. Some other components, such as support services, were also shifted between agencies including support services functions previously under the Office of the Secretary that were transferred to the EOM. The table below shows the historic funding levels of the various components of the cluster of agencies under the direct purview of the Mayor’s office, which has been organized differently in the three most recent administrations.⁹

⁸ Executive Office of the Mayor: Budget Oversight Hearing before the Council of the District of Columbia Committee of the Whole (Apr. 15, 2015) (oral testimony of John Falcicchio, Chief of Staff, Executive Office of the Mayor).

⁹ *Id.*

**Table AA-B: Executive Office of the Mayor;
Funding for EOM Agencies**

	FY2010 (Fenty)	FY10 Code	FY2014 (Gray)	FY14 Code	FY2016 (Bowser)	FY16 Code	FY2017 (Bowser)	FY17 Code
Office of the Mayor	\$4,338	AA	\$10,031	AA	\$11,519	AA	\$13,286	AA
Community Affairs	\$2,678	RP	(EOM)	AA	(EOM)	AA	(EOM)	AA
Serve DC	\$3,900	RS	(EOM)	AA	(EOM)	AA	(EOM)	AA
Office of Legal Counsel	(EOM)	AA	(EOM)	AA	\$1,596	AH	\$1,642	AH
City Administrator	\$5,085	AE	\$3,869	AE	\$6,420	AE	\$7,657	AE
Senior Advisor	-	-	-	-	\$1,894	AI	\$2,200	AI
Secretary	\$2,955	BA	\$3,732	BA	\$3,463	BA	\$3,531	BA
Total	\$18,956		\$17,632		\$24,892		\$28,316	

Note: Compiled through Budget Books. Other smaller functions may have been transferred between agencies in previous years that are not fully captured in this table. Also, the FY2016 funding levels represent a compressed budget schedule which was initiated by the previous Mayor and completed by the current Mayor.

As can be seen from the table above, the budget for the Mayor's cluster of executive agencies continues to increase, although because functions are moved between several agencies, the exact amount is not always clear. The above table may miss some transfers, but it does serve to make clear that there has been growth in the total Mayor's budget. It is also clear that changes in budget for agencies in the Mayor's cluster have not reduced the overall funding level, and has in fact increased it by 50 percent since the last year of a previous Mayor's last budget in FY 2010.

Mayor's Office of Talent and Appointments: As part of the reorganization of the EOM, the former Office of Boards and Commissions was expanded and rebranded as the Mayor's Office of Talent and Appointments (MOTA).¹⁰ The previous office focused on coordination and recruitment for more than 150 different District boards and commissions. MOTA has expanded the mission of the organization to recruitment of excepted and executive service staff for the government, including agency heads and senior leadership staff.¹¹

The Committee again questioned the Chief of Staff, representing the EOM, at both the performance and budget hearings on the need for MOTA and its potential overlap with the role of the Department of Human Resources (DCHR). The Chairman questioned the Chief of Staff at both the performance oversight and budget oversight hearing with regard to the fact that MOTA seemed to list some positions that were not cross-listed on DCHR's website. The Chief of Staff committed to ensuring that all information on both websites is consistent and up to date moving forward.

¹⁰ Press Release, Mayor Muriel Bowser, Mayor Bowser Announces the Office of Talent and Appointments (Jan. 14, 2015).

¹¹ *Executive Office of the Mayor: Budget Oversight Hearing before the Council of the District of Columbia Committee of the Whole* (Apr. 11, 2016) (oral testimony of John Falcicchio, Chief of Staff, Executive Office of the Mayor).

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2017 Operating Budget

The Committee recommends no change to the fiscal year 2017 budget for the Office of the Mayor as proposed by the Mayor.

Policy Recommendations

1. The Committee recommends that the executive should establish clear roles and responsibilities for the recruitment and hiring of executive and excepted service positions to reduce duplication between MOTA and DCHR, and leverage resources to maximize efficiency in hiring.
2. The Committee recommends that the executive should look for efficiencies and cross-utilization of resources between the several executive agency clusters to control.

OFFICE OF THE SENIOR ADVISOR

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of the Office of the Senior Advisor is to advise the Mayor on local, regional, and federal affairs by providing policy analysis and advancing the Mayor's legislative agenda.

The Office of the Senior Advisor consists of three offices. The Office of Policy and Legislative Affairs performs policy analysis, develops policy issues, and marshals the Mayor's legislative agenda. The Office of Federal and Regional Affairs serves as the liaison to federal agencies and advises the Mayor on key issues with regional partners and on Capitol Hill. The Office of the Secretary serves as the District of Columbia's primary liaison with the diplomatic and international community and is the official resource for executive orders, historic records, and ceremonial documents.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2017 Operating Budget¹²

The Mayor's fiscal year 2017 budget proposal for the Office of Senior Advisor is \$2,200, an increase of \$306, or 16.2 percent, over the current fiscal year. The proposed budget supports 17.0 FTEs, which represents no change from the previous fiscal year.

**Table AI-A: Office of Senior Advisor;
Total Operating Funds Budget FY 2011-2017**

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	0	0	0	0	0	1,894	2,200
FTEs	0.0	0.0	0.0	0.0	0.0	17.0	17.0

Source: Budget Books (dollars in thousands)

Local Funds: The funding for this account is comprised entirely of local funds.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2017 budget and agency performance over the last year.

Non-Personal Services Funds: The Office of the Senior Advisor (OSA) was created in fiscal (FY) year 2015. Its first stand-alone budget was created in FY 2016. As originally recommended by the Mayor, budgets for OSA and the Office of the Secretary were to be combined in FY 2016. However, the Committee disagreed with this recommendation and separated the budgets out, restoring the Office of the Secretary as a standalone chapter, and funding OSA in its own chapter. However, as the FY 2016 budget was structured, the OSA did not receive funding for any non-personal services.

As result, in FY 2016, OSA has relied on approximately \$50,000.00 in reprogrammings from the agency's personal services salary lapse funds to cover non-personal services costs. In addition, OSA relied on the Executive Office of the Mayor for some support. The FY 2017 request would provide OSA with its own non-personal services funding in the amount of \$140,000.00. This will support updates for old technology equipment, basic office supplies, and recurring subscription costs such as Lexis-Nexis licenses.¹³

¹² The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

¹³ *Office of the Senior Advisor: Budget Oversight Hearing before the Council of the District of Columbia Committee of the Whole* (Apr. 11, 2016) (oral testimony of Beverly Perry, Senior Advisor).

Submission of Legislative Materials: The Office of the Senior Advisor houses the Office of Policy and Legislative Affairs (OPLA). This office is responsible for policy development between the Council and the Executive and communicates and works with the various agencies to draft legislation and execute the Mayor's agenda.¹⁴ In the Committee's experience, legislative materials, notably contract submissions from agencies, do not get to the Council in as timely a fashion as would be desirable. The Committee recommends that OSA and OPLA work with Executive agencies and the Council to ensure that materials can be transmitted to the Council as expeditiously as possible to facilitate the legislative process.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2017 Operating Budget

The Committee recommends no change to the fiscal year 2017 budget for the Office of the Senior Advisor as proposed by the Mayor.

Policy Recommendations

1. The Committee recommends that OSA closely monitor its non-personal services spending to fully align its spending to its needs.
2. The Committee recommends that OPLA work to expedite the transmittal of legislative materials to the Council.

OFFICE OF THE SECRETARY

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The Office of the Secretary of the District of Columbia is the official resource for protocol, legal records, history, and recognitions for the public, governments, and international community.

The Office of the Secretary of the District of Columbia consists of five divisions; The Office of Notary Commissions and Authentications (ONCA) commissions District of Columbia

¹⁴ *Office of the Senior Advisor: Agency Performance Oversight Hearing before the Council of the District of Columbia Committee of the Whole* (Mar. 7, 2016) (oral testimony of Beverly Perry, Senior Advisor).

notaries and authenticates documents for domestic and foreign use. The Office of Documents and Administrative Issuances (ODAI) publishes the D.C. Register and the D.C. Municipal Regulations. The Office of Public Records and Archives manages the District of Columbia Archives, Records Center, and the Library of Government Information. The Office of Protocol and International Affairs is the District government's primary liaison with the diplomatic and international community for both substantive and ceremonial matters. The Ceremonial Services Unit is responsible for processing all requests for ceremonial documents.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2017 Operating Budget¹⁵

The Mayor's fiscal year 2017 budget proposal for the Office of the Secretary is \$3,531, an increase of \$68, or 2.0 percent, over the current fiscal year. The proposed budget supports 25.0 FTEs, which represents no change from the previous fiscal year.

**Table BA-A: Office of the Secretary;
Total Operating Funds Budget FY 2011-2017**

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	2,871	3,783	3,544	3,732	4,440	3,463	3,531
FTEs	21.2	22.4	25.0	25.3	29.1	25.0	25.0

Source: Budget Books (dollars in thousands)

Local Funds: The Mayor's proposed budget is \$2,531, an increase of \$568, or 29.0 percent, over the current fiscal year. The proposed budget supports 19.0 FTEs, a decrease of 3.0 FTEs, or 13.6 percent, under the current fiscal year.

Special Purpose Funds: The Mayor's proposed budget is \$1,000, a decrease of \$500, or 33.3 percent, under the current fiscal year. The proposed budget supports 6.0 FTEs, an increase of 3.0 FTEs, or 100.0 percent, over the current fiscal year.

Mayor's Proposed Fiscal Year 2017 Capital Budget¹⁶

The Mayor's capital improvements plan includes \$48,175 for the Office of the Secretary over the 6-year plan. The plan authorizes \$0 for fiscal year 2017, \$0 for fiscal year 2018, \$12,900

¹⁵ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

¹⁶ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

for fiscal year 2019, \$35,275 for fiscal year 2020, \$0 for fiscal year 2021, and \$0 for fiscal year 2022.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2017 budget and agency performance over the last year.

Adjustments at the Request of the Executive: The Office of the Secretary and the Agency Fiscal Officer have requested several internal adjustment of the budget as submitted by the Mayor to realign funding to support the agency's goals.

First, the Secretary has requested the shift of one local funds FTE. This will move the Public Records Administrator FTE budget from Program 1401, D.C. Register, to Program 1600, Records Management. The Public Records Administrator is currently accounted for in the D.C. Register program and moving the FTE will place it in the correct budget line item.

Second, the agency recommends transferring \$60,000.00 in CSG-40, Other Services and Charges, in four programs to Program 1601, Archival Administration to CSG-41, Contractual Services. These are local funds. In addition, the agency recommends transferring \$316,543.65 in special purpose revenue funds in within Program 1600 from CSG-40, Other Services and Charges, to CSG-41, Contractual Services. The agency also recommends increasing special purpose revenue authority by \$100,000 in Program 1600, CSG-41, Contractual Services. According to the agency fiscal officer, the Chief Financial Officer is prepared to certify the increase in special purpose revenue authority. These non-personal services funds will all support the contract between the Archives and the National Archives and Records Administration.

Records Management: The Office of Public Records (OPR) is an office within the Office of the Secretary responsible for organizing and administering a records center, implementing rules for effective and economical records management, establishing the standards for agency records management officers, and establishing a program for the identification and preservation of documentation of significance to the history of the District.¹⁷ The Archives of the District fall under the auspices of the OPR.

One of the major duties of OPR is the creation and maintenance of records retention schedules. These schedules indicate what records are necessary for preservation, for how long, and how records may be held temporarily or destroyed. Most of these schedules have not been updated in years. According to testimony at the FY 2017 budget hearing, Rebecca Katz, Public Records Administrator, testified that her office is currently in the process of identifying agency records officers at all 102 agencies. Currently 61 have been identified, and 23 have either been trained or are scheduled for training. The goal is to complete this exercise by the end of FY 2016.

¹⁷ D.C. Official Code § 2-1701 *et seq.*

After that is complete, OPR can work with the agency records officers to develop updated retention schedules and fully account for agency holdings.¹⁸

Thoughtful records retention schedules are essential to managing agency records. They make clear how long records must be maintained so that they can be destroyed, and what records may need to be kept in perpetuity with the archives. Fully implementing records retention schedules will help the District and OPR eliminate unnecessary holdings which take up valuable archival space, and cost the District money in offsite records management facilities, including the National Archives and Records Administration (NARA). The Committee recommends that the Secretary commit to fully developing retention schedules government-wide by the end of FY 2017.

NARA Contract: The Office of the Secretary has a contract with the National Archives and Records Administration (NARA), more commonly known as the National Archives. NARA is the custodian of federal agency records for the entire federal government. However, The District also has a contract, through a memorandum of understanding, with NARA for storage of a large volume of Districts records and other archives. The budget for NARA storage was \$625,842 in FY 2015 and the same for FY 2016.¹⁹

The District stores a tremendous amount at NARA. Specially, the Washington metropolitan area's NARA facility is the Federal Records Center in Suitland, Maryland. From October 2014 to April 2016, the District has stored at NARA between 154,848 cubic feet and 163,447 cubic feet. This includes approximately 4,500 temporary records eligible for destruction in FY 2016. Physical storage space is a primary cost driver of the NARA contract, however additional charges are incurred for reference requests from District agencies seeking to retrieve a record from NARA and charges to refile the record. There are also additional charges when boxes are permanently withdrawn from the agency or for disposal. However, each District agency, including the courts, can make requests incurring a charge without coordinating through OPR, making our yearly invoices unpredictable.²⁰

In FY 2015, an unexpected invoice from NARA included an \$82,098.50 charge for "EXPENSES—Miscellaneous costs." This was for disposal of records long overdue for destruction. This was an FRC program initiative across federal agencies, including the District; these are costs that would have been billed in previous fiscal years had the FRC been up to date on disposal notifications.²¹ However, the District was not forewarned about the decision to destruct the records, and had not budgeted such costs. According to the Secretary, such moves by NARA are not uncommon and the District has little ability to affect such services. In order to pay for the invoice in FY 2015, funds were reprogrammed from the Office of the City Administrator to the Secretary.

¹⁸ FY17 Budget Hearing testimony.

¹⁹ FY15/16 Performance Oversight testimony.

²⁰ Post-Hearing Performance Question Responses.

²¹ *Id.*

The Committee has a number of concerns related to this contract. First is an overarching concern that the District does not have centralized custody of all of its archival records. In addition to thousands of cubic feet stored at the central DC Archives, there are records stored in other agencies as well as at NARA. The second is the Secretary's inability to control costs under the contract because NARA maintains the records without consulting with the District, and because agencies, including the courts, can order services through NARA without consulting with the Secretary. The third concern is that the District is spending over half a million dollars each year on storing records that we may not even need and have little control over. Such money would be better spent on maintaining our own Archives facility. These funds, if used by the District, could support more than 5 FTEs that could double the staff of OPR.

Archives Facility: The District of Columbia Archives, part of the Office of the Secretary, holds the historical records of the District Government including birth and death records, wills, land records, and marriage records. It also contains physical items of historical significance including artwork and other objects. The primary archive facility located Naylor Court, while other archival materials are scattered throughout other District locations, and, as discussed above, at NARA.

The Naylor Court facility was formerly a carriage house renovated in 1989 to house 50,000 cubic feet of city records in a temperature controlled environment. Unfortunately, by 2003, as noted by the Washington Post:

"The archives have no security beyond the corrugated metal gate that is pulled down over its entrance when the three-member staff leaves each night.

The archives have no preservation and conservation program. The supply budget is so limited that employees have had to bring their own toilet paper.

The archives have no temperature or humidity controls, because of the lack of replacement parts for the failing heat, ventilation and air-conditioning system."

Since that time, the archives has accepted more records, including items from the Recorder of Deeds after its move from 515 D Street, NW to 1101 4th Street, SW. Unfortunately, little has been invested in the archives facility, and it is in a state of disrepair. The Department of General Services (DGS) continues to work to structurally secure the existing Naylor Court facility. The need for a new archives facility has been known since at least 2012 when capital funds were added to the Secretary's FY 2013 budget for construction of a new archives.

Even with funding allotted, little has been done to realize a new building. In fact, \$600,000 in capital funds was transferred to the Chief Technology Officer for creation of information technology systems to integrate with an eventual archives. However, one positive move forward has been the commissioning of a study by Hartman Cox Architects on the programmatic needs for a new archives to create "a clear road map for the design team to follow as the project design is developed." The report included an evaluation of all of the current archival holdings of the District,

options for records storage, detailed space requirements, preliminary site evaluation, cost and budget considerations, and recommendations for next steps.

In summary, the report found that the District's total need to bring all of its holdings under one roof, including bringing NARA managed records back to District control, the facility would need 506,733 cubic feet of storage. This led to the evaluation of several building configurations which traded off storage density against cost and utility. The result was a recommendation of a stand-alone, purpose-built new archives facility with medium-density storage of 135,665 square feet at a cost of approximately \$74 million. Those figures may be discounted by excluding a potential DC Public Library facility within the archives. The report recommends further survey of all District records; move planning which can take 2-3 years; deciding on colocation with DCPL, and site selection.

Unfortunately, the Mayor's proposed capital budget for the Office of the Secretary does not demonstrate a commitment to moving forward in line with the findings of this first-of-its-kind report. In addition, the Mayor's proposed budget cuts 2020 funding by over \$200,000 as compared to the FY 2016 approved plan.

Apart from concerns over a budget for the facility below what is recommended by the Hartman Cox report, the Committee remains concerned over DGS's proposed feasibility study of the Penn Center site to locate the Archives. The Hartman Cox programming laid out clear needs for both square footage and archives-specific building requirements, neither of which seem to be compatible with the Penn Center site.

First, according to the Hartman Cox report, a retrofit building could require up to 391,916 gross square feet which includes storage, building systems, and administrative spaces. The large amount of space needed is necessary because a non-purpose built building has certain structural load limits and limits on ceiling heights that would likely require fixed low-density shelving. However, according to the Real Property Tax Assessment Database, the entire Penn Center land parcel is only 52,231 square feet. The current building consists of a four-story section, some two and one story sections, and a small parking lot. Even if an average height of three stories could be achieved on the entire site, this only provides 156,693 square feet of space, less than half of the requirement.

Second, the report details the specialized physical environmental requirements for an archives facility. For example, "Archival storage spaces must not have windows, skylights, or clerestories. In the case of a renovation, any existing sources of natural light must be completely blocked." As can be seen in the photo below of Penn Center, the bulk of the building consists of large windows which would have to be removed if the existing building were to be used. In addition, as the report notes, "In light of the City's commitment to pursuing adaptive reuse, we recommend that only the non-storage functions of the program are suitable for accommodation in a renovated existing building." It is therefore clear that the existing building should not serve as a basis for a future facility that includes the requisite storage needed to accommodate an archives.



Even if the Penn Center building was torn down in whole or part to make way for a new building, zoning regulations could limit the density, height, and developable footprint of the site making it difficult to reach the 135,665 square feet recommended by the Hartman Cox report under the purpose-built new building option (Option 1), which is the Office of Public Records' preferred option.²² For instance, buildings in a Commercial-Manufacturing 2 (CM-2) zone adjacent to a residential zone, as is Penn Center, have certain back- and side-yard requirements and are limited to 60 feet in height, likely limiting any building to two stories.²³

Third, concerns have been raised about the accessibility of the Penn Center site to the public. The site is currently served by WMATA's P6 bus line. In addition, it is 1 mile from the Rhode Island Avenue Metro station and ½ mile from the NoMA Gallaudet Metro station, both accessible via the Metropolitan Branch Trail adjacent to the Metro and CSX train tracks.

²² Report p 20

²³ According to report, standard archival shelves are 16 inches high, and the medium density shelves recommended in 15 shelf lengths which equals 20 feet shelf heights. This wouldn't include additional height between floors for the slab and building systems.

The other two sites preliminarily evaluated by Hartman Cox include Fletcher Johnson Middle School and Thurgood Marshall Elementary School both had much worse transportation and transmit accessibility due to their relatively remote locations from Metro. In addition, both sites also had possible zoning constraints and other known hazards at the site, ranking them below The Penn Center.

The Secretary and DGS spent \$160,000 on the Hartman Cox report. For the first time, this report has laid out parameters addressing the archives' needs and the costs involved. The Committee believes that the report makes clear that a stand-alone, purpose built archives building with the proper infrastructure, geographic accessibility, and room to grow are all essential. Instead of taking the report's recommendations at face value, the Secretary and DGS are instead conducting a new feasibility study of the Penn Center site with Hartman Cox. DGS seems intent on using one of the study properties for the archives, even though they have all been shown to be lacking to the point of disqualification. Pushing a square peg through a round hole at full force does not change the fact that it is not the right fit. Spending additional funds for further study of such a poor candidate site discounts the insight and recommendations underlying the Hartman Cox report, puts the building ahead of the programming needs, and serves no purpose other than to kick the can down the road on this project.

The Committee believes that the Office of the Secretary does not have the current resources to undertake the planning necessary for the eventual move to a new facility. Moreover, the funding proposed in the capital budget is not sufficient to construct a facility as recommended in the Hartman Cox report. In post-budget hearing responses, the Secretary indicates that of the current budget, \$36.8 million is available to cover hard costs, and \$9.2 million is available to cover soft costs. However, according to the Hartman Cox report, the building itself will require \$40 million, shelving will cost \$15 million, and soft costs will require \$12.5 million. This totals \$67.5 million needed for the facility. The Hartman Cox report also notes several cost saving strategies including partial shelving build-out to accommodate only current needs which could save almost \$3 million.

Therefore, is recommending additional personal services funding to add a new senior level staff person to assist with the planning for the eventual move to a new facility, and thereafter to help manage the Archives programming. The Hartman Cox report states that planning for a move should take approximately three years. In addition, the Committee recommends additional current capital funding for the Archives so that the Secretary and DGS can begin design work, and importantly, purchase a site for the facility. Because none of the three sites originally recommended by DGS for evaluation meet the optimal criteria for the preferred option, the Committee believes purchase a new site that can accommodate a new, purpose-built facility is necessary unless DGS can identify a suitable alternative.

The Committee is further recommending that DGS and the Secretary seek to acquire, by eminent domain, several parcels in square 3942 which currently houses a private trash transfer station. The Council passed legislation in 2014 authorizing eminent domain of this same property for the purpose of housing DC Water's vehicle fleet. However, as is discussed in the committee report for the Deputy Mayor for Planning and Economic Development later in this report, the District recently agreed to acquire a four acre parking lot using funds set aside for the DC Water

relocation. This indicates that the trash transfer site may no longer be necessary for the DC water fleet.

Instead, the Committee believes that the trash transfer site would be appropriate for a new, purpose-built archives facility. The approximate consolidated size of the subject lots is 147,000 square feet. The zoning is C-M-1²⁴ allows for 40 feet of height and requires a 12 foot rear yard. This is slightly less dense than Penn Center zoning but otherwise the same uses. This site would more easily accommodate the 135,665 and leave some room for future growth, future co-location, or parking. The site is only one-third of a mile from the Rhode Island Avenue Metro Station which is served by a dozen buses as well. It is also adjacent to a D8 Metro Bus stop. The current taxable assessment for the site is approximately \$5.5 million. The Budget Support Act recommendations later in this report also contains a subtitle authorizing the eminent domain, similar to the previous authorization for use by DC Water.

**Table BA-B: Office of the Secretary;
Committee Recommended Archives Budget**

	Amount
Existing Resources	
Archives Balance	\$6,043,000
FY 2019 Capital Plan Budget	\$12,900,000
FY 2020 Capital Plan Budget	\$35,275,000
Committee Enhancements	
Design (Architect/Engineering) ²⁵	\$3,250,000
Site Acquisition	\$6,750,000
TOTAL RESOURCES	\$64,218,000

The additional resources provided would allow the Secretary and DGS to acquire the property necessary for a purpose-built archives facility in FY 2017, and in turn allow design work to proceed in FY 2017 or FY 2018. The remaining balance and FY 2019 and FY 2020 allotments could then support remaining soft costs and hard construction costs. This schedule aligns with the Hartman Cox recommendation of a three year plan to move in to the facility and the budget more closely aligns with the recommendation in the report.

²⁴ <http://dcoz.dc.gov/resources/districtsummary.shtm>

²⁵ According to a follow up response from the Secretary, DGS estimates the architect's fee at 6-8% of hard costs.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2017 Operating Budget

The Committee recommends the following changes to the fiscal year 2017 budget for the Office of the Secretary as proposed by the Mayor:

1. Reduction of \$97,850.00 in Program 1401-D.C. Register, CSG 11-Regular Pay, Local Funds. (At the request of the AFO)
2. Reduction of \$18,493.64 in Program 1401-D.C. Register, CSG 14-Fringe Benefits, Local Funds. (At the request of the AFO)
3. Increase \$97,850.00 in Program 1600-Records Management, CSG 11-Regular Pay, Local Funds. (At the request of the AFO)
4. Increase of \$18,493.64 in Program 1600-Records Management, CSG 14-Fringe Benefits, Local Funds. (At the request of the AFO)
5. Transfer of 1.0 FTE from Activity 1401-D.C. Register to Activity 1600-Records Management, Local Funds, Position No. 00087577. (At the request of the AFO)
6. Reduction of \$23,000.00 in Activity 1020-Contracting and Procurement, CSG 40-Other Services and Charges, Local Funds. (At the request of the AFO)
7. Reduction of \$5,000.00 in Activity 1030-Property Management, CSG 40-Other Services and Charges, Local Funds. (At the request of the AFO)
8. Reduction of \$15,000.00 in Activity 1090-Performance Management, CSG 40-Other Services and Charges, Local Funds. (At the request of the AFO)
9. Reduction of \$17,000.00 in Activity 1600-Records Management, CSG 40-Other Services and Charges, Local Funds. (At the request of the AFO)
10. Increase of \$60,000.00 in Activity 1601-Archival Administration, CSG 41-Contractual Services, Local Funds. (At the request of the AFO)
11. A decrease of \$316,543.65 in Activity 1600-Records Management, CSG 40-Other Services and Charges, Special Purpose Revenue Funds. (At the request of the AFO)
12. Increase of \$316,543.65 in Activity 1600-Records Management, CSG 41-Contractual Services, Special Purpose Revenue Funds. (At the request of the AFO)
13. Increase of \$100,000.00 to Activity 1600-Records Management, CSG 41-Contractual Services, Special Purpose Revenue Funds. (At the request of the AFO)

14. Increase of 1 FTE in Activity 1601-Archival Administration, Local Funds (New FTE for Archives Transition).
15. Reduction of \$95,790.00 in 1601-Archival Administration, CSG 11 – Regular Pay, Local Funds (Salary of FTE).
16. Reduction of \$22,606.00 in 1601-Archival Administration, CSG 14 – Fringe Benefits, Local Funds (Associated fringe benefits).

Committee's Recommended Fiscal Year 2017 Capital Budget

The Committee recommends adoption of the fiscal year 2017 capital improvement plan budget for the Office of the Secretary as proposed by the Mayor with the following modifications:

1. Increase of \$10,000,000.00 in Project AB102C in FY 2017.

**Table BA-C: Office of the Secretary;
Summary, Committee's Recommended Capital Budget**

Project No.	Project Title	Available Allotments	FY 2017 Budget	Total FY 2017-2021
AB102	Archives	6,043	10,000	58,175
Total		6,043	10,000	58,175

Policy Recommendations

1. The Committee recommends that OS identify all Agency Records Officers at all District agencies.
2. The Committee recommends that OS work with Agency Records Officers to fully develop retention schedules and other records policies, and inventory all current holdings of the agency and whether they should be archived.
3. The Committee recommends that OS work with the City Administrator to ensure that there are consistent policies across agencies with respect to the use of the NARA contract, and to ensure that requests by agencies under the NARA contract are coordinated with the Secretary.
4. The Committee recommends that OS obtain a full inventory of the holdings at NARA to determine what temporary records will need to be destroyed and when, and to identify those permanent records that should eventually come back to the District in the Archives.

5. The Committee recommends that OS and DGS abandon any further review of the Penn Center site for possible relocation of the Archives given its limitations of size and environment.
6. The Committee recommends that the District acquire through eminent domain portions of square 3942 to serve as the site for a new, purpose-built, state of the art archives facility.
7. The Committee recommends that new staff provided under the Committee's recommendation coordinate planning for the move to a new archives facility in 2020, and then augment the archives staff after the relocation.
8. The Committee recommends that after a final site is acquired or located that DGS and OS engage with an architect to develop design plans for a new archives facility.

OFFICE OF THE CITY ADMINISTRATOR

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of the Office of the City Administrator (OCA) is to facilitate the effective and efficient implementation of the Mayor's vision and priorities by providing leadership, support, and oversight of District government agencies.

The Office of the City Administrator supports the day-to-day operations of the District government by managing the Performance Management program (CapStat) to track progress toward goals, reduce costs, improve government services, and increase government accountability; improving government services and responsiveness by creating efficiencies and advancing innovative solutions to public challenges; increasing public-private partnerships to expedite vital capital projects; providing direct leadership and support to the Government Operations Cluster, which reports directly to the OCA, in addition to the operations of each Deputy Mayor's office; developing fiscally responsible performance-based budgets and continuously monitoring agency spending to ensure government services are delivered on time and on budget; and fostering fair and open negotiations with the District government's labor union workforce.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2017 Operating Budget²⁶

The Mayor's fiscal year 2017 budget proposal for the Office of the City Administrator is \$7,657, an increase of \$1,237, or 19.3 percent, over the current fiscal year. The proposed budget supports 52.0 FTEs, a decrease of 1.0 FTEs, or 1.9 percent, under the current fiscal year.

**Table AE-A: Office of the City Administrator;
Total Operating Funds Budget FY 2011-2017**

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	4,105	3,098	3,722	3,869	5,027	6,420	7,657
FTEs	34.1	34.7	26.3	25.8	40.8	53.0	52.0

Source: Budget Books (dollars in thousands)

Local Funds: The Mayor's proposed budget is \$7,319, an increase of \$1,190, or 19.4 percent, over the current fiscal year. The proposed budget supports 49.5 FTEs, a decrease of 0.5 FTEs, or 1.0 percent, over/under the current fiscal year.

Special Purpose Funds: The Mayor's proposed budget is \$338, an increase of \$47, or 16.0 percent, over the current fiscal year. The proposed budget supports 2.5 FTEs, a decrease of 0.5 FTEs, or 16.7 percent, under the current fiscal year.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2017 budget and agency performance over the last year.

Realignment of the Office of Performance Management: In the FY 2016 budget, OCA set up a new Office of Innovation that was to examine how government could provide services more effectively and more efficiently. As part of the process, the Office of Innovation was to closely partner with agencies to ensure that the solutions that are developed are realistic, implementable, and sustainable. In this budget, the Office is merged with the Office of Performance Management that is responsible for implementing performance management programs for the District government that measures and monitors progress and holds government stakeholders accountable. The Office leverages the core functions of the previous Office of Innovation to use data, applied research and innovative techniques to improve agency

²⁶ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

performance. The previous funding for the Office of Innovation was moved from activity 2003 in the budget to activity 2001 which supports the Office of Performance Management.

Office of Public Private Partnerships (OP3): FY 2017 will be the first fiscal year in which the OP3 office is fully stood up. The budget for OP3 is made up of two components: two FTEs which represent the Executive Director and Deputy Executive Director, and \$1 million in contractual services funding. The contractual services funding is intended to support consultants to assist OP3 in looking at proposals for public-private partnership (P3) projects. The Committee is concerned over two aspects of the proposed funding.

First, the office sought no special purpose revenue authority, despite the fact that its enabling statute creates a fund comprised of fees charged in conjunction with prequalification of vendors and submission of unsolicited proposals. The point of those funds was to support two of the anticipated costliest portions of the P3 review process. A Budget Support Act subtitle requested by the Mayor refines the structure of that fund to allow the funds to support the office as a whole rather than directly to prequalification and unsolicited proposal review. This subtitle is discussed in more detail later in this report.

Second, the level of funds requested for the OP3 contractors is very high given that the office, even by the beginning of FY 2017, will have been functional for barely one year. To date, OP3 has only discussed publicly one possible project involving the DC Jail. The office only submitted its draft rules to the DC Register on April 29, 2016. The Committee believes that the office has not yet demonstrated so great of a need to justify setting aside \$1 million in this budget. The Committee recommends a modest reduction, but notes that should additional funds become necessary that the Mayor may identify funds to reprogram to the office, or the Office may seek to utilize its o-type fund and request authority in a subsequent supplemental budget.

Office of Labor Relations and Collective Bargaining: The Mayor's fiscal year 2017 budget proposal for the Office of Labor Relations and Collective Bargaining (OLRCB) is \$2,030, a decrease of \$63, or 3.0 percent, under the current fiscal year. The proposed budget supports 17.0 FTEs, which represents no change from the current fiscal year.

**Table AE-B: Office of Labor Relations and Collective Bargaining;
Total Operating Funds Budget FY 2011-2017**

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	1,541	1,470	1,505	1,624	1,888	2,094	2,030
FTEs	14.4	13.9	14.1	13.2	26.8	17.0	17.0

Source: Budget Books (dollars in thousands)

One of OLRCB's main functions is to negotiate collective bargaining agreements (CBAs) with the various labor unions that represent the District's unionized employees. Specifically, OLRCB is charged with negotiating working conditions, compensation agreements, and the impact

and effects of changes in conditions of employment. Yet, despite this being one of OLRCB's main functions, OLRCB has failed to demonstrate a strong track record of promptly negotiating outstanding CBAs with the District's labor unions. More often than not, CBAs are sent to the Council for approval several months or years after an earlier CBA has expired and for lengths of time that have already passed or that are drawing to a close, meaning that OLRCB either already has or will have to return in short haste to the bargaining table with unions with which it just finished negotiating. This perpetual cycle frustrates union leaders and can contribute to negative relationships between District agencies and labor union representatives.

Additionally, once CBAs are finally negotiated, D.C. Official Code § 1-617.17 requires that the Mayor transmit all CBAs to the Council within 60 days of the parties having reached settlement. Yet, this has failed to happen on numerous occasions. Because employees cannot be compensated according to the terms of the negotiated CBA until the Council has approved it, a delay in transmission leads to a delay in individuals being paid. This too causes animosity and only weakens the labor relationships between the District government and the various unions in the District.

Over the past two years, the Committee recognizes that OLRCB has worked to complete CBAs in a timelier manner, and Director Sims has indicated that as the newly appointed Director of OLRCB he is committed to meeting the statutory timelines for completing negotiations with the District's labor unions and to transmitting negotiated settlements to the Council within the 60 day timeframe.²⁷ However, the Committee remains skeptical that OLRCB will be able to make a complete about face within the next year. While the Committee does believe that Director Sims has the best of intentions and will try to comply with the statute to the best of his ability, OLRCB still has a backlog that it must wade through, and until it is able to do this, it will not be able to make great strides in meeting the mandated deadlines. Thus, the Committee requests the following from OLRCB by September 30, 2016:

- A list, in table format and alphabetized by agency, of every operative collective bargaining agreement, including both compensation and working conditions CBAs that the District government has entered into. The table should include the following information: agency name, union ID, type of agreement (e.g., wages, or working conditions), terms of the agreement, (e.g., 1/1/12 – 1/1/15), approximate number of employees covered, current status of agreement, and a column for any comments. If an agreement covers multiple agencies (e.g. Compensation Unit 1 and 2), list those first in the table and identify the agencies covered.
- A list, in table format and alphabetized by agency, of every CBA that has expired. Please identify the agreement, the expiration date, and explain its current situation regarding that agreement or the negotiation of a new agreement. Additionally, please provide a detailed plan for how OLRCB plans to negotiate the expired CBA in a timely manner.

²⁷ *Id.*

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2017 Operating Budget

The Committee recommends the following changes to the fiscal year 2017 budget for the Office of the City Administrator as proposed by the Mayor:

1. Reduction of \$15,375.00 in Program 3005 – Labor Relations and Collective Bargaining, CSG 11-Regular Pay, Special Purpose Revenue Funds. (At the request of the AFO).
2. Increase of \$7,811.00 in Program 3005 – Labor Relations and Collective Bargaining, CSG 14-Fringe Benefits, Special Purpose Revenue Funds. (At the request of the AFO).

Policy Recommendations

1. The Committee requests the following from OLRCB by September 30, 2016:
 - (a) A list, in table format and alphabetized by agency, of every operative collective bargaining agreement, including both compensation and working conditions CBAs, that the District government has entered into. The table should include the following information: agency name, union ID, type of agreement (e.g., wages, or working conditions), terms of the agreement, (e.g., 1/1/12 – 1/1/15), approximate number of employees covered, current status of agreement, and a column for any comments. If an agreement covers multiple agencies (e.g. Compensation Unit 1 and 2), list those first in the table and identify the agencies covered; and
 - (b) A list, in table format and alphabetized by agency, of every CBA that has expired. Please identify the agreement, the expiration date, and explain its current situation regarding that agreement or the negotiation of a new agreement. Additionally, please provide a detailed plan for how OLRCB plans to negotiate the expired CBA in a timely manner.

