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*APPROPRIATIONS FOR FY1999: DISTRICT OF
COLUMBIA*

Nonna A. Noto, Economics Division

Updated November 5, 1998

Abstract. The District of Columbia Appropriations Act, 1999, was included as Division A, Section 101(c) of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999 (H.R. 4328, P.L. 105-277). Other sections of the Omnibus Act also contain provisions relating to the District of Columbia.

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Appropriations are one part of a complex federal budget process that includes budget resolutions, appropriations (regular, supplemental, and continuing) bills, rescissions, and budget reconciliation bills. The process begins with the President's budget request and is bounded by the rules of the House and Senate, the Congressional Budget and Impoundment Control Act of 1974 (as amended), the Budget Enforcement Act of 1990, and current program authorizations. In addition, the line item veto took effect for the first time in 1997.

This report is a guide to one of the 13 regular appropriations bills that Congress passes each year. It is designed to supplement the information provided by the House and Senate Appropriations Subcommittees on the District of Columbia. It summarizes the current legislative status of the bill, its scope, major issues, funding levels, and related legislative activity. The report lists the key CRS staff relevant to the issues covered and related CRS products.

This report is updated as soon as possible after major legislative developments, especially following legislative action in the committees and on the floor of the House and Senate.

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Appropriations for FY1999: District of Columbia

Summary

The District of Columbia Appropriations Act, 1999, was included as Division A, Section 101(c) of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999 (H.R. 4328, P.L. 105-277), enacted October 21, 1998. Several other sections of the Omnibus Act also contain provisions affecting the District of Columbia. Sections 131 - 134 at the end of Division A appropriated an additional \$125 million in federal funds for the District of Columbia for the economic development corporation, special education in the DC Public Schools, year 2000 information technology, and transportation infrastructure and economic development projects.

The District of Columbia government and the Control Board submitted to Congress a consensus budget for FY1999. The proposed operating budget of \$5.2 billion in local funds had a surplus of \$41 million. FY1999 could thus become the third successive year with a surplus for the District. Under provisions of the District of Columbia Financial Responsibility and Management Assistance Act (P.L. 104-8), the District is to remain under the authority of the Control Board until it has had a balanced budget for four fiscal years in a row. In addition, the District proposed \$1.7 billion in capital expenditures over six years.

The House passed H.R. 4380 by a vote of 214 to 206 on August 7, after adding several amendments on the House floor. The Administration opposed provisions in three of those amendments and threatened a veto they were included in the final bill: federal funding for private school scholarships, barring adoptions by couples not related by blood or marriage, and barring the use of local funds for needle exchange programs for illegal drug use. The first two provisions were not included in the final Act, but the third was. The Senate Appropriations Committee marked up and forwarded S. 2333 on July 21. Efforts in the full Senate to add a school scholarship provision to the bill were a factor in preventing S. 2333 from ever reaching the Senate floor for a vote.

The Congress made only a few adjustments in the District's proposed budget of local funds. It removed the \$453,000 for Advisory Neighborhood Commissions but permitted the reprogramming funds to cover the ANCs. The Omnibus Appropriations Act provides federal funds to pay for added local spending on charter schools, a fire fighters pay raise, an office of citizen complaint review for the police department, and improvements to the Washington Marina. The Omnibus Act also provides federal funds to entities other than the District government to finance justice functions, economic development and infrastructure efforts, and specified programs. Altogether, the DC Appropriations Act and the offset provisions within the Omnibus Act appropriate \$619.590 million in federal funds for the District for FY1999. The DC Appropriations Act includes 69 "general provisions" of policy affecting the operation of the District government. These include repealing the District's recently enacted residency requirement for new employees, and denying the use of local funds for most abortions or for enforcing the provision of health and other employee benefits to unmarried domestic partners, among many other provisions.

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Division abbreviations: E = Economics; EPW = Education and Public Welfare; GOV = Government.

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Appropriations for FY1999: District of Columbia

Most Recent Developments

The District of Columbia Appropriations Act, 1999, was included as Division A, Section 101(c) of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999 (H.R. 4328, P.L. 105-277), enacted October 21, 1998. It was one of the eight regular appropriations bills placed in the Omnibus Act. The DC Appropriations Act appropriated \$495 million in federal funds for the District and \$6.8 billion of the District's own local funds (\$5.1 billion operating and \$1.7 billion capital expenses). In addition, sections 131-134 of Division A appropriated another \$125 million in federal funds for the District for designated purposes, as the result of an "offsets" agreement between the Administration and congressional leadership included in the conference agreement on the Omnibus bill.

Status

**Table 1. Status of District of Columbia Appropriations, FY1999
(H.R. 4380, S. 2333, H.R. 4328, P.L. 105-277)**

Committee Markup		House Report	House Passage of H.R. 4380	Senate Report	Senate Passage	Conference Report on H.R. 4328	Conference Report Approval		Public Law
House Subcom.	Senate Full Com.						House	Senate	
7/24/98	7/21/98	8/3/98 H.Rept. 105-670	8/7/98* 214 yea 206 nay	7/21/98 S.Rept. 105-254	no vote held on S. 2333	10/19/98 H.Rept. 105-825	10/20/98 333 yea 95 nay	10/21/98 65 yea 29 nay	10/21/98 P.L. 105-277

* Legislative day of August 6. The House passed the bill after midnight, thus on calendar day August 7.

Chronology

President Clinton submitted his proposals for \$486 million in federal funding for the District of Columbia as part of his FY1999 U.S. Budget request released February 3, 1998. The District of Columbia government (the Mayor and Council) and the Control Board submitted a consensus FY1999 budget request to Congress on June 1, 1998. This was two weeks ahead of the statutory deadline of June 15th set forth

in P.L. 104-8.¹ The DC budget request covering the operating expenditure of \$5.2 billion in local funds had a surplus of \$41 million.

The Senate District of Columbia Appropriations Subcommittee held a hearing on the District's FY1999 budget request on June 10, 1998. The House DC Appropriations Subcommittee held hearings on June 18 and 24.

The Senate subcommittee polled its members on its version of the FY1999 DC appropriations bill on July 20. The full Senate Appropriations Committee marked up and forwarded S. 2333 on July 21. This is the second year in a row that the Senate did not hold a vote on its own DC appropriations bill. Efforts to attach a school scholarship provision to S. 2333 was one factor that delayed the bill from coming to the Senate floor in 1998.

The House DC Appropriations Subcommittee marked up its version of the FY1999 DC appropriations bill July 24. The full House Appropriations Committee marked up and forwarded H.R. 4380 on July 30. The House passed H.R. 4380 on in the early morning hours of Friday, August 7 (legislative day, August 6), just before the August congressional recess, by a vote of 214 to 206. Several amendments were approved on the House floor. The Clinton Administration expressed serious objection to provisions in three of those amendments, threatening to any final bill including them: federal funding for private school scholarships, barring adoptions by couples not related by marriage or blood, and barring the use of local funds for needle exchange programs for illegal drugs. The first two provisions were not included in the final bill enacted, but the third was.

From October 1 through October 21, 1998, funding for the District was covered under the five consecutive continuing resolutions that were adopted as interim funding measures until all 13 fiscal year 1999 appropriations bills were enacted. The District of Columbia bill was included as Division A, Section 101(c) of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999 (H.R. 4328, P.L. 105-277), enacted October 21, 1998. The District bill was one of the eight regular appropriations bills placed in Division A, section 101 of the Omnibus Act.

In addition, sections 131-134 at the end of Division A appropriated another \$125 million in federal funds for the District for four designated purposes. This was part of an "offsets" agreement between the Clinton Administration and congressional leadership included in the conference agreement on the Omnibus bill. The offsets involved converting the private assets held by certain DC pension funds into U.S. Treasury securities (section 130 of Division A), and using the estimated \$4.2 billion in revenue proceeds from the asset sales to finance a variety of programs during FY1999, including the \$125 million for the District of Columbia.

¹P.L. 104-8 is the District of Columbia Financial Responsibility and Management Assistance (DCFRMA) Act of 1995, enacted April 17, 1995. It created the DC Control Board, formally know as the District of Columbia Financial Responsibility and Management Assistance Authority or "the Authority."

Background

The District's Financial Condition

Attaining a balanced budget or surplus is critical to the District government's effort to regain independence over its budget from the DC Control Board. Under provisions of the District of Columbia Financial Responsibility and Management Assistance (DCFRMA) Act (P.L. 104-8), the District is to remain under the power of the Control Board until it has had a balanced budget for four fiscal years in a row. FY1999 could become the third successive year with a surplus.

The District achieved an unexpected budget surplus for FY1997 and exceeded the Congress's request for deficit reduction in FY1998. The District had recorded deficits for the three prior fiscal years 1994-96: \$335.4 million in 1994, \$54.4 million in 1995, and \$33.6 million in 1996. The FY1997 DC appropriations act (P.L. 104-194) approved a deficit of \$74 million. Instead, the District of Columbia was pleased to report to Congress in February 1998² that it had ended FY1997 with a budget surplus of \$185.9 million.³ For FY1998, the District's projected budget surplus as of July 31, 1998 was \$274 million.⁴ The FY1998 DC appropriations act (P.L. 105-100) had instructed the District to reduce its accumulated deficit by \$160 million.⁵

The District's accumulated general fund deficit had reached \$518 million at the end of FY1996 (September 30, 1996). Thanks to the surplus for FY1997, the accumulated deficit fell to \$332 million at the end of FY1997, instead of rising to \$527 million as had been expected during last year's appropriations process. The expected surplus for FY1998 could nearly eliminate the accumulated deficit.

During fiscal year 1998, the District was able to cover its short-term cash needs by borrowing from the private financial market. (During fiscal years 1995, 1996, and 1997, the District had to ask the U.S. Treasury for cash advances, repayable at the

²U.S. Congress. House of Representatives. Committee on Government Reform and Oversight. Subcommittee on the District of Columbia. *Fiscal Year 1997 District of Columbia Audit Report and CFO Oversight*. Hearing, 105th Cong., 2d Sess., Feb. 11, 1998. Serial No. 105-126. Washington, U.S. Govt. Print. Off., 1998.

³District of Columbia. *Comprehensive Annual Financial Report (CAFR), Year Ended September 30, 1997*. Washington, February 6, 1998. p. 7, 13; exhibit 3, p. 23; and exhibit S-1, p. 97. It is noteworthy that the financial statements received an "unqualified" or unconditional opinion from the auditors, KPMG, Peat Marwick. The District had received a "qualified" or conditional opinion on its FY1996 audit.

⁴The estimated surplus reported at the appropriations subcommittee hearings in June 1998 was \$254 million.

⁵The FY1998 DC appropriation act (P.L. 105-100) directed that \$160 million of the one-time net benefit of \$201 million realized by the District as the result of the Revitalization Act be used to reduce the accumulated deficit. Explanatory Statement of the Senate Committee on Appropriations (to accompany H.R. 2607, making appropriations for the District of Columbia for fiscal year 1998). *Congressional Record*, Daily Ed., v. 143, no. 160 — Part II, Nov. 13, 1997, p. S12659.

beginning of the next fiscal year.) Furthermore, during FY1998 the District did not need to undertake the \$110 million in intermediate-term borrowing it had planned to cover the accumulated deficit.

District officials warn that the surplus is fragile. Future surpluses depend on the growth of revenues outpacing the growth of expenditures. The District continues to lose population and employment, while the surrounding suburbs grow. Under federal law, the District is not permitted to tax the income earned in the city by commuters (nonresidents), who account for about two-thirds of the income earned in the District.

For FY1997 and FY1998 District revenue collections exceeded projections, thanks to a robust economy and improved tax administration. Other one-time factors contributed to those surpluses.

Achieving the surplus for FY1997 was explained as follows. Of the \$259.9 million swing (from the projected deficit of \$74.0 million to the actual surplus of \$185.9 million), \$110.9 million or 43% was attributed to revenues in excess of projections. Another \$53.9 million or 21% was attributed to savings from Medicaid cost adjustments and \$53.6 million or 21% to a leaseback sale of the correctional treatment facility, both considered one-time events. Only \$41.5 million or 16% was attributed to a reduction in expenditures, some of which resulted from the District's failure to spend because of poor procurement practices.⁶

In FY1998, revenues were expected to be \$180 million more than budgeted.⁷ Also in FY1998, the District received a federal contribution to the nation's capital of \$190 million. There will be no unrestricted federal contribution in FY1999, and possibly none in future years. These two "one-time" items contributed \$370 million in revenues, covering more than the July 1998 projected surplus of \$274 million for FY1998.

