Chairman Phil Mendelson

**AMENDMENT #1**
Bill 26-265, "Fiscal Year 2026 Budget Support Act of 2025"
(Amendment in the Nature of a Substitute)
July 28, 2025

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**Amendment:**

**(a) In Title IV, Subtitle D, line 1656 is amended to read as follows:**

"(7) In Fiscal Year 2026, **~~$73,626,902~~** **$72,126,902** in local funds.".

**(b) In Title VII, Subtitle M, strike section 7196.**

**(c) In Title VII, insert the following new subtitle to read as follows:**

"Sec. 7261. Short title.

"This subtitle may be cited as the "Revised Revenue Funding Act of 2025".

"Sec. 7262. (a) Notwithstanding any other provision of law, to the extent that Fiscal Year 2025 local revenues certified in the September 2025 revenue estimate exceed the annual revenue estimate 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, these additional revenues shall be allocated and expended in Fiscal Year 2026 pursuant to the Appropriation of Additional Resources section of the Fiscal Year 2026 Local Budget Act of 2025, passed on 2nd reading on July 28, 2025 (Enrolled version of Bill 26-260), and this section.

"(b) The additional revenues shall be allocated as follows:

"(1) The first $10,000,000 of one-time funds shall be allocated to the Housing Production Trust Fund to be spent on housing preservation in Fiscal Year 2026;

"(2) The next $5,500,000 of one-time funds shall be allocated to the Office of the State Superintendent of Education to be spent on the Childcare Subsidy Program in Fiscal Year 2026;

"(3) The next $3,500,000 of one-time funds shall be allocated to the Department of Forensic Science for in-house DNA testing in Fiscal Year 2026;

"(4) The next $2,950,715 of one-time funds shall be allocated to the Department of Human Services to be spent on the Emergency Rental Assistance Program in Fiscal Year 2026;

“(5) The next $500,000 of recurring funds shall be allocated to the Department of Healthcare Finance in each of Fiscal Years 2026, 2027, 2028, and 2029 to increase the Medicaid personal needs allowance;

“(6) The next $1,500,000 of one-time funds shall be allocated to the Early Childhood Educator Pay Equity Fund at the Office of the State Superintendent in Fiscal Year 2026;

“(7) The next $1,893,863 of funds shall be allocated to repeal Section 401 of the Amplified Sound Mitigation Act of 2024, effective March 21, 2025 (D.C. Law 25-313; 72 DCR 3674) as follows: $608,000 in Fiscal Year 2026, $419,874 in Fiscal Year 2027, $428,561 in Fiscal Year 2028, and $437,429 in Fiscal Year 2029;

“(8) The next $1,000,000 in one-time funds shall be allocated to the District of Columbia Public Charter School Board to be spent on lead pipe testing in charter schools in Fiscal Year 2026;

“(9) The next $1,000,000 in one-time funds shall be allocated to the Department of Housing and Community Development to supplement its Housing Preservation Fund in Fiscal Year 2026; and

“(10) The next $638,628 in funds shall be allocated to the Metropolitan Police Department for housing incentives for police officers as follows: $459,000 in Fiscal Year 2027, and $179,628 in Fiscal Year 2028.

“Sec. 7263. By November 15, 2025, the Chief Financial Officer shall certify:

“(1) Whether, and by what amount, local Fiscal Year 2025 revenues included in the revenue estimate exceed the annual revenue estimate incorporated in the approved budget and financial plan for Fiscal Year 2025;

“(2) Whether such excess revenues are in an amount sufficient to meet, in whole or in part, the requirements of section 7262; and

“(3) That all such excess revenues have been set aside and allocated according to the provisions of section 7262.

“Sec. 7263. Applicability.

“This subtitle shall apply as of September 1, 2025.”.

**<u>Rationale</u>:** 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.