DC DEPARTMENT OF HUMAN RESOURCES

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of the DC Department of Human Resources (DCHR) is to strengthen individual and organizational performance and enable the District government to attract, develop, and retain a highly qualified, diverse workforce.

DCHR offers executive management to District government officials and/or agencies by providing personnel-related services to help each agency meet daily mission mandates. Specific services provided include position classification and recruitment services, the interpretation of personnel-related policy, as well as oversight control (such as the adherence to regulatory requirements) for effective recruitment and staffing, strategic and financial restructuring through realignment assistance, and resource management. In addition, the agency provides District government employees with a variety of services, including employee benefits and compensation guidance, performance management, compliance, audit assessments, legal guidance on personnel matters, and learning and development.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2017 Operating Budget²⁸

The Mayor's fiscal year 2017 budget proposal for the Department of Human Resources (DCHR) is \$14,788 an increase of \$958, or 6.9 percent, over the current fiscal year. The proposed budget supports 134.3 FTEs, an increase of 17.0 FTEs, or 14.5 percent, over the current fiscal year.

**Table XX-A: Department of Human Resources;
Total Operating Funds Budget FY 2011-2017**

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	11,907	10,319	14,798	14,494	15,973	13,830	14,788
FTEs	102.6	102.4	117.6	117.2	132.4	117.3	134.3

Source: Budget Books (dollars in thousands)

²⁸ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

Local Funds: The Mayor’s proposed budget is \$8,451 an increase of \$276, or 3.4 percent, over the current fiscal year. The proposed budget supports 84.0 FTEs, representing no change from the current fiscal year.

Special Purpose Funds: The Mayor’s proposed budget is \$479, an increase of \$27, or 6.0 percent, over the current fiscal year. The proposed budget supports 6.3 FTEs, an increase of 1.0 FTEs, or 18.9 percent, over the current fiscal year.

Intra-District Funds: The Mayor’s proposed budget is \$5,858, an increase of \$655, or 12.6 percent, over the current fiscal year. The proposed budget supports 44.0 FTEs, an increase of 16.0 FTEs, or 57.1 percent, over the current fiscal year.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2017 budget and agency performance over the last year.

Classification and Compensation Reform: DCHR has been undertaking a review of the District’s compensation and classification system for many years. Unfortunately, the review has languished and suffered many iterations, starts, and stops. Moreover, completion of this process has been a DCHR agency initiative since at least fiscal year 2008, in which the agency’s performance appraisal stated at the time that the completion of the compensation and classification projects were not fully achieved due to funding constraints.²⁹ In fiscal year 2009, DCHR had successfully secured a contractor to work on the project,³⁰ and in fiscal year 2010, DCHR was continuing the development of the new system and “ensure[d] its completion by the end of FY11.”³¹ However, in fiscal year 2011, the project had a “pause period” from January 12, 2011 to August 23, 2011, and a new contract was negotiated with the contractor.³² In fiscal year 2012, DCHR’s performance appraisal stated that the review would be completed in fiscal year 2013.³³ Yet, to date, this initiative is still ongoing.

At a July 28, 2014 public hearing conducted by DCHR, a presentation indicated that the next step in the reform effort was “revised District policies and regulations will be forwarded to the Council and the Mayor for approval.” However, this has yet to occur. In October 2015, DCHR Director, Ventris Gibson, testified at her confirmation hearing that she believed that the initiative could be completed within a 120 days and that she anticipated legislation being transmitted to the Council within the next 60 days.³⁴ Yet, at the agency’s performance hearing, Director Gibson indicated that once she became more familiar with the project and delved deeper into it, she became greatly concerned that the project was too flawed at this point to move forward without

²⁹ GOVERNMENT OF THE DISTRICT OF COLUMBIA, FY 2008 Performance Accountability Report for DCHR 4 (2009).

³⁰ GOVERNMENT OF THE DISTRICT OF COLUMBIA, FY 2009 Performance Accountability Report for DCHR 3 (2010).

³¹ GOVERNMENT OF THE DISTRICT OF COLUMBIA, FY 2010 Performance Accountability Report for DCHR 5 (2011).

³² GOVERNMENT OF THE DISTRICT OF COLUMBIA, FY 2011 Performance Accountability Report for DCHR 4 (2012).

³³ GOVERNMENT OF THE DISTRICT OF COLUMBIA, FY 2012 Performance Accountability Report for DCHR 3 (2013).

³⁴ Gibson Oct. 7, 2015 Oral Testimony, *supra* note 1.

remediation.³⁵ Specifically, in its current state, the initiative: (1) would have significantly increased the pay associated with certain job types while others would lose earning potential; (2) did not provide enough clarity as to the duties of many employees, thereby putting the District at potential liability under the Fair Labor Standards Act and the American with Disabilities Act; and (3) had not been adequately tested from a technological perspective.³⁶ Thus, Director Gibson stated that she intended to halt further work on the project until she could bring in a compensation expert.³⁷ During DCHR's fiscal year 2017 budget hearing on April 14, 2016, Director Gibson testified that she had received approval to bring Deloitte in to help fill the gaps in the project so that it could continue and that she hoped to outline a more realistic timeline in the coming weeks that she would then relay to the Council.³⁸

While the Committee understands that undertaking a major overhaul of the District government's classification and compensation scheme is not going to be completely perfect and comes with some hiccups, and even delays, along the way, the Committee is deeply troubled by the latest series of events. If the project was a year or even two years in the making, the Committee could understand why the project needs to be halted and reevaluated, particularly when there is new agency leadership. However, this project is now almost ten years old. At this stage in the process, there is no fathomable excuse for why this project was allowed to continue for this long without someone in DCHR noticing and addressing the issues that Director Gibson has now raised. Moreover, hundreds of thousands, if not millions, of dollars have been spent by the District over the past several years, and there is nothing to show for it at this point. This is a disservice to District employees who have been waiting for this project to be completed, as well as to District residents, whose hard earned taxpayer dollars have funded this project.

At this point, the Committee is highly skeptical of any timeline provided to it by DCHR. Every year the Council is told that the project is moving toward implementation and that the end is near, and every year this fails to occur. Yet, the Committee does have faith in Director Gibson given her background and experience, and thus, it wants to believe that she will be the DCHR Director capable of carrying this project across the finish line. Given this, the Committee is willing to give Director Gibson and her team some room to address the issues that she has identified, but it cautions DCHR that it will be watching this process closely. By September 30, 2016, the Committee wants a report from DCHR, which provides in extensive detail, the work that has been done on the project between May 2016 and then, a realistic timeline with monthly milestones through the completion of the project, and an explanation on what remains to be done on the project and an explanation of how the agency plans to address any remaining issues. If the Committee does not see significant progress on this project by the end of fiscal year 2016, the Committee may begin to hold regular hearings on the project or a hearing to identify steps that can be taken by the Council to move this project forward outside of DCHR.

Agency Realignment: In the Mayor's proposed fiscal year 2017 budget for DCHR, several departments within the agency are zeroed out, while other departments have been created. At

³⁵ Gibson 3.3.16 written and oral budget testimony.

³⁶ Gibson written testimony 3.3.16 at 5.

³⁷ Gibson oral 3.3.16 testimony.

³⁸ Gibson 4.14.16 oral testimony.

DCHR's budget hearing in April, Director Gibson testified that the agency's structure needed to be altered in order to improve the agency's efficiency and processes and to ensure optimal use of DCHR's employees.³⁹ This reorganization accounts for the changes in DCHR's proposed fiscal year 2017 budget. In order to help individuals understand the changes, DCHR provided the Committee with the following crosswalk:

Approved FY 2016 Structure			Proposed FY 2017 Structure		
Division/ Activity #	Division/Activity Name	FY 16 FTE's	Division/ Activity #	Division/Activity Name	Proposed FY17 FTE's
1000	AGENCY MANAGEMENT PROGRAM		1000	AGENCY MANAGEMENT PROGRAM	No Change
1010	Personnel	11	1010	Personnel	No Change
1015	Training and Employee Development		1015	Training and Employee Development	No Change
1020	Contracting		1020	Contracting	No Change
1030	Property Management		1030	Property Management	No Change
1040	Human Resources Information Systems		1040	Human Resources Information Systems	No Change
1060	Legal		1060	Legal	No Change
1070	Fleet Management		1070	Fleet Management	No Change
1080	Communications	1	1080	Communications	2
1085	Customer Service	6	1085	Customer Service	6
1087	Language Access Line		1087	Language Access Line	No Change
1090	Performance Management		1090	Performance Management	No Change
2000	ADMINISTRATION FOR RECRUITMENT AND CLASSIFICATION			Deleted	
2010	RECRUITING AND STAFFING	10		FTE's Moved to Activity 2710	
2050	Classification	16		FTE's Moved to Activity 2720	
2060	Compensation	1		FTE's Moved to Activity 4530	
2100	LEGAL ADMINISTRATION		2100	GENERAL COUNSEL	Slight name change only
2120	LEGAL	8	2120	LEGAL	6
2200	BENEFITS AND RETIREMENT SERVICES		2200	BENEFITS AND RETIREMENT SERVICES	No Change
2210	BENEFITS OPERATION UNIT	18	2210	BENEFITS OPERATION UNIT	13
2220	Police & Fire Retirement Relief Board	3.3	2220	Police & Fire Retirement Relief Board	3.3
			2700	HR Solutions	New Program
			2710	RECRUITING AND STAFFING	13
				FTE's Moved from Activity 2010	
			2720	Classification	6
				FTE's Moved from Activity 2050	
			2730	Information Technology	8
				New activity (was part of Activity 4100 in FY16)	
			2740	Analytics	3
				New activity (was part of Activity 4100 in FY16)	
3000	CENTER FOR LEARNING AND DEVELOPMENT		3000	LEARNING AND DEVELOPMENT	Slight name change only
3100	TRAINING AND DEVELOPMENT	10	3100	TRAINING AND DEVELOPMENT	11
3200	CAPITAL CITY FELLOW	5	3200	CAPITAL CITY FELLOW	8
3300	SPECIAL PROGRAMS		3300	SPECIAL PROGRAMS	22
4000	BUSINESS OPERATIONS GROUP		4000	BUSINESS OPERATIONS GROUP	Deleted
4100	Measurements, Analysis & Planning	17	4100	Measurements, Analysis & Planning	Deleted
			4300	Strategic Human Capital	New Program
			4310	Performance Measurement	5
				New activity (was part of Activity 4100 in FY16)	
4500	POLICY AND COMPLIANCE		4500	POLICY AND COMPLIANCE	No Change
4510	COMPLIANCE	6	4510	COMPLIANCE	5
4520	POLICY	5	4520	POLICY	8
			4530	COMPENSATION	2
				FTE's Moved from Activity 2060	
		Total FY2016 FTE's 117.3			Total FY2017 Proposed FTE's 134.3

The Committee appreciates DCHR's transparency and is optimistic that the changes will have the desired result of making DCHR more efficient.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2017 Operating Budget

The Committee recommends no change to the fiscal year 2017 budget for the Department of Human Resources as proposed by the Mayor.

Policy Recommendations

1. By September 30, 2016, the Committee requests a report from DCHR, which provides in extensive detail: (a) the work that has been done on the project between May 2016 and

³⁹ Gibson 4.14.16 budget testimony.

September 30, 2016; (b) a realistic timeline with monthly milestones through the completion of the project; and (c) an explanation on what remains to be done on the project and an explanation of how the agency plans to address any remaining issues.

OFFICE OF CONTRACTING AND PROCUREMENT

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of the Office of Contracting and Procurement (OCP) is to procure quality goods and services through a streamlined procurement process that is transparent and responsive to the needs of government agencies and the public, and to ensure all purchases are conducted fairly and impartially.

OCP manages the purchase of \$4.4 billion in goods, services and construction annually, on behalf of over 70 District agencies. In its authority under the Procurement Practices Reform Act of 2010 (PPRA), OCP is responsible for both establishing procurement processing standards that conform to regulations, and monitoring the effectiveness of procurement service delivery. Procurement processing and management is enhanced by OCP specialists who are assigned to agency worksites to directly collaborate with program staff throughout the entire procurement process. OCP core services include the DC Supply Schedule, Purchase card (P-Card) program, and the surplus property disposition and re-utilization program. And, OCP's learning and certification programs support on-going development of staff proficiency and procurement service quality.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2017 Operating Budget⁴⁰

The Mayor's fiscal year 2017 budget proposal for the Office of Contracting and Procurement is \$26,661, an increase of \$3,838, or 16.8 percent, over the current fiscal year. The proposed budget supports 218.0 FTEs, an increase of 27.0 FTEs, or 14.1 percent, over the current fiscal year.

⁴⁰ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

**Table PO-A: Office of Contracting and Procurement;
Total Operating Funds Budget FY 2011-2017**

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	28,238	28,238	29,366	33,042	45,682	22,823	26,661
FTEs	102.5	87.7	80.4	107.4	180.7	191.0	218.0

Source: Budget Books (dollars in thousands)

Local Funds: The Mayor's proposed budget is \$23,906, an increase of \$2,938, or 14.0 percent, over the current fiscal year. The proposed budget supports 198.0 FTEs, an increase of 20.0 FTEs, or 11.2 percent, over the current fiscal year.

Special Purpose Funds: The Mayor's proposed budget is \$375 which represents no change from the current fiscal year. The proposed budget supports no FTEs.

Intra-District Funds: The Mayor's proposed budget is \$2,380, an increase of \$900, or 60.8 percent, over the current fiscal year. The proposed budget supports 20.0 FTEs, an increase of 7.0 FTEs, or 53.8 percent, over the current fiscal year.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2017 budget and agency performance over the last year.

Delegated Procurement Authority and Staffing: In 2014, the Office of Contracting and Procurement underwent a realignment of the agency. The effort, known as the Delegated Procurement Authority model (DPA), moved contracting staff out from OCP's headquarters and in to agencies to conduct procurements side-by-side with agency staff.⁴¹ This new approach allows contracting staff deliver services to a specific agency where they can better understand the agency's business and needs, and where they can develop subject matter expertise on the special procurement needs of an agency. This model also has the advantage of seating contracting professionals next to agency program staff to better understand their needs and culture.

As a result of the new model, the FY 2015 budget included 41.0 new positions in OCP.⁴² In addition, in FY 2014, the Mayor reprogrammed funds to implement the positions set for approval in the FY 2015 budget. In May 2014, 60 contracting staff were deployed to 22 agencies that were previously served by OCP staff working from OCP headquarters. By March of 2015,

⁴¹ Letter from Office of Budget and Planning Deputy Chief Financial Officer Gordon McDonald to Office of Contracting and Procurement Chief Procurement Officer James Staton Re: Request for 41.0 Temporary FTEs in FY 2014 (Apr. 15, 2014) (on file with the Committee of the Whole).

⁴² See Fiscal Year 2015 Budget Books, Congressional Submission.

OCP completed phase two of the DPA model by transferring individual agencies' contracting staff from agency budgets to OCP's budget. In all, OCP identified 45 positions from 12 agencies that should be transferred. The final FTE count in the FY 2016 budget was 191.0 FTEs made up of administrative and support staff, deployed contracting staff, and an internal contracting staff supporting small agencies and special projects. In FY 2016, OCP also was transferred employees from the Department of Disability Services (DDS) and the Department of Behavioral Health (DBH) when their independent procurement authority expired on September 30, 2015.

The increase of 27 FTE's in the proposed budget reflects the DDS and DBH transfers of eight and ten FTE's, respectively, three additional positions for the Department of Employment Services, and six new positions to be placed in various agency clusters. In addition, because of the conditions of funding several positions, such as federal funding requirements, 20 OCP staff are funded through intra-District funds from the agencies to which they are deployed.

The Committee is fully supportive of the new DPA structure. The actions undertaken under the DPA fulfill policy recommendations put forward by the Committee in its FY 2015 and FY 2016 budget reports. In addition, OCP has continues to aggressively fill and backfill vacant positions. As of April 11, 2016, OCP has only 14 vacancies, or 6.6 percent. Some of these vacancies were inherited from the additional DOES and DBH positions.

Training and Certification: During FY 2016, OCP shifted its approach to the training and certification through the Procurement Training Institute. Since FY 2015, several cohorts of staff attended training and earned tier one and tier two certifications. OCP has been working with the George Washington University (GWU) to design the curriculum and administer the first training courses. Last year, OCP hired a new Chief Learning Officer and a Deputy Chief Learning Officer, who in turn have refined the training strategy and revised the curriculum.

The refined program still contains three tiers of certification which are not tied to the individual's grade position. All staff must now attend a more comprehensive foundations course that ensures that all staff pursuing procurement certification work from the same knowledge base. The FY 2017 budget contains \$857,000 for 6.0 FTEs for the Procurement Training Institute, and \$200,000 in contractual services for the contract with GWU. According to OCP, the budget will support the agency having 132 tier 1 certifications, 112 tier 2 certification, and 49 tier 3 certifications for agency employees. There is built in to the budget allowance for rollover of staff to either more advanced positions or to attrition out of the agency.

The Committee strongly supports the renewed focus on training and certification evidenced by the refined plans and the addition of leadership to the Procurement Training Institute.

Surplus Property Disposal: OCP manages surplus property for District agencies, including some independent agencies. This includes connecting property to other agencies or groups that may have a need, such as working with the Office of the Chief Technology Officer to

provide reimaged laptops for schools.⁴³ The surplus property division consists of 9.0 FTEs, and is supported by the support services division which provides transportation and labor services. The FY 2017 budget includes a \$155,000 reduction in the surplus property division which accounts for planned savings in the use of temporary contract labor for services such as moving furniture. Should additional services or funds be needed to support an agency's surplus management, the cost can be charged back to the agency through either an intra-District or special purpose revenue transfer depending on the agency.

Most property that is actually disposed of by the agency is sold through an online auction platform known as GovDeals.com. Under the terms of that contract, GovDeals is paid 7.5 percent of the final auction sales price of each item sold. However, the District cannot let the vendor take their payment directly out of the sales price because of the application of the Antideficiency Act to the District. Instead, there is established a lapsing O-type fund that is budgeted at \$375,000 for FY 2017. Sales proceeds up to the approved budget authority are deposited in the fund, and the rest of the funds either revert to the General Fund, or to the budgets of agencies that have authority to retain the proceeds for their surplus property, including the Metropolitan Police Department. Independent agencies, including DC Water and United Medical Center, pay invoices directly to the vendor and not out of the fund.

The budget authority is calculated each year by multiplying the estimated total sales by 7.5 percent. For FY 2017, the estimated sales basis is \$5 million, which accounts for the \$375,000 budget. Should sales ever move above the estimated basis, OCP could request an increase of the special purpose revenue budget authority that would be available because of the increased sales. The actual historical surplus property sales and projections are below.⁴⁴

**Table PO-B: Office of Contracting and Procurement;
Surplus Property Sales FY 2014-2018.**

Actual		Projected	
FY 2014	\$ 3,808,182.18	FY 2016	\$ 3,717,859.70
FY 2015	\$ 4,420,879.35	FY 2017	\$ 4,111,028.39
FY 2016 (Q1 and Q2)	\$ 1,858,929.85	FY 2018	\$ 4,111,028.39

Source: OCP Budget Hearing Follow-up Response

The Committee is supportive of surplus property division and OCP's efforts to gain greater efficiency by reducing the reliance on contract labor and ensuring that customer agencies are providing funding support as needed. The Committee also recognizes that OCP has more

⁴³ Performance Oversight Testimony

⁴⁴ Budget Followup

aggressively marketed its surplus property sales, notably on Twitter. The Committee hopes that OCP will continue its efforts with surplus sales and increase revenues closer to targets established.

Technical Change to the Budget Format: OCP manages purchase card transactions for all agencies. As agencies make purchases on their individual cards, the funds are sent to OCP through intra-District funds from the agencies' budgets, and OCP makes the actual payment to the card vendors. OCP accounts for the p-card transactions through activity 1020 in the budget. However, in past budgets, the intra-District funds transferred to OCP have only shown the p-card transactions from two fiscal years ago but not in the most recent fiscal year. This creates a distortion of approximately \$25 million in what appears to be a reduction of funding for OCP in its two-year prior actuals versus the previous approved fiscal year.

The Committee brought this issue attention to the Office of Budget and Finance, which is the arm of the Chief Financial Officer that prepares the yearly budget. To address the distortion, he has provided the Committee with an estimate of intra-District funds that will be added to the budget to reduce the distortion in budgets going forward. Therefore, the Committee recommendations below include a \$XX million increase in intra-District funds. This is not an increase of actual dollars budgeted, but instead a reflection of the anticipated level of purchases that will be transferred by agencies to OCP's budget to make payments to the vendor.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2017 Operating Budget

The Committee recommends the following changes to the fiscal year 2017 budget for the Office of Contracting and Procurement as proposed by the Mayor:

1. Increase of 25,000,000.00 in intra-District funds to Program 1020, CSG-40, Other Services and Charges.

Policy Recommendations

1. The Committee recommends that OCP continue to aggressively fill vacant positions.
2. The Committee recommends increased focus of Contracting Officers on the need for timely review by the Council of contracts, especially change orders and modifications that require Council review. OCP should reduce the number of contract changes that must be sent to the Council to approve by act rather than by passive approval.
3. The Committee recommends that OCP continue to refine and improve its training courses based on feedback from classes and issues identified by management. This should also include lessons learned as part of the Performance Accountability Review Board reports.

4. The Committee recommends that OCP continue to aggressively market surplus property to agencies that may have a need or for disposition. OCP should also work to recruit independent agencies that may benefit from OCP's surplus property expertise.

OFFICE OF THE CHIEF TECHNOLOGY OFFICER

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

Here is where the boilerplate background on the agency goes.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2017 Operating Budget⁴⁵

The Mayor's fiscal year 2017 budget proposal for the Office of the Chief Technology Officer is \$110,391, an increase/decrease of \$6,217 or 6.0 percent, over the current fiscal year. The proposed budget supports 287.0 FTEs, an increase of 5.0 FTEs, or 1.8 percent, over the current fiscal year.

**Table TO-A: Office of the Chief Technology Officer;
Total Operating Funds Budget FY 2011-2017**

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	73,131	72,653	80,497	96,973	101,770	104,174	110,391
Local Funds	35,799	47,831	40,256	53,499	55,750	58,268	65,994
FTEs (gross)	312.4	261.6	254.5	266.7	282.5	282.0	287.0

Source: Budget Books (dollars in thousands)

Local Funds: The Mayor's proposed budget is \$65,994, an increase of \$7,725, or 13.3 percent, over the current fiscal year. The proposed budget supports 195.9 FTEs, an increase of 9.0 FTEs, or 4.8 percent, over/under the current fiscal year.

⁴⁵ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

Special Purpose Funds: The Mayor's proposed budget is \$12,153, a decrease of \$1,995, or 14.1 percent, under the current fiscal year. The proposed budget supports 15.9 FTEs, a decrease of 2.0 FTEs, or 11.2 percent, under the current fiscal year.

Federal Grant Funds: The Mayor's proposed budget is \$48, a decrease of \$66, or 57.8 percent, under the current fiscal year. The proposed budget supports no FTEs.

Intra-District Funds: The Mayor's proposed budget is \$32,196, an increase of \$553, or 1.7 percent, over the current fiscal year. The proposed budget supports 75.2 FTEs, a decrease of 2.0 FTEs, or 2.6 percent, under the current fiscal year.

Mayor's Proposed Fiscal Year 2017 Capital Budget⁴⁶

The Mayor's capital improvements plan includes \$2,940 for the Office of the Chief Technology Officer over the 6-year plan. The plan authorizes \$2,940 for fiscal year 2017, \$0 for fiscal year 2018, \$0 for fiscal year 2019, \$0 for fiscal year 2020, \$0 for fiscal year 2021, and \$0 for fiscal year 2022.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2017 budget and agency performance over the last year.

Budget Growth: The Committee remains concerned over the historical growth in OCTO's approved versus actual budgets. In particular, contractual services spending actual budgets have outpaced approved budgets by large percentages. The Committee notes that for FY 2016, OCTO has reprogrammed funds out of the agency due to savings in salary lapse and contractual services.⁴⁷ In last year's budget report, the Committee criticized OCTO for its historical budget bloat and the Council eventually cut over \$3 million in OCTO contractual services budget to slow the budget growth. The proposed budget does make significant increases in local and gross funds over the FY 2016 approved budget. However, the Committee notes that the proposed FY 2017 contractual services funding is \$1 million below the original Mayor's proposed FY 2016 contractual level of funding, demonstrating that savings can be achieved in this area. The Committee notes that the proposed FY 2017 budget contains a one-time increase of \$750,000 in local funds for OCTO to develop a new system for the Department of Small and Local Business Development.

⁴⁶ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

⁴⁷ Reprogramming 21-163.

**Table TO-B: Office of the Chief Technology Officer;
Growth in Approved and Actual Budget**

	Local Budget	Local Variance	Contract Budget	Contract Variance	Total Budget	Total Variance
FY 2012 Approved †	\$34,249	4.53%	\$20,295	24.83%	\$70,770	2.66%
FY 2012 Actual †	\$35,799		\$25,335		\$72,653	
FY 2013 Approved †	\$39,974	0.70%	\$24,607	27.89%	\$77,708	3.59%
FY2013 Actual †	\$40,253		\$31,470		\$80,497	
FY 2014 Approved †	\$47,837	11.84%	\$34,510	10.33%	\$92,760	4.54%
FY2014 Actual †	\$53,499		\$38,076		\$96,973	
FY 2015 Approved †	\$56,268	-0.92%	\$40,832	9.26%	\$100,043	1.73%
FY 2015 Actual †	\$55,750		\$44,613		\$101,770	
FY 2016 Approved †	\$58,268	-1.03%	\$41,697	-1.08%	\$104,174	-0.86%
FY 2016 Revised ‡	\$57,668		\$41,247		\$103,274	
FY 2017 Request †	\$65,994	-	\$43,456	-	\$110,391	-

† Source: FY 2013-FY 2016 Budget Books, CSG 41 and Gross Funds.

‡ Source: Prehearing responses, Reprogramming 21-163.

IT Staff Augmentation: The Committee remains concerned about OCTO’s reliance on contractors to fulfill its IT staffing needs. OCTO currently manages a government-wide contract for IT staff augmentation (ITSA) services with Optimal Solutions and Technology, Inc. Under this contract, OCTO and District agencies can order “resources” – which are individual contractors – to work on IT projects on an as needed basis. Under the contract, the district pays an hourly billing rate for the resource based on its function, and also pays a sliding-scale fixed fee to the ITSA vendor based on the total number of hours billed to OCTO at a rate of about \$5 per hour.

According to performance oversight pre-hearing responses, as of January 11, 2016, OCTO had a total of 148 ITSA resources in place assigned to OCTO. Of these, 81 are funded through local dollars. A list of anticipated contracts provided to the Committee indicates that OCTO will have two categories of contracts related to the ITSA contract, one for “Staff Augmentation – IT Consultants” and another for “IT Project Based Consulting Services.” These vendors for these contracts are listed at “TBD” leaving the Committee to infer that these will fund ITSA resources in FY 2017, regardless of who gets the contract and how the contract is structured. The total proposed funding under the ITSA contracts is \$15.688 million. This means that, given the current year ITSA resource staffing levels, that OCTO will spend approximately \$190,000 per resource. The average fully-loaded salary and benefits for OCTO’s locally funded employees at grades 14, 15 and 16 will be approximately \$150,000 in FY 2017. It is clear that OCTO is paying a premium for ITSA contract employees. Moreover, 70 percent of the ITSA resources have been engaged at OCTO for more than 2 years – ten resources have been engaged for over seven years.

In 2011, the Project on Government Oversight conducted an in depth study on the question of federal government employees versus contract employees.⁴⁸ That study found that Information Technology Management employees in the federal government were paid (salary plus fringe) \$124,663 per year while contractors were paid \$114,818 per year. However, the billing rate to the federal government for each contractor averaged \$198,411.⁴⁹ The Committee believes that individuals who are working side-by-side with government employees on a long-term basis should be converted over to District employment for both cost-containment purposes and to ensure workplace parity. Converting positions can free up additional funds to meet future OCTO staffing needs in-house.

Digital Inclusion: OCTO manages several programs that aim to connect District residents to the Internet. According to a report issued by OCTO in 2015, 37% to 58% of low and moderate income households in the District do not have an internet subscription. This number drops to 7.4% for higher earning households.⁵⁰ Access to the Internet is increasingly vital for the purposes of employment, education, health, and government services. Unfortunately cost and limited digital literacy can prove barriers to universal access to the Internet. However, the District has a variety of programs at OCTO focused on increasing digital inclusion and bridging the digital divide.

OCTO manages and maintains DC-NET which is the District's city-wide managed voice, data, and wireless telecommunications platform. DC-Net provides high speed internet service to all District government agencies, including District of Columbia Public Schools. In addition, a variety of private and non-profit entities buy services through DC-Net rather than through a private third-party service provider. There are also hundreds of Wi-Fi hotspots throughout the District to allow individuals to access DC-Net with their mobile devices. Another initiative at OCTO is the DC Community Access Network (DC-CAN) which provides "middle mile" broadband services to a variety of community anchor institutions, primarily in Wards 5, 7, and 8. The program then relies on "last mile" service providers to provide residents and businesses affordable access to the anchors and interconnection points to get households online.

The Committee supports OCTO's efforts to bridge the digital divide and make the Internet accessible to District residents. However, the Committee believes that more can be done to leverage DC-NET to get more District residents online either in the home or in the neighborhood. OCTO can also expand its network of publicly accessible Wi-Fi hotspots throughout the District.

IT Infrastructure: One of OCTO's key initiatives for FY 2017 is modernizing, maintaining, and securing the District's network infrastructure. This will consist of modernizing the 650-plus mile fiber optic network that the District government relies on, as well as OCTO's

⁴⁸ Project on Government Oversight, *Bad Business: Billions of Taxpayer Dollars Wasted on Hiring Contractors* September 13, 2011 | By: Paul Chassy, Ph.D., J.D., Scott H. Amey, J.D.

⁴⁹ *Id* at 13.

⁵⁰ See BUILDING THE BRIDGE: A REPORT ON THE STATE OF THE DIGITAL DIVIDE IN THE DISTRICT OF COLUMBIA, Office of the Chief Technology Officer, April 2015.

service customers including nonprofits, charter schools, and the federal government. An important aspect of the IT infrastructure is the importance of providing robust security to protect government assets and customer assets. To continue improvements in this area, OCTO's capital budget includes \$2.9 million in network improvements that will bolster the already strong security of the network.

In FY 2016, OCTO's capital budget included an additional \$19.4 million for building out a new data center to advise OCTO on building or buying a new data center. The current lease for the existing data center expires in 2017. According to OCTO, it is actively negotiating to extend the current lease to give the District time to find the right space. The proposed budget cuts the \$13.4 million originally proposed for FY 2017, leaving no additional funding for the data center build out. There is currently \$9.5 million in unspent available allotments at OCTO for this project which seems to have stalled. Without a clear path forward and commitments to future funding, the Committee believes that the existing funds should be reallocated to more urgent capital needs. Thus, the Committee's recommendation is to reduce the allotment available to OCTO.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2017 Operating Budget

The Committee recommends the following changes to the fiscal year 2017 budget for the Office of the Chief Technology Officer as proposed by the Mayor:

1. Reduction of 1 FTE in Activity 2011-Web Maintenance, Local Funds (Position 10006949).
2. Reduction of \$95,790.00 in Activity 2011 – Web Maintenance, CSG 11 – Regular Pay, Local Funds (Salary of FTE).
3. Reduction of \$22,606.00 in Activity 2011 – Web Maintenance, CSG 14 – Fringe Benefits, Local Funds (Associated fringe benefits).

Committee's Recommended Fiscal Year 2017 Capital Budget

The Committee recommends the following changes to the fiscal year 2017 capital budget for the Office of the Chief Technology Officer as proposed by the Mayor:

1. Rescission of \$2,000,000.00 in available allotments in Project N9001C – DC Government New Data Center Buildout (Reduction of current allotments).
2. Recession of \$600,000.00 in available allotments in Project AB115C – Archives (Reversion of allotments to the Office of the Secretary).

Policy Recommendations

1. The Committee recommends that OCTO continue its efforts to contain contractual services spending.
2. The Committee recommends that OCTO reduce its the reliance on contractors and should seek to convert long-time ITSA resources to District employees.
3. The Committee recommends that OCTO increase the availability of the Internet to District residents through its existing initiatives and expansion into homes and additional Wi-Fi.
4. The Committee recommends that OCTO work to increase the security of District IT infrastructure to continue to protect data networks.
5. The Committee recommends that OCTO develop a clear plan and milestones with regard to a future data center through an internal analysis of whether to own or lease a facility in the future.

CONTRACT APPEALS BOARD

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of the Contract Appeals Board (CAB) is to provide an impartial, expeditious, inexpensive, and knowledgeable forum for the hearing and resolving of contractual disputes and protests involving the District and its contracting communities. The Contract Appeals Board adjudicates protests of District contract solicitations and awards, appeals by contractors of District contracting officer final decisions, claims by the District against contractors, appeals by contractors of suspensions and debarments, and contractor appeals of interest payment claims under the Quick Payment Act.

The CAB hears two types of appeals – protests which involve a disappointed bidder protesting the award of a contract to another entity, and disputes, which are civil actions arising out of failure to meet an obligation in a previously awarded contract. The vast majority of cases heard by the Board are disputes (91%). The CAB consists of three judges: Chief Judge Marc D. Loud, Judge Monica Parchment, and Judge Maxine E. McBean. The Board also employs a clerk of court, appeals clerk, protest clerk, a program support assistant, and three attorney advisors.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2017 Operating Budget⁵¹

The Mayor's fiscal year 2017 budget proposal for the Contract Appeals Board is \$1,492, an increase of \$43, or 3.0 percent, over the current fiscal year. The proposed budget supports 10.0 FTEs, which represents no change from the previous fiscal year.

**Table AF-A: Contract Appeals Board;
Total Operating Funds Budget FY 2011-2017**

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	765	835	1,041	1,068	1,201	1,449	1,492
FTEs	5.5	5.6	6.1	8.3	9.6	10.0	10.0

Source: Budget Books (dollars in thousands)

Local Funds: The funding for this account is comprised entirely of local funds.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2017 budget and agency performance over the last year.

Budget Realignment: The proposed fiscal year 2017 budget includes minor shifts between programs to better align personnel with their functions. For instance, one FTE was moved from program 1090-Performance Management to 2001-Adjudication. Funding in program 1090 represents solely the salary and associated fringe benefits for the Chief Administrative Judge. All other personnel are funded through program 2001-Adjudication.

New Recurring IT Costs: Last year, the Committee noted that Contractual Services spending was increasing by approximately \$12,000.00. According to CAB, this increase was for a one-time upgrade of copiers and scanners to support a technology upgrade related to the CAB's records management. However, the proposed FY 2017 budget holds Contractual Services budget level from the FY 2016 approved level. Judge Marc Loud testified that the new funding is necessary due to mandatory server migration required by the Office of the Chief Technology Officer. This represents approximately \$10,000.00 in increased recurring funding for CAB.

⁵¹ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2017 Operating Budget

The Committee recommends no change to the fiscal year 2017 budget for the Contract Appeals Board as proposed by the Mayor.

Policy Recommendations

1. The Committee recommends that CAB should continue to aggressively close cases in a timely manner to avoid backlogs in the future.
2. The Committee recommends that CAB work with the Office of Public-Private Partnerships within the Office of the City Administrator to develop expectations for future CAB review of public-private partnership protests or disputes.

PUBLIC EMPLOYEE RELATIONS BOARD

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

PERB is a quasi-judicial, independent board charged with resolving labor disputes between the District government and District government employees. Specifically, PERB is tasked with:

- Determining appropriate compensation and non-compensation bargaining units;
- Certifying and decertifying labor organizations as exclusive bargaining representatives;
- Adjudicating unfair labor practice complaints;
- Considering appeals of grievance arbitration awards;
- Investigating standards of conduct complaints;
- Determining whether a particular subject or proposal is within the scope of bargaining;
- Facilitating the resolution of impasses in contract negotiations; and
- Adopting rules and regulations for conducting the business of the Board.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2017 Operating Budget⁵²

The Mayor's fiscal year 2017 budget proposal for the Public Employee Relations Board is \$1,293, an increase/decrease of \$19, or 1.5 percent, over the current fiscal year. The proposed budget supports 9.0 FTEs, representing no change from the current fiscal year.