In addition, the District has deferred capital expenditures in recent years — as part of the effort to balance its budget and because of its inability to borrow from the private capital markets. This has created a large "infrastructure deficit" or backlog of needed capital expenditures.

Revitalization Act of 1997

Last year, consideration of the DC appropriations bill was delayed through July 1997 while the Congress worked on major authorizing legislation affecting the District, the National Capital Revitalization and Self-government Improvement Act

⁶Handout accompanying the release of the District of Columbia's 1997 Comprehensive Annual Financial Report (CAFR). Summarized in: Vise, David A. D.C. Reports \$185.9 Million Budget Surplus. *Washington Post*, February 10, 1998, p. B1, B7.

⁷District of Columbia Financial Responsibility and Management Assistance Authority. Statement of the Chairman, Dr. Andrew F. Brimmer. Newsrelease on the day the Control Board was about to consider the District's Financial Plan and Budget for Fiscal Year 1999. Washington, May 28, 1998. p. 6, Revenues.

of 1997 (the Revitalization Act).⁸ The Revitalization Act made substantial changes in the financial relationship between the federal government and the District of Columbia and in management of the DC government.

Financial changes. The financial changes first affected the DC appropriation for FY1998. The federal government's cash contributions to the District's budget were substantially reduced. In exchange, financial responsibility for several governmental functions was transferred from the District's budget to the federal government. (These changes are further explained in the section below on **Major Funding Trends: Federal Funds.**)

Briefly, the Revitalization Act eliminated the annual federal payment to the District, which had been \$660 million from FY1995 through FY1997. Instead, the Act authorized a smaller federal contribution of \$190 million for FY1998 only and authorized in concept payments to help finance management reforms. Also under the Act, beginning in FY1998, the federal government took over from the District financial responsibility for three justice functions: courts, corrections, and offender services. The federal government took over responsibility for funding the operations of the DC courts beginning in FY1998 and is to begin funding capital improvements for the courts in FY1999.

These justice functions were removed from the District's budget of local funds. The federal funds appropriated for these functions are paid to entities other than the District government (or the Control Board acting as the District's agent). Federal funding for the DC courts is paid to the Joint Committee on Judicial Administration in the District of Columbia, an entity of the DC courts, separate from the DC government.⁹ Two temporary trustee positions were created to serve as a conduit for federal funding during the transition to full federal responsibility of the other two functions. The DC Corrections Trustee (currently John L. Clark) received the federal payment both for operations and for the construction and repair of correctional facilities for FY1998. For FY1999 and beyond, funding for new prison construction is to be requested by and made directly to the Federal Prison System.¹⁰ The Offender Supervision and Court Services Trustee¹¹ (currently John Carver III) will receive the federal funding for the DC Offender Supervision, Defender, and Court Services

⁸The National Capital Revitalization and Self-Government Improvement Act of 1997. Title XI of the Balanced Budget Act of 1997, P.L. 105-33. Tax incentives for the District were included in Title VII of the Taxpayer Relief Act of 1997 (P.L. 105-34).

⁹The Joint Committee on Judicial Administration was named as the conduit in the FY1998 DC Appropriations Act, P.L. 105-100. The Revitalization Act had named the State Justice Institute as the pass-through funding agency for the courts.

¹⁰The Revitalization Act requires that over the next several years, the adult felon population of DC be transferred to the Federal Prison System, including the use of contracted private prison facilities, and that the Lorton, Virginia, Correctional Complex be closed. See CRS Report 98-109. *District of Columbia Department of Corrections: Transfer of Functions to the Federal Government*, by JoAnne O'Bryant.

¹¹ Short name for the Pretrial Services, Defense Services, Parole, Adult Probation and Offender Supervision Trustee.

Agency (a new federal agency) until that agency begins operation sometime between August 5, 1998, and August 5, 2000.¹²

The Revitalization Act also ended the annual federal contribution to certain District of Columbia retirement funds. In exchange, the federal government assumed the unfunded pension liability for judges, police and firefighters, and teachers. The federal government received most of the assets in the DC pension funds, which were expected to cover the pension liabilities until about FY2006.¹³ In addition, the Act increased the federal share of DC Medicaid expenditures from 50% to 70%.¹⁴

Management changes. Subtitle B of the Revitalization Act, the District of Columbia Management Reform Act of 1997, ordered a major temporary restructuring of responsibility in the DC government. It transferred the final authority to appoint and dismiss heads of 9 major DC departments from the Mayor to the Control Board. It directed the Control Board, with the assistance of consultants, to establish management reform plans for these 9 departments and 4 citywide functions.¹⁵ Representatives of the Control Board, the mayor's office, the city council, and affected departments were directed to form management reform teams to review and implement reforms of targeted departments.

The FY1998 DC Appropriations Act (P.L. 105-100) provided \$8 million in federal dollars to help pay for the management reform efforts, to remain available for 2 fiscal years. This money was used to hire the management consultants. The consultants' recommendations have been received, but most remain to be implemented. This appropriation for management reform also funded the position of a chief management officer (CMO) hired to oversee the responsibilities assigned to the Control Board by the Management Reform Act. On January 15, 1998, the Control Board appointed Dr. Camille Cates Barnett to the position of CMO for a 5-year term.

In addition, the contract signed on April 21, 1998, with the new chief of the Metropolitan Police Department, Charles H. Ramsey (former deputy police

¹²See FY1999 U.S. Budget Appendix, p. 1063.

¹³Under Division A, section 130, of P.L. 105-277, the FY1999 Omnibus Appropriations Act, these private assets are to be sold and converted into U.S. Treasury securities. The resulting cash proceeds to the Treasury from this assets sale are to be spent in FY1999 for a variety of programs, under an "offsets" agreement reached between the Clinton Administration and congressional leadership and included in the conference agreement on the Omnibus Act. The federal government will assume responsibility for paying the pensions out of future-year federal revenues.

¹⁴The Medicaid provisions were included in Title IV, Subtitle H, Section 4725(b) of P.L. 105-33.

¹⁵The nine departments are: 1) Administrative Services; 2) Consumer and Regulatory Affairs; 3) Corrections; 4) Employment Services; 5) Fire and Emergency Medical Services; 6) Housing and Community Development; 7) Human Services; 8) Public Works; 9) Public Health. The four citywide functions are 1) asset management; 2) information resources management; 3) personnel; and 4) procurement.

superintendent in Chicago), required that the police chief report to the Control Board rather than the Mayor. A technical amendment was made to the conference agreement on the emergency supplemental appropriations act for fiscal year 1998 (section 10007 of the general provisions of P.L. 105-174) to clarify that the terms of the contract were valid.¹⁶

Changes in DC Leadership

On May 21, 1998, DC Mayor Marion Barry announced his intention not to seek re-election to a fifth term. Three members of the DC Council (Harold Brazil, Kevin Chavous, and Jack Evans) and a private businessman (Jeffrey Gildenhorn) had previously announced their intention to seek the Democratic nomination. On June 8, Anthony Williams resigned as chief financial officer (CFO) for the District in order to run for the Democratic nomination. Mr. Williams won the Democratic nomination in the September 15, 1998 primary election, and won the city-wide election on November 4. The Republican candidate was Carol Schwartz, a member of the DC Council who had twice previously run for mayor. There were several other mayoral candidates.

The three-year terms of the original 5 members of the **DC Control Board** all expired as of June 6, 1998.¹⁷ President Clinton extended for 90 days the terms of three members: Chairman Andrew F. Brimmer, Constance B. Newman, and Stephen D. Harlan. (Joyce A. Ladner and Edward A. Singletery stepped down.) This temporary extension provided coverage from experienced members as the FY1999 DC budget proposal was going to Congress and gave the President extra time to select new board members. In mid-June the President appointed as a new member of the board, for a term of 3 years, Robert P. Watkins III, a former federal prosecutor, now a private attorney. The President also appointed as a new member for a term of 3 years Dr. Alice M. Rivlin, vice chairman of the Federal Reserve Board. Dr. Rivlin became chair of the Control Board on September 1, 1998. On July 29, Constance Newman agreed to stay on for a 1-year term, become vice chair, and oversee the public schools. On August 4, President Clinton announced his intention to appoint, for two-year terms beginning September 1, Eugene Kinlow, a member of the regional Metro authority, former long-time member of the DC school board, and active participant in Anacostia community projects, and Darius Mans, an economist with the World Bank. The new board was in place by September 1, 1998.

Franklin Raines, architect of the Administration's 1997 Revitalization Plan for the District, stepped down as director of the U.S. Office of Management and Budget on May 20, 1998.

¹⁶Faircloth, Lauch. District of Columbia Police Chief. Remarks in the Senate. *Congressional Record*, Daily Edition, vol. 144, no. 51, April 30, 1998. p. S3909.

¹⁷Under provisions of P.L. 104-8, section 101(b)(5)(B), the appointments for the term following the initial term will be of staggered length: 1 for 1 year, 2 for 2 years, and 2 for 3 years, so that the five members' terms will not again expire all at the same time.

DC Public Schools

Serious problems faced the DC public schools (DCPS) during FY1998. The schools opened three weeks late in September 1997 because of court-ordered safety requirements related to repairs of heating and cooling systems and the replacement of more than 50 school building roofs. The person in charge of school maintenance and repairs, Charles E. Williams, resigned in February 1998. The Army Corps of Engineers began providing technical support to help implement the capital improvement program for the public schools. In early April 1998 it was disclosed that the DC public schools projected \$62 million in overspending for FY1998 on personnel and other items. The former chief executive for the schools, General Julius W. Becton, Jr., resigned at the end of April 1998. His replacement is Arlene Ackerman, former deputy superintendent for the Seattle public schools. From August 1997 until April 1998 Ms. Ackerman served as Chief Academic Officer and Deputy Superintendent of the DC public schools. In her first four months in office, Ms. Ackerman fired a large number of DCPS employees for poor performance of their jobs. District schools did open on time in September 1998, for the first time in four years. Ms. Ackerman has addressed problems with the physical plant, as well as record-keeping for payroll, enrollment, and whether students are DC residents. Criticisms continue about the quality of educational services provided to students.

In addition to its responsibilities for reforming city government functions, the DC Control Board now bears more direct responsibility for accomplishing reforms in the DC public schools. In a January 6, 1998 decision, the U.S. Court of Appeals ruled that the control board does not have the power to delegate responsibility for the school system to the DC Emergency Transitional Education Board of Trustees. The trustees can only serve as advisers to the Control Board.¹⁸ In late October 1998, under its new chair, Dr. Rivlin, the Control Board began to return some responsibilities — for oversight of discipline and school facilities — from the Control Board to the elected school board.

The FY1998 DC appropriation act included several substantive provisions to encourage the establishment of public charter schools in the District.¹⁹ Charter schools are public schools supported by the DC budget, but they are permitted to operate independently of the central school administration. They receive a separate appropriation from the public schools. Three charter schools were in operation in the District of Columbia during the 1997-98 school year. Fifteen are operating in 1998-99, with enrollment of 3,653, about 5% of the estimated 1997-98 DC public school enrollment of 77,111. Supporters sought another \$20 million in funding for charter

¹⁸On November 15, 1996, the control board appointed a DC emergency Transitional Education Board of Trustees to oversee the operation of the city's schools until June 30, 2000. The superintendent of schools, Franklin L. Smith, was fired, and General Julius W. Becton, Jr. was appointed chief executive officer and superintendent of schools, reporting to the emergency board. The elected school board was relegated to an advisory capacity until June 30, 2000, when it is to resume management of the school system.

¹⁹Public charter schools for the District of Columbia were initially authorized by the District of Columbia School Reform Act of 1995, Title II of the FY1996 DC Appropriations Act, contained within P.L. 104-134.

schools for FY1999, in addition to the \$12 million requested by the District. The DCPS and Control Board are concerned about reducing the high costs currently associated with court-ordered provision of special education for children with disabilities.

