



Chairman Phil Mendelson

AMENDMENT #1

Bill 26-260, "Fiscal Year 2026 Local Budget Act of 2025"

(Amendment in the Nature of a Substitute)

July 28, 2025

Amendment:

(a) Add a new section to the Local Budget Act to read as follows:

"Appropriation of Additional Resources

"(1) The amount appropriated as local funds shall be increased by an amount up to \$29,983,207, which amount shall be authorized for obligation and expenditure pursuant to paragraph (2) under this heading if and to the extent that the September 2025 quarterly revenue estimate for local funds in Fiscal Year 2025 exceeds the revenue estimate of the Chief Financial Officer of the District of Columbia incorporated in the approved budget and financial plan for Fiscal Year 2025 and Fiscal Year 2025 revenues exceed actual expenditures as estimated by the Chief Financial Officer no later than November 15, 2025.

"(2) The additional revenues authorized to be obligated and expended pursuant to paragraph (1) under this heading shall be allocated as follows:

"(A) \$10,000,000 to the Housing Production Trust Fund in Fiscal Year 2026;

"(B) \$5,500,000 to the Childcare Subsidy Program at the Office of the State Superintendent of Education in Fiscal Year 2026;

"(C) \$3,500,000 to the Department of Forensic Science for in-house DNA testing in Fiscal Year 2026;

"(D) \$2,950,715 to the Department of Human Services for the Emergency Rental Assistance Program in Fiscal Year 2026;

"(E) \$500,000 to the Department of Healthcare Finance to increase the Medicaid personal needs allowance in Fiscal Year 2026 and in each of Fiscal Years 2027, 2028, and 2029;

"(F) \$1,500,000 to the Early Childhood Educator Pay Equity Fund at the Office of the State Superintendent of Education in Fiscal Year 2026;

“(G) \$608,000 to repeal Section 401 of the Amplified Sound Mitigation Act of 2024, effective March 21, 2025 (D.C. Law 25-313; 72 DCR 3674) in Fiscal Year 2026, \$419,874 for the same purpose in Fiscal Year 2027, \$428,561 for the same purpose in Fiscal Year 2028, and \$437,429 for the same purpose in Fiscal Year 2029;

“(H) \$1,000,000 to the District of Columbia Public Charter School Board for lead pipe testing in charter schools in Fiscal Year 2026;

“(I) \$1,000,000 to the Housing Preservation Fund at the Department of Housing and Community Development in Fiscal Year 2026; and

“(J) \$459,000 to the Metropolitan Police Department for housing incentives for police officers in Fiscal Year 2027, and \$179,628 for the same purpose in Fiscal Year 2028.

“(3) The District of Columbia may obligate and expend the increase in the amount of funds authorized under this heading only if the Chief Financial Officer certifies the increase in revenue, unless the Chief Financial Officer further certifies in the quarterly revenue estimate that such use is anticipated to have a negative impact on the long-term financial plan of the District. ”.

(b) Insert the following authorizing provisos in each agency paragraph with the dollar amount provided in part (a) of this amendment: “provided further, that the amount of local funds appropriated for the [agency] shall be increased by up to [\$xxxx] pursuant to paragraph (2) under the heading “Appropriation of Additional Resources”;

(c) Reduce the following agency budgets as indicated:

Local funds: Decrease

Housing Production Trust Fund Subsidy						
Program/cost center/account/project	FY25	FY26	FY27	FY28	FY29	Total
300116 / 30151 / 7141009 / 000000		(10,000,000)				(10,000,000)
Office of the State Superintendent of Education						
400353 / 40219 / 7141009 / 000000		(5,500,000)				(5,500,000)
400349 / 40220 / 7141009 / 000000		(1,500,000)				(1,500,000)
Department of Forensic Sciences						
800149 / 80203 / 7132001 / 000000		(3,500,000)				(3,500,000)