**Table XX-A: Agency Name Here;
Total Operating Funds Budget FY 2011-2017**

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	733	1,114	1,037	1,163	1,311	1,274	1,293
FTEs	5.9	9.2	7.9	8.5	9.3	9.0	9.0

Source: Budget Books (dollars in thousands)

Local Funds: The funding for this agency is comprised entirely of local funds.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2017 budget and agency performance over the last year.

Case Backlog: In the past, PERB has been challenged by a significant case backlog, resulting from the loss of a quorum several years ago and an inefficient case management system. However, most recently, operations have improved significantly under Executive Director Clarene Martin. Although a backlog does exist, PERB continues to address it, while at the same time, issuing timely decisions in the more recent cases being brought before it.

At PERB's March 2016 performance hearing, Charles Murphy, Chairperson of the Board, testified that in fiscal year 2015, PERB held 12 monthly meetings and issued 57 decisions.⁵³ Additionally, Mr. Murphy noted that during fiscal year 2015, 78 new cases were opened, 127 cases were closed, and 21 hearings were conducted by the agency.⁵⁴ A number of the cases closed included ones that were considered part of PERB's backlog (i.e. cases that were opened prior to 2009 when the Board lacked a quorum to operate).⁵⁵ At this point last year, PERB still had a

⁵² The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

⁵³ Murphy 3.3.16 written testimony at 3.

⁵⁴ *Id.*

⁵⁵ C. Martin's 3.3.16 oral testimony.

backlog of 40 cases, but in the past year, that number has been reduced down to just eight.⁵⁶ PERB hopes to close those eight by the end of the year, at which point PERB's backlog will finally have been eliminated.⁵⁷

The Committee applauds PERB for its progress in the last year and is optimistic that the Board will be able to accomplish its goal of eliminating its backlog by the end of the year. In last year's budget report, the Committee expressed concern about PERB's ability to issue timely decisions and expressed cautious optimism in the Board's ability to handle its backlog. The Committee no longer holds the concerns discussed last year. Additionally, the Committee praises Ms. Martin for her leadership over the past few years as Executive Director of PERB, as she is directly responsible for the dramatic reductions, and ultimately elimination, in PERB's case backlog.

Training: In addition to PERB's adjudicatory duties, the Board, at the request of the Council, began offering labor relations training to District agency managers and labor union representatives in fiscal year 2015.⁵⁸ Over the past two years, PERB has provided courses on such issues as the duty to bargain and the duty to representation, in an effort to aid agency managers and labor union representatives in taking a more proactive and collaborative approach to labor relations.⁵⁹ The hope is that this training will lead to less cases being brought before either Superior Court or PERB.

While this training has been successful over in fiscal years 2015 and 2016 (to date), the Mayor's proposed fiscal year 2017 budget for PERB does not include the \$25,000 needed to continue the training in the future. Thus, at PERB's budget hearing in April, Ms. Martin requested additional funds to continue, and if possible, to expand the training. Given that the training was begun at the behest of the Council, as well as the interest from both managers and labor representatives alike, the Committee believes that PERB should continue offering these training courses in fiscal year 2017. Thus, the Committee recommends an addition of \$25,000 be added to PERB's budget for this purpose. Moving forward, the Committee requests that PERB provide it with a detailed plan, by March 1, 2017, on: (1) how it proposes to expand its trainings, including in the description a plan for how PERB proposes to attract more managers, as well as labor representatives; (2) an explanation on how PERB expects to balance this expanded role without a disruption to its adjudicatory functions and without additional FTEs; and (3) how PERB's expanded trainings would complement, and not conflict with, the role of the Office of Labor Relations and Collective Bargaining or the District's Department of Human Resources.

⁵⁶ *Id.*

⁵⁷ *Id.*

⁵⁸ Martin 4.7.16 written budget testimony, page 3. The Council provided \$25,000 in the FY 15 and FY 16 budgets for this training.

⁵⁹ Martin 4.7.16 written budget testimony, page 3. PERB has offered eight courses annually, with approximately 50 individuals attending each training. Many of the courses have repeat attendees, as PERB offers a certificate of completion to an individual who has attended at least six of the eight courses within a year. Martin 4.7.16 oral budget testimony.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2017 Operating Budget

The Committee recommends the following changes to the fiscal year 2017 budget for the Public Employee Relations Board as proposed by the Mayor:

1. Increase of \$25,000.00 in Activity 2001 – Legal Support, CSG 41 – Contractual Services, Local Funds (Restoration of Training Funds).

Policy Recommendations

1. Committee requests that PERB provide it with a detailed plan, by March 1, 2017, on: (a) how it proposes to expand its trainings, including in the description a plan for how PERB proposes to attract more managers, as well as labor representatives; (b) an explanation on how PERB expects to balance this expanded role without a disruption to its adjudicatory functions and without additional FTEs; and (c) how PERB's expanded trainings would complement, and not conflict with, the role of the Office of Labor Relations and Collective Bargaining or the District's Department of Human Resources.

OFFICE OF EMPLOYEE APPEALS

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of the Office of Employee Appeals (OEA) is to render impartial, legally sufficient, and timely decisions on appeals filed by District government employees. OEA has jurisdiction over appeals in which an employee has been removed as a result of an adverse action for cause, placed on enforced leave for 10 days or more, suspended for 10 days or more, reduced in grade, or been subject to a reduction in force.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2017 Operating Budget⁶⁰

The Mayor's fiscal year 2017 budget proposal for the Office of Employee Appeals is \$1,795, an increase of \$51, or 2.9 percent, over the current fiscal year. The proposed budget supports 15.0 FTEs, representing no change from the current fiscal year.

⁶⁰ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

**Table XX-A: Agency Name Here;
Total Operating Funds Budget FY 2011-2017**

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	1,116	1,343	1,439	1,465	1,525	1,745	1,795
FTEs	11.2	12.0	13.9	14.3	13.7	15.0	15.0

Source: Budget Books (dollars in thousands)

Local Funds: The funding for this agency is comprised entirely of local funds.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2017 budget and agency performance over the last year.

Adequate Resources: The Mayor's proposed fiscal year 2017 budget for OEA is approximately \$50,000 above its fiscal year 2016 budget. Specifically, OEA's proposed budget includes a \$68,000.00 increase in personnel services and an \$18,000 decrease in the agency's non-personnel services (NPS) budget. The \$68,000 increase includes a \$50,000 increase needed to maintain OEA's current services funding level (CSFL) and approximately a \$18,000 increase needed to maintain competitive salaries for the agency's deputy general counsel and one of OEA's hearing examiners. To offset the \$18,000 increase above OEA's CSFL, OEA's proposed fiscal year 2017 NPS budget has been reduced by that same amount.

While \$18,000 does not seem like a large cut, OEA's Executive Director, Sheila Barfield, testified at the agency's budget hearing that the resulting decrease in NPS will have a detrimental effect on the agency's ability to conduct evidentiary hearings. Specifically, Ms. Barfield testified that a court reporter must be present at every one of OEA's evidentiary hearings and every meeting of OEA's governing Board.⁶¹ Thus, in fiscal year 2015, OEA spent \$45,899 in court reporting services and is on track to spend similar amounts in fiscal year 2016.⁶² However, OEA's proposed fiscal year 2017 budget only includes \$37,407 for these costs. Thus, Ms. Barfield has requested additional NPS funds in order to be able to meet the projected court reporting costs for the agency in the coming fiscal year.

Without these additional funds, OEA will not be able to hold evidentiary hearings, nor will its governing Board be able to meet once the agency has depleted the funding allocated for court reporting. This would result in cases sitting in limbo, possibly for several months, until fiscal year 2018 has begun, thereby giving OEA access to funds to pay for the needed court reporting. Given that OEA has made a concerted effort to slash its case backlog over the past few years and that

⁶¹ Barfield 4.7.16 Budget Testimony at 3.

⁶² *Id.*

employees would have to go possibly months before having their cases resolved, the Committee believes it would be a mistake not to reverse the cut to OEA's NPS budget. Thus, the Committee recommends that OEA's NPS budget be increased by \$18,000 to cover the necessary court reporting costs associated with OEA's evidentiary hearings and governing Board meetings.

Website: In addition to the funds needed to cover the projected court reporting costs in fiscal year 2017, Ms. Barfield also testified to the need for funds to cover an upgrade to the agency's website.⁶³ At both OEA's performance hearing in March and at its budget hearing in April, Ms. Barfield explained that she wanted to upgrade OEA's website to make it easier for individuals to search OEA's cases by subject matter, and thus make the agency more transparent with regard to the cases and issues before it.⁶⁴ However, the total cost of the website upgrade is approximately \$112,000, which OEA does not have within a single fiscal year, and so Ms. Barfield has planned to carry out the website upgrade in phases, beginning with this fiscal year and completing it in fiscal year 2018.⁶⁵ Yet, in order to proceed with this plan, OEA will need at least \$36,000 additional NPS funds in fiscal year 2017 and an additional \$40,000 in fiscal year 2018.⁶⁶ Ms. Barfield has identified \$36,000 within OEA's current budget to begin the website upgrade during fiscal year 2016 but does not want to begin a project that will be on hold indefinitely if the additional funds necessary to complete the upgrade are not available in future fiscal years. As the Committee supports the website upgrade and believes that OEA should increase its transparency, it recommends an increase of \$36,000 to OEA's fiscal year 2017 budget to support the continued upgrade to the agency's website.

Board Vacancy: OEA is comprised of administrative law judges (ALJs), who make initial determinations in the cases brought before the agency, and a governing Board of five individuals to whom an individual may appeal if he or she disagrees with the initial determination by one of the agency's ALJs. One of the five Board members serves as the Chairperson of the Board, and the Chairperson is responsible for appointing both the agency's Executive Director and its general counsel.⁶⁷ Moreover, the Executive Director reports to the Chairperson of the Board.⁶⁸ If the Chairperson is not present or becomes disabled, the Vice Chairperson shall step in and carry out the duties of the Chairperson.⁶⁹ Since October 2015, the Board has lacked a permanent Chairperson.⁷⁰ At OEA's budget hearing in April, Ms. Barfield indicated that the Mayor appointed the Vice Chairperson to serve as the interim Chairperson while the Mayor's Office of Talent and Appointments (MOTA) determines whether the Vice Chairperson will be asked to take over as the Chairperson on a permanent basis or whether the Mayor will appoint a different individual to serve as Chairperson of the Board.⁷¹

⁶³ Barfield 4.7.16 Budget Testimony.

⁶⁴ *Id.* And 3.3.16 performance testimony.

⁶⁵ *Id.*

⁶⁶ *Id.*

⁶⁷ D.C. Code § 1-606.01(g)

⁶⁸ *Id.*

⁶⁹ *Id.*

⁷⁰ Barfield 3.3.16 performance oral testimony.

⁷¹ Barfield and Lakeisha's 4.7.16 oral budget testimony.

The Committee is concerned by the lack of expediency on the part of MOTA and the Mayor to identify and appoint a permanent Chairperson to OEA's governing Board. Almost six months passed before the Vice Chairperson was even appointed interim Chairperson of the Board. Moreover, the Vice Chairperson spot on the Board is now vacant, meaning that a vacancy still persists on the Board. Additionally, two Board members had terms that expired in April and who can only serve in a holdover capacity until October.⁷² If the Mayor does not fill the Vice Chairperson vacancy or the vacancies that will occur in October due to the expiration of the terms of the other two members of the Board, OEA's governing Board will lack a quorum, at which point OEA will then begin to accrue a backlog at no fault of its own. This is deeply troubling to the Committee. The ability of OEA to hear cases and appeals is vital to labor relations in the District, particularly for non-unionized employees who do not have unions to advocate on their behalf. Thus, the Committee strongly urges MOTA, and the Mayor, to identify and appoint individuals to the three available seats on OEA's governing Board.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2017 Operating Budget

The Committee recommends the following changes to the fiscal year 2017 budget for the Office of Employee Appeals as proposed by the Mayor:

1. Increase of \$18,000.00 in Activity 2002 – Appeals, CSG 41 – Contractual Service, Local Funds (Restoration of NPS for Court Reporting).
2. Increase of \$36,000.00 in Activity 2002 – Appeals, CSG 40 – Other Services and Charges, Local Funds (Website Improvements).

Policy Recommendations

1. The Committee strongly urges MOTA, and the Mayor, to identify and appoint individuals to the three available seats on OEA's governing Board.

⁷² Lakeisha's 4.7.16 oral testimony.

METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

“Region Forward” is the mission and commitment by the Metropolitan Washington Council of Governments (COG). COG’s member governments include 22 local jurisdictions. Also participating are representatives of the Maryland and Virginia State Legislatures, as well as the U.S. Congress. The member governments work together on a variety of issues regarding transportation, public safety, the environment, and human services. COG’s overarching mission is to make “Region Forward” a reality by being a discussion forum, expert resource, issue advocate, and catalyst for action. COG fulfills its mission by fostering cooperative relationships among government bodies throughout the metropolitan region, advocating quality of life for all, promoting better air and water quality, promoting a multi-modal transportation system that prioritizes management, performance, maintenance, and promoting regional emergency response coordination planning.

For nearly 60 years, COG has helped tackle metropolitan Washington’s biggest challenges; such as restoring the Potomac River, ensuring that the Metrorail system was fully built, and strengthening emergency preparedness after September 11, 2001. Most recently COG has been tasked with helping the three jurisdictions develop a new State Safety Oversight Agency for the Metrorail system, the Metro Safety Commission. COG is supported by financial contributions from its participating local governments, federal and state grants and contracts, and donations from foundations and the private sector.

II. MAYOR’S PROPOSED BUDGET

Mayor’s Proposed Fiscal Year 2017 Operating Budget:⁷³

The Mayor’s fiscal year 2017 budget proposal for the MWCOG is \$495, an increase of \$23, or 4.8 percent, over the current fiscal year. The proposed budget supports no FTEs, representing no change from the current fiscal year. This represents the District’s annual payment to MWCOG and is equal to the dues requested by MWCOG.

⁷³ The Mayor’s proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

**Table EA-A: Metropolitan Washington Council of Governments;
Total Operating Funds Budget FY 2011-2017**

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	495	396	408	428	450	472	495
FTEs	0	0	0	0	0	0	0

Source: Budget Books (dollars in thousands)

Local Funds: The Mayor's proposed budget is \$495, an increase of \$23, or 4.8 percent above the current fiscal year. The proposed budget supports no FTEs, representing no change from the current fiscal year.

III. COMMITTEE COMMENTARY

Funding Formula: Funding for MWCOG is determined by a funding formula based in large part on the population of each of the member jurisdiction. As population grows, each jurisdiction can count on owning more in MWCOG dues up to a five percent cap in any given year.

Under MWCOG's bylaws, member contributions are calculated based on a prorated share of the region's population. Based on work program priorities and revenue requirements, each fiscal year an assessment rate is applied to population forecasts for each MWCOG member jurisdiction. Based on population estimates, the District's FY 2017 proposed contribution to MWCOG is \$495, up from \$472 from the previous year. The adopted assessment rate for FY 2017 was 72.5 cents per capita, representing an increase of 1.5 cents per capita over the current fiscal year. The FY 2017 assessment change for the District of Columbia is below the five percent cap.

Dues from member jurisdictions account for approximately 13 percent of MWCOG's total budget. This funds regional programs, such as the Cooperative Purchasing Program which gives member jurisdictions the ability to save money by participating in certain contracts, such as cooperating with Maryland to obtain a bulk rate for road deicing chemicals. The remaining 87 percent represents funding from federal and state contracts that involve regional projects, including transportation and homeland security projects.

IV. COMMITTEE RECOMMENDATIONS

Agency Operating Budget:

The Committee recommends no change to the fiscal year 2017 budget for the Metropolitan Washington Council of Governments as proposed by the Mayor.

Policy Recommendations:

1. The Committee recommends that MWCOG should continue to implement programs and policies to increase regional cooperation and foster regionalism, especially leading the charge with the formation of the Metro Safety Commission.

STATEHOOD INITIATIVES AGENCY

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of the Statehood Initiatives Agency (SIA) is to allow for the development and implementation of a coherent and effective means to promote statehood for the District of Columbia through lobbying efforts in Congress, education of District residents and citizens throughout the United States, and to align the efforts of various stakeholder groups who advocate for District of Columbia statehood. The SIA provides funding for the executive director of the Office of the Statehood Delegation (OSD) and the New Columbia Statehood Fund, both of which are designed to support the efforts of the District's elected Statehood Delegation.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2017 Operating Budget⁷⁴

The Mayor's fiscal year 2017 budget proposal for the Statehood Initiatives Agency is \$234, an increase of \$5, or 2.0 percent, over the current fiscal year. The proposed budget supports 1.0 FTEs, which represents no change from the current fiscal year.

⁷⁴ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

**Table AR-A: Statehood Initiatives Agency;
Total Operating Funds Budget FY 2011-2017**

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	0	0	0	0	137	230	234
FTEs	0	0	0	0	2.2	1.0	1.0

Source: Budget Books (dollars in thousands)

Local Funds: The Mayor's proposed budget is comprised entirely of local funds.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2017 budget and agency performance over the last year.

Implementation of the NCSC: The New Columbia Statehood Initiative and Omnibus Boards and Commissions Reform Amendment Act of 2014 created the New Columbia Statehood Commission, the Office of the Statehood Delegation, and the New Columbia Statehood Fund. The Commission and Delegation are both budgeted for under the Statehood Initiatives Agency in the budget, and funds from the Statehood Fund would also be reflected in this agency.

The budget as recommended by the Mayor reflects \$234,000.00 in local funding to support the Commission and the Delegation. These funds are to support the District's outreach and lobbying efforts regarding legislative autonomy, budget autonomy, and the ultimate goal of full statehood for the District, including paying the salary of the Executive Director of the OSD. The fund is also envisioned to capture dollars raised by the District as part of the tax check-off box. However, as proposed by the Mayor, the budget does not include the o-type special purpose revenues generated in the past and current fiscal years. There is currently a fund balance of \$89,000.00 from the tax check off. These funds have not previously been budgeted because of the concern that as soon as they become appropriated funds, the Commission and Delegation may not use the funds as they had before the creation of the Commission because the tax check off dollars were not appropriated and therefore did not have to comply with certain District laws such as the purchase of food. The Committee recommends later in this report Budget Support Act language that would allow the Commission to spend limited funds on such expenses.

The Committee is recommending a \$45,000.00 in special purpose revenue authority in this budget so that the tax check off funds may be loaded in to the agency's budget. Historically, the tax check off has raised \$30,000 to \$40,000 per year. The Committee also expects that some fund balance will be made available to the Commission as part of the FY 2016 supplemental budget. The Committee believes that the remaining fund balance should supplement future tax check off balances rather than spending the entire balance in a single year.

The Committee also notes that the enabling legislation creating the fund also allows for fundraising dollars to supplement the fund.

**Table AR-B: Statehood Initiatives Agency;
Tax Check-Off Funds Raised FY 2010-2016**

FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016*
\$13,521.89	\$35,258.06	\$32,013.16	\$26,630.19	\$26,166.59	\$38,247.00	\$14,803.91

* As of March 2016.

Better Budgeting and Planning by the Commission and the Delegation: The Committee was critical during the oversight hearing for the New Columbia Statehood Commission over the perceived lack of a realistic budget. The Commission has funded a series of one-off initiatives such as advertising, sponsorships, and other. What the Commission and the Delegation have yet to put forward is a comprehensive, multi-year statehood strategy which would include the funding necessary to implement the strategy. If such a plan were adopted, the Committee would take more seriously requests for additional local funds for the Commission. The budget must follow the needs identified by the plan, not the other way around. The Commission and the Delegation should think of development of a compressive as an opportunity leverage additional budgetary support from the Committee in the future. However, until that time, the Committee seeks only to budget for the necessary staff at the Commission and non-personal services.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2017 Operating Budget

The Committee recommends the following changes to the fiscal year 2017 budget for the Statehood Initiatives Agency as proposed by the Mayor:

1. Increase of \$42,000.00 in Program 3010 – New Columbia Statehood Commission, CSG 40 – Other Services and Charges, Special Purpose Revenue Funds.

Policy Recommendations

1. The Committee recommends that the Commission develop a comprehensive, multi-year strategy to achieve statehood and develop future budget requests to support the plan.
2. The Committee recommends that the Commission and the Delegation increase efforts to fundraise dollars for the Fund.

OFFICE OF BUDGET AND PLANNING

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The Office of Budget and Planning (OBP) is a component of the Office of the Chief Financial Officer (OCFO). OBP prepares, monitors, analyzes, and executes the District's budget, including operating, capital and enterprise funds, in a manner that ensures fiscal integrity and maximizes service to taxpayers. Additionally, OBP advises policymakers on the District government's budget and has primary responsibility for expenditure forecasts.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2017 Operating Budget

The Mayor's fiscal year 2017 budget proposal for the Office of Budget and Planning is \$6,365, an increase of \$173, or 2.8 percent, over the current fiscal year. The proposed budget supports 42.0 FTEs, which represents no change from the current fiscal year.

**Table ATX-A: Office of Budget and Planning;
Total Operating Funds Budget FY 2011-2017**

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	5,076	4,883	4,834	5,047	5,364	6,191	6,365
FTEs	44.9	40.4	40.1	41.3	42.0	42.0	42.0

Source: Budget Books (dollars in thousands)

Local Funds: The funding for this account is comprised entirely of local funds.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2017 budget and agency performance over the last year.

Financial Management Systems: In 1996, former Chief Financial Officer Anthony Williams implemented the System of Accounting and Reporting (SOAR) initiative to improve on the previous financial management system which was unable to provide timely and reliable

financial reports. In July 2011, OBP and the OCFO began work on a new financial management system to replace SOAR. This system would include a component known as the Budget Management and Planning System (BMAPS) to replace the current Budget Formulation Application.

Unfortunately, while SOAR and BMAPS were originally envisioned to be in place for the fiscal year 2013 budget process, the project has been put on hold. Instead, the OCFO will focus on development of its integrated tax system modernization project. Meanwhile, the FY 2016 capital budget included \$44.5 million in the capital plan, in addition to \$21 million in unspent available allotments. However, the Mayor's FY 2017 proposal zeros those funds out except for \$5.5 million in FY 2022. This cut effectively shuts down efforts to develop a comprehensive budget system in the next five years. Instead, OBP explained that it plans to use the existing allotments to support more *ad hoc* agency budget applications to make work better the current systems in place in developing the budget. The Committee is very concerned over the lack of funding commitment to this important program and worries that funding necessary to maintain current systems will continue to rise with no replacement in sight.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2017 Operating Budget

The Committee recommends no change to the fiscal year 2017 budget for the Office of Budget and Planning as proposed by the Mayor.

Committee's Recommended Fiscal Year 2017 Capital Budget

The Committee recommends adoption of the fiscal year 2017 capital improvement plan budget for the Office of Budget and Planning as proposed by the Mayor.

Policy Recommendations

1. The Committee recommends that OBP maximize the capital resources available to make necessary improvements to its IT systems to prevent system degradation and obsolescence.

DEPUTY MAYOR FOR PLANNING AND ECONOMIC DEVELOPMENT
Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The Office of the Deputy Mayor for Planning and Economic Development (DMPED) assists the Mayor in the coordination, planning, supervision, and execution of programs, policies, proposals, and functions related to economic development in the District of Columbia. DMPED sets development priorities and policies, coordinates how the District markets itself to businesses and developers, and recommends and ensures implementation of financial packaging for District development, attraction, and retention efforts. DMPED also focuses on outreach to the business community and neighborhood stakeholders and forges partnerships between government, business, institutions, and communities to foster economic growth for residents of the District.

DMPED's major programs include: Business Development, Project Investment; and Real Estate Development. Together, these programs support and promote local businesses with grant funding, attract industry and foreign investment through outreach, provide workforce training and education, and facilitate redevelopment of government-owned surplus property.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2017 Operating Budget⁷⁵

The Mayor's fiscal year 2017 budget proposal for the Deputy Mayor for Planning and Economic Development (DMPED) is \$36,204, a decrease of \$3,668, or 9.2 percent, under the current fiscal year. The proposed budget supports 79.0 FTEs, a decrease of 7.0 FTEs, or 8.2 percent, under the current fiscal year.

**Table EB-A: Deputy Mayor for Planning and Economic Development;
Total Operating Funds Budget FY 2011-2017**

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	19,288	17,885	20,543	36,456	34,499	39,872	36,204
FTEs	54.2	50.2	60.0	67.2	79.5	86.0	79.0

Source: Budget Books (dollars in thousands)

⁷⁵ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

Local Funds: The Mayor's proposed budget is \$13,473, a decrease of \$4,078, or 23.2 percent, under the current fiscal year. The proposed budget supports 67.5 FTEs, a decrease of 3.4 FTEs, or 4.8 percent, under the current fiscal year.

Special Purpose Funds: The Mayor's proposed budget is \$20,975, an increase of \$2,148, or 11.4 percent, over the current fiscal year. The proposed budget supports 9.0 FTEs, which is no change from the current fiscal year.

Federal Funds: The Mayor's proposed budget is \$1,756, a decrease of \$838, or 32.3 percent, under the current fiscal year. The proposed budget supports 2.5 FTEs, an increase of 0.2 FTEs, or 8.7 percent, over the current fiscal year.

Private Funds: The Mayor's proposed budget is \$00,000, an increase/decrease of \$000, or 0.0 percent, over/under the current fiscal year. The proposed budget supports 00.0 FTEs, an increase/decrease of 00.0 FTEs, or 00.0 percent, over/under the current fiscal year.

Intra-District Funds: The Mayor's proposed budget is \$0, a decrease of \$900, or 100.0 percent, under the current fiscal year. The proposed budget supports 0.0 FTEs, a decrease of 3.8 FTEs, or 100.0 percent, under the current fiscal year.

Mayor's Proposed Fiscal Year 2017 Capital Budget⁷⁶

The Mayor's capital improvements plan includes \$180,966 for DMPED over the 6-year plan. The plan authorizes \$65,266 for fiscal year 2017, \$35,200 for fiscal year 2018, \$37,000 for fiscal year 2019, \$17,000 for fiscal year 2020, \$17,000 for fiscal year 2021, and \$9,500 for fiscal year 2022.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2017 (FY 2017) budget and agency performance over the last year.

Great Streets Program: The Great Streets Small Business Capital Improvement Grants are competitive, reimbursable grants of up to \$85,000 for small business owners to improve their place of business. The purpose of the grants is to support existing small businesses, attract new businesses, increase the District's tax base, create new job opportunities for District residents, and transform emerging commercial corridors into thriving and inviting neighborhood centers. The grant program is administered by DMPED and utilizes a competitive application process. Only business owners with locations along the Great Streets corridors may apply for these grants.

⁷⁶ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

The origin of the current great streets program was in the creation of retail priority areas in the District established by the Retail Incentive Act of 2004.⁷⁷ Broadly the idea behind that legislation was for the Mayor to identify retail priority areas throughout the District which would then utilize tax increment financing (TIF) in order to stimulate local retail business development. In 2010, these TIF funds were made available through the H Street Retail Priority Area Grant Fund to provide grants to assist retail development projects which generate new jobs in new or improved existing retail space.⁷⁸

The FY 2014 budget established that any funds allocated in the budget, in addition to TIF funding, for Great Streets could be used to support revitalization programs in Retail Priority Area corridors. Such programs could include small business retention programs, neighborhood branding, blight mitigation, property redevelopment, streetscape improvements, and beautification programs.⁷⁹ As part of the FY 2016 budget, the Council set aside up to \$4 million of the H Street Retail Priority Area Grant Fund to fund Great Streets grants in other Great Streets corridors.⁸⁰

The Great Streets Corridors currently include the following areas:

- 7th St., N.W.
- Connecticut Ave., N.W.
- Georgia Ave., N.W.
- H St, N.E. – Bladensburg Rd., N.E.
- Minnesota Ave., N.E.–Benning Rd., N.E.
- Martin Luther King, Jr. Ave.–South Capitol St., S.E./S.W
- Nannie Helen Burroughs Ave., N.E.
- New York Ave., N.E.
- North Capitol St., N.E./N.W.
- Pennsylvania Ave., S.E.
- Rhode Island Ave., N.E.
- U St. -14th St.
- Tenleytown Retail Priority Area

The Great Streets grants were originally set up as a cost reimbursement model whereby if a business was awarded a grant after the application process, the owner would complete the approved capital improvements and could then receive reimbursement after verifying the funds had been spent in accordance with the terms of the grant. In FY2016, the Committee recommended in its budget report on DMPED that these grants could be administered so that reimbursements to grantees could proceed more readily by prepaying a portion of the grants to reduce cash flow pressures on businesses. In response, DMPED has successfully piloted an approach of providing 25 percent of the grant award up front. The Committee is pleased with this development and encourages additional improvements to the program to maximize its value across all of the corridors.

Two strategies were discussed during the FY 2017 budget hearings to further increase the efficiency and effectiveness of the great streets grants. First, one witness testified that businesses should be able to apply jointly in geographic clusters on the theory that improvements in consolidated groups could provide exponential positive economic impact. Second, witnesses

⁷⁷ D.C. Law 15-185 (eff. Sep. 8, 2004).

⁷⁸ D.C Official Code § 1-325.173 (2016).

⁷⁹ Fiscal Year 2014 Budget Support Act of 2013, D.C. Law 20-61 § 8032, D.C. Official Code § 2-1217.73b (2016).

⁸⁰ Fiscal Year 2016 Budget Support Act of 2015, D.C. Law 21-36 § 2022, D.C Official Code § 1-325.173 (2016).

expressed support for continuing the up-front funding of grants of the first quarterly allotments. The idea of expanding this to a rolling series of quarterly allotments whereby a grantee would get the first allotment, and upon proof of permissible spending under the allotment could qualify for an additional quarterly allotment until funds under the grant had been exhausted. The Committee believes that these could both be effective strategies to maximize the value of this grant program.

In FY 2016, \$8 million was budgeted for the Great Streets program funded through the H Street Retail Priority Area Grant Fund, with \$4 million set aside for the H Street Retail Priority. The proposed FY 2017 budget contains \$9.384 million in Great Streets funding made up of \$8.25 million from the H Street Retail Priority Area Grant Fund and the balance in local funds. However, DMPED testified at the FY 2017 budget hearing that the proposed budget overstates the total⁸¹ funding level was overstated and should have been only \$8.384 million.⁸² This is also the level that many witnesses at DMPED's budget hearing testified that they were seeking for the Great Streets program. The Committee strongly supports the Mayor's increase in funding for the upcoming fiscal year at the intended level of \$8.384 million. The Committee also notes the high level of positive feedback on the current program, including the possible improvements discussed above.

McMillan Development: The McMillan Reservoir Slow Sand Filtration Site (McMillan Site) was conveyed to the District by the federal government in 1987. Prior to that, the site had been operational as a slow-sand water filtration system for 70 years. The property features two paved service courts that divide the site into three large, grassy open spaces. These open spaces are the roofs of 20 unreinforced concrete filter beds that were covered by a thick layer of sand.

Between 1987 and 2014, a series of transactions occurred whereby the McMillan was transferred to the now-defunct National Capital Revitalization Corporation (NCRC), and back to the District. In 2006, while under the control of the NCRC, Vision McMillan Partners (VMP), a partnership between three development companies: Trammel Crow Company, EYA, and Jair Lynch Development Partners, was selected as a "land development partner" for the site. Subsequently, NCRC was dissolved and the project came under the authority of the DMPED. Then, in 2007, the terms of the development deal were revised and VMP was named as master developer of the entire site.

That decision set off a firestorm of criticism from a group of concerned citizens, generally members of the McMillan Advisory Group (MAG), who feel that DMPED has ignored community input since it took the project back over. The MAG has, for years, criticized DMPED for its handling of the McMillan Site. Opponents have lined up at hearing after hearing to speak out against the project with some going so far as to accuse DMPED as corrupt. They allege that DMPED has paid contractors to lobby the Council and discredit community opponents, has significantly undervalued the land, may be failing to properly oversee the reimbursements paid for predevelopment costs, has not appropriately planned for the increase in traffic the project will

⁸¹ See testimony of Sean Moore, Congress Heights Community Training and Development Center and Thomas Dawes, Development Corporation of Columbia Heights (on file with the Committee and Council Hearing Records)

⁸² Oral Testimony of Andrew Trueblood.

bring to the area. The Council's eventual approval of the disposition of the McMillan Site in 2014, reaffirmation of that approval by granting of an extension in November 2015, and emergency legislation adopted by the Council providing a clarification to the law to allow contracts with VMP to move forward in April 2016 have all served to further upset the group.

The Committee concedes that the chasm between the government and the pro-McMillan preservation groups may be unbridgeable at this point. This is the result of a history of miscommunication on the part of DMPED over the years such as the role of a public relations firm hired by DMPED, leading to distrust, and now anger. In an October 2015 flyer, this anger was highlighted in a Halloween themed poster relating to McMillan in which the Friends of McMillan labelled DMPED as a devil along with the development partners.⁸³ The Committee, however, believes that DMPED should use the McMillan experience to find ways to be more cooperative and more communicative in sharing information about its real estate projects with the public in the future, given the large number of potential development deals working their way through DMPED.

The Committee also notes that \$235,000 is budgeted in the Mayor's recommendation for "Community Outreach" in activity 2020. These funds are comprised entirely of contractual services spending. As was evidenced by the McMillan project, the use of contractors to engage the community may not be as effective as agency leaders themselves engaging directly with residents and stakeholders. The Committee urges caution in relying on contract staff in this important area.

Coordination with Private Development: DMPED's core mission is to coordinate, plan, supervise, and execute programs, policies, proposals, and functions related to economic development in the District of Columbia. Most of the work of DMPED seems to be focused on those projects to which the District is a party. However, the Committee believes that more can be done by DMPED to coordinate and promote economic development projects for which the District is not a party by providing either land or resources to a project. DMPED should recognize that facilitating private development should be as high of a priority as creating development through the disposition of District property.

A recent, prime example of a development that could benefit from more engagement with DMPED is the Union Market redevelopment in Ward 5. In that development, the developers have made clear the need for infrastructure improvements to facilitate various buildings and projects. Without coordination, each development would require piecemeal infrastructure improvements which could lead, for example, to tearing up public or private streets multiple times, which can slow individual projects and waste opportunities for coordinated improvements that benefit all.

DMPED has indicated that it is taking steps to bring together the various developers along with utilities and District agencies to discuss phasing. DMPED estimates the total infrastructure need to be approximately \$146 million phased in over four to five years.⁸⁴ Last year, as part of

⁸³ <http://www.washingtoncitypaper.com/blogs/citydesk/2015/10/30/save-mcmillan-park-group-wants-to-exorcise-district-devils-from-planned-development/>

⁸⁴ Follow up responses

the FY 2016 budget, the Council authorized a tax increment financing mechanism (TIF) that could provide a funding mechanism for the Union Market projects. According to DMPED, there has been no formal application for a TIF from any entity. DMPED has repeatedly emphasized that the District controls very little property other than the streets in the area, and it is therefore in a position only to provide some support. A follow up response to the budget hearing stated that “[T]he District is not in control of the land and these infrastructure upgrades would benefit the private landowners in the area...”

Another major development project is the Burnham Place development that will include a major expansion of Union Station and new development on air rights over the Amtrak tracks to include residential and office space. Again, DMPED emphasizes that the development is on land that is not owned by the District and that its role is that of assisting with coordination of the various entities involved in the project. However, a major component of that will allow the development to move forward is the replacement of the H Street “Hopscotch” Bridge by the District Department of Transportation. Such a narrow view misses the tremendous transformation that this project will bring not only to the neighborhood surrounding Union Station and H Street, but to the District as a whole in completing a major transportation hub at the southern terminus of Amtrak’s Northeast Corridor and adjacent to new office and housing stock.

In a legal sense it is true that where District land is not involved in a real estate transaction, DMPED has no formal legal obligations or responsibilities. However, DMPED is the District’s lead agency for economic development with direct authority over the District’s lead planning agency. DMPED should assume a more active and assertive role when it comes to private development because it is uniquely positioned to coordinate developers, District agencies, and other entities.

Development Deal Negotiations: DMPED is responsible for negotiating deals with private developers for the development of District owned properties. Unlike in private developments, developing on District-owned land carries additional requirements, not the least of which is a requirement for at least 30 percent affordable housing. The affordability requirement has the effect of lowering the value of a parcel of land because a developer cannot take advantage of the full market rate of the property. However, the requirement has a tremendous positive impact for the District and its residents by ensuring that District-owned land is sold to the benefit of residents, especially lower and middle income residents who benefit from additional affordable housing.

The District should be in a very strong negotiating position with its surplus land, much of which is near Metro stations and other areas where demand for additional development is high. It is therefore in the best interests of the District to negotiate projects which maximizes community benefits, maximizes affordable housing availability, and maximizes monetary returns to the District. Unfortunately, the Committee has seen time and again the District squander opportunities to get a better deal for residents.