A proposal for a limited public-private school scholarship or voucher program was included in the initial House-passed version of the FY1998 DC appropriations bill (H.R. 2607), but was not included in the final act (P.L. 105-100).²⁰ Instead, the Senate passed the authorizing provisions for the scholarship provision as a separate bill, S. 1502, on November 9, 1997, the same day that it passed the appropriations bill. The House took up the measure in the second session of the 105th Congress. The House approved S. 1502 on April 30, 1998, by a vote of 214 to 206, 1 present. As he had previously warned, President Clinton vetoed the scholarship bill on May 20, 1998.

For FY1999, a school scholarship provision was included as Title II of H.R. 4380, the FY1999 DC appropriations bill passed by the House. Efforts to attach a school scholarship provision to the bill approved by the Senate Appropriations Committee interfered with S. 2333 ever coming to a vote on the Senate floor. There is no school scholarship provision in the final FY1999 DC Appropriations Act, H.R. 4328, P.L. 105-277.

Budget Requests

No FY1998 Supplemental Appropriation Request

No additional funding for the District of Columbia was requested by the President or included in the emergency supplemental appropriations act for fiscal year 1998 (H.R. 3579, P.L. 105-174).

FY1999 Continuing Resolution

From October 1 through October 21, 1998, funding for the District of Columbia was covered under the six consecutive continuing resolutions (CR) adopted as interim funding measures until the fiscal year 1999 appropriations were enacted.²¹ The CRs continued funding for FY1998 activities, generally at the FY1998 spending

²⁰ For further information on the scholarship provisions, see CRS Report 95-344. *Federal Support of School Choice: Background and Options*, by Wayne C. Riddle and James B. Stedman.

²¹ The six continuing resolutions and the time period covered were: H.J. Res. 128, P.L. 105-240, October 1 through midnight October 9, 1998; H.J. Res. 133, P.L. 105-249, Oct. 10-12; H.J. Res. 134, P.L. 105-254, Oct. 13-14; H.J. Res. 135, P.L. 105-257, Oct. 15-16; H.J. Res. 136, P.L. 105-260, Oct. 17-20; and H.J. Res. 137, P.L. 105-273, Oct. 21. For further information on the CR, see CRS Report 98-800, *FY1999 Continuing Resolution*, by Sandy Streeter, Coordinator.

levels. Section 114 of the CR (H.J. Res. 128, P.L. 105-240) specifically provided funding for selected District of Columbia accounts financed by federal funds at the FY1998 level, multiplied by the ratio of the number of days covered by the CR (9) divided by 365. The accounts enumerated are: Corrections Trustee Operations, Offender Supervision, Public Defender Services, Parole Revocation, Adult Probation, and Court Operations.

Expenditures of the District's own local funds and of federal funds not listed in section 114 were governed by the general rules laid out for all of the regular appropriations bills covered by the CR. Thus, for functions where a higher level of spending has been requested for FY1999, the District could continue to spend at the FY1998 level. For functions where a lower level of spending has been requested for FY1999, the District could spend at a level not exceeding the greater of the rate that would be provided by the budget request or by the appropriations act passed by the House (or by the Senate, if passed by October 1).²² For functions where no funding was provided in the House bill, as for Advisory Neighborhood Commissions, the District could continue to spend at the lesser of the FY1999 budget request or the level appropriated for FY1998. New programs proposed to begin in FY1999 could not be funded at all.

The President's FY1999 Budget Request

The White House released an outline of the President's FY1999 budget proposals for the District of Columbia on January 29, 1998.²³ Some of the proposals that are outside the jurisdiction of the DC appropriations bill are mentioned briefly at the end of this section. The proposals included under the DC appropriations bill are shown in column 2 of **Table 3**, District of Columbia Appropriations, Federal Funds.²⁴

The 1997 Revitalization Act required the federal government to finance the operations of the DC **courts** beginning in FY1998, and capital improvements beginning in FY1999. For FY1999, the President proposed a total of \$142 million for the DC courts: \$121 million for operating expenses, and, for the first time, an additional \$21 million for capital improvements for courthouse facilities, to remain available until September 30, 2001. In a separate request, the District courts requested \$148 million: \$133 million for operations and \$15 million for capital improvements.²⁵ That is, the courts requested less than the President for capital

²²As of Oct. 1, 1998, the House had passed its D.C. appropriations bill, H.R. 4380, but the Senate had not passed S. 2333.

²³ U.S. Executive Office of the President. Office of Management and Budget. Summary Sheet for FY1999 District Budget Announcement. Washington, January 29, 1998.

²⁴ Details of the President's proposal for the District may be found in: U.S. Executive Office of the President. Office of Management and Budget. *Budget of the United States Government, Fiscal Year 1999. Appendix*. Transmitted to Congress February 2, 1998. Washington, U.S. Govt. Print. Off., 1998. pp. 1048-63.

²⁵ FY1999 U.S. Budget Appendix, p. 1048. Under provisions of the Revitalization Act, the annual federal budget is to include the expenditure estimates for the DC courts made by the
(continued...)

improvements, but considerably more for operations. For FY1998, \$5 million for judges' pensions was included in the \$108 million appropriation for the operation of the DC courts. For FY1999, there was no appropriation request for pensions; instead, the federal contribution for judges' pensions is to be covered by pension fund assets that were transferred to the federal government.²⁶

The President requested \$184.8 million for the DC **Corrections** Trustee, for operations (compared with \$169 million enacted for FY1998).

Beginning in FY1999, funding for prison construction is no longer included in the appropriation for the District of Columbia or the Corrections Trustee. Instead, under provisions of the Revitalization Act, funding for further new prison construction is to be requested directly by the Federal Prison System and consequently included in the appropriation request for the Department of Justice.²⁷ For FY1999, the President requested \$300 million to construct and renovate facilities related to the transfer of the District's sentenced felon population to the federal Bureau of Prisons.²⁸ (For FY1998, \$302 million were appropriated to the DC Corrections Trustee for construction, of which \$294.9 million were available for transfer to the Federal Prison System, and up to \$7.1 million for repairs to the Lorton, Virginia correctional facility. The \$7.1 million remains available for repairs to Lorton until those facilities are closed.²⁹)

For **offender services**, the President requested \$59.4 million for FY1999, compared with \$43.0 million appropriated for FY1998. The \$59.4 million includes \$33.802 million for parole revocation, adult probation and offender supervision; \$14.486 million for public defender services; and \$11.112 million for the pretrial services agency. No separate allocation was proposed for the U.S. parole commission.

The President did not request either a federal payment for management reform or a federal contribution to the operating costs of the nation's capital for FY1999. In their stead, the President requested \$100 million to support DC economic development initiatives. This included \$50 million to capitalize a National Capital Revitalization Corporation; \$25 million for Metro station improvements related to the proposed Washington Convention Center; and \$25 million for the District government to fund management reforms to improve the city's economic development infrastructure.

²⁵(...continued)

Joint Committee on Judicial Administration (to which the federal money is paid), in addition to the President's recommended funding for the courts.

²⁶ See note b to Table 3.

²⁷FY1999 U.S. Budget Appendix, p. 1050.

²⁸FY1999 U.S. Budget Appendix, p. 615.

²⁹FY1999 U.S. Budget Appendix, p. 1050.

President Clinton had proposed an economic development corporation for the District in his January 14, 1997 National Capital Revitalization and Self-Government Improvement Plan for the District.³⁰ However, this proposal was not adopted by the Congress in 1997. On May 5, 1998, the DC Council enacted legislation authorizing an economic development corporation for the District, the National Capital Revitalization Corporation Act of 1998, D.C. Act 12-355. The entity created by this legislation could receive the economic development funding proposed by the President without further congressional authorization.

For FY1999, the President did not propose any further federal payment for the Medicare coordinated care demonstration project or payment to the National Park Service for U.S. Park Police services to the District that were included in the FY1998 budget.

In addition to the payments for prison construction mentioned above, three other components of the President's January 29, 1998 outline for the District in FY1999 would not be included under the DC appropriations bill. One is a new \$20 million U.S. Department of Education initiative to help the District implement reforms to improve student achievement, including expanding summer school, training teachers and principals, and placing reading specialists in each of the 156 public schools.³¹ The other two are ongoing federal programs that, for purposes of this presidential announcement, are counted as federal aid to the District. This includes \$1.5 billion in federal money supporting various cultural and historic institutions located in the District, including the Kennedy Center for the Performing Arts, the National Gallery of Art, and the Smithsonian Institution museums. Finally, the summary sheet notes the \$1.4 billion that the District is expected to receive as its share of federal grant programs available to state and local governments nationwide, such as Medicaid, the National School Lunch Program, and Department of Labor job training assistance grants.

OMB estimated that the FY1999 savings to the District's operating budget from the implementation of the Revitalization Act was \$147 million, out of an estimated 5-year savings of \$1.1 billion.³² (The comparable estimated savings for FY1998 were

³⁰For further detail, see CRS Report 97-498. *District of Columbia Revitalization: A Preliminary Review of the President's Plan*, by Eugene Boyd, Coordinator.

³¹ The initiative, Summer STARS (Students and Teachers Achieving Results and Success), received a grant in FY1998 of \$5 million from the federal Fund for the Improvement of Education. The grant is helping to fund an expanded summer school program in 1998. The Stanford 9 assessment test was to be given at the beginning and end of the 1997-98 school year to all students in grades 1 through 11. Students scoring below basic on the Stanford-9 reading and mathematics achievement tests were required to attend summer school. An estimated 20,000 students at a cost of \$7 million were to be enrolled summer school for 1998. Actual enrollment reached 24,500, or 4,500 more than planned. The widespread student testing and mandatory summer school are part of a systemwide plan to raise academic standards and end social promotion. The President's proposal would institute a new federal Department of Education program to continue funding this effort at \$20 million in FY1999.

³² U.S. Executive Office of the President. Office of Management and Budget. Summary (continued...)

about \$236 million, \$35 million of which were appropriated for increased expenditures for public safety and justice, leaving \$201 million in net savings.)

The District's Budget Request

The District of Columbia government (the Mayor and Council) and the Control Board overseeing the District submitted a single consensus FY1999 budget request of \$5.2 billion to the President and the Congress on June 1, 1998. This was two weeks ahead of the statutory deadline of June 15th set forth in P.L. 104-8.³³

In June 1997, the DC government and the Control Board initially submitted two separate FY1998 budget requests to the Congress. They were unable to reach an agreement under the formal reject-and-revise sequence of budget approval laid out in P.L. 104-8. To alleviate this impasse, the National Capital Revitalization and Self-Government Improvement Act of 1997 (the Revitalization Act, P.L. 105-33)³⁴ permitted the District government and the Control Board to use a consensus approach to develop the District's budget. Using this new procedure, the District's Mayor, Council, and Control Board were able to reach an agreement on their FY1999 budget proposal during May 1998.

The operating expense budget proposed by the District included total revenues of \$5.231 billion and total expenditures of \$5.189 billion, for a surplus of \$41 million. If achieved, this could mark the third year in a row that the District attained a surplus. (Under the terms of the DCFRMA Act (P.L. 104-8), the Control Board is to remain in power until the District has balanced its budget for four sequential fiscal years.³⁵)

In addition to the budget for operating expenditures, the District presented a six-year capital improvement plan (FY1999-2004) for \$1.7 billion. The District requested \$254 million in federal funding for the Nation's Capital Infrastructure Fund in FY1999, but this was not included in the President's budget request.

³²(...continued)

Sheet for FY1999 District Budget Announcement. Washington, January 29, 1998. p. 2.

³³The District of Columbia Financial Responsibility and Management Assistance (DCFRMA) Act of 1995 (P.L. 104-8), enacted April 17, 1995. The formal name of the DC Control Board is the District of Columbia Financial Responsibility and Management Assistance Authority, or "the Authority."

³⁴The National Capital Revitalization and Self-Government Improvement Act of 1997. Title XI of the Balanced Budget Act of 1997, P.L. 105-33.

³⁵U.S. Congress. House. Hearings on the Fiscal Year 1999 Operating Budget and Financial Plan for the District of Columbia, June 18, 1998. Statement of Dr. Andrew F. Brimmer, Chairman, District of Columbia Financial Responsibility and Management Assistance Authority. Not yet published.

