

## CFO Overreach in Events DC Surplus Would Eliminate Opportunity to Address Deplorable Public Housing Conditions

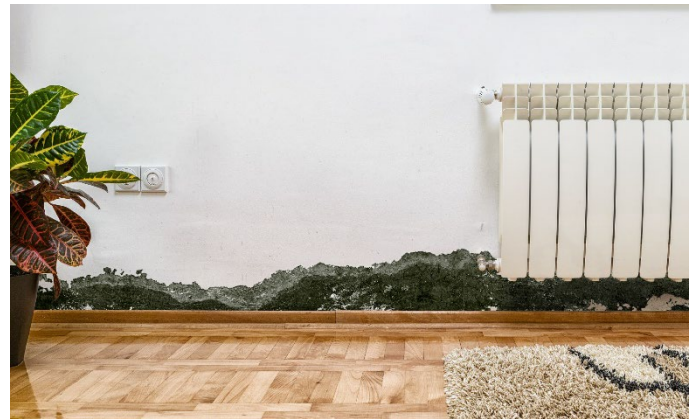
By Kamolika Das

The DC's Chief Financial Officer (CFO) overstepped his bounds by confirming a \$48 million in surplus revenues from Events DC, but then denying the Council's plan to use those excess resources to address deplorable public housing conditions. This clear case of overreach—the Council sets the budget, not the CFO—would deny an opportunity to meet the needs of the District's most underserved communities and residents, nearly all of whom are Black or Latinx.

The Council should continue to fight to use these funds as it intended, by using the final vote on the Budget Support Act to clarify that the Council has the authority to spend the Events DC surplus.

In a June 10 [letter](#) to the Council Chair, CFO Jeff DeWitt confirmed that Events DC—the District's convention and sports authority— miscalculated the operating reserves it needs to keep on hand. He noted that \$48 million in excess reserves should have been transferred to the DC General Fund for fiscal year (FY) 2017 and FY 2018. To be clear, 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.

The question now is: What does the District do with this newly available money? Because the Mayor and DC Council have complete discretion over using available money in the District's General Fund, an appropriate CFO response would have been to notify policymakers about the \$48 million surplus and allow them to use it as they see fit. And just last month, the DC Council signaled its intent, by passing a budget that uses money from Events DC for desperately needed public housing repairs and the elimination of a small hotel tax that had been in the proposed budget for FY 2020.



Instead, the CFO deemed the \$48 million as undesignated funds, which by law go into DC's cash reserve until it equals 60 days of operating expenses. Any extra funds are then split between the Housing Production Trust Fund (HPTF) and "pay-go capital," which pays for DC construction projects. The CFO concluded that the Events DC surplus would bring DC to 60 days of cash and leave \$10 million each for HPTF and pay-go capital.

The CFO's conclusion wrongly suggests that the Mayor and the Council had no plans for using the Events DC surplus. This makes no sense, because the CFO did not alert the Mayor or the Council to the surplus

until his June 10 letter, never giving them the opportunity to allocate it. It also is illogical because the Council clearly designated a plan for the Events DC money.

In effect, the CFO is attempting to dictate how DC should use available money over the wishes of the Council. The [CFO has rightly noted](#) that his role is “not here to set policy...It can’t look like [I’m] favoring.” But unilaterally deciding to move the funds to DC’s reserves *is* setting policy and amounts to overreach. And in the process, the CFO’s overreach is leaving public housing tenants in dire living conditions.

The Council can use the upcoming second reading of the Budget Support Act (BSA) to stop this overreach by adding language to the BSA to confirm the availability of the 2017 and 2018 Events DC surpluses for use in the FY 2020 budget.

This is important because the Council should make clear that it decides how to spend available funds. More than that, this is important because an opportunity to help DC residents living in inhumane conditions could be lost.