A prime example of this was the transformative project proposed for 965 Florida Avenue, NW, which would include a new grocery store, 30 percent deeply affordable units, and environmental remediation of a currently vacant lot. The land had a market value of \$27.6 million,

which would be the value if not for the requirements under District law. By the end of the negotiation, DMPED agreed to a deal whereby the District would sell the land to the developer in fee-simple for only \$1.4 million, with a deduction of \$1 million for remediation by the District, leaving an effective purchase price of only \$400,000. This is despite DMPED's own appraisal of the property, taking into account the affordability requirements, which valued it at over \$5 million. This leaves a gap of \$4 million between what DMPED's own appraisal of the land with the affordability conditions and what the District got out of the deal.

The Committee is concerned that the District, and DMPED specifically, could be more aggressively negotiating deals that provide additional benefits to the District. District land, especially in areas ripe for development, such as 965 Florida, can be extremely valuable and the District should assert its considerable leverage to maximize benefits to the District and the community. The Committee has committed to continuing to use its oversight to press DMPED to get better deals before they are approved by the Council, as was the case with the recent soccer stadium. This is important because once a project is approved by the Council, there is very little opportunity to extract any more value.

Permanent Affordability Covenants: The Committee continues to be concerned over the lack of permanent affordability covenants in District land development agreements. As discussed above, District law requires that 30 percent of residential units be set aside as affordable when land is conveyed by the District to a developer. The land development agreements, in turn, include an affordability covenant which binds the development, regardless of an eventual owner, to the affordability requirement. However, many development agreements negotiated with DMPED include only an affordability period “for the life of the building.”⁸⁵ Most recently, the development deals for the Grimke School⁸⁶ and for 8th and O Street⁸⁷ contained such a covenant.

The Committee has questioned the Deputy Mayor on what the exact length of time this phrase intends and has not received a definitive answer. However, the generally accepted understanding indicates that “the life of the building” means about 40 years. The Committee does not see why the affordability covenant should be limited thus. Through these developments, the city is agreeing to sell valuable public land at a discounted price to subsidize the high cost to the developer of providing the affordable housing the law requires. In essence, the city is paying for the affordable units. If the developer will have the benefit of owning or leasing the property beyond 40 years, why should the developer be permitted to stop providing the affordable housing for which the purchase price was so significantly discounted? Moreover, the difference in present value for a project with an affordability covenant for 40 years versus an affordability covenant in perpetuity is negligible.

⁸⁵ See e.g. *Land Disposition and Development Agreement: Disposition and Development of Certain Parcels of Land Located at 1923 Vermont Avenue, N.W., and 912 U Street, N.W.*, Attachments to PR 21-336, the “Grimke School, N.W., Disposition Approval Resolution of 2016,” Form of Affordable Housing Covenant, Exhibit B (p. 19).

⁸⁶ Resolution 21-376, effective Feb 2, 2016.

⁸⁷ Resolution 21-374, effective Feb. 2, 2016.

The city is in critical need of affordable housing now, will foreseeably be in need of it in 40 years, and likely will continue to be in need of it beyond 40 years. When an affordable housing building suddenly loses its status as affordable, an immediate housing crisis is created for the residents in that building. This exact circumstance is happening today at the Museum Square Apartments in Mount Vernon—the subject of two lawsuits and the Council’s concern.⁸⁸ The Committee believes strongly that the affordability covenant in this and all similar land disposition deals should be in perpetuity. In relation to the projects cited above, the Committee recommended that DMPED revisit the covenants and extend them in perpetuity, although it is not clear whether they heeded that recommendation.

The Committee continues to recommend that DMPED negotiate *permanent* affordability covenants in its land deals that the affordable units the city is generating dispositions of its lands are preserved for the public’s benefit forever, not just for the life of the building.

Historic Property Maintenance: Since the Committee began oversight over DMPED in 2015, we have heard testimony about the problem of demolition by neglect on District properties. Last year, the façades of several historic structures on Martin Luther King, Jr. Avenue, S.E., representing the earliest commercial block in the Anacostia Historic District, collapsed after a stormy winter night.⁸⁹ Just one year earlier, DMPED had issued an RFP seeking developers to rebuild and integrate the then-standing façades into new buildings, calling the property “a gateway into Anacostia and the community’s retail district.” For years, historic preservation advocates provided warnings that the property was in serious danger.⁹⁰

This incident is indicative of what can happen when maintenance needs of District-owned properties are ignored. Several witnesses testified that the Franklin School, Crummell School, and Capitol Hill former Boys and Girls Club are all properties that are not being maintained adequately and risk demolition by neglect. When buildings are not provided baseline maintenance, what starts out as small issues of water infiltration or peeling paint can turn in to major problems leading to costly repairs. As a result of this concern, the Committee asked DMPED at its performance hearing in March to provide a detailed list how much money is in both DGS’s and DMPED’s budgets, where the money is in the budgets, and for what buildings the funds are identified. In addition, the Committee asked for a list of all of the buildings for which basic maintenance is needed. On April 27, 2016, DMPED finally sent the information to the Committee, although it lacks most of the detail requested. The response is below.

⁸⁸ See Aaron Wiener, *Developer Plans to Replace Museum Square with 825 Apartments and Condos*, The Washington City Paper (April 14, 2015) available at <http://www.washingtoncitypaper.com/blogs/housingcomplex/2015/04/14/developer-plans-to-replace-museum-square-with-825-apartments-and-condos/>.

⁸⁹ Aaron Wiener, *After Historic Anacostia Façade Collapses, Neighbors Charge City With “Demolition by Neglect,”* Washington City Paper, published February 16, 2015. Available at: <http://www.washingtoncitypaper.com/blogs/housingcomplex/2015/02/16/after-historic-anacostia-facade-collapses-neighbors-charge-city-with-demolition-by-neglect/>

⁹⁰ *Office of the Deputy Mayor for Planning and Economic Development: Budget Oversight Hearing before the Council of the District of Columbia Committee of the Whole* (April 23, 2015) (written testimony of Rebecca Miller).

**Table EB-C: Deputy Mayor for Planning and Economic Development;
Baseline Maintenance Budgets for District Properties**

The following chart shows the properties in DMPED's portfolio that include a historic building and the funds DMPED has spent or expects to spend on their maintenance. DMPED will update this chart upon receiving more detailed information from the Department of General Services ("DGS") regarding estimated maintenance budget and costs for each building.				
Property	Agency	Past Expenditures	Estimated Maintenance Need	Funding Source
Grimke School	DMPED	\$126,400	TBD - DGS	DMPED budget
Franklin School	DGS	\$29,000	TBD - DGS	DMPED budget
Stevens School	DMPED	\$0	None needed	None
Pump House	DMPED	\$289,000 (FY10 – FY16)	TBD - DGS	DMPED budget
Crummell School	DMPED	\$0	\$1,800,000	DMPED budget
McMillan	DMPED	\$39,358	TBD - DGS	DMPED budget
St Elizabeths – Stabilization	DMPED	TBD - DGS	TBD - DGS	DMPED budget
St Elizabeths – Historic Barn	DMPED	TBD - DGS	\$3,000,000	DMPED budget
1125 Spring Rd	DMPED	\$0	TBD - DGS	DMPED budget
Strand Theater	DMPED	\$900,000	TBD - DGS	DMPED budget

The lack of any specificity in the chart provided to the Committee, and the number of budgets “to be determined” indicate a tremendous lack of attention to this issue despite the fact that the Committee has been pressing DMPED on the issue since at least March of 2015. In two years, DMPED and DGS have not been able to demonstrate to the Committee a coordinated and adequately funded budget or plan to stabilize these District-owned assets. As we continue to press to get such a plan, the Committee is concerned about the damage happening, unassessed, to these buildings. Moreover, without adequate maintenance, the value of these buildings will be lessened, putting the District, once again, at a disadvantage in negotiating the deals for the properties whereby we have lost monetary value in the future because of lackadaisical attention in the present.

Unspent Funds: DMPED controls a vast capital budget made up primarily of funds to support development projects in the District. The six-year capital improvement plan for DMPED has over \$180 million in funding proposed by the Mayor for five projects: Hill East, McMillan Redevelopment, New Communities, Saint Elizabeths East Campus, and Walter Reed Redevelopment. However, what is not as evident is that DMPED has, at the time of the publication of the budget books, over \$170 million in unspent current capital funds that are available for use. This includes \$46 million unspent for projects that are not budgeted for additional allotments in the 2017-2022 capital improvement plan.

One such project is the WASA New Facility project which was described in the FY 2016 CIP thusly: “This project will facilitate the relocation of DC Water from parcels adjacent to the O

Street Pumping Station so that these parcels can be transferred to Forest City for redevelopment. Project funding will be used to acquire 1220 W Street NE and other properties and construct or improve facilities for relocated DC Water operations.” First the Committee is not aware of any moves by DMPED to acquire the W street facility through eminent domain as authorized by the Council. Second, the original full funding cost was then said to be \$17.997 million. However, today that project has a balance of \$30 million in unspent, available allotments as of the date of this report -- \$13 million more than its original anticipated full cost.

Another project with available balance is the Skyland Shopping Center account with \$1.235 million. According to the budget hearing follow up response, these funds are to be used for “Capital Improvements in Public Space.” When the Committee approved the Skyland Town Center Omnibus Act of 2013, testimony from DMPED indicated that there would be \$5.5 million in public infrastructure costs. Moreover, during consideration of that legislation, it was also found that the District was paying twice for the infrastructure costs, first by paying \$5.5 million in grant and TIF financing, and second by reducing the purchase price.⁹¹ Given the current situation of the Skyland development, which is essentially on hold as the developer seeks a new anchor tenant, and the considerable funds already invested in the project, the Committee sees no need to set aside additional funds for the project.

The Committee requested a spending plan for each of the projects with a remaining balance in order to see how the unspent dollars would be used. However, the Committee received back spending plans for each project with an unexpended fund that includes funds not contemplated in the CIP. For example, the spending plan for the WASA facility totals \$109 million between now and 2022. The Committee therefore assumes that these plans are developed as a plan of needs for the projects without regard to any planned resources. However, if it is clear that no funding has been proposed by the Mayor in the CIP going forward despite needed to complete the project, the Committee must question the utility of leaving unspent funds lying dormant in these projects including utilities and transportation improvements.

The Committee also asked DMPED for a spending plan specifically for New Communities in FY 2016, FY 2017, and FY 2018 for both capital and special purpose revenue funds. For the capital funds, DMPED’s chart responding to Question 6 showed \$53 million total from FY 2019 through FY 2022, which is the total allotments in the proposed CIP. The chart notes that the funds are “to be used across the four projects as detailed in their respective spending plans.” DMPED went on in its response to Question 7 which was specific to New Communities that because the “New Communities team is currently in negotiations with development teams for all FY 2016 funds... DMPED must refrain from publicizing any anticipated spending plan beyond that given in Question 6.”

If DMPED is to be so opaque in their plans for capital funds, of which it is one of the District’s largest recipients, the Committee has no way to make an informed judgement as to the soundness of the proposed budget nor what priorities the Mayor has full commitments to. Also, without more detailed information on the plans for existing funding, some for projects which have

⁹¹ Bill 20-382, Committee Report p. 3.

never spent a dime, the Committee can't be sure if these funds are essentially piggy banks for future capital needs for DMPED.

Exemption from District Laws: DMPED has approached the Committee repeatedly over the last year seeking exceptions or exemptions from various District laws with regards to procurement and grant-making authority. One such request was to provide a broad exemption from the Grants Administration Act of 2013 for projects granted out of DMPED's economic development special account so that competition for grants over \$50,000 would not be necessary. Later DMPED approached the Committee seeking restoration of a broad procurement exemption for certain former Anacostia Waterfront Corporation and National Capital Revitalization Corporation projects, including the McMillan Site.

The Committee has reviewed the underlying issues in each of these cases and was able to craft the narrowest exception possible to address the situation. More recently, the Mayor's proposed FY 2017 Budget Support Act contains a title seeking expanded flexibility for grant-making outside of the Grants Administration Act. The Committee provides comments on that subtitle and its proposed narrowing of the language later in this report. However, the Committee recommends that DMPED work more proactively to identify any legislative impediments before such impediments become problematic. Where impediments are identified, DMPED should adjust its policies to conform to the law, or seek as narrow an exemption is necessary to achieve the desired result.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2017 Operating Budget

The Committee recommends the following changes to the fiscal year 2017 budget for the Office of the Deputy Mayor for Planning and Economic Development as proposed by the Mayor:

1. Reduction of \$1,000,000.00 in Activity 5080 – Great Streets Initiative, CSG 50 – Subsidies and Transfers, Local funds.
2. Reduction of \$135,000.00 in Activity 2020 – Community Outreach, CSG 41 – Contractual Services, Local Funds.

Committee's Recommended Fiscal Year 2017 Capital Budget

The Committee recommends the following changes to the fiscal year 2017 capital budget for the Office of the Deputy Mayor for Planning and Economic Development as proposed by the Mayor:

1. Rescission of \$13,500,000.00 in available allotments in Project EB409C - WASA New Facility (Reduction of current allotments).
2. Rescission of \$1,235,000.00 in available allotments in Project ASC13C – Skyland Development (Reduction of current allotments).

Policy Recommendations

1. The Committee recommends that DMPED allow for quarterly Great Streets grant allotments available on a rolling basis rather than a one-time up-front payment.
2. The Committee recommends that DMPED improve its engagement with community stakeholders, especially with regards to the McMillan site, but also to avoid similar issues in the future around other major development projects. This should not be limited to boiler-plate forums, but a continual conversations in conjunction with and after forums.
3. The Committee recommends that DMPED step up its role as not only the District’s development agency, but as the District government’s promoter of private development in the District.
4. The Committee also recommends that DMPED work more closely with private developers to coordinate efforts, identify common goals, assist with identifying funding when needed, and assert the District’s interest in private development projects.
5. The Committee recommends that DMPED work more aggressively in negotiations for land dispositions to ensure that maximum monetary value, community amenities, affordable housing, and monetary value is negotiated to the benefit of the District and residents.
6. The Committee recommends that when negotiating land development agreements pursuant to affordable housing requirements, DMPED should as a matter of practice insist on a permanent affordability covenant that runs with the land and not with the life of the project.
7. The Committee again recommends that DMPED and DGS develop a comprehensive list of District-owned real estate assets, assess the physical conditions of the land and structures on the land, develop a funding plan to provide for baseline maintenance so that the properties do not deteriorate, and budget dollars for providing the maintenance. Current efforts in this regard have been insufficient.
8. The Committee recommends that DMPED and/or DGS dedicate capital funds for the maintenance of empty properties in the respective portfolios.

OFFICE OF PLANNING
Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of the Office of Planning (OP) is to guide development of the District of Columbia, including the preservation and revitalization of our distinctive neighborhoods, by informing decisions, advancing strategic goals, encouraging the highest quality development outcomes, and engaging all communities.

OP performs planning for neighborhoods, corridors, districts, historic preservation, public facilities, parks and open spaces, and individual sites. In addition, OP engages in urban design, land use, and historic preservation review. OP also conducts historic resources research and community visioning, and manages, analyzes, maps, and disseminates spatial and Census data.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2017 Operating Budget⁹²

The Mayor's fiscal year 2017 budget proposal for the Office of Planning is \$9,800, a decrease of \$512, or 5.0 percent, under the current fiscal year. The proposed budget supports 69.0 FTEs, a decrease of 1.0 FTEs, or 1.4 percent, under the current fiscal year.

**Table BD-A: Office of Planning;
Total Operating Funds Budget FY 2011-2017**

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	6,357	7,975	7,622	10,960	10,617	10,312	9,800
FTEs	56.2	56.4	57.6	69.8	70.1	70.0	69.0

Source: Budget Books (dollars in thousands)

Local Funds: The Mayor's proposed budget is \$9,025, a decrease of \$337, or 3.6 percent, under the current fiscal year. The proposed budget supports 64.5 FTEs, a decrease of 2.0 FTEs, or 3.0 percent, under the current fiscal year.

Special Purpose Funds: The Mayor's proposed budget is \$100 which represents no change from the previous fiscal year. The proposed budget supports no FTEs.

⁹² The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

Federal Grant Funds: The Mayor's proposed budget is \$525, which represents no change from the previous fiscal year. The proposed budget supports 3.5 FTEs which represents no change from the previous fiscal year.

Private Grant Funds: The Mayor's proposed budget is \$10, a decrease of \$315, or 96.9 percent, under the current fiscal year. The proposed budget supports no FTEs which represents no change from the previous fiscal year.

Intra-District Funds: The Mayor's proposed budget is \$140, which represents no change from the previous fiscal year. The proposed budget supports no FTEs.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2017 budget and agency performance over the last year.

Permitting in Historic Districts: There are certain activities with regard to buildings in historic districts that require a permit which would not be required if the building was not in an historic district. Because of that, there is sometime confusion by contractors as to whether or not a permit is required leading to property owners who may not then know to get a permit themselves. For example, if a homeowner was to do roof work, even minor work such as replacing shingles, in most cases a permit is not required. However, should the property be located in an historic district, a permit would be needed. The Committee has questioned in the past the necessity of these additional permits, the reasonableness of the cost of the additional permits, and the process require to obtain the permits. The cost for the permits can range in the hundreds and require individuals to often go to the Department of Consumer and Regulatory Affairs (DCRA).

Currently, regulations require a permit for historic districts for any brick repointing or painting of unpainted exterior masonry on an historic landmark. In addition, permits are required in historic districts for different size thresholds than for non-historic areas including garden sheds,⁹³ prefabricated pools,⁹⁴ and retaining walls.⁹⁵ Finally, permits are required in historic districts for replacing fences, sidewalks, driveways, patios, roofing, siding, gutters, and downspouts with "in-kind" replacements meaning replacements with a feature of like material that replicates the existing feature in proportion, appearance, texture, design and dimensions. In non-historic district, in-kind repairs need permitting only where the repair differs from the existing condition.

In response to the Committee's concerns, OP has performed an initial assessment of special permit requirements and would recommend adoption of new processes and reduced fees for the

⁹³ Permits are required in non-historic areas only if the shed is less than 50 square feet and 10 feet high.

⁹⁴ Permits are required in non-historic areas only if the pool is in-ground, less than 25 inches deep, and less than 1000 gallons.

⁹⁵ Permits are required in non-historic areas only if the wall is four feet or less high and disturbs less than 50 square feet of land.

historic district permits. DCRA is the agency with the authority to establish permit fees and adjust the regulations in this area. OP notes that the existing regulations, especially for roof repairs, can be difficult for property owners to interpret correctly leading to over-estimation of costs and therefore a higher permit fee. For example, roof permits are based as a percentage of the total cost of labor and materials only. An applicant may not understand what costs not to include, overstating the actual labor and materials, leading to a higher permit fee. OP therefore recommends a flat fee for any permit required only for historic properties ranging from \$22 to \$65.

While the Committee appreciates the progress in this area, unanswered still is an analysis of the effectiveness and sense of special permit requirements for homes in historic districts. While any reduction in fees and confusion is welcome, there is no analysis of what the District and its historic districts stand to gain from additional bureaucracy to many projects that do not on their fact impact the historic character of a property.

ZRR Implementation: Last year, OP finished its work on the Zoning Regulations Review (ZRR) which, when implemented, will provide a comprehensive update of the District's outdated zoning regulations by purporting to create easier to understand and more relevant zoning regulations within the existing framework laid out by the Comprehensive Plan. OP was at several points admonished by the public and this Committee for lack of responsiveness to concerns raised by communities, poor communication of its plans, and general dislike of the process which took over five years. In particular, the Committee has heard frustration over the lack of communication with Advisory Neighborhood Commissions, or when there was communication, a lack of understanding by some ANC commissioners.

In response to the Committee's concerns, OP worked toward the end of the ZRR process to achieve more transparency, especially as the final regulations were laid down before the Zoning Commission. The Zoning Commission just recently gave final approval to the new regulations which will be in full effect beginning on July 1, 2016. It is therefore important that OP work closely with interested constituencies so that they may better understand the new regulations. In particular, OP could work more closely with ANCs to provide a basis of knowledge for zoning regulations. The Committee is, however, pleased that OP put together an ANC workshop where OP could present to commissioners issues related to planning, development, historic preservation, and public space. The forum also allowed for a question and answer period, and lunch with Director Shaw. Such forums are a positive development and OP is to be commended. This could also serve as a useful blueprint for targeted engagement in the planning process with other communities and stakeholders in the future.

Historic Preservation Office Staffing: The Office of Planning could benefit from additional personnel resources to support the work of the historic preservation office. That office currently has only professional program staff and no administrative staff. According to public testimony at both the performance and budget hearings, the historic preservation staff do a great deal of administrative work, including sending out required notices to property owners. That same staff must also process more than 5,000 permits annually, provide technical assistance to residents, and support the Historic Preservation Review Board.

In addition, in 2014, the Council passed legislation reported by this Committee entitled the Notice Requirements for Historic Properties Amendment Act of 2014, however it was subject to the additional of budgetary resources before it could take effect and it has yet to be funded. If funded, the legislation would require direct notice to neighbors by HPO of projects that are submitted to the Historic Preservation Review Board (HPRB) or the Commission of Fine Arts (CFA) for review. The bill exempts minor projects that require only ministerial review by DCRA. The Fiscal Impact Statement for the legislation at the time noted that HPO did not have the administrative capacity to implement the notice requirements and already lacked capacity for its other functions. The Committee believes that funding for a new administrative FTE at HPO would lessen the burden on program staff and would allow HPO to finally implement the neighbor notification legislation.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2017 Operating Budget

The Committee recommends the following changes to the fiscal year 2017 budget for the Office of Planning as proposed by the Mayor:

1. Increase of 1.0 FTE in Activity 2020, Local Funds (Create new HPO Staff Assistant).
2. Increase of \$61,011.63 in Activity 2020, CSG 11 – Regular Pay, Local Funds (HPO Staff Salary).
3. Increase of \$18,988.37 in Activity 2020, CSG 14 – Fringe Benefits, Local Funds (HPO Staff Fringe).

Committee's Recommended Fiscal Year 2017 Capital Budget

1. Rescission of \$2,700,000 in current available allotments from project PLN38C, Sustainable DC – Agency Competition Funds.

Policy Recommendations

1. The Committee recommends that the OP work with DCRA to implement new regulations to establish lower, fixed fees for historic district permitting.
2. The Committee recommends that OP work with DCRA to streamline historic permit reviews.

3. The Committee recommends that OP continue to engage with the community and stakeholders to ensure a smooth transition to the new zoning regulations.
4. The Committee recommends that OP staff look through an independent lens with regards to recommendations and advice to the ZC and the BZA.

OFFICE OF ZONING

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of the Office of Zoning (OZ) is to provide administrative, professional, and technical assistance to the Zoning Commission (ZC) and the Board of Zoning Adjustment (BZA) in support of their oversight and adjudication of zoning matters in the District of Columbia.

OZ administers the zoning application processes for the ZC and the BZA. The agency reviews and accepts applications, schedules hearings to determine whether cases meet specified zoning criteria, schedules meetings to make determinations with respect to pending applications, and issues legal orders. Technology plays a critical role in support of this process by enhancing effectiveness and transparency. OZ also spearheads outreach to citizens of the District of Columbia to ensure a robust understanding of the zoning application process.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2017 Operating Budget⁹⁶

The Mayor's fiscal year 2017 budget proposal for the Office of Planning is \$2,939, an increase of \$309, or 11.7 percent, over the current fiscal year. The proposed budget supports 19.0 FTEs which represents no change from the current fiscal year.

⁹⁶ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

**Table BJ-A: Office of Zoning;
Total Operating Funds Budget FY 2011-2017**

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	2,485	2,540	2,586	2,688	2,644	2,630	2,919
FTEs	18.8	18.5	19.0	19.2	19.0	19.0	19.0

Source: Budget Books (dollars in thousands)

Local Funds: The Mayor's proposed budget is \$2,915, an increase of \$309, or 11.8 percent, over the current fiscal year. The proposed budget supports 19.0 FTEs, which represents no change from the current fiscal year.

Intra-District Funds: The Mayor's proposed budget is \$24, which represents no change from the current fiscal year and supports no FTEs.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2017 budget and agency performance over the last year.

Transition to new Zoning Regulations: OZ has made tremendous progress in beginning to implement the new rules resulting from the Zoning Regulations Review (ZRR). The Zoning Commission adopted the new regulations at a meeting in January 2016 which will provide a comprehensive update of the District's outdated zoning regulations by purporting to create easier to understand and more relevant zoning regulations within the existing framework laid out by the Comprehensive Plan. The new regulations will be effective beginning on September 6, 2016. As a result, OZ has set a June 1, 2016 deadline for which version of the zoning regulations must be used in the applications for cases to be laid down before the Board of Zoning Adjustment and the Zoning Commission. As was testified to at the performance and budget hearings, OZ has produced comprehensive documents and guides for applicants to crosswalk between the old and new rules. In addition, OZ will be working with the Office of Planning to conduct trainings for Advisory Neighborhood Commissions and the general public on how to navigate the new regulations. The Committee strongly supports the proactive approach undertaken by OZ in this regard.

Staffing and Workload: OZ's FTE count of has not changed in several years. However, just with the Board of Zoning Adjustment, the agency supported a 25 percent increase in cases last year, and now faces another 25 percent increase this year all with the same number of staff. Indeed, almost every witness to testify about OZ before the Committee recommended additional staffing. Some went so far as to wonder whether much of the analytical functions supporting the ZC and BZA should be transferred from the Office of Planning to OZ. The Committee does not believe

that such a transfer is necessary, but does agree that OZ does a tremendous amount of work with limited resources. It should continue to maintain its outstanding information technology systems which allow it to keep up with the workload.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2017 Operating Budget

The Committee recommends no change to the fiscal year 2017 budget for the Office of Zoning as proposed by the Mayor.

Policy Recommendations

1. The Committee recommends that OZ work with OP to reach out to the community and stakeholders to ensure a smooth transition to the new zoning regulations.
2. The Committee recommends that OZ ensure that BZA members are rigorously trained in the legal standards for variances and special exceptions, including training days devoted exclusively to that topic

DISTRICT OF COLUMBIA RETIREMENT BOARD

Committee Recommendations – See Page DY

I. AGENCY OVERVIEW

The mission of the District of Columbia Retirement Board (DCRB) is to invest prudently the assets of the police officers, firefighters, and teachers of the District of Columbia, while providing those employees with retirement services.

The DCRB is an independent agency that has exclusive authority and discretion to manage and control the District's retirement funds for teachers, police officers, and firefighters (hereinafter referred to as the "Fund") pursuant to D.C. Official Code § 1-711(a). In 2005, the responsibility of administering the teachers', police officers', and firefighters' retirement programs was transferred to the DCRB from the Office of Pay and Retirement Services, a part of the Office of the Chief Financial Officer. The federal government assumed the District's unfunded liability for the retirement plans of teachers, police officers, firefighters, and judges under provisions of the National Capital Revitalization and Self-Government Improvement Act of 1997. Under this law, the federal government pays the retirement benefits and death benefits, and a share of disability payments, for members for years of service earned up to the freeze date of June 30, 1997. The

District of Columbia government is responsible for all subsequently earned benefits for the members of the retirement plans.

The DCRB Board of Trustees is comprised of 12 voting trustees: three appointed by the Mayor, three appointed by the Council, and six elected by employee participation groups. The District's Chief Financial Officer, or his designee, serves as a non-voting, ex-officio member of the Board.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2017 Operating Budget⁹⁷

The Mayor's fiscal year 2017 budget proposal for the District of Columbia Retirement Board is \$39,096, an increase of \$6,794, or 21.0 percent, over the current fiscal year. The proposed budget supports 69.6 FTEs, an increase of 7.0 FTEs, or 11.2 percent, over the current fiscal year.

**Table DY-A: District of Columbia Retirement Board
Total Operating Funds Budget FY 2011-2017**

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	100,712	18,621	30,338	30,338	28,738 ⁹⁸	32,302	39,096
FTEs	42.6	42.0	52.0	56.2	57.6	62.6	69.6

Source: Budget Books (dollars in thousands)

Enterprise and Other Funds: The funding for this account is comprised entirely of enterprise funds.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2017 budget and agency performance over the last year.

Annually Determined Employer Contributions: Each year, DCRB must calculate and certify the annually determined employer contribution (ADEC) – previously known as the annual required contribution (ARC) – to both the Teachers' Retirement System (TRS) and the Police

⁹⁷ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

⁹⁸ DISTRICT OF COLUMBIA RETIREMENT BOARD COMPREHENSIVE ANNUAL FINANCIAL AUDIT p 61 (March 31, 2016).

Officers' and Fire Fighters' Retirement System (POFFRS).⁹⁹ In 2012, the Board adopted a closed amortization period for the TRS of 20 years to fully fund the accrued unfunded liability. There are currently 17 years remaining in the TRS amortization period. The POFFRS is currently more than fully funded meaning that the annual required contribution maintains a funding level that could pay out all current liabilities.

The District's commitment to fully funding the two pension funds are the reason for the health of the pension system. This contributes to the District's excellent bond ratings as compared to most other jurisdictions. District law requires the Mayor and Council to include the full actuarially determined amount necessary to fund the pensions in the annual budget.¹⁰⁰ While not required under the law, DCRB does use more conservative assumptions than most other plans across the country. The District uses a price inflation assumption of 3.5%, a payroll growth assumption of 4.25%, and a rate of return assumption of 6.5%.¹⁰¹ This is in contrast to public pension systems nationwide that use an average inflation rate assumption of 3.2% and a rate of return assumption of 7.5%.¹⁰²

The Committee commends DCRB for its ongoing work to use sound judgment in managing the plan funds. However, the Committee notes that for FY 2017, the total increase in the ADEC is \$21.8 million over last year's ADEC. Three drivers contributed to this year's increase. First, there is a normal expected increase over time due to assumptions on inflation. Second, the International Association of Fire Fighters prevailed in arbitration in Fiscal Year 2015 with the District which now reflects pay increases to its union members going forward, reflecting a "new normal." Third is an additional increase reflecting the new union wages for past years, which should be a one-time "true up" reflecting the 2 year lag in the actuarial valuation.¹⁰³

Fossil Fuel Investments: During Council Period 20, the Committee was considering legislation¹⁰⁴ that would have required DCRB to divest from its portfolios the top 200 companies that have the largest coal, oil, and natural gas reserves. At a hearing on the legislation, DCRB expressed concern that the bill would interfere with the management of the pension funds for political, rather than fiduciary purposes. The Committee did not move forward with the legislation, but urged that the DCRB work with concerned advocates, and adopt policies to limit investment in carbon producers without affecting DCRB's fiduciary responsibilities.¹⁰⁵

⁹⁹ D.C. OFFICIAL CODE § 1-907.03(a).

¹⁰⁰ D.C. OFFICIAL CODE § 1-907.03(b).

¹⁰¹ *District of Columbia Retirement Board: Budget Oversight Hearing before the Council of the District of Columbia Committee of the Whole* (Apr. 14, 2015) (oral testimony of Eric Stanchfield, Executive Director, District of Columbia Retirement Board).

¹⁰² See NATIONAL CONFERENCE ON PUBLIC EMPLOYEE RETIREMENT SYSTEMS AND COBALT COMMUNITY RESEARCH, 2015 NCPERS PUBLIC RETIREMENT SYSTEMS STUDY (November 2015).

¹⁰³ *District of Columbia Retirement Board: Budget Oversight Hearing before the Council of the District of Columbia Committee of the Whole* (Apr. 14, 2016) (oral testimony of Edward Kobel, Cavanaugh Macdonald).

¹⁰⁴ Bill 20-481, Council Period 20 (2013).

¹⁰⁵ *Bill 20-481 - Fossil Fuel Divestment Act of 2013: Hearing before the Council of the District of Columbia Committee of the Whole* (Apr. Nov. 26, 2013) (oral testimony of Lyle Blanchard, Trustee, District of Columbia Retirement Board).

DCRB has since adopted an Environmental, Social, and Governance Policy to evaluate investment opportunities furthering the environment, such as climate change. As a result, in November 2015, the Board notified the Committee that it had sold the last of its holdings in carbon and fossil fuel companies. The Committee appreciates the efforts of the advocacy community and the Board for advancing this issue and recognizing carbon as a less than desirable investment and making the District a leader in the move for divestment.

Agency Management: The Committee is concerned over the large increase in the budget for DCRB itself. The Board has budgeted \$39.1 million for its FY 2017 operations – a \$6.8 million 21% increase over the previous fiscal year. This increase is largely attributable to benefits, legal compliance, and information technology increases and an accompanying 7.0 FTE increase. According to DCRB, the information technology increase is necessary as a part of its ongoing implementation of the new Pension Management Information System (PMIS). The funding will support a service oriented network architect and a master data architect. Addition of these staff and the new system functionality should decrease DCRB’s reliance on federal IT systems.¹⁰⁶

The Committee is skeptical of the large increases in administrative costs, especially in a single year. DCRB is funded entirely out of the Police and Fire Fighters’ Retirement Fund and the Teachers’ Retirement Fund, and not out of local dollars. Therefore, the DCRB has the ability to set its own budget. However, it is important to note that every dollar spent on administrative support of the funds vis-à-vis the DCRB, is a dollar that is not available in pension benefits to employees and annuitants. DCRB should make efforts to maximize its resources and efficiency and work to keep administrative overhead expenses of the fund to a minimum.

IV. COMMITTEE RECOMMENDATIONS

Committee’s Recommended Fiscal Year 2017 Operating Budget

The Committee recommends no change to the fiscal year 2017 budget for the District of Columbia Retirement Board as proposed by the Mayor.

Policy Recommendations

1. The Committee recommends that DCRB continue to monitor its investments in line with its ESG policies to avoid investments in fossil fuels.

¹⁰⁶ *District of Columbia Retirement Board: Budget Oversight Hearing before the Council of the District of Columbia Committee of the Whole* (Apr. 14, 2016) (oral testimony of Peter Dowar, Chief Technology Officer, DCRB).

2. The Committee recommends that DCRB find efficiencies to reduce the pace of growth in personal services and contractual services to minimize administrative expenses paid from the retirement funds.

POLICE OFFICERS' AND FIRE FIGHTERS' RETIREMENT SYSTEM

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of the Police Officers' and Fire Fighters' Retirement System (POFFRS) is to provide the District's required contribution as the employer to these two pension funds, which are administered by the District of Columbia Retirement Board (DCRB).

Under provisions of the Police Officers, Fire Fighters, and Teachers Retirement Benefit Replacement Plan Act of 1998 ("the Act"), the federal government assumed the District's unfunded pension liability for the retirement plans for teachers, police officers, fire fighters and judges. Pursuant to the Act, the federal government will pay the retirement and death benefits, and a defined share of disability benefits, for employees for service accrued prior to July 1, 1997. The cost for benefits earned after June 30, 1997 is the responsibility of the government of the District of Columbia. This proposed FY 2016 budget reflects the required annual District contribution. Pursuant to D.C. Official Code § 1-907.02(a), the District is required to budget the pension contribution at an amount equal to, or greater than, the amount certified by the DCRB on the basis of a prescribed actuarial study and formula calculation that is set forth in § 1-907.03. On January 7, 2015, DCRB transmitted the certified contribution for inclusion in the Mayor's FY 2016 proposed budget, and it is reflected in this chapter.

II. MAYOR'S PROPOSED BUDGET

*Mayor's Proposed Fiscal Year 2017 Operating Budget*¹⁰⁷

The Mayor's fiscal year 2017 budget proposal for the Police Officer's and Fire Fighters' Retirement System is \$145,631, an increase of \$9,516, or 7.0 percent, over the current fiscal year. The proposed budget supports no FTEs.

¹⁰⁷ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

**Table FD-A: Police Officer's and Fire Fighters' Retirement System;
Total Operating Funds Budget FY 2011-2017**

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	127,200	116,700	96,314	109,199	103,430	136,115	145,631
FTEs	0	0	0	0	0	0	0

Source: Budget Books (dollars in thousands)

Local Funds: The funding for this account is comprised entirely of local funds.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2017 budget and agency performance over the last year.

Fund Contribution Levels: Funding for the POFFRS is set by law as a calculated annual required contribution, also known as an annually determined employer contribution. For Fiscal Year 2017, the calculated amount for POFFRS is \$145,631,000. According to testimony at the budget hearing, some of the increase to POFFRS due to a one-time retroactive accounting for Fiscal Years 2012, 2013, and 2014 related to an arbitrator's award in favor of the International Association of Fire Fighters Local 36 that awarded retroactive overtime pay to current and retired fire fighters

The Committee notes that the D.C. Retirement Board testified last year that most of the \$33 million increase from FY 2015 to FY 2016 was also attributable to the firefighters' award. Edward Koebel of the consulting firm Cavanaugh Macdonald, which performs the yearly valuation, testified at the FY 2017 budget hearing that because of the nature of the valuation taking into account multiple years, that additional increases were necessary to "true up" the retroactive years.