Key Policy Issues

The final FY1999 DC Appropriations Act combines elements from the House-passed and Senate Appropriations Committee bills, as well as elements introduced for the first time in the conference agreement on the Omnibus appropriations bill. In the following discussion comparing the House-passed bill (H.R. 4380) with the Senate Appropriation Committee bill (S. 2333), it will be noted whether the proposal was included in the final FY1999 DC Appropriations Act enacted as part of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999 (H.R. 4328, P.L. 105-277).

Each discussion is organized to correspond to the three traditional components of the DC appropriations bill:

- the appropriation of federal funds on behalf of the District (see **Table 3** in the section on Major Funding Trends: Federal Funds);
- the appropriation of the District's expenditures from its own local funds (see **Table 4** in the section on Major Funding Trends: District of Columbia Funds); and
- general provisions that set Congress's policies for the operation of the District's government.³⁶

In brief, in the case of federal funds, with only a few exceptions the final Act included both what the House approved and the Senate committee proposed. Neither the House, nor Senate committee, nor final DC appropriations bill adopted the President's full proposal for federal spending on economic development efforts in the District. Instead, important parts of the President's economic development proposal were restored by the offsets package that the Administration introduced into the conference agreement on the Omnibus Appropriations Act. This included \$25 million for the DC National Capital Revitalization Corporation and \$50 million for transportation infrastructure and other economic development projects and planning.

A federally funded school scholarship provision was included as Title II of the bill passed by the House. Efforts to attach a school scholarship provision to the bill approved by the Senate Appropriations Committee interfered with S. 2333 ever coming to a vote on the Senate floor. There is no school scholarship provision in the final FY1999 DC Appropriations Act.

In the case of local funds, the Senate Appropriations Committee approved the District's proposed FY1999 budget. The House removed the funding for Advisory Neighborhood Commissions (ANCs), but added federal funding for several projects to be included in the District's budget. The final Act followed the House's treatment of DC local funds.

³⁶Policy provisions are sometimes included in the sections appropriating federal or local funds, and not just in the general provisions section of the bill.

There were numerous differences between the House-passed and Senate committee bills in the policy provisions included for the District government.³⁷ The final Act included all of the provisions that appeared in both the House and Senate committee bills. It included most of the provisions that appeared in one bill but not the other, but not all of those provisions. Finally, it included some provisions that first appeared in the conference agreement. There are 69 “general provisions” of policy in the final FY1999 DC Appropriations Act. There were 54 in the House bill and 57 in the Senate committee bill.

The Clinton Administration expressed serious objection to three provisions included in the House (but not the Senate committee) bill and threatened to veto any final bill including them: federal funding for private school scholarships, barring adoptions by unmarried couples, and barring the use of local funds for needle exchange programs for illegal drugs. The first two provisions were not included in the final bill enacted, but the third was.

House-passed Bill, H.R. 4380

On July 30, 1998, the full House Appropriations Committee approved several amendments to the bill that had been approved by the House DC Appropriations Subcommittee on July 24. The changes made by the full Committee are noted in the description that follows. The full House approved the dollar amounts of federal and local funds recommended by the Appropriations Committee. However, additional amendments regarding policy provisions were considered on the House floor during the debate that began on August 6 and carried over into the early morning of August 7. Both the provisions that were adopted and those that were rejected on the House floor are reported at the end of this section.

Federal funds. The House approved expenditures of \$491.181 million in federal funds for DC, using the full amount of the House’s 302(b) suballocation.³⁸ This is

³⁷Both the House and Senate bills deleted many general provisions that were included in the FY1998 DC Appropriations Act, although not as many as the District had requested be deleted. The House and Senate bills did not include several new provisions that the District had proposed.

For the District’s request, see U.S. President, 1992- (Clinton). *D.C. Budget Request, FY 1999*. Message from the President of the United States Transmitting the District of Columbia’s Fiscal Year 1999 Budget Request Act. 105th Cong., 2d Sess., H.Doc. 105-294, July 29, 1998. Washington, U.S. Govt. Print. Off., 1998. For a comparison of the District’s request with the House Appropriations DC Subcommittee recommendations, see the Subcommittee’s unpublished markup notes of July 24, 1998.

³⁸The House DC Appropriations Subcommittee had approved much lower federal expenditures of \$429.781 million. This was \$61 million less than the House’s 302(b) suballocation of \$491 million. The was largely because the House Subcommittee did not adopt the President’s economic development spending proposals for the District or the Senate Appropriations Committee’s alternative. The House Appropriations Committee approved \$485.781 million. The full House added \$5.4 million for the DC Student Opportunity
(continued...)

\$5 million higher than the President's request of \$486 million and \$9 million higher than the Senate Appropriations Committee proposal of \$481.8 million in federal funds. (It is \$42 million lower than the \$533 million in federal funds appropriated for FY1998, not including the \$302 million appropriation for correctional facilities capital construction and repair in FY1998.) The final Act approved slightly more than the House — \$494.590 million before adding the \$125.0 million in offset provisions.

The House endorsed the amounts proposed by the President for the three criminal justice functions now funded by the federal government: \$184.8 million to the DC corrections trustee for operations; \$142 million to the DC courts, including \$121 million for operations and \$21 million for capital improvements; and \$59.4 million for the DC Offender Supervision, Defender, and Court Services Agency.

The Senate Appropriations Committee approved the same amounts for the Corrections Trustee and the Offender Supervision Agency, and these were included in the final Act. However, the Senate Appropriations Committee approved \$14 million less for court capital improvements, \$7 million, and thus courts as a whole, \$128 million. The Senate recommendation on courts was included in the final Act.

The managers' amendment approved by the full House Appropriations Committee added \$4 million to the appropriation for the Offender Services Agency for the establishment of a residential sanctions center and drug testing, intervention and treatment. The managers' amendment also added \$7 million for an environmental study and related cleanup activities at the Lorton Correctional Complex, to be transferred to the federal agency with authority over the Complex; this funding would be channeled through the DC Corrections Trustee. Both were included in the House-passed bill. Neither appeared in the Senate committee bill. The Lorton program was retained in the final Act, but the drug treatment program was not.

The House DC Appropriations Subcommittee rejected the President's \$100 million economic development proposal. Nor did it follow the Senate Appropriations Committee in approving a \$75 federal contribution to DC transportation infrastructure. Instead, the House subcommittee approved only \$1 million to study the proposed Metro station improvements at the Washington Convention Center project.

In contrast, the managers' amendment approved by the full House Appropriations Committee provided \$25 million for improvements to the Mount Vernon Square Metrorail station at the site of the proposed Washington Convention Center, comparable to the President's proposal and the Senate Appropriations Committee bill. It also provided \$21 million as a federal contribution to the Nation's Capital Infrastructure Fund for transportation infrastructure improvements in the District. Together these total \$46 million; that is still lower than the \$75 million the Senate Appropriations Committee provided for these items. The House-passed bill followed these recommendations.

³⁸(...continued)

Scholarship program, the amount remaining under the 302(b) suballocation of \$491.2 million.

The final DC Appropriations Act included \$25 million for the Metrorail station, as recommended in all the proposals. It included \$18.777 million for the infrastructure fund, slightly lower than the \$21.0 million approved by the House, and far less than the nearly \$50 million that might be available under the Senate committee bill. In addition, however, the offsets section (134) of the Omnibus Act provided \$50 million for infrastructure and economic development projects, bringing the total amount for these three categories to \$93.778 million — far larger than either the House or Senate proposal.

The full Appropriations Committee and the full House agreed with the DC Appropriations Subcommittee's recommendations on other items of federal funding. This includes federal funding of \$1.2 million for a Metropolitan Police Department Office of Citizen Complaint Review; \$3.240 million to fund a 5.5% pay raise for fire fighters to establish parity with the police; and \$20.391 for charter schools to be added to the \$12.235 million in local funds approved for charter schools. These federal contributions are also included in the appropriation of DC local funds. The final Act included these provisions, although the amount for charter schools was reduced to \$15.622 based on lower student enrollment figures.

The House subcommittee and full committee approved \$8.5 million for the U.S. Park Police Aviation Unit for a helicopter and necessary capital expenditures to the aviation unit base. (Last year, the FY1998 Appropriations Act provided \$12.0 million to the Park Police for services to the District.) This was included in the final Act.

Where the Senate Appropriations Committee approved \$1 million for a Georgetown Waterfront Park Fund, the House approved \$3 million for the District to hire the Corps of Engineers to study and to make improvements to federal property at the Washington Marina (Southwest Waterfront). The \$3 million is also included in the appropriation of local funds for economic development and regulation. Both were included in the final Act.

Where the Senate committee approved \$7.1 million in federal funds for Boys Town USA operations in DC, the House approved \$4.0 million in federal funds, on the condition that Boys Town of Washington collects \$3.1 million in matching funds from private contributions. The final Act approved the full \$7.1 million. The House approved funding for the International Youth Service and Development Corps: \$50,000 for a resource hotline for low-income individuals and \$200,000 for mentoring at-risk children in the District. This was not included in the Senate committee bill but was included in the final Act.

The Senate committee approved \$500,000 each to conduct a needs and design study for a National Museum of American Music and for a D.C. Historic Society city museum. The House approved \$2.0 million for the establishment and operation of a city museum, provided that the Historic Society deposit an equivalent amount of matching funds. The District is to lease the Carnegie Library at Mount Vernon Square to the Historic Society as the site for the museum. The final Act approved the House's recommended \$2.0 million for the city museum, conditional on matching funds. The final Act provided \$700,000 divided among three purposes: \$300,000 for a needs and design study for a National Museum of American Music; \$300,000 for the Washington Center Alliance to further and promote the objectives of the

Interactive Downtown Task Force; and \$100,000 to Save New York Avenue, Inc. for the further improvement of the portion of New York Avenue designated as the Capital Gateway Corridor.

Title II was added to H.R. 4380 by amendment on the House floor. It authorized the District of Columbia Student Opportunity Scholarship program for a five-year period. Although \$7 million in federal funds was authorized for FY1999, the amount appropriated was \$5.4 million, the amount remaining under the 302(b) suballocation when the title was added. No school scholarship provision was included in the Senate committee bill or the final Act.

Local funds. The House bill made a few changes to the District's budget request, and thus differs from the Senate Appropriations Committee bill in those respects. Net, these changes increased by \$27.258 million three totals shown in **Table 4:** operating expenses of the general fund, all operating expenses, and District of Columbia funds — when the House-passed bill is compared with the District's request and the Senate Appropriations Committee bill.

Under the category of government direction and support, the House rejected the District's request for \$453,000 for Advisory Neighborhood Commissions (ANCs).³⁹ Of the local funds appropriated for public education, the House committee earmarked \$750,000 (\$244,078 for FY1998 and \$500,000 for FY1999) to pay the Boy Scouts of America for services provided at DC public schools. The House bill calls for \$10 million in productivity savings from the District government, from wherever it chooses.

The House approved nearly \$28 million more in spending than the District had requested, paying for those increases with federal funds. Under economic development and regulation, the House subcommittee provided \$3 million in federal funds to study and carry out improvements to federal property at the Washington Marina (Southwest Waterfront). Under public safety and justice, the House added \$1.2 million in federal funding for a Metropolitan Police Department Office of Citizen Complaint Review and \$3.240 for a 5.5% pay raise for firefighters, to bring them to parity with police officers. These two items raised the total recommended appropriation for public safety and justice by \$4.440 million over the District's request. Under public education, the House provided \$20.391 million in federal funds for charter schools and raised the appropriation for charter schools from the \$12.235 million requested by the District to \$32.626 million. The final Act included these provisions, but scaled the federal funds amount for charter schools down to \$15.622 million (reflecting lower enrollment), and the corresponding aggregate amounts for public schools, total operating expenses, and total DC funds fell accordingly.

Policy provisions. The House included several new policy provisions in its FY1999 appropriations bill. Unless otherwise noted, these are not included in the bill approved by the Senate Appropriations Committee. Some were included in the final Act, but others were not. Under the appropriation of local funds for the Control

³⁹Both the full Committee and the full House rejected an amendment to restore the Advisory Neighborhood Commission funding.

