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OFFICE OF THE  
SECRETARY

MURIEL BOWSER  
MAYOR

March 20, 2019

The Honorable Phil Mendelson  
Chairman  
Council of the District of Columbia  
1350 Pennsylvania Avenue, N.W., Suite 504  
Washington, D.C. 20004

Dear Chairman Mendelson:

The purpose of this letter is to provide a summary of the proposed budget adjustments to the Fiscal Year 2019 Local Budget Act as provided in the "Fiscal Year 2019 Revised Local Budget Adjustment Emergency Act of 2019."

**FY 2019 Revised Budget – Local Funds:**

The following table summarizes the Mayor's proposed FY 2019 supplemental budget plan (\$ in thousands):

<b>REVENUE CHANGES</b>	
June and September revenues	\$85,353
February revenues	(\$41,341)
Additional transfer in from TIF/PILOT	\$491
Fund balance applied (Detail below)	\$17,344
Revenue policy (Detail below)	\$23,502
<b>Subtotal, revenues - additional revenue above Approved FY 2019 Budget</b>	<b>\$85,349</b>
<b>EXPENDITURE CHANGES</b>	
Governmental Direction and Support (Detail below)	\$18,084
Economic Development and Regulation (Detail below)	(\$1,601)

Public Safety and Justice (Detail below)	\$5,013
Public Education System (Detail below)	\$926
Human Support Services (Detail below)	(\$16,445)
Public Works (Detail below)	\$7,050
Financing and Other (Detail below)	\$53,439
<b>Subtotal, expenditures</b>	<b>\$66,467</b>
Margin, Revenue less Expenditures	\$18,883
Less: Change in required reserves	(\$6,472)
<b>Carryover to FY 2019</b>	<b>\$12,411</b>

### General Fund Increase - Revenue

#### Fund Balance Applied

- Special Purpose Revenue sweeps below - \$9,096,188

Agency Code	Fund Detail	Fund Name	Amount
FO0	0100	Community Based Violence Reduction Fund	\$1,200,000
GD0	0100	Special Education Enhancement Fund	\$5,000,000
GD0	0100	Student Enrollment Fund	\$2,896,188

- Budget Authority for items below - \$8,247,999
  - Captive Trust Fund - \$4,321,737
  - Special Education Compliance Fund \$3,926,259

#### Revenue Policy Adjustments

- Deed and Recordation Tax: \$9,165,880  
Commercial only above \$2 million taxed at 2.5%; no change below \$2 million (currently at 1.45%)
  - Local portion only: \$7,905,000
  - Economic Interest Tax (Triggered by exclusion from the Deed and Recordation tax): \$1,260,880

- Revenue is anticipated in FY 2019, even though the change in the rate will not take place until FY 2020, due to some sales being accelerated in FY 2019.
- Internet Sales Tax Amendment Reversal: \$14,336,000  
The Internet Sales Tax Amendment Act (DC Act 22-584) provides for a one-time dedication of all the FY 2019 revenue generated by the legislation to Commission on the Arts and Humanities. The Fiscal Year 2019 Local Budget Adjustment Emergency Act repeals this provision.

## **Expenditure Changes**

### **Governmental Direction and Support**

- Department of General Services - \$13,762,542 local fund increase
  - FY 2019 local leasing costs - \$13,232,542
  - School lock replacement for 15 highest need schools - \$530,000
- Captive Insurance Agency- \$4,321,737 local fund budget authority for the Captive Insurance Trust Fund reservation

### **Economic Development and Regulation**

- Office of Planning - \$1,083,000 local fund increase for Census outreach and education
- Department of Consumer and Regulatory Affairs
  - Local funds for permitting backlog support - \$500,000 in local funds
  - Special Purpose Revenue budget authority increase for Velocity program - \$2,000,000
- Housing Production Trust Fund (HPTF) Subsidy – (\$3,184,239) local fund savings as a result of increase in FY 2019 deed and recordation taxes for the HPTF over the FY 2019 budgeted amount

### **Public Safety and Justice**

- Metropolitan Police Department - \$3,600,000 local fund increase for salary pressure for exceeding goals in FY 2019
- Fire and Emergency Medical Services Department - \$231,000 local fund increase
  - Increased DC Water fee - \$1,731,000 in local funds
  - Local fund decrease (\$1,500,000) to offset an increase Medicaid ambulance billing
- Department of Corrections - \$1,182,000 local fund increase for additional correctional officers

### **Public Education**

- Office of the State Superintendent of Education - \$1,426,259 local fund increase
  - Local fund increase of \$3,926,259 in budget authority for the Special Education Compliance Fund reservation