**Table FD-B: Police Officers' and Fire Fighters' Retirement System;
Annual Required Contribution and Actual Contribution, FY 2008 – FY 2017**

Fiscal Year	Actual Contribution	Annual Required Contribution
2008	\$137,000	\$137,000
2009	\$106,000	\$106,000
2010	\$132,300	\$132,300
2011	\$127,200	\$127,200
2012	\$116,700	\$116,700
2013	\$96,300	\$96,300
2014	\$110,766	\$110,766
2015	\$103,430	\$103,430
2016	\$136,115	\$136,115
2017	N/A	\$145,631

Source: D.C. Retirement Board (*dollars in thousands*)

Funding Ratio and Unfunded Liability: According to the most recent actuarial valuation, POFERS is currently 107.57 percent funded, approximately ¼ point higher than at the last valuation. The unfunded actuarial accrued liability is negative \$102.9 million, a decrease of approximately \$34.0 from the previous valuation.¹⁰⁸ The negative unfunded liability represents excess funding over the 100% ratio.

¹⁰⁸ CAVANAUGH MACDONALD CONSULTING, LLC, REPORT ON THE ACTUARIAL VALUATIONS OF THE DISTRICT OF COLUMBIA RETIREMENT BOARD, TEACHERS' RETIREMENT PLAN AND POLICE OFFICERS' & FIREFIGHTERS' RETIREMENT PLAN p 11 (Oct. 1, 2015)

**Table FD-C: Police Officers' and Fire Fighters' Retirement System;
Plan Summary, Police Officers' vs. Firefighters'**

SUMMARY OF PRINCIPAL RESULTS FOR POLICE OFFICERS' RETIREMENT PLAN (\$ IN THOUSANDS)			SUMMARY OF PRINCIPAL RESULTS FOR FIREFIGHTERS' RETIREMENT PLAN (\$ IN THOUSANDS)		
VALUATION DATE	October 1, 2015	October 1, 2014	VALUATION DATE	October 1, 2015	October 1, 2014
Total Number of Active Members	3,829	3,902	Total Number of Active Members	1,708	1,649
Total Annual Covered Payroll	\$307,373	\$305,765	Total Annual Covered Payroll	\$138,828	\$132,650
Number of Retired Members and Survivors	1,923	1,707	Number of Retired Members and Survivors	686	658
Annual Retirement Benefits	\$50,412	\$40,271	Annual Retirement Benefits	\$19,802	\$18,179
Total Assets:			Total Assets:		
Actuarial Value	\$3,283,847	\$3,061,936	Actuarial Value	\$1,323,453	\$1,226,791
Market Value	\$3,177,374	\$3,272,733	Market Value	\$1,284,854	\$1,315,586
Liabilities:			Liabilities:		
Actuarial Accrued Liability	\$2,951,895	\$2,750,014	Actuarial Accrued Liability	\$1,331,198	\$1,248,524
Unfunded Actuarial Accrued Liability (UAAL)	(\$331,952)	(\$311,922)	Unfunded Actuarial Accrued Liability (UAAL)	\$7,745	\$21,733
Funding Ratios:			Funding Ratios:		
Based on Actuarial Value	111.25%	111.34 %	Based on Actuarial Value	99.42%	98.26 %
Based on Market Value	107.64%	119.01 %	Based on Market Value	96.52%	105.37 %
Amortization Period:	17 years	18 years	Amortization Period:	17 years	18 years
CONTRIBUTION FOR FISCAL YEAR ENDING	09/30/2017	09/30/2016	CONTRIBUTION FOR FISCAL YEAR ENDING	09/30/2017	09/30/2016
Employer Normal Cost Rate*	33.78%	33.33 %	Employer Normal Cost Rate*	38.59%	38.18%
Amortization of UAAL Rate	(10.03)	(9.18)	Amortization of UAAL Rate	0.52	1.47
Actuarially Determined Contribution Rate (ADC)	23.75%	24.15 %	Actuarially Determined Contribution Rate (ADC)	39.11%	39.65%
Estimated Fiscal Year End Covered Payroll	\$320,436	\$318,760	Estimated Fiscal Year End Covered Payroll	\$144,728	\$138,288
Fiscal Year District Payment before 1-907.02(c)	\$76,104	\$76,981	Fiscal Year District Payment before 1-907.02(c)	\$56,603	\$54,831
Shortfall/(Overpayment)	591	(487)	Shortfall/(Overpayment)	12,333	4,790
Fiscal Year District Payment	\$76,695	\$76,494	Fiscal Year District Payment	\$68,936	\$59,621

*The normal cost rate includes the administrative expense rate of 1.20%.

*The normal cost rate includes the administrative expense rate of 1.20%.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2017 Operating Budget

The Committee recommends no change to the fiscal year 2017 budget for the Police Officer's and Fire Fighters' Retirement System as proposed by the Mayor.

TEACHERS' RETIREMENT SYSTEM

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The Teachers' Retirement System (TRS) provides the District's required contribution to this retirement plan, which is administered by the District of Columbia Retirement Board (DCRB).

Under provisions of the Police Officers, Firefighters, and Teachers Retirement Benefit Replacement Plan Act of 1998 ("the Act"), the federal government assumed the District's unfunded pension liability for the retirement plans for teachers, police officers, firefighters and

judges. Pursuant to the Act, the federal government will pay the retirement and death benefits, and a defined share of disability benefits, for employees for service accrued prior to July 1, 1997. The costs for benefits earned after June 30, 1997 are the responsibility of the District government. The Mayor's proposed budget reflects the required annual District contribution to fund these earned benefits. Pursuant to D.C. Official Code § 1-907.02(a), the District is required to budget the pension contribution at an amount equal to, or greater than, the amount certified by the DCRB on the basis of a prescribed actuarial study and formula calculation that is set forth in § 1-907.03. On January 7, 2015, the DCRB transmitted the certified contribution for inclusion in the Mayor's FY 2016 proposed budget as reflected in this chapter.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2017 Operating Budget¹⁰⁹

The Mayor's fiscal year 2017 budget proposal for the Teachers' Retirement System is \$56,781, an increase of \$12,312, or 27.7 percent, over the current fiscal year. The proposed budget supports no FTEs.

**Table GX-A: Teachers' Retirement System;
Total Operating Funds Budget FY 2011-2017**

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	3,000	3,000	6,396	31,573	39,443	44,469	56,781
FTEs	0	0	0	0	0	0	0

Source: Budget Books (dollars in thousands)

Local Funds: The funding for this account is comprised entirely of local funds.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2017 budget and agency performance over the last year.

Fund Contribution Levels: Funding for the Teachers' Retirement System (TRS) is set by law as a calculated annual required contribution, also known as an annually determined employer contribution. For Fiscal Year 2017, the calculated amount for TRS is \$56,781,000. According to testimony at the budget hearing, much of the increase is a result of the hiring of new teachers in the last several fiscal years.

¹⁰⁹ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

**Table GX-B: Teachers' Retirement System;
Annual Required Contribution and Actual Contribution, FY 2008 – FY 2017**

Fiscal Year	Actual Contribution	Annual Required Contribution
2008	\$5,964	\$6,000
2009	(\$3)	\$0
2010	\$3,000	\$0
2011	\$3,000	\$0
2012	\$3,000	\$2,983
2013	\$6,396	\$6,396
2014	\$31,573	\$31,636
2015	\$39,443	\$39,513
2016	\$44,469	\$44,469
2017	N/A	\$56,781

Source: Actuarial Valuations and Budget Books (*dollars in thousands*)

Funding Ratio and Unfunded Liability: According to the most recent actuarial valuation, TRS is currently 88.67 percent funded, approximately ½ point higher than at the last valuation. The unfunded actuarial accrued liability is negative \$221.3 million, an increase of approximately \$10.6 million from the previous valuation.¹¹⁰

¹¹⁰ CAVANAUGH MACDONALD CONSULTING, LLC, REPORT ON THE ACTUARIAL VALUATIONS OF THE DISTRICT OF COLUMBIA RETIREMENT BOARD, TEACHERS' RETIREMENT PLAN AND POLICE OFFICERS' & FIREFIGHTERS' RETIREMENT PLAN p 10 (Oct. 1, 2015)

**Table FD-C: Teachers' Retirement System;
Plan Summary**

SUMMARY OF PRINCIPAL RESULTS FOR TEACHERS' RETIREMENT PLAN (\$ IN THOUSANDS)		
VALUATION DATE	October 1, 2015	October 1, 2014
Number of Active Members	4,866	4,499
Annual Covered Payroll	\$417,090	\$378,926
Number of Retired Members and Survivors	3,718	3,601
Annual Retirement Benefits	\$62,899	\$58,687
Assets:		
Actuarial Value	\$1,732,017	\$1,638,583
Market Value	\$1,670,976	\$1,746,030
Liabilities:		
Actuarial Accrued Liability	\$1,953,305	\$1,849,230
Unfunded Actuarial Accrued Liability (UAAL)	\$221,288	\$210,647
Funding Ratios:		
Based on Actuarial Value	88.67%	88.61 %
Based on Market Value	85.55%	94.42 %
Amortization Period:	17 years	18 years
CONTRIBUTION FOR FISCAL YEAR ENDING	09/30/2017	09/30/2016
Employer Normal Cost Rate*	7.24%	6.63%
Amortization of UAAL Rate	4.93	5.00
Actuarially Determined Contribution Rate (ADC)	12.17%	11.63%
Estimated Fiscal Year End Covered Payroll	\$434,816	\$395,031
Fiscal Year District Payment before 1-907.02(c)	\$52,917	\$45,942
Shortfall/(Overpayment)	3,864	(1,473)
Fiscal Year District Payment	\$56,781	\$44,469

*The normal cost rate includes the administrative expense rate of 1.20%.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2017 Operating Budget

The Committee recommends no change to the fiscal year 2017 budget for the Teachers' Retirement System as proposed by the Mayor.

DISTRICT RETIREE HEALTH CONTRIBUTION (OPEB)

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of District Retiree Health Contribution is to contribute to the funding of the District's other post-employment benefits (OPEB) liabilities.

District government retirees who were first employed after September 30, 1987 (post-87) may obtain health insurance (pursuant to D.C. Official Code § 1-622) and life insurance (pursuant to D.C. Official Code § 1-623) from the District. The federal government is responsible for funding OPEB costs for District government retirees who were first employed prior to October 1, 1987 (pre-87).

In 1999, the Council of the District of Columbia established the Annuitants' Health and Life Insurance Employer Contribution Trust Fund (Trust Fund) to pay the District's portion of post-87 retirees' health and life insurance premiums. Through FY 2007, the District contributed to the Trust Fund from available funds. Since FY 2008, the Governmental Accounting Standards Board requires state and local governments, including the District, to recognize any OPEB liability in their financial statements. The District is budgeting an actuarially determined annual OPEB contribution to gradually reduce its unfunded accrued liability.

The proposed budget of the District Retiree Health Contribution represents the District's fiscal year 2016 contribution to the funding of its OPEB liabilities.

The District passed permanent legislation effective in fiscal year 2011 changing the calculation of its contribution to the cost of health, vision and dental insurance premiums for retirees and their dependents to a scale based on the amount of creditable service of the retiree, with a maximum contribution of 75 percent, the same contribution as for current employees.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2017 Operating Budget¹¹¹

The Mayor's fiscal year 2017 budget proposal for the Retiree Health Contribution is \$31,000, a decrease of \$64,400, or 67.5 percent, under the current fiscal year. The proposed budget supports no FTEs.

**Table RH-A: Retiree Health Contribution;
Total Operating Funds Budget FY 2011-2017**

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	94,200	109,800	107,800	86,600	91,400	95,400	31,000
FTEs	0	0	0	0	0	0	0

Source: Budget Books (dollars in thousands)

Local Funds: The funding for this account is comprised entirely of local funds.

¹¹¹ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2017 budget and agency performance over the last year.

Administration of the OPEB: The Council also passed legislation¹¹² in 2014 that made changes to the administration of the OPEB fund, notably a requirement that the District contribute an actuarially determined amount each year to the fund. The legislation also requires that the CFO publish an annual report by April 1st of each year, and specifies what the report must include. The legislation also established an Other Post-Employment Benefits Fund Advisory Committee to advise the OCFO in its general administration of the Fund, investment objectives, asset allocation, establishment of assumptions, selection of consultants, and whether the Fund is employing best practices. This legislation was a result of past practice of the executive of reprogramming from the OPEB fund. The OCFO, to date, has not released the fiscal year 2015 actuarial report as required under the law, but has committed to releasing the report by _____.

The OPEB plan is administered by the Treasurer of the District of Columbia, which is part of the OCFO. All expenses related to the plan are supported by the assets of the plan, much like is the case with the DC Retirement Board. During FY 2015, OPEB had a total of \$12.5 million in expenses, most of which were insurance carrier premiums (\$6.7 million) and investment management fees (\$5.4 million). Other expenses include consultations, actuary services, and non-personal service costs. Expenses accounted for .54% of plan assets in FY 2015 and the plan doesn't expect any significant change for subsequent fiscal years.¹¹³

Calculation of the Annually Required Contribution: In 2015, OCFO committed to a review of its assumptions in calculating the funding levels of the OPEB fund. That resulted in an experience study to look at the actual take-up rate for the program, the number of individuals participating, and the costs needed to cover the individuals. The OCFO hired PRM Consulting to conduct the study. The results found that the District has been significantly over-funding the OPEB program as compared the levels needed. The study found that actual retiree participation rates are lower than the initial assumptions.¹¹⁴

As a result, OCFO worked with the DC Department of Human Resources to model a more appropriate participation rate which was validated by the Advisory Committee. An important change in assumption with regard to the take-up rate is that individuals hired before 1987 receive

¹¹² Bill 20-627, Other Post-Employment Benefits Fund Amendment Act of 2014.

¹¹³ *Other Post-Employment Benefits: Budget Oversight Hearing before the Council of the District of Columbia Committee of the Whole* (Apr. 14, 2016) (oral testimony of Jeffrey Barnette, Deputy Chief Financial Officer and Treasurer, Office of the Chief Financial Officer).

¹¹⁴ *Other Post-Employment Benefits: Agency Performance Oversight Hearing before the Council of the District of Columbia Committee of the Whole* (Mar. 8, 2016) (oral testimony of Jeffrey Barnette, Deputy Chief Financial Officer and Treasurer, Office of the Chief Financial Officer).

their health benefits from the federal government. Assuming retirement after 30 years of service, very few retirees meeting the minimum service requirements to claim OPEB benefits have retired on the District system. With 2017 as the 30th year after the change from federal to District benefits, the plan should see a gradual increase in participants that it has thus far lacked.¹¹⁵

The changes have now been implemented adjusting several of the plan's assumptions which are used to determine the required contribution.¹¹⁶ Those changes are detailed in the table below. The changes more closely align the OPEB assumptions to those of the DC Retirement Board. The result of the change in assumptions has been a significantly lower actuarially determined contribution level of \$31 million for FY 2017. As a result of the new assumptions, OCFO has committed to moving up the schedule for future experience studies.

**Table RH-B: Retiree Health Contribution;
Change in Actuarial Assumptions**

	New Assumption	Previous Assumption
Return on Investment	6.5%	7.0%
Inflation	3.0%	3.0%
Amortization Period	20 year closed	30 year closed
Participation - Teachers	70%	75%
Participation - Police and Fire	70%	95%
Participation - Other Employees	70%	80%

Funding Ratio and Unfunded Liability: According to the OCFO, OPEB is currently 120.1 percent funded, a 32.9 percentage point increase over the FY 2015 funding ratio as determined by the CAFR under the old assumptions. The OPEB fund has no unfunded liability. As of September 30, 2015, the fund was valued at \$1.076 billion and had 995 beneficiaries participating in the plan.¹¹⁷

Fossil Fuel Investments: The OPEB fund has limited exposure to direct investments in fossil fuel and carbon. As of the end of the previous fiscal year 0.05% equity and 0.14% fixed income exposure, or \$2 million out of \$1.1 billion, to the top 200 fossil field companies spread among five investment managers. According to OCFO, the OCFO has a fiduciary duty to maximize performance of the fund without regard to non-financial issues. However, the OCFO will be reviewing whether to implement an Environmental, Social, and Governance Policy to evaluate investment opportunities furthering the environment, such as climate change.¹¹⁸

¹¹⁵ *Other Post-Employment Benefits: Budget Oversight Hearing before the Council of the District of Columbia Committee of the Whole* (Apr. 14, 2016) (oral testimony of Jeffrey Barnette, Deputy Chief Financial Officer and Treasurer, Office of the Chief Financial Officer).

¹¹⁶ *Id.*

¹¹⁷ *Other Post-Employment Benefits: Budget Oversight Hearing before the Council of the District of Columbia Committee of the Whole* (Apr. 14, 2016) (oral testimony of Jeffrey Barnette, Deputy Chief Financial Officer and Treasurer, Office of the Chief Financial Officer).

¹¹⁸ *Id.*

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2017 Operating Budget

The Committee recommends no change to the fiscal year 2017 budget for the Retiree Health Contribution as proposed by the Mayor.

Policy Recommendations

1. The Committee recommends that OPEB, within two to three years, conduct a follow on experience study to validate the plan's new assumptions.
2. The Committee recommends that OPEB implement an Environmental, Social, and Governance Policy aimed at minimizing investments in fossil fuels and other undesirable investments while protecting its fiduciary responsibility to the plan.

UNIVERSITY OF THE DISTRICT OF COLUMBIA

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The University of the District of Columbia (UDC) is an urban land grant institution of higher education. Through its community college, flagship, and graduate schools, UDC offers affordable post-secondary education to District of Columbia residents at the certificate, baccalaureate, and graduate levels. These programs prepare students for immediate entry into the workforce, the next level of education, specialized employment opportunities, and life-long learning.

The University is governed by a board of trustees comprised of 15 members, 11 of whom are appointed by the Mayor, with the advice and consent of the Council, one who is a full-time student in good-standing at the University, and three who have either graduated from the University of the District of Columbia or one of its predecessors.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2017 Operating Budget

The Mayor's fiscal year 2017 budget proposal for the University of the District of Columbia is \$162,543, an increase of \$8,575, or 5.6 percent, over the current fiscal year. The proposed budget supports 968.4 FTEs, which represents no change from the fiscal year 2016 approved budget.

**Table XX-A: University of the District of Columbia;
Total Operating Funds Budget FY 2011-2017**

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	148,012	151,407	169,270	141,850	139,524	153,968	162,543
FTEs	1205.7	1,102.0	1090.7	948.4	948.4	968.4	968.4

Source: Budget Books (dollars in thousands)

Enterprise Funds: It is important to note that UDC's entire budget is aggregated into an Enterprise Fund. The fiscal year 2017 budget proposal for UDC includes a \$76,200 subsidy provided via local funds, an increase of \$5,258, or 7.4 percent. The remaining balance of UDC's budget, \$86,343, is comprised of grants, tuition, fees, an endowment, and indirect costs. Please see pages 100-101 of this report for further information regarding the subsidy.

Mayor's Proposed Fiscal Year 2017 Capital Budget

The Mayor's proposed capital improvements plan includes \$55,000 for UDC, representing no change, over the six-year plan. The plan authorizes \$10,000 for fiscal year 2017, \$0 for fiscal year 2018, \$0 for fiscal year 2019, \$12,500 for fiscal year 2020, \$12,500 for fiscal year 2021, and \$20,000 for fiscal year 2022. This funding is for construction and renovation of UDC sites.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2017 budget and agency performance over the last year.

Middle States Accreditation: First accredited in 1971, UDC is accredited by the Mid-Atlantic Region Commission on Higher Education, which operates as the Middle States Commission on Higher Education (Middle States).¹¹⁹ As part of the University's reaccreditation, it must undergo a cyclical review and reaccreditation process, including a one year self-study

¹¹⁹ Middle States Commission on Higher Education, available at <http://www.msche.org>. "Middle States is a voluntary, non-governmental, membership association that is dedicated to quality assurance and improvement through accreditation via peer evaluation. Middle States accreditation instills public confidence in institutional mission, goals, performance, and resources through its rigorous accreditation standards and their enforcement." *Id.*

component and a visit to the University.¹²⁰ Most recently reaffirmed in 2010,¹²¹ UDC is currently up for reaccreditation by Middle States this year.

In order to be reaccredited, UDC must demonstrate that it can meet Middle States' 14 standards, which are outlined below.

1. **Mission and Goals:** The university's mission clearly defines its purpose within the context of higher education and indicates who the institution serves and what it intends to accomplish.
2. **Planning, Resource Allocation, and Institutional Renewal:** UDC conducts ongoing planning and resource allocation based on its mission and goals, develops objectives to achieve them, and utilizes the results of its assessment activities for institutional renewal.
3. **Institutional Resources:** UDC's human, financial, technical, physical facilities, and other resources necessary to achieve the University's mission and goals are available and accessible.
4. **Leadership and Governance:** UDC's system of governance clearly defines the roles of UDC's constituencies in policy development and decision-making, and its governance structure includes an active governing body with sufficient autonomy to assure institutional integrity.
5. **Administration:** UDC's administrative structure and services facilitate learning and research/scholarship, foster quality improvement, and support UDC's governance.
6. **Integrity:** UDC demonstrates adherence to ethical standards and its own stated policies, providing support for academic and intellectual freedom.
7. **Institutional Assessment:** UDC has developed and implemented an assessment process that evaluates its overall effectiveness in achieving its mission and goals and its compliance with accreditation standards.
8. **Student Admissions and Retention:** UDC seeks to admit students whose interests, goals, and abilities are congruent with its mission and seeks to retain them throughout the pursuit of the students' educational goals.
9. **Student Support Services:** UDC provides student support services reasonably necessary to enable each student to achieve UDC's goals for its students.
10. **Faculty:** UDC's instructional, research, and service programs are devised, developed, monitored, and supported by qualified professionals.
11. **Educational Offerings:** UDC's educational offerings display academic content, rigor, and coherence appropriate to its higher education mission.
12. **General Education:** UDC's curricula are designed so that students acquire and demonstrate college-level proficiency in general education and essential skills, including at least oral and written communication, scientific and quantitative reasoning, critical analysis and reasoning, and technological competency.
13. **Related Educational Activities:** UDC's programs or activities that are characterized by particular content, focus, location, mode of delivery, or sponsorship meet appropriate standards.
14. **Assessment of Student Learning:** Assessment of student learning demonstrates that, at graduation, or other appropriate points, UDC's students have knowledge, skills, and competencies consistent with institutional and appropriate higher education goals.

Source: Middle States website: https://www.msche.org/publications/CHX06_Aug08REVMarch09.pdf

¹²⁰ *Id.*

¹²¹ *Id.*

To ascertain UDC's ability to meet the standards outlined above, an evaluation team from Middle States visited the University during the week of April 4, 2016. At UDC's fiscal year 2017 budget hearing on April 7, 2016, UDC's President, Ronald Mason, testified that during a preliminary oral exit report by the evaluation team, the University was informed that it had met all 14 standards. Additionally, the evaluation team indicated that the University received the following 11 commendations:

1. Mission and Goals: Signature strengths of UDC are its mission and goals. As a public, historically black, and land-grant institution, UDC embraces its responsibility to build a diverse generation of competitive, civically engaged scholars and leaders and to do so while acknowledging that affordability and accessibility are gate-openers for education.
2. Planning, Resource Allocation, and Institutional Renewal:
 - (a) The creation of a University Budget Committee to ensure greater transparency and improved communication throughout the UDC community is an innovative and successful initiative; and
 - (b) The development and on-going implementation of a multi-year capital master plan in support of UDC's strategic plan priorities has transformed the campus.
3. Institutional Resources: The team commends UDC for its effective engagement and communication with the Mayor and City Council about the impact of additional funding on the University's ability to meet strategic objectives, thereby serving its students and the District of Columbia community.
4. Leadership and Governance: The team commends UDC for its efforts towards transforming itself into a stronger public higher education institution despite the high level of turnover in administrative leadership in the recent past.
5. Administration: The President and his leadership team are commended for administrative streamlining and improving communication and transparency across the campus.
6. Institutional Assessment
 - (a) The addition of TK20 as the university-wide assessment tool in 2014 marked a significant enhancement to institution-wide assessment efforts. Through this decentralized approach to data management, decisions are made using reliable and current data drivers. This leads to a more efficient and streamlined process for decision makers.
 - (b) A well-developed academic program assessment process exists at the University. This process allows individual programs and schools to report on a yearly basis their learning outcomes, resource utilization, and link those outcomes to unit, divisional, and institutional goals.
7. Student Admissions and Retention: UDC has created comprehensive 2015 undergraduate and graduate recruitment plans that serve to realize its strategic priorities.
8. Assessment of Student Learning
 - (a) Utilization of the Research Academy for Integrated Learning (RAIL) has served to guide the work of individual program efforts related to assessment and learning.
 - (b) The completion of an assessment audit in 2013 by deans of schools and colleges provided valuable faculty input to better assess ongoing student learning efforts.

While the report is still preliminary, as it will not be final until the Middle States Board votes in July 2016, the Committee applauds the University for not only being reaccredited but also for demonstrating excellence in several of the Middle States' standards. Over the past four years, the University has faced numerous challenges, and at times, the Committee was concerned that Middle States would place the University on probationary status instead of reaccrediting it. Thus, to have UDC make such positive strides forward, much of which occurred in the last two years, gives the Committee hope that the University is on its way to becoming a premiere institution of higher education. Moreover, the Committee recognizes the tremendous work done by President Mason, his administration, the UDC faculty, and the Board of Trustees, for without their efforts, none of this would be possible.

Community College Program Accreditations: In addition to the University's overall Middle States accreditation, its various schools and departments may also hold or seek accreditation/reaccreditation from various accreditation bodies. For example, the University's nursing program is accredited by the Accreditation Commission for Education in Nursing (ACEN) and its mortuary sciences program is accredited by the American Board of Funeral Service Education. In order to maintain these program accreditations, the University must meet the criteria put forth by the respective accrediting bodies, and UDC's failure to do so can result in a specific program or school losing accreditation despite the University, as a whole, maintaining its Middle States accreditation.

Such is the case with the UDC-CC nursing program. When UDC-CC was created, UDC split its nursing program into two and moved the associate's degree portion to the Community College. While the four-year nursing program at the flagship campus has continued to thrive, the UDC-CC nursing program has faced various issues, which resulted in it losing accreditation in the spring of 2015.¹²² Specifically, ACEN determined that the UDC-CC program failed to have qualified and credentialed faculty, lacked a systemic plan of evaluation that tracked program outcomes, and had less than 75 percent of its students pass the National Board examination.¹²³

Similarly, UDC-CC's mortuary science program no longer has accreditation. In fall 2015, UDC-CC decided to voluntarily withdraw its candidacy for reaccreditation instead of it being denied for noncompliance.¹²⁴ While UDC-CC plans to reapply for accreditation, it can only do so after it hires a program director that meets the accrediting body's standards – someone who has a Master's Degree and is a funeral director.¹²⁵ Otherwise, the program will be denied accreditation due to the director's lack of credentials.

The loss of UDC-CC's nursing accreditation and the withdrawal from accreditation by the mortuary science program deeply concerns the Committee. Such developments have detrimental effects not only on the Community College but also on the students currently enrolled in the programs. Nursing students will now graduate from an unaccredited nursing program, affecting the student's employability. Non-graduating students are faced with a dilemma – stay in an unaccredited program, transfer to UDC's four-year nursing program, or transfer to a different

¹²² UDC 2nd round responses to pre-hearing questions, page 170.

¹²³ *Id.*

¹²⁴ *Id.*

¹²⁵ *Id.*

community college or university. If a student transfers out of UDC altogether, the student risks another institution not accepting the credits he or she earned while at UDC. This results in a student having to attend school longer and accruing more debt or having to pay for classes he or she has already taken.

Additionally, because of the loss of accreditation, the UDC-CC program has quit admitting students, which has led to an overall decline in UDC-CC enrollment, as the nursing program was one of the most popular UDC-CC programs. The decline in enrollment translates to a decline in tuition, and thus revenue, for the University, and this in turn puts a financial strain on the University. Moreover, UDC-CC has lacked stable leadership over the past two years, resulting in less focus on these issues and a loss of historical knowledge and background with each transition. While UDC-CC has outlined strategies for earning accreditation back in both programs, the Committee questions whether UDC-CC will be able to do so within the next few years. Failure of UDC-CC to do so has repercussive effects throughout the District – the District no longer has an affordable associate’s degree option in two highly sought after fields. This places District residents at a disadvantage, as they have to incur more costs for an education that they should be able to obtain at the District’s only public institution of higher education. Thus, the Committee requests that UDC-CC provide it with a detailed summary of its efforts to ameliorate the issues that resulted in the loss of accreditation in the nursing program and the voluntary withdrawal of accreditation in the mortuary science program on a quarterly basis – September 30, 2016, December 31, 2016, and March 31, 2017.

Community College Location: In 2010, UDC-CC moved into its current headquarters, located at 801 N. Capitol Street N.E. and since the beginning, this property has caused issues for the University. Originally, the District planned to buy the building, but that option did not come to fruition, leaving the University responsible for escalating rent costs that it has struggled to absorb over the past few years. In UDC’s proposed fiscal year 2017 budget, \$1,967,424 million is included, as recurring funds, to aid the University in paying the exorbitant rent for 801 N. Capitol Street, but these funds are still insufficient to address the rising costs that the University faces over the next several years.

Moreover, the building has presented functional issues as well. Despite the University’s best efforts to turn an office building into a community college, this space does not adequately serve the University’s needs. Given the financial and functional issues, the University sought to move UDC-CC’s headquarters back to UDC’s flagship campus, located at 4200 Connecticut Ave. NW. However, as the Committee noted in its fiscal year 2016 budget report, it is opposed to this plan and urges the University to consider alternative locations for UDC-CC’s headquarters. In fact, in the Fiscal Year 2016 Budget Support Act of 2015, the Council provided the Deputy Mayor for Education (DME) with grant-making authority for the purpose of determining not only where UDC-CC’s headquarters should be located but also where other UDC-CC locations should be throughout the District. Coupled with support from the UDC Board of Trustees, the DME has identified a grant recipient who is tasked with delivering a plan to the District by September 30, 2016. The Committee is hopeful that this plan will provide both the University and the District government with the information it needs to determine the best location for UDC-CC so that it may best serve District residents. Yet, the Committee stresses that any plan that involves the UDC-

CC headquarters being relocated to the flagship campus is not favorable, as demonstrated by the ban on the use of the District's local funds for said relocation purposes in the Fiscal Year 2016 Budget Request Act of 2015. Thus, the Committee requests a copy of the plan from the DME grant recipient by October 1, 2016. Additionally, the Committee requests a plan from UDC by March 1, 2017 outlining its plans for the location of both the UDC-CC headquarters and any UDC-CC satellite campuses.

Capital Projects: Over the past several years, UDC has faced a decline in its capital budget. In the proposed fiscal year 2014 budget, UDC had its capital budget reduced by nearly \$70 million over a six year period.¹²⁶ Because of this reduction, the University had to reevaluate what capital projects it was going to carry forward and had to place several other projects on the back burner or eliminate them altogether. Then in the proposed fiscal year 2016 budget, Mayor Bowser eliminated all of UDC's capital funds for fiscal year 2016 – reducing UDC's capital budget by another \$15 million. Given that UDC had several projects already in progress that would have had to grind to a halt, as well as the fact that UDC needed capital funds to complete projects necessary for its reaccreditation by Middle States, Council restored the \$15 million to UDC - \$5 million in its fiscal year 2015 capital budget and \$10 million in fiscal year 2016.

Although UDC's proposed fiscal year 2017 capital budget of \$10 million remains unchanged, its proposed six year (FY 2017 – FY 2022) capital budget has no capital funds in fiscal years 2018 or 2019,¹²⁷ is reduced by \$2.5 million in fiscal year 2020, and is reduced by \$7.5 million in fiscal year 2021. As proposed, UDC's fiscal year 2022 capital budget is \$20 million, restoring the cuts it receives in fiscal years 2019-2021, but the University has no way of knowing whether it will actually receive those capital funds in 2022 or if its capital will continue to be decimated year after year. A public institution of higher education cannot function in such a manner. In order for the University to continue to grow and serve as an elite public university, it must have funds to support its infrastructure.

Currently, UDC predicts that it needs \$180 million additional funds to address all of its current capital needs but \$55 million is budgeted in the six year capital plan. Because of its dearth of capital funds, it cannot tackle basic issues such as IT upgrades and renovation of its elevators. Its IT system is over 50 years old and thus cannot handle the demands associated with online learning or respond to potential cyber-attacks. Additionally, the system cannot handle unanticipated failures. For instance, this past winter, a water leak occurred in the building that houses UDC's IT system. Since the system is incapable of interfacing with a remote back-up system (e.g. "the cloud"), all of UDC's data lives within the system housed at the University and has no back up capabilities. This resulted in UDC losing its entire IT network for approximately a week and demonstrates the weakness of the system. Further, as part of its strategic plan, *Vision 2020*, UDC planned to expand its online course offerings, but its current IT system cannot support this growth.

¹²⁶ COW Report on Recommendations for the FY 2014 Budget at 69.

¹²⁷ In the six year capital budget plan covering fiscal years 2016-2021 approved by the Council last year, UDC had \$10 million in its fiscal year 2019 capital budget. That has been reduced to zero in the Mayor's proposed budget currently before the Council.

With regard to UDC's failing elevators, the University's lack of capital funds makes it impossible for the University to replace and upgrade its elevators – a project that would cost the University approximately three million dollars. As a result, students have gotten stuck in the elevators, both faculty and staff with disabilities cannot attend their classes or maneuver around the University, and UDC spends thousands of dollars annually in costly repairs. If the District wants a strong, vibrant public university, then it needs to support the University – both through the subsidy that the University receives from the District and through capital funds that support UDC's infrastructure. Thus, the Committee recommends an additional \$10 million in capital funds be added to UDC's fiscal year 2017 capital budget. While this amount will not fully address the University's capital needs, it will enable the University to address the basic infrastructure needs that must be fixed so that the University can proceed with its goal of becoming a premiere institution of higher education.

Private Fundraising: Beginning with fiscal year 2014, originally as a means of supporting UDC's accreditation efforts, the Council set aside a million dollars in matching funds to aid the University with accreditation activities and readiness.¹²⁸ For every dollar UDC raised in private donations, up to a maximum of a million dollars, the District matched those donations dollar for dollar. While the University was unsuccessful in raising private funds in fiscal year 2014 for this match, the Council agreed to extend the match opportunity to the University again in fiscal year 2015. UDC rose to the challenge that year and was able to meet, and indeed exceed, the million dollar threshold, raising \$1,070,000 in private donations. Given that success, the Council again set aside a million dollar match for the University in fiscal year 2016. UDC was once again successful at raising the funds and did so within the prescribed time frame.

Although the original impetus for the match was to provide additional support for UDC's accreditation activities, a secondary reason for the match has emerged over the past two years – to incentivize the University to increase its private fundraising activities, as well as to encourage the UDC Foundation to take a more active role in raising private funds to support the University. As noted above and discussed in previous Committee budget reports, UDC has to fight year after year for its subsidy, as well as for capital funds from the District government. While the Committee believes wholeheartedly that the District should support UDC financially, funds from the District cannot, and should not, be the main source of the University's funding. The Committee acknowledges that the University does raise funds through tuition and that the University seeks out federal grant support. Yet, the University needs to make a concerted effort to increase its private fundraising. Given this, and UDC's ability over the last two years to meet the million dollar match, the Committee again advocates for a match for UDC in the fiscal year 2017 budget. However, this year's match is a bit different – for every two dollars UDC raises in private funding, the Council will match it with one dollar. Additionally, the Council directs that two-thirds of the matching funds that it provides be sent to the University's endowment in order to grow this fund. The remaining funds that the Council provides, as well as the funds that UDC raises, can be used as the University sees fit.

¹²⁸ See Title X, Sec. 10002 of D.C. Law 20-61, the Fiscal Year 2014 Budget Support Act of 2013.

The more stringent match requirements are meant to push UDC to prioritize private fundraising, and it is meant to encourage the University to stop relying on one school or one group of students for private donations. An overwhelming majority of the private donations UDC received in fiscal year 2016 to meet the match came from donations from law school alumni. While the Committee applauds UDC law school alumni for supporting its alma mater, the University cannot rely solely on this group for private funds. It must broaden its reach and inform individuals who may not know about the fantastic opportunities the University has to offer and encourage them to support the University's work. Moreover, the UDC Foundation needs to take the lead in aiding the University with these fundraising efforts and must focus on growing the University's endowment. The Committee believes that the University can rise to the challenge by March 1, 2017, for if it does, this match will provide the University with an additional \$4.5 million in funds to support both the University's endowment and its operating costs moving forward.