Board, the House bill would require the executive director and chief counsel of the Control Board to repay salary received in fiscal years 1997 and 1998 that was in excess of maximum rates permitted under the act that established the Control Board (section 102 of P.L. 104-8).⁴⁰ (The amounts in question are \$21,173 for the executive director and \$19,504 for the general counsel as of August 1, 1998.) The House bill would require the District to refund \$17.8 million in overpaid parking tickets (Sec. 106). Neither was included in the final Act.

The House bill would limit the fees paid to attorneys representing a party who prevails in an action against the DC Public Schools under the Individuals with Disabilities Education Act (involving the District's provision of special education for children with disabilities) to amounts allowable under the DC Code, section 11-2604; no funds could be paid to an attorney for a party prevailing in an administrative proceeding (Sec. 130). The final Act limit the fees that could be paid for administrative proceeding in the same was a attorneys' fees (Sec. 130 of final DC Appropriations Act). No funds could be used to pay any officer or employee who fails to provide information requested by the Chief Financial Officer (Sec. 143); this was not included in the final Act. No funds may be spent for the annual independent audit of the District's financial statements unless the audit is contracted for by the District's Inspector General (rather than the Control Board) (Sec. 144); this was included in the final Act (Sec. 148).

The House bill would prevent the District from spending any appropriated funds for any petition drive or civil action seeking to require Congress to provide voting representation in Congress for the District (Sec. 147; Se. 151 final Act). (This is in addition to the provision, carried over from prior years, which prohibits that any appropriated funds be spent to support or defeat legislation pending before Congress or any state legislature (Sec. 112 House, Senate, and final Act).) Like the Senate committee bill, the House bill would repeal the District's newly enacted residency requirement for most new employees of the DC government (Sec. 148; Sec. 153 final Act).⁴¹ Like the Senate committee bill and prior appropriations acts, the House committee bill would prohibit the District from using local or federal monies to fund most abortions (Sec. 131 House and final Act) or from enforcing the provision of health, employment, and government benefits for unmarried domestic partners (Sec. 132 House; Sec. 133 final Act).⁴² All of these were included in the final Act.

The House bill would establish priorities for the use of any surplus of revenues over operating expenses: first, to eliminate the accumulated general fund deficit; second, to establish a reserve account not to exceed \$250 million to finance seasonal cash needs in lieu of short term borrowings; third, to accelerate repayment of cash borrowed for the Water and Sewer Fund; and fourth, to reduce the outstanding long

⁴⁰The full Committee rejected an amendment to eliminate the provision regarding this salary overpayment.

⁴¹The House DC Subcommittee bill had upheld the District's residency requirement.

⁴²The full committee rejected an amendment to prohibit the joint adoption of a child by two people if they are not related by either blood or marriage.

term debt (which exceeds \$3.2 billion) (Sec. 137. This was included in the final Act (Sec. 138).

The House bill and final Act do not contain several provisions requested by the District. The District was not given authorization to enter into contingent fee contracts with attorneys to recoup District and federal Medicaid costs (as other states have done in suing tobacco companies).

Amendments on the House floor. The full House approved several amendments to the bill reported by the House Appropriations Committee. The following amendments were included in the final Act:

- 1) clarify that the environmental study at the Lorton Correctional Complex and related activities will include the property on which the complex is located;
- 2) prohibit the use of any funds⁴³ to transfer or confine inmates above the medium security level to the Northeast Ohio Correction Center in Youngstown, Ohio (Sec. 150 House; 154 final Act);
- 3) prohibit the use of any funds to conduct a ballot initiative to legalize marijuana or reduce the penalties associated with its possession, use, or distribution (Sec. 151 House, 171 final Act);
- 4) prohibit the use of any funds, federal or local, for a needle exchange program for the use of illegal drugs, and prohibit payments to any persons or entities (such as the Whitman Walker Clinic) carrying out such a program (Secs. 149 and 152 House, 170 final Act).⁴⁴

The following House amendments were not included in the final Act:

- 5) prohibit the use of any funds to carry out a joint adoption of a child by individuals who are not related by blood or marriage (Sec. 153) (this provisions would prohibit adoption by gay or lesbian couples, and other pairs of unrelated individuals; a single person would still be permitted to adopt);
- 6) prohibit possession of tobacco products by minors under age 18; penalties include community service, attending a tobacco cessation program, cash penalties, and suspension of driving privileges (the penalties are modeled after the state of Virginia's) (Sec. 154); and
- 7) add a second title to the bill authorizing a limited program of school scholarships or vouchers for low-income students who are residents of the District (this provision is discussed in more detail in section after the next); the provisions of the school scholarship amendment are similar to S. 1502, which was passed by the Senate on November 9, 1997, and the House on April 30, 1998, but vetoed by the President (on May 20, 1998).

The House rejected four amendments offered by the District of Columbia's Delegate, Congresswoman Eleanor Holmes Norton:

⁴³These prohibitions all apply to the use of any funds appropriated under this Act.

⁴⁴The House Appropriations Committee had approved an amendment prohibiting the use of federal (but not local) monies to support a needle exchange program for users of illegal drugs. This was a substitute for an amendment, subsequently rejected by the Committee, to prohibit the use of local as well as federal funds for a needle exchange program.

- 1) to restore the \$573,000 in local funding for the Advisory Neighborhood Commissions that had been requested by the District;
- 2) to allow local funds to be expended for abortions, while still prohibiting the use of federal funds;
- 3) to remove the prohibition in the bill against the use of funds by the DC government for a petition drive or civil action which seeks to require Congress to provide for voting representation in Congress; and
- 4) to strike the section of the bill that repeals the District's recently enacted residency requirement for newly hired District Government employees.

The general provision (Section 131) providing that operating funds be available only when appropriated in an annual appropriations Act was removed by a point of order. This would have infringed on the Control Board's right to spend funds derived from intra-District transfers and interest earnings.

*Clinton Administration position.*⁴⁵ The Administration seriously opposed three amendments which, if included in the final bill from Congress, could lead the President's senior advisers to recommend a veto: the private school vouchers, the prohibition on adoptions by couples who are not married or related by blood; and the prohibition on funding needle exchange programs.

The Clinton Administration expressed its disappointment that the House bill did not fund the President's proposals for economic development by federal funding for management reform and a locally-chartered revitalization corporation. The Administration supports the increased funding for charter schools.

The Administration is generally opposed to what it views as unwarranted intrusion into the affairs of the District and the Congress's undercutting the authority of the Control Board and the Superintendent of Public Schools by placing conditions on the management of the District Government. The Administration opposes the restriction on the use of local funds for abortions. It supports restoring funding for the Advisory Neighborhood Commissions. It would like the amendment prohibiting smoking by minors to be made a sense of Congress amendment. It is concerned by provisions that legislate how local funds are used for salaries and pay raises in the DC public schools.

⁴⁵Executive Office of the President. Office of Management and Budget. HR. 4380, District of Columbia Appropriations Bill, FY 1999. Statement of Administration Policy. Washington, House Floor. August 6, 1998.

*Title II — District of Columbia Student Opportunity Scholarships.*⁴⁶ (This provision was not included in the final Act.) Title II of H.R. 4380 would have authorized the provision of scholarships to a limited number of the District of Columbia's resident students in grades K-12 from low-income families, for an initial five-year period. The scholarships could be used to attend public or private schools in the District or nearby suburbs (tuition scholarships), or pay the costs of supplementary academic programs outside regular school hours for students attending District of Columbia Public Schools (DCPS) (enhanced achievement scholarships). The authorized appropriation level for this program would be \$7 million for FY1999, \$8 million for FY2000, and \$10 million for each of FY2001-FY2003, plus a one-time authorization of \$250,000 for program evaluation. No more than 7.5% of the appropriations for any year could be used for program administration.

H.R. 4380 appropriates \$5.4 million in federal funds for the scholarship program. (With a budget of \$5.4 million, possibly fewer than 2,000 students would be assisted. This is less than 3% of the estimated student enrollment of 74,283 in the DC public schools and 4,400 in charter schools for the 1998-99 school year.)

The scholarship program would be administered by a private, non-profit corporation known as the District of Columbia Scholarship Corporation. A District of Columbia Scholarship Fund would be established within the U.S. Treasury to hold the federal funds appropriated until they are dispersed to the Corporation. (Expenditures for the scholarship program would not appear in the District's budget.) Eligible for scholarships are students in grades K-12 who are residents of the District, with family income below 185% of the standard federal poverty income threshold for a family of their size. During the first three program years, first priority in the awarding of scholarships would go to students who have been attending the DC public schools (DCPS) or are about to enter DCPS kindergarten. In all years, priority would also be given to students who received a scholarship in the preceding academic year. Pupils already in private school might receive scholarships if funds remain after the public school pupils are served. If funds are insufficient to provide scholarships to all eligible applicants, recipients would be selected by lottery.

There would be two types of scholarships: (a) "tuition scholarships" could be used to pay the costs of tuition and fees at a public or private school in the District or the inner ring of suburban jurisdictions; and (b) "enhanced achievement scholarships" could pay the costs of tuition, fees, and transportation for "a program of instruction ... which enhances student achievement of the core curriculum and is operated outside of regular school hours to supplement the regular school program" (Section

⁴⁶This school scholarship provision is nearly identical to the provision that was considered as part of the FY1998 D.C. appropriations bill. It was included in Title III of H.R. 2607 as originally passed by the House in 1997. It was split off from the version of H.R. 2607 approved by the Senate, and passed by the Senate as a separate bill, S. 1502, on November 9, 1997. S. 1502 was approved by the House on April 30, 1998, but vetoed by President Clinton on May 20, 1998. Public-private school choice proposals for pupils in the District of Columbia were also extensively considered, but not enacted, during the 104th Congress, particularly H.R. 2546; see CRS Report 95-1030, *District of Columbia Public Schools: Status of Federal Legislation Affecting Them*.

203(c)(2)). The dollar amount of *tuition scholarships* would be the lesser of \$3,200 or 100% of tuition, fees, and transportation costs if family income is *below the poverty level*, and the lesser of \$2,400 or 75% of tuition, fees, and transportation costs if family income is *between 100% and 185% of poverty* (185% of the poverty level is also the maximum income for pupil eligibility for free or reduced price school lunches). The dollar amount of *enhanced achievement scholarships* would be the lesser of tuition, fees, and transportation or \$500 for all students with family income below 185% of poverty. The maximum dollar amounts for scholarships would be adjusted in the future by changes in the Consumer Price Index (CPI). Scholarships would be considered aid to the student, not the institution. Participating schools could not charge scholarship recipients tuition and fees in excess of the amounts charged to other DC students attending the school.

Participating institutions could not discriminate on the basis of race, color, national origin, or sex, although schools might operate single-sex classes or institutions. It is explicitly provided that religiously-affiliated schools participating in the scholarship program might give preference to members of a specific religion in admissions or employment, and that scholarship funds might be used for sectarian purposes by such schools. The program does affect the rights of students or the obligations of the District of Columbia public schools under the Individuals with Disabilities Education Act.

The bill lays out conditions for new education institutions to become eligible to participate in the program on a provisional basis. A school's eligibility to participate in the scholarship program might be revoked for "good cause" (such as failure to meet program requirements), or if 25% or more of the scholarship recipients at the school fail to "make appropriate progress (as determined by the Corporation)." Within four years of enactment, the U.S. General Accounting Office would be required to contract for an evaluation of the scholarship program, including comparisons of scholarship recipients and similar but non-participating students in the DCPS with respect to achievement test scores, graduation rates, parental satisfaction, and impact of the program on the DCPS.⁴⁷

Senate Appropriations Committee Bill, S. 2333

Federal funds. The Senate Committee bill endorsed several of the President's requests for federal funding. However, it differed with the President's proposals on federal funding of DC economic development. The major differences were that the Senate Committee bill would appropriate for transportation infrastructure the \$50 million that the President proposed as seed money to capitalize an economic development corporation in the District, and would use the \$25 million for management reform more broadly than for economic development purposes only. See **Table 3**.