Department of Human Services						
700175 / 70338 / 7141002 / 000000		(2,950,715)				(2,950,715)
Department of Health Care Finance						
700097 / 70229 / 7141003 / 202179		(500,000)	(500,000)	(500,000)	(500,000)	(2,000,000)
Department of Licensing and Consumer Protection						
300047 / 30060 / 7131009 / 000000		(75,000)				(75,000)
300047 / 30060 / 7011001 / 000000		(330,147)	(337,080)	(343,822)	(350,698)	(1,361,747)
300047 / 30060 / 7014008 / 000000		(80,853)	(82,793)	(84,739)	(86,730)	(335,116)
300047 / 30060 / 7171003 / 000000		(111,000)				(111,000)
Department of Buildings						
300191 / 30233 / 7171003 / 000000		(11,000)				(11,000)
District of Columbia Public Charter School Board						
100151 / 40131 / 7132001 / 000000		(1,000,000)				(1,000,000)
Department of Housing and Community Development						
300076 / 30078 / 7141007 / 000000		(1,000,000)				(1,000,000)
Metropolitan Police Department						
800028 / 80069 / 7131009 / 000000			(459,000)	(179,628)		(638,628)
TOTAL	0	(26,558,715)	(1,378,874)	(1,108,188)	(937,429)	(29,983,206)

Enterprise funds: Decrease

Housing Production Trust Fund						
Program/cost center/account/project	FY25	FY26	FY27	FY28	FY29	Total

300175 / 30216 / 7141021 / 000000	(10,000,000)				
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Rationale: I am moving this amendment under duress because the Chief Financial Officer has stated that without this amendment “I cannot attest that the FY 2026 Budget and Financial Plan is in balance.”

Therefore, this amendment removes \$29,983,207 from the FY 2026 budget before us for second reading. Without this amendment, the combined FY 2025 supplemental and FY 2026 budgets would have an unspent balance of over \$214 million. I am hard pressed to see how leaving this amount unspent is “unbalanced.” However, with this amendment, the unspent balance will be over \$244 million – as the Chief Financial Officer demands.

The Home Rule Act states that the Council is prohibited from “approving any budget which would result in expenditures being made by the District government, during any fiscal year, in excess of all resources which the Mayor [now CFO] estimates will be available from all funds available to the District for such fiscal year.” The budgets before us today – which the CFO certified as balanced in May – are based on the February 2025 revenue estimate. On June 27th, the CFO revised that estimate by stating that an additional \$243.7 million is available.

Now the CFO says those funds are not available. He says they are necessary to pay for overspending, unbudgeted expenditures, and replenishing the Contingency Reserve. He has not itemized any of these amounts, nor explained why the unbudgeted expenditures and reserve replenishment must occur this year. Moreover, in June his office estimated that overspending was projected to be about \$180 million – less than the \$214 million we left available before this amendment.

One of the primary responsibilities of the Chief Financial Officer is to ensure that spending does not exceed an approved, balanced budget. That has not happened. To compensate for this failure, the CFO is now directing the Council how it may appropriate dollars, despite the fact that the law does not give him that authority.

The CFO is directing that we must leave \$244 million available to him to cover overspending. He is directing that we leave \$244 million available so that he can replenish the Contingency Reserve from which he has allowed expenditures to be made. Last year I had a similar disagreement with the CFO – where he was requiring that we replenish another Reserve fund. In that situation I obtained a formal legal opinion from our Attorney General who stated that the CFO was exceeding his legal authority: “Once the CFO provides his revenue estimates, his role in the budgeting process is limited to preparing the Mayor’s budget under her direction using his technical and human resources. Allowing the CFO to dictate that a certain fund be replenished would remove the local budget process from ‘within the control of the Mayor and Council’ and ‘interfere with the locally elected officials’ decisions about how District government revenues should be spent.” [internal citations omitted] He does not have this authority.

In sum: This amendment is being forced on the Council. With or without this amendment we are adopting a budget with an unspent balance of over \$214 million. It is absurd to say this is “unbalanced.” But the greatest cause of this situation is overspending, in violation of the Anti-Deficiency Act, and which the Chief Financial Officer could and should control. And a second cause is the Chief Financial Officer’s desire to replenish Reserves this year, which he does not have the authority to require (and which is

otherwise provided for in the law). I consider this acquiescence an erosion of our legislative authority, which cannot stand.