Fiscal Officer Challenges: Although the University is considered an independent agency, it still must employ individuals who are considered a part of the Office of the Chief Financial Officer (OCFO). These individuals fulfill the University's fiscal duties and work with University personnel to ensure that UDC complies with the District's fiscal laws. Moreover, these personnel serve as an independent check on the University, as the OCFO is meant to serve as an independent body who provides unbiased, sound financial analysis and services to District agencies. The Committee supports this structure at UDC, but it is concerned about the number of vacancies within the University's fiscal team. Currently there are nine vacant positions, including the Agency Fiscal Officer (AFO), with a few of the positions being vacant for several months. The Committee is worried that if these positions are not filled soon with qualified and knowledgeable individuals, the University's financial needs may not be met. In fact, the Committee is already aware of one University issue that has arisen due to the vacancies within its AFO department - when one looks at UDC's capital budget in the District's financial system, SOAR, it appears that the University has over \$20 million unencumbered funds. However, because the University uses a different financial software, BANNER, which is incompatible with SOAR, an individual must manually enter all of the University's capital expenditures into SOAR. Since these manual entries have not occurred in the past few months, SOAR inaccurately reflects UDC's capital budget. This inaccuracy, particularly when UDC's budget is under consideration by the Council, needs to be addressed. Yet, UDC has limited authority in the hiring of its fiscal team because these individuals are part of the OCFO staff. Thus, the University is left to wait and hope that this issue is rectified in an expeditious manner. Given the detrimental effect these vacancies could have on the University, the Committee urges the OCFO to work collaboratively with the University to fill these positions as soon as possible. Additionally, the Committee requests that it receive a detailed plan from the OCFO and UDC outlining the strategy for addressing these vacancies by October 1, 2016. If these vacancies persist past this date, the Committee requests that it receive an additional update by March 1, 2017.

Focus on Elder Law: One of the University's most prestigious programs is UDC's David A. Clarke School of Law's clinic program. Ranked seventh in the country for clinical legal

training,¹²⁹ students who attend UDC's law school must participate in two of the law school's nine legal clinics.¹³⁰ This requirement provides UDC's law students with real hands-on legal training prior to their graduation from law school, making the law school an attractive choice for students who have an interest in serving in either the government or public interest law upon graduation. Moreover, these legal clinic programs provide District residents, who would be unable to afford legal representation otherwise, with an opportunity to seek legal representation and advice on a myriad of different topics. In particular, many of the law school's legal clinics provide services to a number of the District's senior citizens, but due to a lack of funding, the law school is limited in the number of seniors that it can help. Thus, on July 14, 2015, several Councilmembers introduced Bill 21-320, the "UDC Elder Law Project Establishment Amendment Act of 2015," which directs the UDC David A. Clarke School of Law to create a specific elder law clinic, with the goal of enabling the law school to provide additional aid to senior citizens in the District who may need such assistance.

While the law school welcomes the opportunity to aid the District's seniors, it has expressed concern that Bill 21-320 would negatively affect the law school's accreditation by the American Bar Association (ABA), because the bill mandates a particular course of legal offerings outside of the control and decision-making authority of the law school Dean or UDC administration. Moreover, the University believes that Bill 21-320 creates redundancy, because, as noted above, the existing legal clinics already serve many senior citizens in the District. Instead, the Dean of the Law School, has requested that the law school receive additional funds to increase the capacity of the existing clinics to serve more senior citizens, as well as funds to hire a law school professor who is a subject matter expert in the area of elder law. This professor will be able to provide the targeted and nuanced expertise that the Council envisioned in Bill 21-320 but without putting the law school in jeopardy with the ABA and without creating duplicity. The Committee supports Dean Broderick's proposal, and to that end the Committee accepts \$480,000 in funds from the Committee on Transportation and the Environment to enable the law school to proceed with the aforementioned expansion in capacity and hiring of a law professor with an expertise in elder law.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2017 Operating Budget

The Committee recommends adoption of the fiscal year 2017 budget for the University of the District of Columbia as proposed by the Mayor with the modification outlined in the University's local funds subsidy account detailed on page 101 of this Committee report.

¹²⁹ UDC's law school ranked seventh in clinical legal training in the U.S. News and World Report: Best Law Schools 2016

¹³⁰ The nine legal clinics include: (1) Community Development Clinic; (2) Criminal Law Clinic; (3) General Practice Clinic; (4) Government Accountability Clinic; (5) Housing and Consumer Law Clinic; (6) Immigration and Human Rights Clinic; (7) Juvenile and Special Education Law Clinic; (8) Legislation Clinic; and (9) Low Income Taxpayer Clinic. <http://www.law.udc.edu/?page=ClinicIntro>.

Committee's Recommended Fiscal Year 2017 Capital Budget

The Committee recommends the following changes to the fiscal year 2017 capital improvement plan budget for UDC as proposed by the Mayor:

1. An increase of \$10,035,000.00 to fund a myriad of capital projects at UDC's various locations.

Policy Recommendations

1. The Committee requests that UDC-CC provide it with a detailed summary of its efforts to ameliorate the issues that resulted in the loss of accreditation in the nursing program and the voluntary withdrawal of accreditation in the mortuary science program on a quarterly basis – September 30, 2016, December 31, 2016, and March 31, 2017.
2. By March 1, 2017, the Committee requests a plan from UDC explaining its vision and timeline for identifying future locations for both UDC-CC's headquarters and any UDC-CC satellite campuses.
3. The Committee requests that it receive a detailed plan from the OCFO and UDC outlining the strategy for addressing the vacancies in the University's fiscal department by October 1, 2016. If these vacancies persist past this date, the Committee requests that it receive an additional update by March 1, 2017.
4. By December 31, 2016, the Committee asks for an update on the law school's progress in expanding its capacity to serve additional senior citizens who reside in the District.
5. The Committee urges the University to reexamine its capital needs, given its limited capital budget, and to provide the Committee with quarterly updates during fiscal year 2017 on the progress of its capital projects, including a spreadsheet detailing its capital expenditures.

UNIVERSITY OF THE DISTRICT OF COLUMBIA SUBSIDY

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The University of the District of Columbia (UDC) Subsidy Account reflects the total local funds that UDC receives from the District of Columbia.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2017 Operating Budget

The Mayor's fiscal year 2017 budget proposal for UDC's subsidy is \$76,200, an increase of \$5,258, or 7.4 percent, over the current fiscal year. The proposed budget supports 0 FTEs, representing no change from the current fiscal year.

**Table GC-A: Agency Name Here;
Total Operating Funds Budget FY 2011-2017**

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	66,420	67,362	65,555	66,691	73,458	70,942	76,200
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Budget Books (dollars in thousands)

Local Funds: The Mayor's proposed budget is \$76,200, an increase of \$5,258, or 7.4 percent, over the current fiscal year. The proposed budget supports 0.0 FTEs, representing no change from the current fiscal year. The UDC subsidy is funded solely from local funds.

III. COMMITTEE COMMENTARY

For Committee Commentary related to the University of the District of Columbia, please see pages 90-100 of this report.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2017 Operating Budget

The Committee recommends adoption of the fiscal year 2017 budget for the University of the District of Columbia as proposed by the Mayor with the following modification:

1. An increase of \$480,000 local funds from the Committee on Transportation and the Environment in order to increase the law school's various clinics' capacity to serve more of the District's senior citizens.

DEBT SERVICE

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of Debt Service administration is to finance the District's capital and cash flow needs, minimize the costs associated with such financing, exercise fiscally responsible debt management practices, and make timely payments of all debt service. Debt Service administration is comprised of the following sub-entities: Repayment of Loans and Interest (DS0); Repayment of Revenue Bonds (DT0); Schools Modernization Fund (SM0); Repayment of Interest on Short-Term Borrowings (ZA0); and Debt Service – Issuance Costs (ZB0).

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2017 Operating Budget¹³¹

The Mayor's fiscal year 2017 budget proposal for Debt Service is \$673,630, an increase of \$26,770, or 4.1 percent, over the current fiscal year. The proposed budget supports 0.0 FTEs, representing no change from the current fiscal year.

**Table XX-A: Debt Service;
Total Operating Funds Budget FY 2011-2017**

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	459,132	487,732	532,927	564,743	612,174	646,861	673, 630
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Budget Books (dollars in thousands)

Local Funds: The Mayor's proposed budget is \$620,191, an increase of \$28,565, or 4.8 percent, over the current fiscal year. The proposed budget supports 0.0 FTEs, no change from the current fiscal year.

Special Purpose Funds: The Mayor's proposed budget is \$5,319, an increase of \$205, or 4.0 percent, over the current fiscal year. The proposed budget supports 0.0 FTEs, no change from the current fiscal year.

¹³¹ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

Federal Funds: The Mayor’s proposed budget is \$18,262, no change from the current fiscal year. The proposed budget supports 0.0 FTEs, no change from the current fiscal year.

**Table XX-B: Debt Service;
Operating Funds Budget by Sub-Entity, FY 2011-2017**

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Repayment of Loans and Interest (DS)	404,768	434,384	479,810	520,507	586,572	615,003	643,772
Short-Term Borrowing (ZA)	2,841	2,572	1,581	943	723	3,750	2,500
Debt Service – Issuance Cost (ZB)	5,884	4,348	4,420	983	5,638	6,000	6,000
Schools Modernization (SM)	8,613	8,621	8,626	11,863	11,412	14,276	13,523
Repayment of Revenue Bonds (DT)	4,782	5,574	6,665	7,824	7,829	7,832	7,835
Total Funds	459,132	487,732	532,927	564,743	612,174	646,860	673,630

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2017 budget and agency performance over the last year.

The Mayor’s proposed fiscal year 2017 budget includes over \$673 million in debt service payments. Much has been made of this staggering figure, as it represents a larger portion of overall budget than our largest government agencies. While expenditures to service debt are necessary to fund the operations of government and service the needs of the District, the increase cost of borrowing reflected in our budget from year to year is an issue of concern. For example, as illustrated from the chart above, in 2011 the cost of debt service was \$459 million. Just six years later and the proposed budget for debt service, \$674 million, is nearly a 47 percent increase. While not adjusted for inflation, this increase over a relatively short period of time is concerning. Expressed another way, the total debt per capita in 2006 was \$9,439. By 2015, this figure increased by almost 50 percent to \$14,115.¹³² Perhaps a better barometer is reflected in the total debt as a percentage of personal income (which better account for inflation). In 2006, that total debt as a percentage of income in the District was 16.2 percent; by 2015 that number had climbed to 19.6 percent. That equates to an almost 21 percent increase.

Some level of debt is essential to operations, meaning that servicing that debt, too, will be necessary. To be sure, as a city, county, and state, the District’s level of debt service is not easily comparable to other jurisdictions and, as a consequence, may be higher. However, the government

¹³² FY 2015 CAFR, page 192 (“Ratios of Outstanding Debt by Type Last Ten Fiscal Years”).

should engage in an exercise to ensure that we do not continue the current upward trajectory with regard to necessary increases to debt service.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2017 Operating Budget

The Committee recommends no changes to the fiscal year 2017 budget for the Debt Service as proposed by the Mayor.

JOHN A. WILSON BUILDING FUND

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of the John A. Wilson Building Fund is to provide an efficient, clean, and safe working environment for District employees in a modernized century-old historic building. Easily accessible to the public, the Wilson Building is an emblem of District pride showcased on the elegant Pennsylvania Avenue corridor within the Federal Triangle, just blocks from the White House.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2017 Operating Budget¹³³

The Mayor's fiscal year 2017 budget proposal for the John A. Wilson Building Fund is \$4,369, a decrease of \$376, or -7.9 percent, under the current fiscal year. The proposed budget supports 00.0 FTEs, no change from the current fiscal year.

**Table ZZ-A: John A. Wilson Building Fund;
Total Operating Funds Budget FY 2011-2017**

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	3,556	3,457	3,690	3,926	4,336	4,745	4,369
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Budget Books (dollars in thousands)

¹³³ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

Local Funds: The Mayor's proposed budget is \$4,369, a decrease of \$376, or -7.9 percent, under the current fiscal year. The proposed budget supports 00.0 FTEs, no change from the current fiscal year.

III. COMMITTEE COMMENTARY

Maintenance: The Committee remains concerned about the upkeep and maintenance of the historic, more than a century old, John A. Wilson Building. Deferred or, in some cases, indefinitely postponed maintenance lead the building to be uninhabitable in recent memory. The building, now restored, still shows its age, however, and so ongoing maintenance is necessary to prevent further damage and decay. Maintenance of the building is performed by the Department of General Services (DGS). Several issues, particularly water intrusion, have plagued several Council offices, resulting in moderate water damage to offices and work spaces, including one of the historic District Commissioners' offices. While the sources of these leaks have been repaired, the potential for future damage remains in several cases. As an important symbol of our government, and a valuable asset, the District must do more to protect this historic building.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2017 Operating Budget

The Committee recommends no changes to the fiscal year 2017 budget for the John A. Wilson Building Fund as proposed by the Mayor.

WORKFORCE INVESTMENTS

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of Workforce Investments is to pay compensation increases for nonunion and union District employees and Retirement Reform initiative costs. The District budgets an amount for Workforce Investments for pay increases and reforms that are expected in the budgeted year but are not finalized. Employees covered and dollar amounts vary from year to year, depending on what compensation changes are final or still outstanding. The Office of Budget and Planning develops estimates for the Workforce Investments budget in consultation with the DC Department of Human Resources, the Office of Labor Relations and Collective Bargaining, and the Office of the City Administrator.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2017 Operating Budget¹³⁴

The Mayor's fiscal year 2017 budget proposal for the Workforce Investments is \$18,025, an increase of \$210, or 1.2 percent, over the current fiscal year. The proposed budget supports no FTEs, representing no change from the current fiscal year.

**Table UP-A: Workforce Investments;
Total Operating Funds Budget FY 2011-2017**

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	0	0	0	0	0	17,815	18,025
FTEs	0	0	0	0	0	0	0

Source: Budget Books (dollars in thousands)

Local Funds: The Mayor's proposed budget is \$18,025, an increase of \$210, or 1.2 percent, over the current fiscal year. The proposed budget supports no FTEs, representing no change from the current fiscal year.

III. COMMITTEE COMMENTARY

According to the proposed budget for fiscal year 2017, this funding would cover the Local funds portion of the estimated salary increases for the Compensation and Reclassification Reform project and potential increases for small unions not approved as of January 2016.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2017 Operating Budget

The Committee recommends adoption of the fiscal year 2017 budget for Workforce Investments as proposed by the Mayor.

¹³⁴ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

NON-DEPARTMENTAL
Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of the Non-Departmental account provides for anticipated costs that were not allocated to specific agencies during the development of the proposed budget, to ensure that specific use requirements are met. Use of a Non-Departmental account is a common practice to include specific costs in the budget, while providing the flexibility to project and allocate these costs. Use of Non-Departmental improves budget formulation by ensuring that certain use criteria are met by agencies before the funds are released to those agencies.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2017 Operating Budget¹³⁵

The Mayor's fiscal year 2017 budget proposal for the Non-Departmental is \$5,646, a decrease of \$15,640, or 73.5 percent, under the current fiscal year. The proposed budget supports 40.0 FTEs, which represents no change from the current fiscal year.

**Table DO-A: Non-Departmental;
Total Operating Funds Budget FY 2011-2017**

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	0	0	0	0	0	21,286	5,646
FTEs	0	0	0	0	0	40.0	40.0

Source: Budget Books (dollars in thousands)

Local Funds: The Mayor's proposed budget is \$2,504, a decrease of \$250, or 9.1 percent, under the current fiscal year. The proposed budget supports 40.0 FTEs, which represents no change current fiscal year.

Special Purpose Funds: The Mayor's proposed budget is \$3,142, a decrease of \$15,390, or 83.0 percent, under the current fiscal year. The proposed budget supports no FTEs.

¹³⁵ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2017 budget and agency performance over the last year.

Non-Departmental Funds: the Non-Departmental account serves as a holding area for anticipated funding needs during the fiscal year. Most of this budget is special purpose revenue authority given to Non-Departmental which reflects the total of the unbudgeted special purpose revenue funds of various district agencies. The account also contains funding for the fundraising matching program at the University of the District of Columbia. That program is discussed earlier in this report. The Committee's increase to the budget reflects additional funds to support increasing funding for the matching program.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2017 Operating Budget

The Committee recommends the following changes to the fiscal year 2017 budget for the Office of the City Administrator as proposed by the Mayor:

1. Increase of \$1,101,000 in Program 1100 – Non-Departmental, CSG 50 – Subsidies and Transfers, Local Funds.

UNEMPLOYMENT COMPENSATION FUND

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of the Unemployment Compensation Fund is to provide unemployment compensation benefits to former District government employees who have been separated from employment through no fault of their own.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2017 Operating Budget¹³⁶

The Mayor's fiscal year 2017 budget proposal for the Unemployment Compensation Fund is \$6,887, no change from the current fiscal year. The proposed budget supports 0.0 FTEs, an increase/decrease of 0.0 FTEs, no change from the current fiscal year.

**Table BH-A: Unemployment Compensation Fund;
Total Operating Funds Budget FY 2011-2017**

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	16,325	6,512	7,668	6,619	5,065	6,887	6,887
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Budget Books (dollars in thousands)

Local Funds: The Mayor's proposed budget is \$6,887, no change from the current fiscal year. The proposed budget supports 0.0 FTEs, an increase/decrease of 00.0 FTEs, no change from the current fiscal year.

III. COMMITTEE COMMENTARY

The Committee has no comments in relation to the proposed fiscal year 2017 budget and agency performance over the last year.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2017 Operating Budget

The Committee recommends no changes to the fiscal year 2017 budget for the Unemployment Compensation Fund as proposed by the Mayor.

¹³⁶ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

MASTER EQUIPMENT LEASE/PURCHASE PROGRAM

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of the Master Equipment Lease/Purchase Program (the program) is to provide District agencies with access to low cost, tax-exempt financing for short-term capital equipment needs. The program enables the District to improve its asset/liability management by matching the useful life of the asset being financed to the amortization of the liability.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2017 Operating Budget¹³⁷

The Mayor's fiscal year 2017 budget proposal for the Master Equipment Lease/Purchase Program is \$30,009, a decrease of \$18,403, or -38.0 percent, under the current fiscal year. The proposed budget supports 0.0 FTEs, no change from the current fiscal year.

**Table EL-A: Master Equipment Lease/Purchase Program;
Total Operating Funds Budget FY 2011-2017**

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	48,247	49,791	49,953	45,617	43,778	48,413	30,009
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Budget Books (dollars in thousands)

Local Funds: The Mayor's proposed budget is \$30,009, a decrease of \$18,403, or -38.0 percent, under the current fiscal year. The proposed budget supports 0.0 FTEs, no change from the current fiscal year.

III. COMMITTEE COMMENTARY

The Committee has no comments in relation to the proposed fiscal year 2017 budget and agency performance over the last year.

¹³⁷ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2017 Operating Budget

The Committee recommends no change to the fiscal year 2017 budget for the Master Equipment Lease/Purchase Program as proposed by the Mayor.

EMERGENCY AND CONTINGENCY RESERVE FUNDS

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of the Emergency and Contingency Reserve Funds are to maintain the required fund balances established under section 450A of the District of Columbia Home Rule Act (D.C. Official Code, § 1-204.50a). The amount in these funds is 6 percent of operating revenues and thus grows over time. The Emergency and Contingency Reserve Funds were established to provide for nonrecurring or unforeseen needs that arise during the fiscal year.

The Emergency Cash Reserve Fund may be used for unanticipated and non-recurring extraordinary needs of an emergency nature such as natural disasters or unexpected obligations required by federal law. The Contingency Cash Reserve Fund can be used for non-recurring or unforeseen needs arising during the fiscal year, also including disasters and unexpected obligations. Other contingency needs may include public safety or health needs identified after the budget process has occurred. Both funds are used for cash flow management purposes.

Funding is budgeted on an as-needed basis, to replenish the Emergency and Contingency Reserve Funds for expenditures made from the funds in the previous years. The Emergency and Contingency Reserve Funds were established to provide for nonrecurring or unforeseen needs that arise during the fiscal year.

In fiscal year 2005, the following changes were adopted: (1) Modified the calculation of the Emergency and Contingency Reserve Funds by using prior year actual expenditures from Local funds as defined in the annual Comprehensive Annual Financial Report (CAFR), and removed expenditures related to payment of debt service from the calculation of actual expenditures; (2) Changed the required funding levels from 7 percent to 6 percent of operating expenditures (Emergency Reserve Fund at 2 percent and Contingency Reserve Fund at 4 percent); and (3) Changed the replenishment requirements from 1 to 2 years, with no less than 50 percent replenished in the first year.

In addition, in the enacted Fiscal Year 2015 Budget Request Act of 2015 (D.C. Law 20-

370) as passed by the Council and signed by the Mayor, a proviso was added which intends that any draws from the contingency reserve fund be approved by resolution by the Council.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2017 Operating Budget¹³⁸

The Mayor's fiscal year 2017 budget proposal for the Emergency and Contingency Reserve Funds is \$0, no change from the current fiscal year. The proposed budget supports 0.0 FTEs, an increase/decrease of 0.0 FTEs, no change from the current fiscal year.

**Table SV-A: Emergency and Contingency Reserve Funds;
Total Operating Funds Budget FY 2011-2017**

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	0	0	3,000	0	0	0	0
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Budget Books (dollars in thousands)

III. COMMITTEE COMMENTARY

The Committee provides the following commentary and concerns in relation to the proposed fiscal year 2017 budget and agency performance over the last year.

The Emergency and Contingency Reserve Fund provides for the replenishment of the funds for allocations made in previous years. The Fund has no program or structural changes for fiscal year 2015. The Committee is concerned that the Emergency and Contingency Reserve Funds chapter, which is a paper agency, was not included in the fiscal year 2017 budget books. While agencies cease to be published in a budget book after two years of zero budgets, this particular paper agency is important in that funds flow in and out of the account over the course of each fiscal year. The only reason that an actual and budgeted amount show up as zero is because the mayor paid back all contingency draws within the same fiscal year.

In fiscal year 2014, the Emergency Cash Reserve Fund increased from \$112.1 to \$116.0 million at fiscal year-end as a result of investment earnings. Over the same period, the Contingency Cash Reserve Fund grew from \$227.4 million to \$239.4 million as a result of investment earnings, offset by several draws. While funds were not requested in the FY 2014, 2015 and 2016 budgets to replenish the contingency cash fund, a significant number of transactions occurred. In FY 2013,

¹³⁸ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

57 transactions were made against the contingency reserve consisting of draws, repayments, and interest. In FY 2014, there were 102 total transactions.

While this level of transaction has not been replicated under the current Administration, the Committee is very concerned that utilization of the Contingency Reserve Fund without approval from the Council has the potential for abuse. As the Council has noted previously, this body feels strongly about including this level of oversight, as it should be the policy of the government, per the inclusion of the provision in the BRA which was sent to Congress and enacted by reference in the Fiscal Year 2015 Omnibus Appropriations Act. Without this important review opportunity for the legislative branch of government, the government runs the serious risk of violating the spirit of the Anti-deficiency Act which requires that no person may spend funds that have not been previously appropriated.

The ability of the Executive to unilaterally draw funds from the Contingency Reserve Fund puts the financial security of the District at risk. Under the law, any funds drawn from the Fund must be repaid within two years. While the previous Executive paid back all draws within the same fiscal year that is not automatic. Should the executive unilaterally draw down all of the Fund, and not identify funds to replenish the Fund within two years, the government would be forced to pay the funds back, even though the Council would never have weighed in on the spending of the funds in the first place. Moreover, the purpose of the fund is to cover one time, unanticipated funding needs that should represent contingency spending. However, as past practice has shown us—with draws made to cover costs associated with trash cans and painting taxi cabs—the use of the Fund has been for projects which are anything but unanticipated needs. Some draws represent essentially cash management transactions.

For these reasons it is essential that the Council have approval authority for proposed draws from the Fund.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2017 Operating Budget

The Committee recommends no change to the fiscal year 2017 budget for the Emergency and Contingency Reserve Funds as proposed by the Mayor.

However, the Executive should work with the Council on a mechanism whereby the council has a role in the contingency reserve draws to avoid abuse of the Fund.

PAY-AS-YOU-GO CAPITAL FUND

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

The mission of the Pay-As-You-Go Capital Fund is to provide an additional funding source and offset long-term bond borrowing costs for capital projects.

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2017 Operating Budget¹³⁹

The Mayor's fiscal year 2017 budget proposal for the Pay-As-You-Go Capital Fund is \$125,294, an increase of \$52,828, or 72.9 percent, over the current fiscal year. The proposed budget supports 0.0 FTEs, no change from the current fiscal year.

**Table PA-A: Pay-As-You-Go Capital Fund;
Total Operating Funds Budget FY 2011-2017**

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	31,726	80,878	88,201	59,798	136,245	72,466	125,294
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Budget Books (dollars in thousands)

Local Funds: The Mayor's proposed budget is \$75,705, an increase of \$54,256, or 253.0 percent, over the current fiscal year. The proposed budget supports 0.0 FTEs, no change from the current fiscal year.

Special Purpose: The Mayor's proposed budget is \$49,589, a decrease of \$1,428, or -2.8 percent, over the current fiscal year. The proposed budget supports 0.0 FTEs, no change from the current fiscal year.

III. COMMITTEE COMMENTARY

The Committee has no comments in relation to the proposed fiscal year 2017 budget and agency performance over the last year.

¹³⁹ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2017 Operating Budget

The Committee recommends no change to the fiscal year 2017 budget for the Pay-As-You-Go Capital Fund as proposed by the Mayor.

REPAYMENT OF PILOT FINANCING

Committee Recommendations – See Page XX

I. AGENCY OVERVIEW

Repayment of PILOT Financing is a program through which the District provides economic development projects funds by borrowing against the future receipts from Payment-in-Lieu-of-Taxes (PILOT).

II. MAYOR'S PROPOSED BUDGET

Mayor's Proposed Fiscal Year 2017 Operating Budget¹⁴⁰

The Mayor's fiscal year 2017 budget proposal for the Repayment of PILOT Financing is \$31,113, an increase of \$12,373, or 66.0 percent, over the current fiscal year. The proposed budget supports 00.0 FTEs, no change from the current fiscal year.

**Table EL-A: Repayment of PILOT Financing;
Total Operating Funds Budget FY 2011-2017**

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Budget 2016	Mayor 2017
Total Funds	12,134	12,938	10,949	13,722	15,901	18,741	31,113
FTEs	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Budget Books (dollars in thousands)

Enterprise and Other Funds: The Mayor's proposed budget is \$31,113, an increase of \$12,373, or 66.0 percent, over the current fiscal year. The proposed budget supports 00.0 FTEs, no change from the current fiscal year.

¹⁴⁰ The Mayor's proposed budget provides numbers rounded to dollars in thousands; therefore, all figures presented here are dollars in thousands. Percent change is based on whole dollars.

III. COMMITTEE COMMENTARY

The Committee has no comments regarding the proposed funding for the Repayment of PILOT Financing.

IV. COMMITTEE RECOMMENDATIONS

Committee's Recommended Fiscal Year 2017 Operating Budget

The Committee recommends no change to the fiscal year 2017 budget for the Repayment of PILOT Financing as proposed by the Mayor.

FISCAL YEAR 2017 BUDGET SUPPORT ACT LANGUAGE RECOMMENDATIONS

The following subtitles of Bill 21-669, the “Fiscal Year 2017 Budget Support Act of 2016” were referred to the Committee of the Whole for comment:

Title I. Government Direction and Support

- Subtitle A. Bonus and Special Pay Limitation
- Subtitle C. Employee’s Compensation Fund Amendment
- Subtitle D. DC Government Award of Interest and Interest Rate Amendment
- Subtitle G. Public Sector Works Compensation Budget Technical Amendment
- Subtitle I. Public-Private Partnership Amendments
- Subtitle J. OIG Budget Process Clarification Amendment
- Subtitle K. Use of Official Vehicles During an Emergency

Title II. Economic Development and Regulation

- Subtitle A. QHTC Digital Media and Boundary Amendment
- Subtitle D. Walter Reed Development Fund Clarification
- Subtitle E. DMPED Grant-Making Authority Amendment
- Subtitle G. DMPED Procurement Exemption Clarification

Title III. Public Safety and Justice

- Subtitle A. COG Procurement Authorization Amendment
- Subtitle D. Public Safety Executive Service Pay Schedule Amendment
- Subtitle H. Fire Officials’ Service Longevity Amendment

Title IV. Public Education

- Subtitle B. DCPS Contract and Spending Flexibility Amendment

Title V. Health and Human Services

- Subtitle G. Teen Pregnancy Prevention Fund Amendment

Title VII. Finance and Revenue

- Subtitle A. Subject to Appropriations Amendments
- Subtitle B. Prior Budget Act Amendments

The Committee Also recommends the following additional subtitles:

- Subtitle COW-A. New Columbia Statehood Commission Discretionary Funding
- Subtitle COW-B. PDS Pension Creditable Service Clarification
- Subtitle COW-C. Retirement Survivor Benefits Clarification
- Subtitle COW-D. Archives Eminent Domain Authority
- Subtitle COW-E. Capital Project Financing Reallocation
- Subtitle COW-F. OEA Final Decision Publication Amendment
- Subtitle COW-G. Great Streets Funding
- Subtitle COW-H. UDC Fundraising Match

TITLE I-A BONUS AND SPECIAL PAY LIMITATION

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is to prohibit the award of most bonuses, special awards pay, and service awards in fiscal year 2017. Similar language has been adopted in the Budget Support Act (BSA) for each of the last several fiscal years.

II. COMMITTEE REASONING

This provision has been in effect since fiscal year 2010. The reasoning behind the limitation on most pay awards is to prevent payment of performance-related bonuses, special act pay, or service awards in an effort to control personal services spending and promoting merit system principles. However, certain recruitment-based bonuses, special pay as negotiated in a collective bargaining agreement, and pay in certain employment contracts is exempt from this provision.

The Committee believes this subtitle needs to be examined further before it is included in the final version of the BSA. Over the past year, various agency leaders have expressed frustration with this limitation, as it can impede an agency's ability to either recruit or retain talented individuals, particularly when businesses in the private sector often use bonuses for these very reasons. Thus, agencies have requested exemptions from this provision. Instead of allowing one agency to be exempt from this provision while others are not, the Committee recommends further examination of this provision before a Council-wide vote on the BSA later this month.

III. SECTION BY SECTION ANALYSIS

Sec. 1001. Short title.

Sec. 1002. Limits payment of certain bonuses and special pay to District employees.

IV. LEGISLATIVE RECOMMENDATION

1	TITLE I, SUBTITLE A. BONUS AND SPECIAL PAY LIMITATION
2	
3	Sec. 1001. Short title.
4	This subtitle may be cited as the "Bonus and Special Pay Limitation Act of 2015".

5 Sec. 1002. Bonus and special pay limitations.

6

7 (a) For Fiscal Year 2017, no funds shall be used to support the categories of

8 special awards pay or bonus pay; provided, that funds may be used to pay:

9 (1) Retirement awards;

10 (2) Hiring bonuses for difficult-to-fill positions;

11 (3) Additional income allowances for difficult-to-fill positions;

12 (4) Agency awards or bonuses funded by private grants or donations;

13 (5) Employee awards pursuant to section 1901 of the District of Columbia

14 Government Comprehensive Merit Personnel Act of 1978, effective March 3, 1979 (D.C.

15 Law 2-139; D.C. Official Code § 1-619.01);

16

17 (6) Safe driving awards;

18 (7) Gainsharing incentives in the Department of Public Works;

19 (8) Suggestion/ or invention awards;

20 (9) Quality steps;

21 (10) Salary incentives negotiated through collective bargaining; or

22 (11) Any other award or bonus required by an existing contract or collective

23 bargaining agreement that was entered into prior to the effective date of this subtitle.

24

25 (b) Notwithstanding any other provision of law, no restrictions on the use of funds

26 to support the categories of special awards pay (comptroller subcategory 0137) or bonus

27 pay (comptroller subcategory 0138) shall apply in Fiscal Year 2016 to employees of the

28 District of Columbia Public Schools who are based at a local school or who provide

29 direct services to individual students.

30

31 (c) Notwithstanding this subtitle or any other provision of law, the Office of the

32 Attorney General shall pay employees of the Office of the Attorney General all

33 performance allowance payments to which they are entitled or may become entitled

34

35 under any approved compensation agreement negotiated between and executed by the
36 Mayor and Compensation Unit 33 of the American Federation of Government
37 Employees, Local 1403, AFL-CIO for the period from October 1, 2013, through
38 September 30, 2017. These payments are necessary to satisfy the requirements of section
39 857 of the District of Columbia Government Comprehensive Merit Personnel Act of
40 1978, effective April 20, 1999 (D.C. Law 12-260; D.C. Official Code § 1-608.57), which
41 requires the Attorney General's performance management system to link pay to
performance.

(d) Notwithstanding this subtitle of law, the Office of the Attorney General and the subordinate agencies shall pay their employees all performance allowance payments to which they are entitled.

TITLE I-C EMPLOYEE'S COMPENSATION FUND AMENDMENT

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is to codify existing practice with regards to payment of administrative expenses from the Employees compensation fund, retroactive to October 1, 2008. The impact on existing law is an amendment to the Comprehensive Merit Personnel Act to strike the prohibition on the use of the Fund for administrative expenses.

II. COMMITTEE REASONING

The District Employee's Compensation Fund pays injured District government employees for lost wages, medical services and return-to-work services. The Fund is administered by the Office of Risk Management. This subtitle would make permanent the Employee's Compensation Fund Clarification Temporary Act of 2015, effective March 9, 2016 (D.C. Law 86; D.C. Official Code § 1-623.42).

III. SECTION BY SECTION ANALYSIS

- Sec. 1021. The Committee recommends adoption of the fiscal year 2017 budget for the keep writing the section
- Sec. 1022. Amends the CMPA to allow for administrative expenses to be paid from the fund.
- Sec. 1023. Makes the change retroactive to 2008.

IV. LEGISLATIVE RECOMMENDATION

1	TITLE I, SUBTITLE COW-A. GRANTS ADMINISTRATION
2	Sec. 1. Short title.
3	This subtitle may be cited as the “Employee’s Compensation Fund
4	Clarification Amendment Act of 2016”.
5	Sec. 1022. Section 2342 of the District of Columbia Government
6	Comprehensive Merit Personnel Act of 1978, effective March 3, 1979 (D.C. Law
7	2-139; D.C. Official Code § 1-623.42), is amended as follows:
8	(a) Subsection (a) is amended as follows:
9	(1) Paragraph (1) is repealed.
10	(2) Paragraph (2) is amended by striking the phrase “expenses,
11	except administrative expenses, authorized by this title or any extension or
12	application thereof, except as otherwise provided by this subtitle or other statute.”
13	and inserting the phrase “expenses incurred to implement the provisions of this
14	act.” in its place.
15	(3) Paragraph (3) is repealed.
16	(b) Subsection (b) is repealed.
17	Sec. 1023. The amendments made by section 1022(a) shall apply as of October 1, 2008.

TITLE I-D DC GOVERNMENT AWARD OF INTEREST AND INTEREST RATE AMENDMENT

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The proposed subtitle would prohibit, in an administrative proceeding, automatic awards of interest on judgments against the District, unless such interest payments are already required by law. If a judge awards interest, following enactment of the subtitle the rate is set at the current prevailing rate of interest, not to exceed four percent per annum.

II. COMMITTEE REASONING

The Committee follows the recommendation of the Committee on the Judiciary to include the modification in section 1033 of the proposed BSA (amending D.C. Official Code § 28-3302(b)) regarding a 4 percent cap, but strikes section 1034 (amending D.C. Official Code § 28-3302(b)) regarding the awarding of pre-award/pre-decision and post-award/post-decision interest. If further consideration of this latter provision is desired, it should be introduced as a stand-alone bill rather than included in the Budget Support Act.

Section 1033 would amend D.C. Code § 28-3302(b) to clarify that interest rate of 4 percent annum, when authorized by law on judgments or decrees against the District or the District's officers or employees acting within the scope of their employment, operates as a cap of providing up to 4 percent when interest rates are lower, but that when interest rates are higher than 4 percent the statutory cap restricts interest at 4 percent. According to the Executive and the Office of the Attorney General, the cap has been applied by the courts as both the ceiling and the floor for interest on judgments or decrees against the District. This section clarifies the applicability of the cap.