- Local fund reduction based on projected underspending across various programs (\$2,500,000)
- Non-Public Tuition – (\$500,000) reduction in local funds
  - Reduction in local funds based on projected underspending (\$500,000)
  - Reduction in local fund of (\$5,000,000) offset by a transfer of \$5,000,000 of local funds from the undesignated balance of the Special Education Enhancement Fund

### **Human Support Services**

- Department of Aging and Community Living - \$2,250,000 increase in local funds for the Safe at Home Program
- Department of Parks and Recreation - \$1,749,813 increase in local funds for the Wards 7 and 8 Summer Initiative
- Department of Health Care Finance – (\$10,000,000) reduction in local funds based upon projected underspending in provider payments portion
- Department of Youth Rehabilitative Services – (\$7,944,994) reduction in local funds due to the lower number of youth served
- Child and Family Services Administration – (\$2,500,000) reduction in local funds due to a reduction in guardian subsidy based on actual need and a general personnel services savings

### **Public Works**

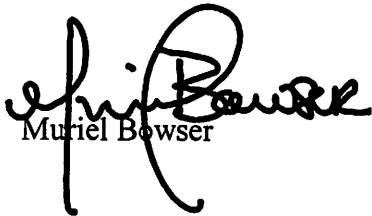
- Washington Metropolitan Area Transit Authority - \$13,578,432 is increase in local funds for Kids Ride Free Program
- District Department of Transportation – (\$200,000) decrease in local funds and \$3,301,777 increase in Special Purpose Revenue
  - Local fund increase of \$1,000,000 to extend the free Circular pilot through FY 2019
  - Local fund decrease of (\$1,200,000) from underutilized Adult Learners Transit Subsidy program
  - Special Purpose Revenue budget authority increase of \$3,301,777 from an account of Circulator funding from a National Park Service payment that will be used to offset the costs for the Circulator program
- Department of Public Works – (\$4,947,000) decrease in local funds which will be offset by street sweeping funding through the Storm Water Permit Review Fund (Intra-District from Department of Energy and Environment)
- Department of Motor Vehicles – (\$1,382,000) in local funds offset by ticket processing contract rebate

## Financing and Other


- Emergency and Contingency Reserve Funds - \$47,598,000 increase in local funds to repay FY 2019 Contingency Fund allocations
- Workforce Investments Account - \$5,841,000 increase in local funds for compensation increases for District workers

Thank you for your consideration of these changes.

Sincerely,



Muriel Bowser

  
Chairman Phil Mendelson  
at the request of the Mayor

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A PROPOSED RESOLUTION

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IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

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To declare the existence of an emergency with respect to the need to increase certain appropriations in the Fiscal Year 2019 Budget Request Act.

RESOLVED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this resolution may be cited as the "Fiscal Year 2019 Revised Local Budget Emergency Declaration Resolution of 2019".

Sec. 2. (a) The Office of the Chief Financial Officer provided quarterly revised revenue estimates since the approval of the Fiscal Year 2019 Local Budget Act that resulted in increased Fiscal Year 2019 revenues that are not allocated for a particular use.

(b) In conjunction with the Proposed Fiscal Year 2019 Budget and Financial Plan, the Mayor proposed reducing budget authority for several agencies in Fiscal Year 2019 and identified additional amounts from fund balances and policy decisions to increase available resources.

(c) Fiscal Year 2019 resources resulting from these changes are used to help balance the proposed Fiscal Year 2019 Budget and Financial Plan, align agency budgets with expenditures in Fiscal Year 2019, and ensure timely repayment of the Contingency Cash Reserve Fund.

Sec. 3. The Council of the District of Columbia determines that the circumstances enumerated in section 2 constitute emergency circumstances making it necessary that the Fiscal Year 2019 Revised Local Budget Adjustment Emergency Act of 2019 be adopted after a single reading.

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**Sec. 4. This resolution shall take effect immediately.**

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
Office of the Attorney General



Legal Counsel Division

**MEMORANDUM**

**TO:** Alana Intriери  
Executive Director  
Office of Policy and Legislative Support

**FROM:** Arthur J. Parker  
Acting Deputy Attorney General  
Legal Counsel Division

**DATE:** March 19, 2019

**SUBJECT:** Legal Certification of Draft Legislation, the "Fiscal Year 2019 Revised Local Budget Emergency Adjustment Act of 2019", Temporary Version, and Accompanying Emergency Declaration (AE-19-243)

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**This is to Certify that** this Office has reviewed the above-referenced draft legislation and found it, as to form, format, and authority only, to be legally sufficient. If you have any questions in this regard, please do not hesitate to call me at 724-5524.

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Arthur J. Parker