The Senate Appropriations Committee proposed a total of \$481.8 million in federal funding for the District. That is \$4.4 million lower than the \$486.2 million

⁴⁷ This description draws from CRS Issue Brief 98035. *School Choice: Current Legislation*, by Wayne Riddle and James Stedman. (Updated regularly)

requested by the President. It matches the Senate's May 14th 302(b) suballocation of \$482 million but is \$9 million lower than the Senate's July 13th suballocation of \$491 million. (It is \$51 million lower than the \$533 million in federal funds appropriated for FY1998, not including the \$302 million appropriation for correctional facilities capital construction and repair in FY1998.)

The President proposed \$100 million in federal support for economic development and management reforms, composed of \$50 million in seed money for a locally-chartered economic development corporation, \$25 million for Metro station improvements at the proposed Washington Convention Center, and \$25 million in payments to DC for management reforms to improve economic development infrastructure. The Senate Appropriations Committee bill reconfigured this \$100 million.

Like the President's proposal, the Senate Appropriations Committee bill would provide \$25 million for management reform. However, unlike the President's proposal, it would not be restricted to management reform efforts related to economic development. Instead, it could be used for any of the types of management reforms identified in the 1997 Revitalization Act. The final Act included \$25 million for management reforms.

The Senate Appropriations Committee bill did not endorse the President's proposal for providing \$50 million in seed money for an economic development corporation for the District of Columbia and specifically forbade capitalizing the National Capital Revitalization Act of 1998 (D.C. Act 12-355) enacted this spring by the DC Council. However, the Senate committee bill would provide \$500 million to conduct a study and prepare a report for Congress by May 1, 1999, on the feasibility of such an economic development corporation. An offsets provision in the final Act provides \$25 million to capitalize the economic development corporation.

Instead, the Senate committee bill would provide \$75 million for transportation infrastructure needs of the District, namely the repair and maintenance of roads, highways, bridges and transit. Of that \$75 million, up to \$25 million could be used for improvements to the Mount Vernon Square Metrorail station at the site of the proposed new Washington Convention Center. The President also proposed \$25 million for those Metrorail station improvements as part of his \$100 million economic development package. The final Act provides \$25 million for the Metrorail station and \$50 million from the offsets for transportation infrastructure and economic development projects.

The Senate Appropriations Committee bill requests the same amount as the President for the DC Corrections Trustee for operations, \$184.8 million, and for the Offender Supervision, Defender, and Court Services (Offender Services) Agency, \$59.4 million. For the District's courts, the Senate committee bill requests the same amount as the President for operations, \$121 million, but less for capital improvements, \$7 million instead of the President's \$21 million. Thus, the Senate committee's total request for the courts is \$128 million, compared with the President's \$142 million. These amounts are included in the final Act.

In addition, the Senate committee bill proposes federal funding for four specific projects in the District not found in the President's budget. Boys Town U.S.A. would receive \$7.1 million for its activities in the District, including \$4.7 million in capital costs for constructing five residential facilities and \$2.4 million in first-year operating costs for those facilities. The Georgetown Waterfront Park Fund would receive \$1 million in federal funds (to be matched by \$1 million in contributions, in cash or in kind) for construction and landscaping. These amounts are included in the final Act. A federal contribution of \$500,000 each would be given to conduct needs and design studies for two proposed new museums to be located in the District: a National Museum of American Music and a City Museum and Visitors Center. The final Act provides \$300,000 for the music museum and \$2 million for the city museum.

Local funds. The Senate Appropriations Committee bill completely endorses the District's proposed budget of its own local funds, unlike the House-passed bill, which made some changes that were endorsed in the final Act.

Policy provisions. The Senate Appropriations Committee bill includes numerous "general provisions" directing the operation of the DC government and its policies. Many of the Senate's general provisions are the same as those in the House-passed bill. All but one of these carry over from the FY1998 Act.⁴⁸ As in prior year appropriations acts and the House-passed bill, the Senate committee bill for FY1999 would prohibit the District from funding most abortions (Sec. 129 Senate, 131 final Act) or from enforcing the provision of health and other employment or government benefits for unmarried domestic partners (Sec. 131 Senate, 133 final Act). The only new provision that the House-passed bill and Senate Appropriations Committee bill agree on is to repeal a provision recently enacted by the DC Council to require District residency for newly hired employees of the District government (Sec. 145 Senate, 153 final Act). All of these were included in the final Act.

The Senate Committee bill contains numerous new provisions not found in the House passed bill. Among these, the Senate bill addresses the controversy that surrounded the appointment of a Chief Management Officer and the salaries paid to certain District officials. The Senate Committee bill contains a new section (151) that authorizes the Control Board to employ a Chief Management Officer (CMO) and to delegate to the CMO responsibility for oversight and supervision of whichever departments the Control Board determines. This is included in the final Act (Sec. 159). The Senate bill would have given the CMO is the authority to appoint and fix the pay of staff as the CMO considers appropriate, but this was not included in the final Act. The employment agreement of January 15, 1998 between the Control Board and the current CMO, Camille Barnett, is declared valid. The final act did not go along with the Senate bill which would have permitted the Control Board to set a market-competitive market salary for the CMO (Sec. 151) as well as the Chief

⁴⁸There are several provisions from the FY1998 Act that the House bill carries over but the Senate Appropriations Committee bill does not. See House Sec. 128, 133, and 134 regarding reporting requirements for University of the District of Columbia, the DC Public Schools, and the Emergency Transitional Education Board of Trustees; Sec. 138 regarding an energy and water conservation plan for the public schools; and Sec. 141 regarding compliance with the Buy American Act.

Financial Officer (Sec. 152), the Inspector General (Sec. 153), and the Executive Director of the Control Board (Sec. 157).

To help control the costs associated with the special education program, the Senate Appropriations Committee bill would increase from the current 50 days to 120 days the amount of time that the District of Columbia Public Schools (DCPS) has to assess and place a student with a disability who may require special education services (Sec. 140). Currently, if the school district fails to meet the time deadline, parents are often successful in arguing that their child should immediately be placed in a private school program, with the DCPS bearing the cost of the legal proceedings, tuition, and transportation, estimated at \$48,000 per student for FY1999. The final Act included this change (Sec. 145).

The Senate Committee bill includes the DC Adoption Improvement Act of 1998 (Sec. 149). Its objective is to have more children placed in permanent homes through adoption, rather than leaving them in the foster care system where they move from one home to another. The District's adoption and foster care system has been under federal court receivership since 1995. With significant changes in wording, this provision was included in the final Act (Sec. 157).

Receiverships or other agencies under a court-appointed official would be required to submit their budget to the Mayor to be included in the District's annual budget, to be forwarded to the Council (Sec. 136). The Mayor and Council could make recommendations, but could not change the estimates. This was included in the final Act (Sec. 140).

Beginning with FY2000, a reserve of \$150 million would be established by the Chief Financial Office (CFO) for the Control Board, to be spent according to criteria established by the CFO and approved by the Control Board (Sec. 146). The Committee report indicates that this is intended to provide flexibility in unforeseen circumstances, such as a change in law that mandates certain actions or one-time expenditures in technology. This is included in the final Act (Sec. 155).

The Senate Committee is concerned that various nonprofit organizations are unable to deliver medical and social services because the District government has withdrawn its financial support. The bill would require the Control Board to report to the congressional appropriations and authorizing committees on the status of all partnerships or agreements between the District government and such nonprofit organizations, and, on its plans to reinstate any terminated partnership (Sec. 144). This was included in the final Act (Sec. 152).

The University of the District of Columbia would be permitted to invest in equity-based securities (Sec. 135, Sec. 139 final Act). The DC Public Library would be authorized to hire a fundraiser and raise funds from private sources, to be spent with prior approval of the CFO and Control Board (Sec. 148). The number of years that the same auditor may audit the District's financial statement and report would be extended from 3 to 5 years (Sec. 154, Sec. 160 final Act), as requested by the Control Board; this is intended to provide auditing firms greater incentive to bid on the contract. These were all included in the final Act.

Under the Senate proposal, funds that are accumulated through fees charged for local services that are non-appropriated could be expended by the CFO with prior written approval of the Control Board (Sec. 147). This was not included in the final Act.

The U.S. Army Corps of Engineers would be given limited authority to contract for engineering and construction services, to facilitate its ability to assist the DC Public Schools with their capital improvements program (Sec. 130, Sec. 132 final Act). Unlike the House, the Senate bill carries over from the FY1998 Act the requirement that the Control Board and the Chief Executive Officer of the DC public schools report to Congress by April 1 on all measures necessary and steps to be taken to ensure that the public schools begin on time the next academic year, 1999-2000 (Sec. 137, Sec. 141 final Act). These were both included in the final Act.

Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, P.L. 4328, P.L. 105-277

The District of Columbia Appropriations Act, 1999, was included as Division A, Section 101(c) of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999 (H.R. 4328, P.L. 105-277), enacted October 21, 1998.⁴⁹ The conference agreement on the Omnibus Act added several items of federal funding that had not been included in either the House or Senate committee bill. Under the regular DC Appropriations Act the conference agreement added \$1 million for the Children's National Medical Center. It provided \$3 million for a Medicare coordinated care demonstration project, as had been provided in the FY1998 Act.

In addition to the DC Appropriations Act, sections 131 - 134 at the end of Division A appropriated another \$125 million in federal funds for the District of Columbia for four designated purposes. This included \$25 million to capitalize the DC National Capital Revitalization Corporation; \$30 million for special education costs in the DC Public Schools; \$20 million for year 2000 information technology; and \$50 million for transportation infrastructure and economic development projects. Combined with the provisions of the regular appropriations act, this provided more economic development assistance to the District than had been included in the President's original February 1998 budget request.

The additional \$125 million was part of an "offsets" agreement between the Clinton Administration and congressional leadership included in the conference agreement on the Omnibus bill. The offsets package involved converting the private assets held by certain DC pension funds into U.S. Treasury securities (section 130 of Division A), and using the estimated \$4.2 billion in revenue proceeds from the asset sales to finance a variety of programs during FY1999, including the \$125 million for the District of Columbia.

⁴⁹ The District of Columbia Appropriations Act was one of eight appropriations bills included in P.L. 105-277's Division A, Omnibus Consolidated Appropriations, Section 101.

The conference report did not introduce any substantial changes to the appropriation of local funds. The conference report did introduce a few general provisions that were not included in either the House-passed or Senate committee bill (Secs. 162-169).

Major Funding Trends: Federal Funds

Impact of the Revitalization Act

The National Capital Revitalization and Self-government Improvement Act of 1997 (the Revitalization Act, P.L. 105-33) dramatically changed the way of appropriating federal funds for the District of Columbia beginning in FY1998. More changes were implemented for FY1999. These changes have made it more complicated to compare funding trends over time.

To start, the Revitalization Act eliminated the annual federal payment to the District and annual federal contribution to certain DC retirement funds that had been present through FY1997. Consequently, the historical trend in federal funding since FY1993 tracked in **Table 2** cannot be extended beyond FY1997.

Table 2. District of Columbia Appropriations, FY1993 to FY1997
(budget authority in millions of current dollars)^a

Federal Monies to DC	FY1993	FY1994	FY1995	FY1996	FY1997
Federal Payment	624.854	630.603	660.603	660.000	660.000
Federal Contribution to DC Retirement Funds	52.070	52.070	52.070	52.070	52.070
Other Federal Appropriations	11.075	17.327	0	0	6.702
Total	687.999	700.000	712.673	712.070	718.772

^a These figures represent current dollars, exclude permanent budget authorities, and reflect rescissions.

Simply adding together the amount of federal funds appropriated and local funds appropriated overstates the total amount of expenditures being approved on behalf of the District, because there is some overlap. Some of the federal funds appropriated are paid to the District government and appropriated again as part of local funds. (For FY1999 this includes the \$3 million for waterfront improvements at the Washington Marina, \$1.2 million for the civilian complaint review board, \$3.240 million for the fire-fighters pay raise, and \$15.622 million for charter schools.) However, as a result of the changes brought about by the Revitalization Act — and programs added in the FY1999 appropriation — a large portion of the federal funds is now paid to entities other than the District government (or the Control Board acting as its agent); these amounts are not counted in DC local funds. It would also

apply to federal funding for a scholarship program administered outside the District government.

