



*An Affiliate of the  
Center on Budget and Policy Priorities*  
820 First Street NE, Suite 460  
Washington, DC 20002  
(202) 408-1080 Fax (202) 408-8173  
[www.dcfpi.org](http://www.dcfpi.org)

**TESTIMONY OF JENNY REED, RESEARCH ASSOCIATE  
DC FISCAL POLICY INSTITUTE**

**For the Public Hearing on  
The Fiscal Year 2009 Budget Support Act of 2008  
District of Columbia Committee of the Whole  
April 25, 2008**

Chairman Gray and members of the Committee, thank you for the opportunity to speak today. My name is Jenny Reed, and I am a Research Associate with the DC Fiscal Policy Institute. DCFPI engages in research and public education on the fiscal and economic health of the District of Columbia, with a particular emphasis on policies that affect low- and moderate-income residents. I am here today to testify about concerns with the creation and/or legislative changes to numerous funds in the proposed Fiscal Year 2009 Budget Support Act of 2008 and suggest ways to for improvement.

The Budget Support Act would create one new special fund — the Unified Housing Fund — and it would modify three existing funds — the baseball Community Benefits Fund, the Neighborhood Investment Fund, and the Economic Development Fund. In each case, the proposed rules would limit input from the DC Council and the public on the uses of the funds. In the case of the Community Benefits Fund and the Neighborhood Investment Fund, the proposed budget would effectively eliminate existing requirements to seek community input and develop spending plans that reflect community priorities. We are concerned about these changes and urge the Council to modify them.

The Budget Support Act for FY 2009 would create a new Unified Housing Fund that would collect revenues from a variety of sources, including repayments of HPAP loans. Under the budget proposal, DHCD would have broad discretion over the use of Unified funds to fund a very broad and loosely defined range of activities linked to affordable housing, including no requirement to use the funds as they are being used now, such as supporting additional HPAP loans. While consolidating a number of smaller housing funds may make sense, the lack of transparency such a fund would create raises concerns. We recommend adding a requirement that all funds from the Unified Housing Fund must be appropriated each year, so that the Council and public would have more input on their use.

The Economic Development Fund (EDF), created in legislation that abolished the AWC and NCRC, gives the Deputy Mayor for Planning and Economic Development broad discretion to fund a broad and loosely defined range of activities related to Economic Development. Like the Unified Fund, there is no requirement that the use of the funds be appropriated each year. The Budget Support Act would add even more revenue sources to the fund from: disposition or lease of the Convention Center, Newseum (along with sales, retail and food and beverage sales at the Newseum in excess of \$1 million), and short-term leases under DMPED's management. It is expected for FY 2009 that \$5.13 million would be added to the fund with an additional \$23 million in the FY 2009-FY 2012

period.<sup>1</sup> With the rather large dollar amounts in the fund, we recommend that all uses of the fund be subject to appropriation each year, so that the Council and public would have more input on their use.

The Neighborhood Investment Fund (NIF) was created to finance economic development in certain District neighborhoods. Under current law, the Mayor must develop plans for use of the funds in each targeted neighborhood, and those plans must reflect community input. The proposed Budget Support Act would allow for the DMPED to operate projects and make expenditures on these projects prior to Council approval of the plans (as long as they are consistent with previously approved implementation plans). This would appear to allow the Mayor to spend funds without having to even develop an implementation plan. Moreover, if the Council ultimately rejects a plan it would be not be able to reverse funds already expended. This change further reduces the transparency of these funds. We recommend rejecting this proposed change.

The Community Benefit Fund (CBF) was created so the District could make use of the economic benefits that resulted from the construction of the Nationals ballpark for the benefit and well-being of the District's residents. The intended purpose of the dollars, as established in the original legislation, is to "[D]irectly pay or to finance community area priorities, including recreation centers, small business development incentives, job training and readiness programs, school athletic facilities, and such other projects..."<sup>2</sup>

Under current law, expenditures from the fund are supposed to be based on a community investment plan that is developed with input from, and submitted to; ANC's, community groups, the faith community, the labor community, the business community and other community stakeholders. Moreover, that plan must be submitted to the Council for review.

Creating this fund to ensure residents of the district benefited from the economic activity generated through the Nationals ballpark by investing in parks, recreation, and community basics is a commendable use of public dollars. Allowing the community to weigh in with their voices about what they feel is needed to benefit the community is the best way to ensure the residents will receive what they see as the community's top priorities.

Unfortunately, the proposed Budget Support Act would eliminate the Community Investment plan procedures and instead allow the Mayor to make requests for funding through the annual budget process. The Mayor's proposed allocations this year do not appear to reflect real community benefits and highlight the need for community input. The proposed uses of the \$2.2 million available include \$200,000 for the Cherry Blossom Festival and \$500,000 to the Greater Washington Sports Alliance. It is unlikely that the community at-large would have agreed that these represent their top priorities for community benefits in FY 2009. We encourage the council to keep the procedures for the Community Investment Plan, remove the proposed uses of the fund and re-distribute the dollars once the community has been able to weigh in, so that the \$2.23 million in available funds can be allocated towards what the community considers its top priorities to improve the well-being of District residents.

Thank you for the opportunity to offer testimony. I am happy to answer any questions.

---

<sup>1</sup> The fiscal impact statement does not account for the revenue generated from sales tax from the Newseum site as the OCFO's office expects the Mayor's office to submit a request to remove this provision; otherwise the amount would be much higher.

<sup>2</sup> D.C. Law 15-320: Title II, Sec.202(b), pg. 22