The Committee on the Judiciary proposed striking section 1032 of the proposed BSA relating to express statutory authorization for awards of interest to a prevailing party in an administrative adjudication. Of particular concern to that Committee was the ramifications of this subtitle on litigants before the Office of Human Rights. The scope and potential impact of the proposed amendment was scrutinized by that Committee as potentially reaching beyond what was the stated intent. As such, the Committee on the Judiciary struck this provision from its recommendations. This Committee follows this recommendation, and reiterates that if the Executive believes this provision necessary it should allow the proposal to follow the normal course of legislation.

III. SECTION BY SECTION ANALYSIS

Sec. 1031. Short Title

Sec. 1032. Amends D.C. Code § 28-3302(b) to provide that interest, when it is authorized by law, on judgments or decrees against the District or the District's officers or employees acting within the scope of their employment, is at the rate provided in subsection (c) of that section, with an annual cap of 4%.

IV. LEGISLATIVE RECOMMENDATION

1 TITLE I, SUBTITLE D. DC GOVERNMENT AWARD OF INTEREST

2 AND INTEREST RATE AMENDMENT

3 Sec. 1031. Short title.

4 This subtitle may be cited as the "District of Columbia Government Interest Rate
5 Amendment Act of 2016".

6 Sec. 1032. Section 28-3302(b) of the District of Columbia Official Code is
7 amended to read as follows:

8 "(b) Interest, when authorized by law, on judgments or decrees against the District
9 of Columbia, or its officers, or its employees acting within the scope of their
10 employment, shall be at the rate described in subsection (c) of this section, provided that
11 the rate shall not exceed 4% per annum."

TITLE I-G PUBLIC SECTOR WORKERS COMPENSATION BUDGET TECHNICAL AMENDMENT

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is to make several changes to the Public Sector Workers' Compensation Program established under the District of Columbia Government Comprehensive Merit Personnel Act of 1978. Specifically, the subtitle would, among other things:

- transfer adjudication of these compensation claims from the Department of Employment Services to the Office of Administrative Hearings;
- remove administrative appellate review of these claims by the Compensation Review Board;

- allow the Office of Risk Management (ORM) to require claimants who are appealing an adverse claims decision to repay awards prior to a decision on their appeal;
- remove the 30 day deadline for decisions in these cases;
- require administrative law judges (ALJ) to apply the Administrative Procedures Act to public sector workers' compensation cases;
- provide discretion to ORM in determining whether it will delay following an ALJ's order to pay compensation to a claimant without seeking a stay until 30 days after a decision on the ORM's appeal;
- permits the Mayor or his or her designee to exercise discretion in determining whether pre-award or post-award interest will be paid to claimants;
- enable ORM to determine the procedure for granting attorney fees and the amount of those fees in cases the ORM has lost; and
- prevent fee awards to attorneys for time they spend appealing or enforcing a fee award determinations.

II. COMMITTEE REASONING

The Committee does not recommend inclusion of this subtitle into the Fiscal Year 2017 Budget Support Act of 2016 (BSA). As noted above, this subtitle would make numerous substantive changes to the public sector workers' compensation program, and over the past month, the Committee has received several letters and calls from concerned constituents who believe the changes outlined in the subtitle would have an adverse effect on the program. Additionally, individuals have requested that the Council examine the provisions put forth in this subtitle through the customary legislative process, instead of through the BSA mechanism, as the BSA route provides for less public input and transparency. Given the concerns raised, Mayor Bowser recommended removing this subtitle from the BSA in her April 27, 2016 Errata Letter to the Council. The Committee is inclined to adopt this recommendation.

TITLE I-I

PUBLIC-PRIVATE PARTNERSHIP AMENDMENTS

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is to make changes to the Public-Private Partnership Act of 2014¹⁴¹ to make certain technical and minor substantive changes based on the experience of setting up the office in the last several months. The effect of the subtitle will be to allow the Executive to stand up the P3 Office with accompanying rules so that it may move forward with P3 projects. The impact on existing law is to amend the Public-Private Partnership Act of 2014 to allow for fees collected in conjunction with a public-private partnership (P3) to be used to offset any costs

¹⁴¹ D.C. Law 20-228, effective March 11, 2015.

of the P3 Office; to delay the requirement for making public a summary of a proposed P3 project until the project has been transmitted to the Council for its review; to allow for an unsolicited proposal to be published online and not in the Register, while still publishing a link to the proposal in the Register; to require rules regarding bonding and surety for P3 projects; and to amend the Procurement Practices Reform Act of 2010 to exempt P3 projects from its bonding and surety requirements.

II. COMMITTEE REASONING

The Council passed the Public-Private Partnership Act in 2014, however the act was subject to appropriations and no funding was provided for the office until the FY 2016 budget. The FY 2016 budget included funding for staff to stand up the P3 Office, importantly to develop the rules which will govern P3 procurements. The P3 staff came on board at the end of 2015 and has worked to implement the new rules. However, based on its work and analysis, the Mayor is requesting this subtitle to make minor changes to the underlying P3 law to make it more workable.

As originally enacted, the act contained a P3 Administration fund which would collect administrative fees imposed by the Office for costs stemming from a prequalification process of private entities to bid on certain P3 solicitations and also for costs associated with evaluating unsolicited P3 project proposals. These fees were not intended to support ongoing operation of the office, but instead provide cost-recovery for administrative tasks which arise because of the possible actions by any number of private entities that may or may not want to apply for prequalification or that may or may not come to the District with an unsolicited proposal that must be analyzed. However, according to the City Administrator at the FY 2017 Budget Oversight hearing, the fees could be more effectively used if not restricted to the very specific functions associated with their source.

The act also contained a requirement that any responses meeting the minimum requirements as set forth in the RFP would be made available to the public and remain property of the office. Under the act, the time at which the responses become public is at the end of the response period. The subtitle would instead require the same disclosure of all responsive RFPs as part of an already established report which accompanies the contract summary that comes to the Council for its review and approval. While this delays the release of the several responses, it still allows for transparency for the public at the same time the final agreement is transmitted to the Council.

The P3 act also contains a process for submitting unsolicited proposals to the District. The law requires that within 90 days of receiving an unsolicited proposal, the P3 Office must evaluate the proposal and either deem it unfavorable, or deem it favorable, in which case the unsolicited proposal must be publicly posted to allow other potential offerors to come up with their own proposal based on the favorable unsolicited proposal. This subtitle would allow for notice in the D.C. Register of a favorable proposal that includes a link to allow the public to see a copy of the proposal on the Internet. The act currently requires publication of the entire proposal which in the Register which could add hundreds or thousands of pages to the Register in a single issue which

does not add to transparency and may actually make the proposal less accessible due to the limitations of the Register's format.

Much of the P3 law was exempted from Procurement Practices Reform Act of 2010 with the expectation that many of the procurement laws governing standard contracts may not be flexible enough to adapt to the complexities of a P3 project. The law left in place a requirement that P3 projects follow the PPRA's rules regarding Council review of contracts, anti-collusion provisions, bonding and surety requirements, and applicability of the Contract Appeals Board. The subtitle as submitted by the executive seeks to exempt the P3 law from the bonding and surety requirements and the Contract Appeals Board jurisdiction. The Committee agrees with the exemption from standard surety and bonding, but recommends in the subtitle that the rules created under the P3 law include specific rules governing bonding and surety requirements for P3 projects. However, the Committee does not agree with the need to exempt P3 projects from the Contract Appeals Board. While alternatives such as arbitration or mediation may be more effective in the case of a P3 project, this could be the case with nearly any contract dispute and should not preclude the ability to have a dispute heard by the Contract Appeals Board.

III. SECTION BY SECTION ANALYSIS

Sec. 1081. Short Title.

Sec. 1082. Amends the P3 Act to allow fees collected by the P3 office to offset any costs of the office; to delay the requirement for making public a summary of a proposed P3 project until the project has been transmitted to the Council for its review; to allow for an unsolicited proposal to be published online and not in the Register, but still providing a link through the Register, and requiring rules regarding bonding and surety for P3 projects.

Sec. 1083. Amends the PPRA to exempt P3 projects the bonding and surety requirements of the PPRA.

IV. LEGISLATIVE RECOMMENDATION

1	TITLE I, SUBTITLE I. Public Private Partnerships
2	Sec. 1081. Short title.
3	This subtitle may be cited as the "Public-Private Partnership Amendment
4	Act of 2016".
5	
6	Sec. 1082. The Public-Private Partnerships Act of 2014, effective March
	11, 2015 (D.C. Law 20-228; D.C. Official Code § 2-271.01 <i>et seq.</i>) is amended as

7 follows:

8 (a) Section 105(c) (D.C. Official Code § 2-272.04(c)) is amended by
9 striking the phrase “sections 107 and 109” and inserting “this act” in its place.

10 (b) Section 108(f) (D.C. Official Code § 2-273.03(f)) is amended by striking
11 the phrase “response period” and inserting the phrase “evaluation period as part of
12 the report submitted to the Council pursuant to section 114(a)(1)” in its place.

13 (c) Section 109(b)(2) (D.C. Official Code § 2-273.04(b)(2)) is amended by
14 striking the phrase “the unsolicited proposal” and inserting the phrase “notice of
15 the favorable evaluation of the unsolicited proposal, including a link to where a
16 copy of the proposal may be publicly accessed on the internet.”

17 (d) Section 301(a) (D.C. Official Code § 2-274.01(a)) is amended as
18 follows:

19 (1) In paragraph (1) by striking the phrase “projects; and” and
20 inserting the phrase “projects;” in its place.

21 (2) In paragraph (2) by striking the phrase “agreement.” and
22 inserting the phrase “agreement; and” in its place.

23 (3) By adding a new paragraph (3) to read as follows:

24 “(3) Rules to address surety and bonding requirements of public-
25 private partnership projects, including consistent baseline requirements across
26 projects.”

27 Sec.1083. Section 105(c)(19) of the Procurement Practices Reform Act of
28 2010, effective April 8, 2011 (D.C. Law 18-371; D.C. Official Code § 2-
29 351.05(c)(19)), is amended by striking the phrase “title VII”.

TITLE I-J OIG BUDGET PROCESS CLARIFICATION AMENDMENT

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is to allow the Mayor additional flexibility in modifying the budget request from the Office of the Inspector General before transmitting the Mayor's budget recommendation to the Council for its consideration. The effect is to allow the Mayor to suggest changes to the Inspector General's budget request, and submit such recommendations along with the Inspector General's budget to the Council, as well as suggested uses of funds identified by the Mayor as sources of funding for other priorities.

II. COMMITTEE REASONING

The Inspector General (IG) of the District of Columbia was created in 1985. The duties of the IG are to conduct independent fiscal and management audits of all District government operations, independently conduct audits, inspections, assignments, and investigations as the Mayor shall request and any other audits, inspections and investigations that are necessary or desirable in the Inspector General's judgement.¹⁴² In 1995, the Congress enacted the District of Columbia Financial Responsibility and Management Assistance Act of 1995 which made sweeping changes the District law, including the Inspector General establishing law. Specifically, section 303 of that law revised the powers and duties of the IG, including the current budget process whereby the IG prepares and submits to the Mayor the IG's proposed budget, which cannot be altered by the Mayor or the Council. According to the committee report for that legislation,¹⁴³ "These standards are designed to increase the regulations regarding this office so that it confirms [*sic*] with the Federal IG. The IG budget cannot be reduced or altered by the Mayor or the Council."

Indeed, this structure is similar to most federal agency IGs whereby an IG prepares its budget estimate which are provided to the affiliated agency.¹⁴⁴ The agency cannot alter its IG's budget request but can prepare its own estimate and both are sent to the President for his consideration. The President may then change an IG's budget in the President's proposed budget forwarded to Congress, however the President must include in his submission the IG's original budget, the President's requested amount, and comments of the affected IG if an IG determines the President's budget would inhibit his or her duties.¹⁴⁵ This process is important in preserving an agency IG's independence by limiting the ability of an agency head to reduce an IG's budget which could result in limited resources to conduct oversight, especially when an IG may be at odds with an agency head.

¹⁴² D.C. OFFICIAL CODE § 1-301.115a(3)).

¹⁴³ H. REP. NO. 104-96, at 4 (1995).

¹⁴⁴ Inspector General Act of 1978, Pub. L. No. 95-452, § 6, 92 Stat. 1104 (1995).

¹⁴⁵ Congressional Research Service, CRS REPORT NO. R43814, at 7 (2014).

The current District process closely mirrors the federal process whereby the IG submits a budget to the Mayor, who cannot change the request before sending it to the Council – a process analogous to a federal IG submitting a request to an agency head. However, for federal IGs, the chief executive, in that case the President, can make changes to the budget and send the President’s request along with the original IG request to Congress.

However, because the District’s OIG is an agency unto itself to be an IG to the entire District, unlike federal IG’s who are subordinate to agency heads, the question arises whether the Mayor should have the roll of an agency head that cannot change its “agency’s” IG budget, or whether the Mayor should have the roll of a chief executive who prepares the annual budget for submission to the legislature. The current process in District law places the Mayor in the role of an agency head. The subtitle as proposed by the Mayor places the Mayor in the role of the chief executive.

Another distinction between the federal process and the District’s process is that, by law, the District’s budget must be balanced when submitted by the Mayor to the Council, and when approved by the Council. This means that should the Mayor decrease the IG’s budget, and should the Council instead agree with all or part of the original IG budget request, it is incumbent upon the Council to find a source of funds to restore the IG’s funding as the Mayor was able to allocate the difference in funds to other line items. Should the Congress similarly disagree with a President’s requested budget for any IG, the Congress could more easily increase an IG’s budget because there is no balanced budget requirement.

The Committee understands the desire by any chief executive to formulate and control the budgets for subordinate agencies. However, the Committee believes that the existing law as established by Congress serves the intended purpose of insulating the IG’s budget from influence by the very government the IG is charged with reviewing. Therefore, the Committee recommends amending the subtitle as proposed by the Mayor to retain the existing law, but add a provision to explicitly allow the Mayor to identify to the Council where funds the Mayor would otherwise seek to reduce in the OIG’s budget would be better spent. In addition, the subtitle would remove a provision which currently prohibits the Council from making any modifications to the IG’s budget. This serves the purpose of allowing the Mayor to make recommendations while giving the Council the power to act on those recommendations or not.

III. SECTION BY SECTION ANALYSIS

Sec. 1091. Short title.

Sec. 1092. Amends the IG establishing law to allow the Council to alter the IG’s budget, and explicitly allow the Mayor to identify to the Council where funds the Mayor would otherwise seek to reduce in the OIG’s budget would be better spent.

IV. LEGISLATIVE RECOMMENDATION

1 TITLE I, SUBTITLE J. OIG Budget Process Clarification Amendment
2 Sec. 1091. Short title.
3 This subtitle may be cited as the “Office of the Inspector General Budget
4 Process Clarification Amendment Act of 2015”.
5 Sec. 1092. Section 208(a)(2)(A) of the District of Columbia Procurement
6 Practices Act of 1985, effective February 21-1986 (D.C. Law 6-85; D.C. Official
7 Code § 1-301.115a(a)(2)(A)), is amended as follows:
8 (a) By striking the phrase “without revision but subject to
9 recommendations.” and inserting the phrase “without revision but subject to
10 recommendations, including recommendations on reallocating any funds from the
11 Inspector General’s budget to other items in the District budget.”
12 (b) By striking the sentence “Notwithstanding any other provision of such
13 Act, the Council may comment or make recommendations concerning such
14 estimates, but shall have no authority to revise such estimates.”

TITLE I-K USE OF OFFICIAL VEHICLES DURING AN EMERGENCY

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

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 (more specifically, 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) 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 days.

II. COMMITTEE REASONING

The Committee recommends approval of the proposed subtitle with amendments. The District government has encountered a number of challenges in monitoring the use of public vehicles and safeguarding the District from abuse of these government-owned assets.¹⁴⁶ As such, the statute regulated the use of official vehicles has been amended over time to institute strict regulations for use of vehicles and limited the personnel who are or may be authorized to use an official vehicle to a select few.

That said, the Committee is conscious of the need, especially during incidents that impact public safety or public health, to enable a more rapid and thorough response. To address this, the Executive has proposed broadening the exemptions currently in the law to authorize an officer or employee in the Office of the Mayor, the Office of the City Administrator, the Homeland Security and Emergency Management Agency, and the Metropolitan Police Department, to use an official vehicle for up to 75 days where emergency circumstances require may require the use of a vehicle.

The Committee approves of the subtitle conceptually, but modifies the language to require that a public emergency has been declared before the Mayor may authorize an employee in one of the enumerated agencies to utilize an official vehicle. Further, the Committee limits the use of the official vehicle to the later of 15 days or the duration of the declared emergency. Finally, the Committee requires that a report be submitted to the Council within 60 days from the end of a declared emergency that provides information on any use of an official vehicle authorized pursuant to this new provision. As amended the Committee believes the subtitle provides the necessary flexibility for emergency response while maintain the safeguards that the District government has built to prevent abuse.

III. SECTION BY SECTION ANALYSIS

Sec. 1101. Short title.

Sec. 1102. Authorizes the Mayor, after declaring a public emergency, to permit an employee of the Mayor, the City Administrator, the Homeland Security and Emergency Management Agency, or the Metropolitan Police Department, to utilize an official vehicle for the latter of 15 days or the duration of the public emergency. The Mayor must submit to the Council, within 60 days from the end of a public emergency, a list of all employees authorized to use an official vehicle under this section.

¹⁴⁶ See, e.g., Bill 19-354, The Employee Transportation Act of 2012, Report of the Committee on the Environment, Public Works, and Transportation (July 5, 2012), available at <http://lims.dccouncil.us/Download/2539/B19-0354-COMMITTEEREPORT.pdf>.

1 TITLE I, SUBTITLE K. USE OF OFFICIAL VEHICLES DURING AN
2 EMERGENCY

3 Sec. 1101. Short title.

4 This subtitle may be cited as the “Use of Official Vehicles During an Emergency
5 Amendment Act of 2016”.

6 Sec. 1102. Section 3602 of the Restrictions on the Use of Official Vehicles Act
7 of 2000, effective October 19, 2000 (D.C. Law 13-172; D.C. Official Code § 50-204), is
8 amended by adding a new subsection (e) to read as follows:

9 “(d)(1) Notwithstanding any other provision of this section, during a declared
10 emergency pursuant to section 5 of the District of Columbia Public Emergency Act of
11 1980, effective March 5, 1981 (D.C. Law 3-149, D.C. Official Code § 7-2304) the Mayor
12 may authorize an officer or employee from the Office of the Mayor, the Office of the
13 City Administrator, the Homeland Security and Emergency Management Agency, or the
14 Metropolitan Police Department to use an official vehicle only in the performance of the
15 officer’s or employee’s duties and only to conduct official business.

16 “(2) The use of official vehicle authorized by this subsection shall not
17 exceed the later of 15 days or the duration of the declared emergency.”

18 “(3) Within 60 days from the end date of a declared emergency, the
19 Mayor shall submit to the Council a report listing the following information for each
20 person authorized to use an official vehicle under this subsection:

21 “(A) the employee’s name;

22 “(B) the employee’s title and agency;

23 “(C) the duration for which the employee was authorized to use an
24 official vehicle; and

25 “(D) a detailed justification as to why it was necessary for the
26 particular employee to have access to and use an official vehicle.”.

TITLE II-A

QHTC DIGITAL MEDIA AND BOUNDARY AMENDMENT

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is to expand the geographic eligibility for Qualified High Technology Companies (QHTC), and to add a new category of company called a Qualified Digital Media Company (QDMC). The effect of this subtitle is to extend the benefits available for Qualified High Technology Companies to the newly-defined QDMC. The impact on existing law is an amendment of the definition of QHTC in Title 47-1701.05 of the D.C. Official Code, the creation of a new definition for a QDMC, a change in references to QHTCs to also refer to Qualified Digital Media Companies for the purposes of Title 47-4665, and to create a new definition of a “Tenant” in Title 47-4665.

II. COMMITTEE REASONING

The New E-Conomy Transformation Act of 2000¹⁴⁷ created the concept of a Qualified High Technology Company making such companies eligible for certain tax benefits. The Creative and Open Space Modernization Amendment Act of 2015¹⁴⁸ created a new tax rebate for certain interior building renovations performed by such Qualified High Technology Companies. The aggregate tax benefit for this program is and remains capped per year. The Mayor recommends this subtitle be included which would create a new category of business known as a QDMC which has similar requirements and restricts as a QHTC, except that the QDCM would produce new and original digital media to be broadcast over the internet, as opposed to QHTCs which provide services related to the internet.

The subtitle as proposed creates the QDCMs and allows them to take advantage of the same interior space tax credits as created for QHTCs in the Fiscal Year 2016 Budget Support Act of 2015, but does not alter the budget or the cap for the program as established. The subtitle also sunsets the existing disqualification for a business to be a QHTC if it is in the Baseball Park TIF in 2020. In addition, the Committee proposes a minor change to the subtitle as introduced by the Mayor by moving the definition of a QDCM to the same section of the Code as a QHTC, and a cross-reference to the QDCM definition in the interior remodeling tax abatement next to the existing cross-reference to the QHTC definition.

III. SECTION BY SECTION ANALYSIS

Sec. 2001. Short title.

¹⁴⁷ D.C. Law 13-256, effective April 3, 2001.

¹⁴⁸ D.C. Law 21-36, § 2172, effective October 22, 2015 (Fiscal Year 2016 Budget Support Act of 2015).

- Sec. 2002. (a) Creates a new definition for a Qualified Digital Media Company in Title 47 of the Code.
- (b) Establishes a sunset for the restriction on qualifying as a QHTCs for companies located in the Baseball Park TIF.
- (c) Updates previous references to a Qualified High Technology Company to also include Qualified Digital Media Companies.

IV. LEGISLATIVE RECOMMENDATION

1 TITLE II, SUBTITLE A. QHTC Digital Media and Boundary Amendment

2 Sec. 1. Short title.

3 This subtitle may be cited as the “Qualified High Technology Company

4 Boundary and Media Clarification Act of 2016”.

5 Sec. 2. Title 47 of the District of Columbia Official Code is amended as

6 follows:

7 (a) Section 47-1817.01 is amended as follows:

8 (1) A new paragraph (3A) is added to read as follows:

9 “(7A)(A) “Qualified Digital Media Company means:

10 “(i) An individual or entity organized for profit and leasing

11 or owning an office in the District of Columbia;

12 “(ii) Having 2 or more qualified employees in the District;

13 and

14 “(iii) Deriving at least 51% of its gross revenues earned in

15 the District from media production, and whose revenue is derived from the sale or

16 advertising of original and new media content that the individual or entity:

17 “(a) that is produced within a leased or owned

18 facility that it leases or owns inside the District of Columbia and that includes

19 permitted production space utilized by the individual or entity specifically for the

20 creation of original media content; and

21 “(b) The new and original content must be

22 transmitted digitally, including via digital transmission, the electromagnetic

23 spectrum and/or internet streaming. The eligible premises must include permitted
24 production space utilized by the media production company specifically for the
25 creation of original and new content.

26

27 “(B) “Qualified Digital Media Company” shall not include:

28 “(i) An individual or entity that derives 51% or more of its
29 gross revenues from the operation in the District of:

30 “(I) An on-line or brick and mortar retail store;

31 “(II) An electronic equipment facility that is
32 primarily occupied, or intended to be occupied, by electronic and computer
33 equipment that provides electronic data switching, transmission, or
34 telecommunication function between computers, both inside and outside the
35 facility; or

36 “(III) A building or construction company.

37 “(ii) A professional athletic team as defined in § 47-
38 2002.05(a)(3).”

39 (b) Section 47-1817.01(5)(B)(iii) is amended by striking the period and
40 inserting the phrase “provided, the restriction in this sub sub paragraph shall expire
41 as of September 30, 2020.” in its place.

42 (c) Section 47-4665(a) is amended as follows:

43 (1) Paragraph (1) is amended by striking the phrase “Qualified High
44 Technology Company” and inserting the phrase “Qualified High Technology
45 Company or Qualified Digital Media Company” in its place.

46 (2) Paragraph (3) is amended by striking the phrase “Qualified High
47 Technology Company” and inserting the phrase “Qualified High Technology
48 Company or Qualified Digital Media Company” in its place.

49 (3) A new paragraph (6A) is added to read as follows:

50 “(6A) “Qualified Digital Media Company shall have the same meaning as
51 provided in § 47-1817.01(3A).”

52 (4) Paragraph (9) is amended to read as follows:

53 “(9) “Tenant” means a Qualified High Technology Company or a Qualified
54 Digital Media Company that executes a lease or a sublease for at least 50,000 square
55 feet of net rentable area of eligible premises within the District, including the “DC
56 Ballpark TIF Area” as defined in [§ 2-1217.12], for a minimum term of 12 years,
57 under which the tenant, or a directly related entity, occupies and uses the eligible
58 premises, or will occupy and use the eligible premises on or after the lease
59 commencement date.”

TITLE II-D WALTER REED REDEVELOPMENT FUND CLARIFICATION

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is to allow the Deputy Mayor for Planning and Economic Development (DMPED) to make non-competitive grants to the Walter Reed development project developer to support maintenance, operation, and construction activities on the development site. The effect of this subtitle will be to clarify that DMPED may transfer funds from the Walter Reed Redevelopment Fund to the developer, as contemplated under the land development agreement for to carry out these functions. The impact on existing law will be to amend the Walter Reed Development Omnibus Act of 2016 to clarify the grant-making authority in section 7 of the act.

II. COMMITTEE REASONING

Bill 21-474, the Walter Reed Development Omnibus Act of 2016 established two non-lapsing funds: the Walter Reed Redevelopment Fund and the Walter Reed Reinvestment Fund. The Redevelopment Fund is funded by possessory interest tax generated from the site. Under the land development agreement, these funds are to be transferred back to the developer to support construction, maintenance, and operation activities on the site. Because the developer is a private entity, the best way to transfer money back is as a grant. However, under the Grantmaking Amendment Act of 2015, any grants over \$50,000 must be done competitively. This subtitle would allow for DMPED to transfer the funds back to the developer as negotiated in the LDA as approved by the Council.

III. SECTION BY SECTION ANALYSIS

Sec. 2031. Short title.

Sec. 2032. Amends the Walter Reed Development Omnibus Act of 2016 to clarify that grants from the Walter Reed Redevelopment Fund may be made to the developer on a non-competitive basis.

IV. LEGISLATIVE RECOMMENDATION

1 TITLE II, SUBTITLE D. Walter Reed Redevelopment Fund Clarification
2 Sec. 2031. Short title.
3 This subtitle may be cited as the “Walter Reed Development Omnibus
4 Clarification Amendment Act of 2016”.
5 Sec. 2032. Section 7(d) of the Walter Reed Development Omnibus Act of
6 2016, enacted March 25, 2016 (D.C. Act 21-357; 63 DCR 4678) is amended to read
7 as follows:
8 “(d) Notwithstanding Section 1094 of the Grant Administration Act of
9 2013, effective December 24, 2013 (D.C. Law 20-61; D.C. Official Code § 1-
10 328.13), the Office of the Deputy Mayor for Planning and Economic Development
11 shall have the authority to make grants from the Fund to the Developer for the
12 purposes set forth in subsection (d) of this section.

TITLE II-E DMPED GRANT-MAKING AUTHORITY AMENDMENT

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is to allow for limited, targeted exemptions from the Grant Administration Act for certain DMPED payments made as grants. The effect of this subtitle is to allow DMPED to provide funding as needed for 1) the New Communities Initiative, provided such funds come from funds budgeted to the New Communities Initiative; 2) payments to Events DC to support a marketing contract that has been traditionally supplemented by DMPED grant funds; and 3) payments to the Washington Economic Development Partnership, provided that the funds

are budgeted in DMPED's operating budget. The subtitle amends the Deputy Mayor for Planning and Economic Development Limited Grant-Making Authority Act of 2012 to repeal grant-making authority for the former Skyland project and add grant-making authority for the limited purposes described above.

II. COMMITTEE REASONING

The Fiscal Year 2016 Budget Support Act of 2015 contained a permanent, government-wide requirement that any grant over \$50,000 must be subject to competition before award. However, it later came to the Committee's attention that there are certain funds that have traditionally been given by DMPED in the form of grants for several programs and projects that because of the nature of the programs should not be subject to the competition requirement of the Grant Administration Act. In response, the Council passed emergency legislation in March 2016 to allow grants funded through transfers to DMPED's Economic Development Special Account to be awarded without the requirement for competition. The rationale at the time was that DMPED and the Council had not fully examined the range of these grants in formulating the Grants Administration Act and the FY 2016 Budget. The emergency will be in effect only for 90 days giving DMPED an opportunity to let the grants.

This subtitle is a result of an effort by the Committee to examine funds historically provided by DMPED to specific agencies in the form of grants to allow narrow exceptions to the Grant Administration Act so that the funding can be used as contemplated. The subtitle as introduced by the Mayor also sought broad exemptions from the Grant Administration Act for development projects involving District land dispositions, affordable housing projects, and the New Communities Initiative. The subtitle as recommended by the Committee provides four targeted exemptions from the competition requirements of the Grant Administration Act.

First, the subtitle would allow DMPED to make grants to implement projects related to the New Communities Initiative which is funded through a line item in the operating budget and a project in the capital budget, provided that the grants come from funds already designated for the New Communities Initiative. Second, the subtitle would allow DMPED to continue providing funding to Destination DC which is a non-profit travel and tourism promotional entity, and the DC Chamber of Commerce, which is the non-profit business promotion entity in the District. Currently, Events DC, the District's convention center and events authority, as a requirement of law, contracts with both of these organizations under a marketing contract. Funds could be transferred by DMPED to Events DC to supplement the current contracts either by grant or through a Memorandum of Agreement. Third, the subtitle allows DMPED to continue to grants funds targeted to the Washington DC Economic Partnership which is a public-private partnership aimed at supporting economic development efforts in the District. DMPED's FY17 budget contains a line item contemplating this funding.

The Committee believes that these narrow exemptions will allow DMPED to carry out its mission to support economic and business development and the production and preservation of affordable housing projects in the District. The exceptions are targeted to either funding that has

historically been provided by the District, grants that are necessary under the New Communities Initiative that can be used only within universe of projects under the initiative, and funding to support the implementation and execution of negotiated and approved development deals.

Finally, the subtitle removes two grant-making authorities for a project which has already been disposed of by the District known as Skyland, which has already been disposed of by the District and which is now under the control of a private developer.

III. SECTION BY SECTION ANALYSIS

Sec. 2041. Short title.

Sec. 2042. Repeals two competitive grant-making authorities and adds four non-competitive, targeted grants to specific programs and projects.

IV. LEGISLATIVE RECOMMENDATION

1	TITLE II, SUBTITLE E. DMPED Grant-Making Authority Amendment
2	2041. Short title.
3	This subtitle may be cited as the “Deputy Mayor for Planning and Economic
4	Development Limited Grant-Making Authority Amendment Act of 2016”.
5	Sec. 2042. Section 2032 of the Deputy Mayor for Planning and Economic
6	Development Limited Grant-Making Authority Act of 2012, effective September
7	20, 2012 (D.C. Law 19-168; D.C. Official Code § 1-328.04) is amended as follows:
8	(a) Subsections (a)(1) and (a)(2) are repealed;
9	(b) New subsections (d) and (e) are added to read as follows:
10	“(d) Notwithstanding section 1094 of the Grant Administration Act of 2013,
11	effective December 24, 2013 (D.C. Law 20-61; D.C. Official Code § 1-328.13), the
12	Deputy Mayor shall have grant-making authority for the purpose of providing:
13	“(1) Funds as may be necessary to implement projects that are part
14	of the New Communities Initiative, as that term is defined in D.C. Official Code §
15	42-2802(b)(11)(B), provided that such funds are included for in the approved
16	operating budget for the New Communities Initiative program or the approved
17	capital budget for the New Communities Initiative project.

18 “(2) Funds to the Washington Convention Center Marketing Fund
19 established by section 208a of the Washington Convention Center Authority Act of
20 1994, effective September 28, 1994 (D.C. Law 10-188; D.C. Official Code § 10-
21 1202.08a) to supplement funds included for a marketing service contracts pursuant
22 to sections 208a(e) or 208a(e-1) of that act.

23 “(3) Funds to the Washington DC Economic Partnership, provided
24 that such funds are included in an approved budget and designated for the
25 Washington DC Economic Partnership.

26 “(e) In addition to the grant-making authority provided in subsection (d)(3)
27 of this section, the Deputy Mayor shall have the authority to transfer funds to Events
28 DC pursuant to a Memorandum of Agreement or Memorandum of Understanding
29 between the Deputy Mayor and Events DC.”

TITLE II-G

DMPED PROCUREMENT EXEMPTION CLARIFICATION

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is to clarify that certain projects inherited by the Deputy Mayor for Planning and Economic Development (DMPED) from the National Capital Revitalization Corporation continue to remain exempt from certain District procurement laws as was contemplated under the National Capital Revitalization Corporation Act of 1998. The effect of this subtitle will allow DMPED to move forward with redevelopment of the McMillan redevelopment project which is in square 3128 pursuant to the terms of Zoning Commission Order 13-14. This subtitle amends the National Capital Revitalization Corporation Act of 1998 to add a new subsection (b-1) that exempts the McMillan project from titles IV (Source Selection and Contract Formation), V (Types of Contracts), and VI (Procurement of Construction Projects and Related Services), and sections 702 (Contract performance and payment bonds in construction contracts) and 1101 (Green procurement) of the Procurement Practices Reform Act of 2010.

II. COMMITTEE REASONING

The McMillan Reservoir Slow Sand Filtration Site (“McMillan Site”) was conveyed to the District by the federal government in 1987. In March 2006, the District transferred jurisdiction of

the property to the National Capital Revitalization Corporation (NCRC) and NCRC selected Vision McMillan Partners (VMP) to develop the McMillan Site in 2007. NCRC was largely exempt from the District's procurement laws, at that time the Procurement Practices Act of 1985. In July 2007, the Council passed legislation that dissolved the NCRC and transferred its projects to the District under the authority of the Deputy Mayor for Planning and Economic Development (DMPED). In order to transition the former NCRC projects to DMPED with minimal disruption, the reorganization provided that NCRC projects transferred to DMPED would continue to be exempt from the Procurement Practices Act of 1985.¹⁴⁹

By 2009, DMPED and VMP began execution of a series of changes to the original agreement, eventually resulting in an agreement that the District would be responsible for the horizontal development the McMillan site including predevelopment work and infrastructure, and VMP would have exclusive right to negotiate and purchase the resulting development pads.

In 2010, the Council passed the Procurement Practices Reform Act of 2010 (PPRA) which repealed most of the previous body of the District's procurement law contained in the Procurement Practices Act of 1985. However, at that time, the exemption from District procurement laws in the NCRC reorganization act was not updated to reflect the new body of procurement law.

In 2014, the Council approved three resolutions authorizing the Mayor to dispose of the property to VMP to redevelop the property into a combination of healthcare facilities, apartment buildings, townhouses, a recreational center, and open green space. In November 2015, the Council approved a resolution to extend the authority to dispose of the property to give the District and VMP the time necessary to complete preparations of the McMillan Site for transfer to VMP. The next step in the redevelopment is to begin the predevelopment work necessary to prepare the site for development. Under the agreement between the District and VMP, VMP will perform the predevelopment work on behalf of the District. With the outdated procurement exemption reference in the NCRC reorganization law, there is ambiguity as to whether there is legal authority for the District to move forward with the necessary contracts between VMP and the District to complete the work as anticipated. Those contracts are set to begin coming to the Council this spring for approval.

Providing a clear exemption for the McMillan project from the PPRA will clarify that DMPED and VMP may still move forward with the contracts as contemplated, which because of the nature of the development agreement, do not allow for competition in the contract, because VMP is performing the work associated with the pre-development costs paid by the District.

III. SECTION BY SECTION ANALYSIS

Sec. 2061. Short title.

Sec. 2062. Exempts the McMillan redevelopment project from certain portions of the PPRA.

¹⁴⁹ D.C. OFFICIAL CODE § 2-1225.05(b).