For FY1997 and prior years, the federal payment to the District was paid to the District government and the same funds were appropriated again as part of the District's expenditure of local funds. Under the Revitalization Act, starting in FY1998, the federal government took direct responsibility for funding three justice functions (corrections, offender supervision, and courts). The federal funds for those functions are now paid to trustees or other entities outside the District government and spending for those functions has been dropped from the District's budget of local funds.⁵⁰ However, the appropriation of federal funds for those justice functions remains under the DC appropriations bill, with one exception, prison construction, beginning in FY1999.

In FY1998, the first year of the Revitalization Plan, the federal payment to the DC Corrections Trustee for correctional facilities construction and repair was part of the appropriation of federal funds to the District of Columbia. Beginning in FY1999, however, federal funding for new prison construction for DC's convicted adult felons (the capital spending component of corrections) is to be made to the Federal Prison System in the Department of Justice, through the appropriation for the Departments of Commerce, Justice, State, the Judiciary, and Related Agencies. The President requested \$300,000 for these prison capital expenditures for FY1999.

This shift in the subcommittee jurisdiction for funding **capital construction for correctional facilities** for the District largely explains the decline in the proposed appropriation of federal funds for the District of Columbia — from \$835 million (actual) in FY1998 to \$486 million (President's amended request) in FY1999. To avoid confusion in comparisons between fiscal years, the measure of total federal funding for FY1998 has been revised downward by the prison construction amount of \$302 million, from \$835 million to \$533 million.

Another major change is that **no unrestricted federal contribution** was requested for FY1999. Although the Revitalization Act eliminated the annual federal payment, it did authorize another form of unrestricted cash contribution, called a "federal contribution to operations of government of the nation's capital" or "federal contribution." However, the Revitalization Act authorized a specific dollar amount for the contribution for FY1998 only (\$190 million). The Act left the contribution amount for FY1999 and future years to be determined in relation to certain considerations enumerated in the law. The fact that no federal contribution was requested by the President for FY1999 led to a proposal from the Clinton Administration and a bill being introduced Congress (H.R. 3920) that would eliminate the Congress's role in approving the District of Columbia's budget. (See **The Federal Contribution** section at the end of this report).⁵¹

⁵⁰Federal funds paid into escrow accounts with the Control Board for safekeeping on behalf of the District are counted in local funds.

⁵¹ This brief summary focuses on the budgetary and financial aspects of the revitalization plan (continued...)

Instead of providing the District with an unrestricted money contribution for FY1999, the President and Congress have chosen instead to provide federal funding to the District in the form of numerous separate appropriations earmarked for particular programs. In the aggregate, the amount of federal funds appropriated for the District in the final FY1999 Omnibus Appropriations Act was \$619.590 million. This includes \$494.590 million under the DC Appropriations Act and \$125.0 million under the offsets package. (In comparison, \$533.0 million in federal funds were appropriated for FY1998.) At first glance, the \$620 million total may appear comparable to the \$660 million annual federal payment that the District was receiving prior to the Revitalization Act. The major difference is that the District is not free to spend that money as it chooses. In some cases the earmarked money is paying for functions taken over from the District, or that the District would otherwise be financing on its own; it thus provides some financial relief for the District's budget. This description applies to most of the items in part 1 of **Table 3**, authorized by the Revitalization Act. In other cases, however, the federal funds are earmarked for additional or new programs or projects that might not otherwise be undertaken by the District. While these federal funds supply additional financial resources to the District, they do not necessarily provide financial relief to the District's budget. This description applies to many of the items introduced in the FY1999 appropriations, listed in parts 2 and 4 of **Table 3**.

<http://wikileaks.org/wiki/CRS-98-213>

⁵¹(...continued)

for the District. Not discussed are other significant aspects, such as changes involving sentencing, parole, location of prisoners, and disposition of the Lorton Correctional Complex in Fairfax County, Virginia, required as a condition of federal takeover of DC corrections responsibilities, and the temporary shift in management responsibility from the mayor and council to the control board required by the final legislation. For further detail, see CRS Report 97-766. *District of Columbia Revitalization: Legislation Enacted by the 105th Congress*, by Eugene Boyd, Coordinator.

Table 3. District of Columbia Appropriations, Federal Funds
(in millions of dollars)

Appropriation of Federal Funds for DC	FY1998 Enacted	Pres.'s Amended FY1999 Request	House Bill H.R. 4380	Senate Approp. Com. Bill S. 2333	Final Enacted H.R. 4328, P.L. 105-277
1. Provisions authorized under the 1997 Revitalization Act					
Payment for management reform	8.000	—	—	25.000	25.000
Contribution to the operations of the nation's capital	190.000	—	—	—	—
Payment to the DC corrections trustee, for operations	169.000	184.800	184.800	184.800	184.800
Payment to the DC corrections trustee for correctional facilities, construction and repair ^a	{302.000} ^a	{300.000} ^a	—	—	— ^a
Payment to DC courts—total	108.000	142.000	142.000	128.000	128.000
Court capital improvements	[0]	[21.000]	[21.000]	[7.000]	[7.000]
Court operations	[103.000]	[121.000]	[121.000]	[121.000]	[121.000]
DC Truth in Sentencing Commission	[.750]	—	—	—	—
Payment to the DC Judicial Retirement and Survivors Annuity Fund	[5.000]	— ^b	—	—	—
Offender Supervision, Defender, and Court Services Agency	43.000	59.400	59.400	59.400	59.400
Parole revocation, adult probation and offender supervision	[26.855]	[33.802]	[33.802]	[33.802]	[33.802]
Public defender service	[9.000]	[14.486]	[14.486]	[14.486]	[14.486]
Pretrial services agency	[6.345]	[11.112]	[11.112]	[11.112]	[11.112]
U.S. Parole Commission	[.800]	—	—	—	—

Appropriation of Federal Funds for DC	FY1998 Enacted	Pres.'s Amended FY1999 Request	House Bill H.R. 4380	Senate Approp. Com. Bill S. 2333	Final Enacted H.R. 4328, P.L. 105-277
2. Provisions added for FY1999 within the DC appropriations bill					
Offender Supervision, Defender, and Court Services Agency, for drug treatment programs	—	—	4.000	—	—
DC Corrections Trustee, for environmental study & related activities at Lorton Correctional Complex	—	—	7.000	—	7.000
Federal support for economic development and management reforms	—	100.000	[25.000]	.500	— ^c
Locally chartered economic development corporation (DC National Capital Revitalization Corporation)	—	[50.000]	—	[.500]	— ^c
Metro station improvements at the proposed Washington Convention Center	—	[25.000]	25.000	[25.000] ^d	25.000
Management reforms to improve economic development infrastructure	—	[25.000]	—	—	— ^c
Nation's Capital infrastructure fund	—	— ^e	21.000	75.000 ^d	18.778 ^c
Boys Town USA operations in DC	—	—	4.000	7.100	7.100
Georgetown Waterfront Park Fund	—	—	—	1.000	1.000
National Museum of American Music and Downtown Revitalization	—	—	—	—	.700
National Museum of American Music	—	—	—	.500	[.300]
D.C. Historic Society City Museum	—	—	2.000	.500	2.000

Appropriation of Federal Funds for DC	FY1998 Enacted	Pres.'s Amended FY1999 Request	House Bill H.R. 4380	Senate Approp. Com. Bill S. 2333	Final Enacted H.R. 4328, P.L. 105-277
Metropolitan Police Dept., Office of Citizen Complaint Review ^f	—	—	1.200	—	1.200
Pay raise for fire fighters ^f	— ^g	—	3.240	—	3.240
U.S. Park Police Aviation Unit	— ^h	—	8.500	—	8.500
Waterfront improvements at Washington Marina ^f	—	—	3.000	—	3.000
International Youth Service and Development Corps:					
Operation of resource hotline for low income individuals	—	—	.050	—	.050
Mentoring for at-risk children	—	—	.200	—	.200
Charter schools ^f	—	—	20.391	—	15.622
Student opportunity scholarships	—	—	5.400	—	—
Children's National Medical Center	—	—	—	—	1.000
3. Provisions added for FY1998 by the appropriations committees					
Payment to National Park Service, U.S. Park Police ^h	12.000	—	—	—	—
Medicare coordinated care demonstration project	3.000	—	—	—	3.000
Total Federal Funds to DC (in DC appropriations bill)	533.000^a	486.200^b	491.181	481.800^c	494.590

Appropriation of Federal Funds for DC	FY1998 Enacted	Pres.'s Amended FY1999 Request	House Bill H.R. 4380	Senate Approp. Com. Bill S. 2333	Final Enacted H.R. 4328, P.L. 105-277
4. Provisions added in FY1999 conference "offsets" outside the DC appropriations bill (references to section numbers at the end of Division A of P.L. 105-277)					
DC National Capital Revitalization Corporation (Sec. 131)	—	—	—	—	25.000
Special education in DC Public Schools (Sec. 132)	—	—	—	—	30.000
Year 2000 information technology (Sec. 133)	—	—	—	—	20.000
Infrastructure & economic development projects (Sec. 134)	—	—	—	—	50.000
Subtotal from "offsets"	—	—	—	—	125.000
Total Federal Funds including "offsets" monies	533.000^a	486.200^b	491.181	481.800	619.590

Sources: President's FY1999 budget request: U.S. Executive Office of the President. Office of Management and Budget. *Budget of the United States Government, Fiscal Year 1999. Appendix.* Transmitted to Congress February 2, 1998. Washington, U.S. Govt. Print. Off., 1998. pp. 1048-63. FY1998 enacted, President's request, and Senate Appropriations Committee numbers from U.S. Congress. Senate. Committee on Appropriations. *District of Columbia Appropriations Bill, 1999. Report to accompany S. 2333.* S.Rept. 105-254. 105th Cong., 2nd Sess., July 21, 1998. p. 4. House numbers from: U.S. Congress. House. Committee on Appropriations. *District of Columbia Appropriations Bill, 1999. Report to accompany H.R. 4380.* H.Rept. 105-670. 105th Cong., 2nd Sess., August 3, 1998. p. 94. Final enacted: *Conference Report on H.R. 4328, Making Omnibus Consolidated and Emergency Supplemental Appropriations for Fiscal Year 1999* (H.Rept. 105-825). Printed in *Congressional Record*, Daily Edition, vol. 144, no. 149, October 19, 1998. p. H11341; offset package, p. H11193, H11520.

Notes: Straight brackets [] indicate that the dollar amount is also included in another line item.

^a Starting in FY1999, funding for construction and repair of correctional facilities is no longer included in the DC appropriation. Instead, federal funding for prison construction related to housing DC felons is to be requested by the Federal Prison System within the Department of Justice. For FY1999, \$300 million was requested under the appropriation for the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies. FY1999 U.S. Budget Appendix, p. 615.

The explanatory statement regarding the appropriation for FY1999 for the Department of Justice, Federal Prison System, buildings and facilities account states: "The conference agreement includes funding for construction of three Federal Correctional Institutions and partial funding of a fourth to provide additional capacity to accommodate the space requirements for the transfer of District of

Columbia sentenced felons to the Federal Prison System, as mandated by the District of Columbia Revitalization Act, as set forth in the Senate report.” No specific dollar amount is given. Joint Explanatory Statement of the Committee of Conference [on H.R. 4328], *Congressional Record*, Daily Edition, vol. 144, no. 149, October 19, 1998, p. H11309.

In this table, for the sake of comparability between years, the total appropriation of federal funds to the District of Columbia for FY1998 has been reduced by the \$302 million that was paid to the Corrections Trustee for construction and repair, from \$835 million to \$533 million.

^b In addition to the proposed court funding of \$142 million, the President’s original budget request of February 1998 included a \$6 million federal payment to the DC Judicial Retirement and Survivors Annuity Fund. The President also proposed that the payments to the judges’ pension fund be changed from discretionary to mandatory expenditures. FY1999 U.S. Budget Appendix, p. 1049-50. However, the President’s FY1999 budget amendments of May 1998 withdrew this \$6 million request. Instead, the federal contribution for judges’ pensions in FY1999 will be paid from the pension fund assets transferred from the District to the federal government under the provisions of the 1997 Revitalization Act. Removing this \$6 million request reduced the total for the President’s FY1999 budget request for the District from \$492 million to \$486 million.

