

June 13, 2019

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CFO Overreach in Designating Events DC Surplus Jeopardizes Critical Public Housing Repairs

DC's Chief Financial Officer (CFO) overstepped his role and put the health of thousands of DC residents living in dilapidated public housing at further risk this week by rejecting the Council's plan to use the District's Events DC surplus to address deplorable public housing conditions, [according to the DC Fiscal Policy Institute](#). As the District's legislative body, the Council should stand by its decision to put surplus funds toward desperately needed public housing repairs.

Last month, the Council passed a budget that used funds from Events DC's surplus to fund badly needed public housing repairs and eliminate a small hotel tax that had been in the proposed budget for fiscal year (FY) 2020. In his recent [letter](#), CFO DeWitt concedes that Events DC miscalculated the reserves it needs to keep on hand and mistakenly kept \$48 million in excess funds that should have been transferred to the DC General Fund. The CFO ruling means that the \$48 million is *not* needed as a guarantee to Events DC bondholders and can be used for other purposes.

An appropriate CFO response would have been to notify the Council about the newfound \$48 million and allow them to use it at their discretion. Instead, the CFO's letter declared the \$48 million as unspent surplus, which by law is placed into DC's reserve fund until the District has 60 days of government operations in cash reserve accounts. After the 60-day mark is reached, any extra funds are legally required to be transferred to the Housing Production Trust Fund (HPTF) and pay-go capital funding.

The CFO's claim that the surplus must be placed in reserves relies on the assumption that the funds were unspent by the Mayor and the Council. Since the CFO did not alert the Mayor or the Council to the surplus until this week—and they weren't given an opportunity to allocate the funds—it makes no sense to treat the funds as an “undesigned” surplus. Further, the Council clearly designated a plan for the Events DC money, making the argument that it is “undesigned” illogical.

“The CFO himself says his role is *not* to set policy,” said Kamolika Das, Policy Analyst at DCFPI. “In trying to stop the Council from using available resources to repair public housing, the CFO is overstepping his role by making policy, and leaving public housing tenants in the lurch. This isn't simply a fiscal debate—it's about people's lives.”

DCFPI urges the Council to continue to fight for these funds at the second reading of the Budget Support Act scheduled for next week.

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