IV. LEGISLATIVE RECOMMENDATION

1 TITLE II, SUBTITLE G. DMPED Procurement Exemption Clarification
2 Sec. 2061. Short title.
3 This subtitle may be cited as the “DMPED Procurement Exemption
4 Clarification Amendment Act of 2016.”
5 Sec 2062. Section 201 of the National Capital Revitalization Corporation
6 and Anacostia Waterfront Corporation Reorganization Act of 2008, effective
7 March 26, 2008 (D.C. Law 17-138; D.C. Official Code § 2-1225.11), is amended
8 by adding a new subsection (b-1) to read as follows:
9 “(b-1) Any contract between the Deputy Mayor for Planning and Economic
10 Development and a developer for the development of Square 3128 related to
11 Zoning Commission Order No. Z.C. 13-14, or amendment to that order, shall not
12 be subject to titles IV, V, and VI, and sections 702 and 1101 of the Procurement
13 Practices Reform Act of 2010, effective April 8, 2011 (D.C. Law 18-371; D.C.
Official Code §2-351.01 et seq.).”:

TITLE III-A COG PROCUREMENT AUTHORIZATION AMENDMENT

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is to allow the District to enter into contracts with the Washington Metropolitan Area Transit Authority (WMATA) and the Metropolitan Washington Council of Governments (MWCOG), notwithstanding the requirements of the Procurement Practices Reform Act of 2010. The effect of this subtitle will be to allow the District to provide or receive services under a contract with either WMATA or MWCOG. The impact on existing law will be to amend D.C. Official Code § 1-301.01 to amend an existing exemption (j-1) for WMATA by allowing contracts for both the provision and receipt of services, and the addition of a new exemption (j-2) for MWCOG to allow for both the provision and receipt of services, mirroring the WMATA exemption.

II. COMMITTEE REASONING

On January 12, 2015, an electrical malfunction on WMATA trapped a train under ground near L'Enfant Plaza. The malfunction eventually led to the tunnel filling with smoke resulting in several injuries and one death. An uncoordinated response and poor communications were partially to blame for emergency services response. As part of the after-action review of the incident, MWCOG convened the regional Fire Chiefs Committee who recommended that metrorail-served jurisdictions should staff a permanent public safety liaison during all operating hours at the WMATA Rail Operations Control Center.¹⁵⁰ To date, the District has not been able to participate in the liaison position because the provision of resources outside the District is not currently authorized.¹⁵¹ This subtitle would provide such an authorization. The authorization for contracts with MWCOG would mirror other authorizations in the same code section which allow the Mayor to enter into contracts outside of the Procurement Practices Reform Act of 2010. However, under the Home Rule Act, any multi-year contracts or contracts over \$1 million would still come to the Council for approval.

The subtitle as introduced by the Mayor would have added a single new subsection authorizing contracts for the provision and receipt of materials and services from MWCOG “or any other local or regional authority of which the District is a member or intergovernmental organization to which the District or any of its agencies or offices belong.” This language is far broader than the stated need for the subtitle. In addition, the existing authorization for WMATA contracts was unaltered in the subtitle as introduced. The Committee recommends amending the existing WMATA language to authorize both the provision and receipt of goods and services, and adding an identical section providing the same authorization for MWCOG. This approach should provide the flexibility necessary to implement the liaison or other similar projects, without giving incredibly broad authority for the array of other compacts and organizations to which the District is a party.

III. SECTION BY SECTION ANALYSIS

- | | |
|---------|---|
| Sec. 1. | Short title. |
| Sec. 2. | Amends the contracting authorization for contracts with WMATA to allow for both the provision and receipt of goods and services, and establishes a new contracting authorization for both the provision and receipt of goods and services with MWCOG. |

¹⁵⁰ THE WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY'S UNDERGROUND COMMUNICATIONS SYSTEMS: EVALUATION OF EFFECTIVENESS AND INTEROPERABILITY p18, Metropolitan Washington Council of Governments, October, 2015.

¹⁵¹ Written Testimony of Chief Gregory Dean before the Committee on Judiciary, p 6-7, April 12, 2016.

IV. LEGISLATIVE RECOMMENDATION

1 TITLE III, SUBTITLE A. COG Procurement Authorization

2 Sec. 1. Short title.

3 This subtitle may be cited as the “Placement of Orders with Governmental
4 Entities Amendment Act of 2016”.

5 Sec. 2. Section 1 of An Act To grant additional powers to the
6 Commissioners of the District of Columbia, and for other purposes, approved
7 December 20, 1944 (58 Stat. 819; D.C. Official Code § 1-301.01) is amended as
8 follows:

9 (a) Paragraph (j-1)(1) is amended by striking the phrase “for materials” and
10 inserting the phrase “for the provision or receipt of materials” in its place.

11 (b) A new subsection (j-2) is added to read as follows:

12 “(j-2) Placement of Orders with the Metropolitan Washington Council of
13 Governments – Notwithstanding the Procurement Practices Reform Act of 2010,
14 Effective April 8, 2011 (D.C. Law 18-371; D.C. Official Code § 2-351.01 *et seq.*),
15 the Mayor may contract with the Metropolitan Washington Council of
16 Governments for the provision or receipt of materials, supplies, equipment, work,
17 or services of any kind. Contracts executed pursuant to this subsection shall be
18 considered obligations upon appropriations in the same manner as orders or
19 contracts executed pursuant to subsections (j) or (k) of this section.”

TITLE III-D PUBLIC SAFETY EXECUTIVE SERVICE PAY SCHEDULE

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose and effect of this subtitle is to adjust the Executive Service pay schedule and the Executive Service Public Safety pay schedule to reflect the current officeholders and the salaries that they are paid. The subtitle also adds the Deputy Mayor for Public Safety and Justice to the Public Safety Executive Service pay schedule at the request of the Mayor and makes other

technical changes. Impact on existing law is amendment Section 1052 and Section 1052a of the District of Columbia Government Comprehensive Merit Personnel Act of 1978 (D.C. Law 2-139; D.C. Official Code § 1-601.01 et seq.) and Section 2903(b) of the Establishment of the Office of the Chief Medical Examiner Act of 2000 (D.C. Law 13-172; D.C. Official Code § 5-1402(b)) to remove an outdated and unnecessary salary reference.

II. COMMITTEE REASONING

The proposed subtitle is needed to address turnover in staff that resulted from the Mayoral transition in 2015. The subtitle makes a number of technical and conforming changes to reflect the incorporation of several positions into the Executive Service pay schedule that were previously listed individually as exceptions. As proposed by the Mayor, the subtitle attempts to address errors in the application of the executive pay schedule to several positions, which resulted in salaries for incoming executives that were set higher than Council-approved limits. The Committee concurs with the Committee on the Judiciary in recommending inclusion of the Deputy Mayor for Public Safety and Justice in the Executive Service Public Safety Pay Schedule. Given the use of this schedule for agencies within the Deputy Mayor's purview, the Deputy Mayor's Office can reasonably be included in the public safety cluster. The Committee also concurs with the Committee on the Judiciary recommendation that the subtitle should not apply retroactively. Rather than matching the pay schedule to the existing salaries of agency directors, the salaries of agency directors should be based on a previously determined pay schedule.

However, the Committee does not recommend expanding the Executive Service Public Safety Pay Schedule to include non-public safety related departments. The subtitle as introduced would have expanded the Schedule to include the Department of Behavioral Health, the Department of General Services, the Department of Health, and the District of Columbia Public Schools. The public safety schedule was intended to recognize the heightened education and training requirements needed to lead public safety agencies, specifically. There Council should not use the public safety schedule to create sweeping new schedules for agencies that have very different missions. If the Mayor seeks to create a new executive service pay schedule for non-public safety agencies, the Council should carefully examine the justification for each agency.

Finally, the Committee does recommend reflecting the benefits currently provided to the Chancellor of the District of Columbia, as authorized by Bill 21-595, the "Chancellor of the District of Columbia Public Schools Salary and Benefits Approval Temporary Amendment Act of 2016" (D.C. Act 21-0323; DCR 3652). These benefits, in excess of standard statutory limits, have already been approved by the Council.

III. SECTION BY SECTION ANALYSIS

Sec. 3041. Short title.

Sec. 3042. Amends the comprehensive merit personnel act to conform the Chancellor's salary and benefits to existing law, and allow the Mayor to make adjustments to the Executive Service Public Safety Pay Schedule to determine appropriate pay, including for the Deputy Mayor for Public Safety and Justice.

Sec. 3043. Repeals the statutory pay level for the Deputy Mayor for Public Safety and Justice.

IV. LEGISLATIVE RECOMMENDATION

1 TITLE III, SUBTITLE D. Public Safety Executive Service Pay Schedule

2 Sec. 3041. Short title.

3 This subtitle may be cited as the "Executive Service Pay Schedule Amendment Act
4 of 2016".

5 Sec. 3042. The District of Columbia Government Comprehensive Merit
6 Personnel Act of 1978, effective March 3, 1979 (D.C. Law 2-139; D.C. Official
7 Code § 1-601.01 et seq.), is amended as follows:

8 (a) Section 1052 (D.C. Official Code 1-610.52(b)) is amended as follows:

9 (1) Subsection (b) is amended as follows:

10 (A) Paragraph (2) is amended to read as follows:

11 "(2) Notwithstanding paragraph (1) of this subsection, the Council
12 approves a compensation level of \$292,520 for Kaya Henderson, as Chancellor of
13 the District of Columbia Public Schools."

14 (B) Paragraph (2A) is repealed.

15 (C) Paragraph (3) is amended as follows:

16 (i) Designate the existing text as subparagraph (A).

17 (ii) Strike the phrase "paragraphs (2) and (2A)" and
18 insert the phrase "paragraph (2) in its place.

19 (iii) A new subparagraph (B) is added to read as
20 follows:

21 "(B)(i) Notwithstanding any other law, the Chancellor of the
22 District of Columbia Public Schools may be paid a recognition and renewal bonus
23 of 5% of her annual base salary in 2016 and a performance bonus of up to 10% of

24 her annual base salary for goals achieved by the end of the 2016-2017 school year.

25 (ii) In addition to such other benefits as the
26 Chancellor of the District of Columbia Public Schools may be entitled to receive
27 under existing law and regulation, and notwithstanding subparagraph (A) of this
28 paragraph and section 1058, the Mayor may make a separation payment to the
29 Chancellor of up to 24 weeks of the Chancellor's base salary if the Chancellor's
30 contract is terminated for a reason other than criminal conduct, gross dereliction of
31 duty, or gross misconduct, and the Mayor may make a payment to the Chancellor's
32 executors, legal representatives, or administrators in the amount of 1/12 of the
33 Chancellor's annual salary if the Chancellor dies during her term of employment."

34 (D) Paragraph (4) is amended to read as follows:

35 "(4) The existing levels of compensation for the position in
36 paragraph (2) of this subsection shall not be used as the basis for determining the
37 salary of an officeholder in the position of Chancellor of the District of Columbia
38 Public Schools, who takes office after February 24, 2012. The Chancellor of the
39 District of Columbia Public Schools shall be subject to compensation within the
40 limits of the DX Schedule, except as provided by this act."

41 (2) Subsection (b-1) is repealed.

42 (b) Section 1052a (D.C. Official Code § 1-610.52a) is amended as follows:

43 (1) Subsection (a) is amended by striking the phrase "who are
44 required to hold a medical degree or another advanced health-related degree".

45 (2) Subsection (b) is amended to read as follows:

46 "(b)(1) The Mayor shall designate the appropriate pay level for each
47 subordinate agency head within the public safety cluster based on market analyses
48 considering the qualifications and work experience of each individual appointee,
49 and other relevant criteria.

50 "(2) Notwithstanding paragraph (1) of this subsection, the Council
51 approves a compensation level of \$253,817 for Cathy Lanier, as Chief of the
52 Metropolitan Police Department."

53 "(3) The existing levels of compensation for the position in

54 paragraph (2) of this subsection shall not be used as the basis for determining the
55 salary of an officeholder in the position of Chief of the Metropolitan Police
56 Department, who takes office after February 24, 2012. The Chief of the
57 Metropolitan Police Department shall be subject to compensation within the limits
58 of the DX Public Safety Schedule, except as provided by this act.”

59 (3) Subsection (g) is amended as follows:

60 (A) Paragraph (7) is amended by striking the word “and”.

61 (B) Paragraph (8) is amended by striking the period and
62 inserting the phrase “; and” in its place.

63 (C) A new paragraph (9) is added to read as follows:

64 “(9) Office of the Deputy Mayor for Public Safety and Justice.”.

65 Sec. 3043. Section 2903(b) of the Establishment of the Office of the Chief
66 Medical Examiner Act of 2000, effective October 19, 2000 (D.C. Law 13–172;
67 D.C. Official Code § 5–1402(b)), is amended by striking the phrase “, to be paid at
68 an annual rate of \$206,000,”.

TITLE III-H FIRE & EMERGENCY MEDICAL SERVICES DEPARTMENT CHIEF OFFICERS SERVICE LONGEVITY AMENDMENT

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

This subtitle provides longevity pay 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.

II. COMMITTEE REASONING

The Committee supports this subtitle as it corrects two longstanding issues with the compensation for non-union members of FEMS. The proposed subtitle provides for a statutory

calculation for service longevity pay, ensuring that the non-union employees of the Department—which includes all ranks above Captain: Battalion Chiefs, Deputy Chiefs, and Assistant Chiefs¹⁵²—receive a certain percentage of their salary in longevity payment, with the percentage increasing based on the individual's years of service.

Of particular interest to the Committee is that this proposed subtitle will help to alleviate some of the pay compression that inhibits the ability of the Department to recruit internal candidates to take management positions. Employees at the rank of Captain and below are compensated based on collective bargaining negotiations where they are represented by union leaders. Because the compensation structure for non-union positions, at the rank of Battalion Chief and above, is set by the Executive and/or statute, an employee may find it more beneficial to remain at their current rank rather than move to a management position. This pay compression makes it difficult for FEMS to recruit the best candidates to management. While this proposed subtitle does not entirely solve the issue of pay compression, it will help mitigate some of the problems caused by it.

Secondly, as has been raised by the Chief Officers' Association (a non-union entity representing Battalion, Deputy, and Assistant Chiefs), this subtitle will help to correct a change made in 2012 that modified how Chief Officers' longevity payment had been calculated for their entire career prior to that change. The modification caused Chief Officers' to start receiving longevity pay based on step one of the individual's pay schedule rather than their current step. The impact of this was that several of the Chief Officers received significantly less than the three percent longevity payment. This has ramifications beyond just the individuals pay stub, as it also adversely impact the final thirty-six month calculation used for a member's pension annuity.

As the proposed subtitle helps to address these two issues, the Committee supports this subtitle. Minor modification has been made to the language as introduced to reflect the name of the Department and the positions affected.

III. SECTION BY SECTION ANALYSIS

Sec. 3081. Short title.

Sec. 3082. Establishes a services longevity payment for Chief Officers of the Fire & Emergency Medical Services Department based on the length of service with the Department.

IV. LEGISLATIVE RECOMMENDATION

1	TITLE III, SUBTITLE H. FIRE OFFICIALS SERVICE LONGEVITY
---	---

¹⁵² The Chief of the Department is not addressed in the proposed subtitle.

2
3
4
5
6
7
8
9
10
11
12
13
14
15
16

4 This subtitle may be cited as the “Fire & Emergency Medical Services
5 Department Chief Officers Service Longevity Amendment Act of 2016”.

6 Sec. 3082. Section 401(a)(3) of the District of Columbia Police and Firemen’s
7 Salary Act of 1958, approved August 1, 1958 (72 Stat. 484; D.C. Official Code § 5–
8 544.01(a)(3)), is amended by adding a new subsection (B–iii) to read as follows:

9 “(B–iii) Notwithstanding any other provision of this or any other law, each
10 Assistant Chief, Deputy Chief and Battalion Chief in active service of the Fire and
11 Emergency Medical Services Department who has completed, or completes, fifteen (15)
12 years of total service, twenty (20) years of total service, twenty-five (25) years of total
13 service, and thirty (30) years of total service shall receive, per annum, a service longevity
14 payment paid at a rate of five percent (5%), ten percent (10%), fifteen percent (15%), and
15 twenty percent (20%), respectively, of his or her annual rate of pay as prescribed in the
16 Salary Schedule that he or she occupies.”.

TITLE IV-B
DCPS CONTRACT AND SPENDING FLEXIBILITY AMENDMENT

This subtitle amends the D.C. Code to exempt contracts for professional development training, services, and goods valued at \$25,000 or less, which support principal, teacher, and student achievement at District of Columbia Public Schools (DCPS) from the competition requirements of D.C. Law 18-371, the “Procurement Practices Reform Act of 2010.” The subtitle also would allow DCPS schools to reallocate funds between object classes within a school’s non-personal services object category in the aggregate non-to exceed amount of \$10,000 within each fiscal year. This subtitle would provide DCPS with more flexibility for contracting and spending and alleviate the need to delay critical purchases due to the timing of reprogrammings.

II. COMMITTEE REASONING

This subtitle is being proposed at the request of the District of Columbia Public Schools (DCPS). While DCPS has independent procurement authority, and thus does not have to go through the District's Office of Contracting and Procurement, it must comply with the statutory requirements outlined in D.C. Law 18-371, the "Procurement Practices Reform Act of 2010" (PPRA). Given the unique structure of DCPS, and its need to conduct professional development training within a truncated timeline in certain instances, the school system needs flexibility from the procurement law to be able to procure vendors or goods that directly support principal, teacher, and student achievement. This subtitle will aid DCPS in its continued growth and allow it to better supports students and staff. As such, the Committee recommends adoption of the language included in the Committee on Education's budget report.

III. SECTION BY SECTION ANALYSIS

- Sec. 4011. States the short title
- Sec. 4012. Amends Section 413(17) of the Procurement Practices Reform Act of 2010 to exempt contracts for professional development training, services, and goods valued at \$25,000 or less which support principal, teacher, and student achievement at DCPS from the competition requirements of the procurement law.
- Sec. 4013. Authorizes DCPS schools to reallocate funds between object classes within a school's non-personal services object category in the aggregate non-to-exceed amount of \$10,000 within each fiscal year.

IV. LEGISLATIVE RECOMMENDATION

1	TITLE IV, SUBTITLE B. DCPS CONTRACTING AND SPENDING
2	FLEXIBILITY AMENDMENT
3	Sec. 4011. Short title.
4	This subtitle may be cited as the "DCPS Contracting and Spending Flexibility
5	Amendment Act of 2016".
6	Sec. 4012. (a) Section 413(17) of the Procurement Practices Reform Act of 2010,
7	effective April 8, 2011 (D.C. Law 18-371; D.C. Official Code § 2-354.13(17)), is
8	amended to read as follows:
9	
10	

11 "(17) Professional development training, services, and goods valued at
12 \$25,000 or less which support principal, teacher, and student achievement at District of
13 Columbia Public Schools."

14 Section 4013. (a) Pursuant to rules promulgated by the Chief Financial Officer,
15 each District of Columbia Public School may reallocate funds between object classes
16 within a school's non-personal services object category in the aggregate not-to-exceed
17 amount of \$10,000 within each fiscal year.

18 (b) For the purposes of this section the terms "object category" and "object class"
 shall have the same meaning as provided in D.C. Official Code § 47-361.

TITLE V-G

TEEN PREGNANCY PREVENTION FUND GRANTMAKING

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is to move the administrative responsibility for the Teen Pregnancy Prevention Fund created in the Fiscal Year 2015 Budget Support Act of 2014 from a non-profit organization to the District Department of Health. The effect is to have the Department of Health manage the fund and make grants directly to organizations with no statutory overhead costs built in. The impact on existing law is to amend the Fiscal Year 2015 Budget Support Act of 2014 to change all references to "subgrants" to "grants" and make other technical and conforming amendments necessary to transfer the program from a private entity to the government.

II. COMMITTEE REASONING

The Committee recommended for adoption by the Council the Grants Administration Act of 2013 which requires competitive grants for any amounts over \$50,000, and other important transparency and conflict-of-interest rules. The Committee comments on this subtitle due to its amending a grant-making authority. The Committee supports the changes in the subtitle as introduced by the Mayor, especially the inclusion of the requirement for adhering to the Grant Administration Act. The Committee, however, recommends rewriting the subtitle so that it is amendatory and not a full strike and replace of the existing FY 2015 subtitle, as well as other technical changes. The Committee recommends no substantive change to the subtitle.

III. SECTION BY SECTION ANALYSIS

Sec. 5061. Short title.

Sec. 5062. *Subsections (a)-(c).* Replaces references to subgrants with references to grants, reflecting that the Department of Health will now make grants directly to grantees rather than an 3rd party.

Subsection (d). Removes requirements for the 3rd party grant-making authority because the authority is now with the government.

Subsection (e). Conforms language in Section 5143 (c) to reflect the striking of subsection (b).

Subsection (f). Amends the reporting requirement from a bi-monthly report from the 3rd party grant administrator beginning on December 1, 2015, to a semi-annual report from the Department of Health starting December 1, 2017.

Subsection (g). Designates the Department of Health as the grant-managing entity.

Subsection (h). Strikes language requiring the 3rd party grant administrator to develop plans to minimize duplicative grants.

IV. LEGISLATIVE RECOMMENDATION

1	TITLE V, SUBTITLE G. Teen Pregnancy Prevention Fund Grantmaking
2	Sec. 5061. Short title.
3	This title may be cited as the “Teen Pregnancy Prevention Fund Amendment Act
4	of 2016”.
5	Sec. 5062. Title II-O of the Fiscal Year 2015 Budget Support Act of 2014,
6	effective February 26, 2015, (D.C. Law 20-155 D.C. Official Code § 1-325.321 <i>et</i>
7	<i>seq.</i>) is amended as follows:
8	(a) Strike the word “subgrant” wherever it appears and inserting the word
9	“grant” in its place.
10	(b) Strike the word “subgrants” wherever it appears and inserting the word
11	“grants” in its place.
12	(c) Strike the word “subgrantee” wherever it appears and inserting the word

13 “grantee” in its place.

14 (d) Section 5143 D.C. Official Code § 1-325.322 *et seq.*) is amended as
15 follows:

16 (1) Section (b) (D.C. Official Code § 1-325.322(b)) is repealed.

17 (2) Section (c) (D.C. Official Code § 1-325.322(c)) is amended to
18 read as follows:

19 “(c) The Fund is designed to provide grants to nonprofit organizations to
20 implement programs consistent with an evidence-based, community-wide teen
21 pregnancy prevention model including but not limited to health services for teens,
22 reproductive health education, professional development and training, research and
23 policy development, and public education and awareness. Grant awards from the
24 Fund shall be made by the Department of Health for the purposes identified in this
25 subsection.”

26 (e) Section 5144(a) (D.C. Official Code § 1-325.323(a)) is amended as
27 follows:

28 (1) Paragraph 4(C) is amended by striking the word “subgrantee’s”
29 and inserting the word “grantee’s” in its place.

30 (2) Paragraph 4(D) is amended by striking the phrase “Affairs; and”
31 and inserting the phrase “Affairs;” in its place.

32 (3) Paragraph (5)(B) is amended by striking “be spent.” and
33 inserting the phrase “be spent; and” in its place.

34 (4) A new paragraph (6) is added to read as follows:

35 “(6) Any other document specified by the Department of Health in
36 a request for grant submissions.”

37 (f) The lead in language to section 5145 (D.C. Official Code § 1-325.324)
38 is amended to read as follows:

39 “Beginning December 1, 2017, the grant-managing entity shall submit a
40 semi-annual report to the Council of all District funds allocated, which includes:”.

41 (g) Section 5146 (D.C. Official Code § 1-325.325) is amended to read as
42 follows:

43	“Sec. 5146. Authorization for grant-managing entity.
44	“For Fiscal Year 2017 and each fiscal year thereafter, the Department of
45	Health is designated as the grant-managing entity.”
46	(h) Section 5147 (b) (D.C. Official Code § 1-325.326(b)) is repealed.

TITLE VII-A SUBJECT TO APPROPRIATIONS AMENDMENTS

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The subtitle authorizes expenditures for several laws which were previously enacted but not yet funded.

II. COMMITTEE REASONING

The Committee recommends adoption of this subsection with amendments to include the repeal of additional subject-to-appropriations clauses.

As introduced by the Executive, the proposed subtitle, at section 7002, would repeal the subject-to-appropriations clause for the *Access to Emergency Epinephrine in Schools Act of 2015* (D.C. Law 21-77). This law sets up a program to provide District public schools with epinephrine injectors and train staff to administer injections to students. The Executive also proposes to fund the *Injured Worker Fair Pay Amendment Act of 2015* (D.C. Law 21-39), which increases workers' compensation payments whenever District employees receive city-wide raises or cost-of living adjustments. The Committee recommends adoption of both of these provisions.

In addition, the Committee adds two other repeals to subject-to-appropriations clauses. First, the Committee repeals the subject-to-appropriations clause for the *Enhanced Notice Requirements for Historic District Development Amendment Act of 2014* (D.C. Law 20-249). This law requires enhanced notification of property alterations for neighbors in historic districts. Also, the Committee recommends funding the *Repeal of Outdated and Unnecessary Audit Mandates Amendment Act of 2016* (Bill 21-377). The relevant portion of this law requiring the identification of funding transfers responsibility for a review of employer compliance with sick and safe leave laws from the Auditor to the Department of Employment Services.

Funding to address the costs associated with the above are either included in the fiscal year 2017 budget as proposed by the Mayor, or identified by the Committee.

III. SECTION BY SECTION ANALYSIS

- Sec. 1. The Committee recommends adoption of the fiscal year 2017 budget for the keep writing the section
- Sec. 2. The Committee recommends adoption of the fiscal year 2017 budget for the keep writing the section

IV. LEGISLATIVE RECOMMENDATION

1	TITLE VII, SUBTITLE A. SUBJECT TO APPROPRIATIONS
2	AMENDMENTS
3	Sec. 7001. Short title.
4	This subtitle may be cited as the “Subject to Appropriations Amendment Act of
5	2016”.
6	Sec. 7002. Section 4 of the Access to Emergency Epinephrine in Schools
7	Amendment Act of 2015, effective March 9, 2016 (D.C. Law 21-77; 63 DCR 759), is
8	repealed.
9	Sec. 7003. Section 3 of the Injured Worker Fair Pay Amendment Act of 2015,
10	effective December 15, 2015 (D.C. Law 21-39; 62 DCR 13744), is repealed.
11	Sec. 7004. Section __ of the Enhanced Notice Requirements for Historic District
12	Development Amendment Act of 2014, effective _____ (D.C. Law 20-249; __
13	DCR ____), is repealed.
14	Sec. 7005. Section __ of the Repeal of Outdated and Unnecessary Audit Mandates
15	Amendment Act of 2016, effective _____ (D.C. Law 21-____; __ DCR ____), is
16	repealed.

TITLE VII-B PRIOR BUDGET ACT AMENDMENTS

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is to amend sections of the Fiscal Year 2016 Budget Support Act of 2015 (FY 2016 BSA). The effect of this subtitle is to 1) change references in the FY 2016 BSA from the “Office of Cable Television, Film, Music and Entertainment” to the office’s new name of the “Office of Film, Television and Entertainment”; 2) eliminate the spending cap on the Kids Ride Free program and extend the program’s expiration date from FY 2016 to FY 2017; and 3) extend the deadline for the Office of Planning’s publishing of a comprehensive cultural plan from December 15, 2016 to April 30, 2017. The impact on existing law will be amendments of the FY2016 BSA section 1072 to extend the deadline for the cultural plan, section 2072 to change the name to the Office of Film, Television and Entertainment, and sections 6192 and 6193 to repeal the spending cap and extend the Kids Ride Free program.

II. COMMITTEE REASONING

The Committee recommends inclusion, in addition to the subtitle as proposed by the Mayor, of language to extend the publication date for a comprehensive cultural plan by the Office of Planning from December 15, 2016 to April 30, 2017. At the Committee’s budget hearing for the Office of Planning, the Director testified that his office will be unable to complete the plan by December and will need an extension through April 2017. Funding reflecting this extension is discussed in the Office of Planning’s chapter earlier in this report.

As part of the FY 2016 BSA, the Office of Cable Television and the Office of Motion Picture and Television Development were merged to create the new Office of Cable Television, Film, Music, and Entertainment. The Mayor’s subtitle as introduced seeks to rename the merged agency as the Office of Film, Television and Entertainment.

With regards to the Kids Ride Free program on METRO, the FY 2016 BSA included a \$7 million cap on the program and a September 30, 2016 sunset. The Mayor’s subtitle as introduced seeks to eliminate this cap and extend the sunset from the end of FY 2016 to the end of FY 2017.

III. SECTION BY SECTION ANALYSIS

Sec. 7011. Short title.

Sec. 7012. (a) Extends the deadline for publication of the cultural plan by the Office of Planning from December 15, 2016 to April 30, 2017.

(b) Replaces the phrase “Office of Cable Television, Film, Music, and Entertainment” with the phrase “Office of Film, Television and Entertainment” wherever it appears in the subtitle.

(c) Repeals the \$7 million cap on the Kids Ride Free program.

(d) Extends the sunset of the Kids Ride Free Program from September 30, 2016 to September 30, 2017.

IV. LEGISLATIVE RECOMMENDATION

1 TITLE VII, SUBTITLE B. Prior Budget Act Amendments

2 Sec. 7011. Short title.

3 This subtitle may be cited as the “Prior Budget Act Amendments of 2016”.

4 Sec. 7012. The Fiscal Year 2016 Budget Support Act of 2015, effective
5 October 22, 2015 (D.C. Law 21-36; 62 DCR 10905) is amended as follows:

6 (a) Section 1072 is amended by striking the phrase “December 15, 2016”
7 an inserting the phrase “April 30, 2017” in its place.

8 (b) Section 2072 is amended by striking the phrase “Office of Cable
9 Television, Film, Music, and Entertainment” wherever it appears and inserting the
10 phrase “Office of Film, Television, and Entertainment” in its place.

11 (c) Section 6192 is amended by repealing section (h)(6) (D.C. Official Code
12 § 35-233(h)(6)).

13 (d) Section 6193 is amended by striking the phrase “2016” and inserting the
14 phrase “2017” in its place.

TITLE COW-A NEW COLUMBIA STATEHOOD COMMISSION DISCRETIONARY FUNDING

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is to grant the New Columbia Statehood Commission authority to spend certain amounts of funds derived from the New Columbia Statehood Fund tax check-off for discretionary expenses. The effect will be to allow the Commission to spend, in its sole discretion, funds for items including catering and other expenses it deems necessary to further its mission. The effect on existing law is an amendment of the New Columbia Statehood Initiative and Omnibus Boards and Commissions Reform Amendment Act of 2014 to allow the New Columbia Statehood Commission limited discretionary spending authority.

II. COMMITTEE REASONING

D.C. Law 20-271, The New Columbia Statehood Initiative and Omnibus Boards and Commissions Reform Amendment Act of 2014 re-designated the Statehood Delegation fund, which was set up to capture revenues derived from the New Columbia Statehood tax check-off box on District income tax returns, as the New Columbia Statehood Fund. The original Statehood Delegation fund was separate from the General fund of the district, and was administered by the Statehood Delegation outside of most spending limits contained in District law. Upon passage of Law 20-271, the fund was transferred to the control of the New Columbia Statehood Commission which consists of the members of the Statehood Delegation, the Chairman of the Council, and the Mayor of the District of Columbia. As a result, the fund is now treated as an appropriated part of the General fund of the District, subject to certain limitations on spending.

However, some of the spending from the original Statehood Delegation Fund included expenditures not otherwise permitted under District law including travel, catering, and other expenses related to the Statehood Delegation's mission. As a result, the unexpended funds in the New Columbia Statehood Fund have not yet been requested to be appropriated because the funds would become be ineligible for expenditure for those previous purposes.

This subtitle would authorize the New Columbia Statehood Commission to expend limited discretionary funds out of the New Columbia Statehood Fund up to \$24,000 per year.

III. SECTION BY SECTION ANALYSIS

Sec. 1. Short title.

- Sec. 2. Amends the New Columbia Statehood Initiative and Omnibus Boards and Commissions Reform Amendment Act of 2014 to authorize the expenditure of discretionary funds by the New Columbia Statehood Commission.

IV. LEGISLATIVE RECOMMENDATION

1 TITLE I, SUBTITLE COW-A. New Columbia Statehood Commission

2 Discretionary Funding

3 Sec. 1. Short title.

4 This subtitle may be cited as the “New Columbia Statehood Commission
5 Discretionary Fund Amendment Act of 2016”.

6 Sec. 2. Section 32(d) of the New Columbia Statehood Initiative and
7 Omnibus Boards and Commissions Reform Amendment Act of 2014 (D.C. Law
8 20-271; D.C. Official Code § 1-129.32) is amended by adding a new paragraph
9 (1A) to read as follows:

10 “(1A)(A)The Commission is authorized to provide for the expenditure of
11 up to \$24,000.00, except as provided for in subparagraph (B), for appropriate purposes as
12 it may respectively deem necessary, except for those purposes prohibited under section
13 35(b) of the District of Columbia Statehood Constitutional Convention Initiative of 1979,
14 effective March 10, 1981 (D.C. Law 3-171; D.C. Official Code § 1-129.35(b)). The
15 Commission’s determination thereof shall be final and conclusive, and their certificate
16 shall be sufficient voucher for the expenditure of appropriations made pursuant to this
17 section.

18 “(B) For fiscal year 2016, the Commission is authorized to provide
19 for the expenditure of \$12,000.00.”

TITLE COW-B

PDS PENSION CREDITABLE SERVICE CLARIFICATION

I. PURPOSE, EFFECT, AND IMPACT ON EXISTING LAW

The purpose of this subtitle is to clarify that creditable service for employees of the Public Defender service hired between October 1, 1987 and August 16, 1991 shall be calculated to include service beginning as of the commencement of employment. The effect will be to allow a very limited number of employees hired between these dates to count creditable service as of the commencement of their employment for vesting purposes only. The impact on existing law is an amendment to section 305 of the District of Columbia Court Reform and Criminal Procedure Act of 1970 to add a provision providing the clarification.

II. COMMITTEE REASONING

As originally established by Congress, the Public Defender Service (PDS) was a District agency budgeted through the general fund of the District, although funds were disbursed through the Administrative Office of the U.S. Courts. Like most other District agencies, PDS employees participated in the federal retirement system until Congress transferred the retirement benefit responsibility for certain agencies and employees of the District in 1987.¹⁵³ However, due to an error, PDS employees hired after October 1, 1987 were not immediately covered under the District's retirement benefits program. Instead, there was an ongoing discussion between the Administrative Office of the U.S. Courts about the status of PDS employees. In 1991, the Mayor, the Administrative Office, and PDS entered into a memorandum of understanding (MOU) that made PDS employees hired after October 1, 1987 eligible for the District's benefits programs as of the effective date of the MOU.

However, a disagreement has arisen between PDS of the Office of the Chief Financial Officer (OCFO) over whether employees hired between 1987 and 1991 can credit their actual service for the purposes of vesting. The MOU made clear that eligibility for participation in the pension plan "shall not be retroactive," meaning that the agency would not contribute funds to the pension plan before the date of the MOU and therefore those years would not be counted for the purposes of the annuity. However, what is unclear is whether the service during those years may be counted as creditable service only for the purpose of vesting. The OCFO's current interpretation is that these years do not count for vesting purposes. The effect is that anyone hired between 1987 and 1991 can count as creditable service only years after the 1991 MOU. Because five years is the minimum required to vest in the plan, enabling an employee to claim an annuity, anyone hired during this window that left PDS prior to 1996 would not vest in the plan, even if they had actually worked at PDS for over five years.

¹⁵³ See the Employee Benefits Amendment Act of 1987 to the DC Comprehensive Merit Personnel Act of 1978. D.C. Law 7-27, Section 2(g) (Oct. 1, 1987).

The clarification proposed in this subtitle would affect a very limited number of individuals. PDS has identified eight individuals that were hired between 1987 and 1991. However, 3 of those 8 already withdrew their funds years ago – before the OCFO’s current interpretation. With this clarification, four individuals would be allowed to access their pension funds. PDS has identified an addition individual who seems to meet the criteria of the affected group, but has been unable to determine the status of the individual’s plan. The Committee recommends inclusion of this subtitle because it would simply confer eligibility to access the same amount of funds that they would have otherwise been eligible to receive.

III. SECTION BY SECTION ANALYSIS

- Sec. 1. Short title.
- Sec. 2. The Committee recommends adoption of the fiscal year 2017 budget for the keep writing the section

IV. LEGISLATIVE RECOMMENDATION

1	TITLE I, SUBTITLE COW-A. PDS Creditable Service Clarification
2	Sec. 1. Short title.
3	This subtitle may be cited as the “Public Defender Service Creditable
4	Service Clarification Amendment Act of 2016”.
5	Sec. 2. Section 303(a) of the District of Columbia Court Reform and
6	Criminal Procedure Act of 1970, effective July 29, 1970 (84 Stat. 656, Pub. L. 91-
7	358, DC Code § 1-2703(a)) is amended by adding a new paragraph (c)(6) to read
8	as follows:
9	“(5) For purposes of vesting pursuant to section 2610(b) of the
10	District of Columbia Comprehensive Merit Personnel Act of 1978 (D.C. Code § 1-
11	627.10(b)), creditable service with the District for employees of the Public
12	Defender Service hired on or after October 1, 1987 and before September 15, 1991
13	shall be calculated to include service beginning as of the commencement of
14	employment.”.

COMMITTEE ACTION