^c See the “offsets” in part 4 of this table.

^d The Senate Appropriations Subcommittee bill would permit up to \$25 million of the \$75 million for transportation infrastructure to be used for improvements at the Mount Vernon Square Metrorail station at the site of the proposed new Washington Convention Center.

^e The District requested \$254 million in federal capital funding, but it was not included in the President’s budget request.

^f Amounts for these items are also included within the appropriation of DC local funds for the receiving agency. See **Table 4**.

^g In the final version of the FY1998 DC Appropriations Act, \$2.6 million in local funds were approved for a pay increase for fire fighters, but the ceiling on operating expenses was not increased to cover this expenditure.

^h The FY1998 DC Appropriations Act included \$12 million in federal funding to the National Park Service for U.S. Park Police services to the District, as listed separately in part 3 of this table.

302(b) Suballocation

The President’s revised FY1999 budget request for the District was for \$486 million in budget authority.⁵² The Senate’s May 14, 1998 302(b) suballocation of the budget totals for the District of Columbia was for \$482 million. As of July 13, 1998, the Senate raised its suballocation to the level set by the House Appropriations Committee on June 24: \$491 million.⁵³ The House used its full suballocation of \$491

⁵²The President’s original February 1998 request for the District was for \$492 million in budget authority. This included \$6 million for judges’ pensions, which was withdrawn in the President’s budget amendments of May 20, 1998.

⁵³For outlays, the President requested \$485 million, and the House and Senate \$484 million. U.S. Congress. House. Committee on Appropriations. *Report on the Revised Suballocation of Budget Total for Fiscal Year 1999*. 105th Cong., 2d Sess., H.Rept. 105-600, June 24, 1998. (The House Appropriations Committee issued subsequent revised suballocations, but the dollar amount for DC did not change.) U.S. Congress. Senate. Committee on
(continued...)

million in federal funds for DC. The Senate Appropriations Committee bill approved \$482 million, equal to its May 14th 302(b) suballocation, but \$9 million lower than its higher July 13th suballocation of \$491 million.

The amount of federal funds approved for DC appropriations in the final appropriations act — \$494.590 million — exceeds these 302(b) suballocations. With respect to budget allocations, the requirements of the Budget Act were waived for the final Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, H.R. 4328, P.L. 105-277. In the aggregate, the Omnibus bill did not violate the overall 302(a) budget allocation for the eight appropriations bills which it encompassed, although adjustments had been made in individual bills. No revised 302(b) allocations were calculated for each of the original individual appropriations bills after the conference agreement on the Omnibus bill was reached.

Major Funding Trends: District of Columbia Funds

The District of Columbia government and financial control board submitted a consensus budget request for FY1999 to the Congress on June 1, 1998. The operating expense budget included \$5.231 billion in revenues, and \$5.189 billion in expenditures, with a surplus of \$41 billion.

The District's largest increase in recommended spending compared with FY98 was for the DC Public Schools — within the budget for the public education system. The District government's request for \$648 million was nonetheless \$60 million less than the school district had requested.

The budget request for the operations of the Control Board itself was reduced by \$500 million from \$3.220 million to \$2.720 million. However, the overall budget request for the DCFRMA increased to \$7.840 million to include \$5.120 million for the office of the Chief Management Officer (CMO), Dr. Camille Barnett.

Receiverships is a new category in the DC budget for FY1999. This will help account for areas of expenditure of local funds are currently beyond the control of the District government and Control Board because they are largely determined by court orders. Three of the city's four receiverships are included: the LaShawn Foster Care Receiver, the Commission on Mental Health Receiver, and the Department of Corrections Medical Receiver. Not included is the receiver for the Department of Public and Assisted Housing, on the grounds that it is financed predominantly by federal monies. The budget for the receiverships for FY1998 is recorded as zero because they were not included in the DC budget for appropriations purposes, even though these activities did have expenditures in prior fiscal years.

⁵³(...continued)

Appropriations. *Further Revised Allocation to Subcommittees of Budget Total, Fiscal Year 1999*. 105th Cong., 2d Sess., S.Prt. 105-247, July 13, 1998. President's budget request obtained from the House Appropriations Committee, July 16, 1998.

Based on the numbers presented in **Table 4**, the difference between the District's request for total general fund operating expenses in FY1999 and the amount enacted for FY1998 is \$348 million. However, if the \$319 million for receiverships is subtracted from the FY1999 budget request in order to standardize the comparison, then the FY1999 request is just \$29 million larger than the FY1998 appropriation of \$4.0 billion.

The net increase in operating expenses for all of the District's enterprise funds considered together is \$15 million above the FY1998 request of \$646 million.

The apparent \$1.4 billion increase in capital expenditures between FY1998 and FY1999 is misleading. The FY1998 appropriation for capital expenditures of \$269 million is for one year only. The \$1.7 billion requested in the FY1999 budget is for a six-year capital plan.

The Senate Finance Committee bill and the final Act placed an overall cap on the number of FTE (full-time equivalent) positions for FY1999 at 32,900, exclusive of intra-District positions. For FY1998, 32,837 positions had been approved. For FY1999, the District had requested, and the House Appropriations Committee had approved \$34,169 FTE positions.⁵⁴

The House, Senate, and conference committee largely approved the District's budget request, with one exception. The House bill and the final Act did not approve the District's request for \$0.573 million for Advisory Neighborhood Commissions (ANC) under the category of government direction and support. The conference report states that the District may reprogram funds for FY1999 and may request ANC funding for FY2000 to cover the ANCs, subject to improved management and financial controls over the ANCs being enacted by the DC Council.

The Congress increased funding above the District's request for three categories, providing federal funds to finance the increase. Some, but not all, of the federal funds appropriated for the District (listed in **Table 3**) are thus counted again in the appropriation of the District of Columbia's local funds (shown in **Table 4**). All of these were federal payments included in the House-passed bill and the final Act, but not in the Senate Appropriations Committee bill. This helps explain the difference in amounts among the three versions of the bill for three line items. The \$3 million for waterfront improvements at the marina in southwest Washington is included in economic development and regulation. The \$1.2 million for the civilian complaint review board and the \$3.240 million for the fire-fighters pay raise are included in public safety and justice. The federal payment for charter schools is included under public education system; the amount was \$20.391 million under the House bill and \$15.622 million under the final Act.

⁵⁴U.S. Congress. House. Committee on Appropriations. *District of Columbia Appropriations Bill, 1999. Report to accompany H.R. 4380.* H.Rept. 105-670. 105th Cong., 2nd Sess., August 3, 1998. p. 34.

Table 4. District of Columbia Appropriations, District of Columbia Funds

(in millions of dollars)

Appropriation of DC Funds	FY1998 Enacted	DC's FY1999 Request	House Bill H.R. 4380	Senate Appropriation Com. Bill S. 2333	Final Enacted H.R.4328 P.L. 105-277
Division of Expenses, District of Columbia Funds					
GENERAL FUND					
Governmental direction and support	105.177	164.717	164.144 ^a	164.717	164.144 ^a
Economic development and regulation	120.072	156.039	159.039 ^a	156.039	159.039 ^a
Public safety and justice	529.739	751.346	755.786 ^a	751.346	755.786 ^a
Public education system	672.444	773.334	793.725 ^a	773.334	788.956 ^a
Human support services	1,718.939	1,514.751	1,514.751	1,514.751	1,514.751
Public works	241.934	266.912	266.912	266.912	266.912
Financing and other	454.773	451.623	451.623	451.623	[451.623]
Washington Convention Center fund ^b	[5.400]	[5.400]	[5.400]	[5.400]	5.400
Repayment of loans and interest ^b	[384.430]	[382.170]	[382.170]	[382.170]	382.170
Repayment of general fund recovery debt ^b	[39.020]	[38.453]	[38.453]	[38.453]	38.453
Interest on short-term borrowing ^b	[12.000]	[11.000]	[11.000]	[11.000]	11.000
Certificates of participation (One Judiciary Square) ^b	[7.923]	[7.926]	[7.926]	[7.926]	7.926
Human Resources Development ^b	[6.000]	[6.674]	[6.674]	[6.674]	6.674
Productivity savings	—	(10.000)	(10.000)	(10.000)	(10.000)
Receivership programs	—	318.979	318.979	318.979	318.979
DC Financial Responsibility and Management Assistance Authority	3.220	7.840	7.840	7.840	7.840
Deficit reduction and revitalization	201.090	—	—	—	—
Total, operating expenses, general fund	4,047.388	4,395.541	4,422.799^a	4,395.541	4,418.030
ENTERPRISE FUNDS					
Enterprise and other uses	15.725	—	—	—	—
Cable Television Enterprise Fund ^c	[2.467]	2.108	2.108	2.108	2.108

Appropriation of DC Funds	FY1998 Enacted	DC's FY1999 Request	House Bill H.R. 4380	Senate Approp. Com. Bill S. 2333	Final Enacted H.R.4328 P.L. 105-277
Public Service Commission ^e	[4.547]	5.026	5.026	5.026	5.026
Office of People's Counsel ^c	[2.428]	2.501	2.501	2.501	2.501
Office of Banking and Financial Institutions ^c	[0.600]	0.640	0.640	0.640	0.640
Department of Insurance and Securities Regulation ^c	[5.683]	7.001	7.001	7.001	7.001
Water & Sewer Authority and the Washington Aqueduct	297.310	273.314	273.314	273.314	273.314
Lottery and charitable games enterprise fund	213.500	225.200	225.200	225.200	225.200
Starplex fund (DC Sports Commission)	5.936	8.751	8.751	8.751	8.751
DC General Hospital, operating expenses ^d	52.684	66.764	66.764	66.764	66.764
DC Retirement Board	16.762	18.202	18.202	18.202	18.202
Correctional Industries Fund	3.332	3.332	3.332	3.332	3.332
Washington Convention Center Enterprise Fund ^d	41.000	48.139	48.139	48.139	48.139
Total. Enterprise Funds	646.249	660.978	660.978	660.978	660.978
Total. Operating Expenses	4,693.637	5,056.519	5,083.777^a	5,056.519	5,079.008
CAPITAL OUTLAY					
General Fund ^e	269.330	1,711.161	1,711.161	1,711.161	1,711.161
Total, District of Columbia Funds	4,962.967	6,767.680	6,794.938^a	6,767.680	6,790.169

Source: FY1998 enacted, DC budget request, and Senate Appropriations Committee numbers from U.S. Congress. Senate. Committee on Appropriations. *District of Columbia Appropriations Bill, 1999. Report to accompany S. 2333.* S.Rept. 105-254. 105th Cong., 2nd Sess., July 21, 1998. p. 4-6. House numbers from: U.S. Congress. House. Committee on Appropriations. *District of Columbia Appropriations Bill, 1999. Report to accompany H.R. 4380.* H.Rept. 105-670. 105th Cong., 2nd Sess., August 3, 1998. p. 95-96. Final enacted from *Conference Report on H.R. 4328, Making Omnibus Consolidated and Emergency Supplemental Appropriations for Fiscal Year 1999* (H.Rept. 105-825). Printed in *Congressional Record*, Daily Edition, vol. 144, no. 149, October 19, 1998. p. H11342.

Notes: Amounts shown are net of intra-District funds. Numbers in brackets [] are included in a preceding subtotal or reflect the aggregate amount of line items which follow.

^a See the text immediately preceding the table for an explanation of why the House Appropriations Committee and final enacted amounts differ from the District's budget request and the Senate Appropriations Committee bill on these items.

^b These six line items were aggregated by the Senate Finance Committee as "Financing and other." The amounts for the individual line items are shown in brackets.

^c These five line items were aggregated for FY1998 as "Enterprise and other uses."

^d The figures for DC General Hospital and the Washington Convention Center Enterprise Fund are net amounts, equal to the gross amounts minus the transfers from the general fund enumerated in the Appropriations Act.

^e The FY1998 capital outlay appropriation of \$269 million was for one fiscal year. The District's FY1999 request of \$1.7 billion was for 6 years. The authorization under the FY1999 appropriations act is for two fiscal years; the capital funds remain available to be obligated until September 30, 2000.

The Federal Contribution

For FY1999, President Clinton did not recommend a "federal contribution" to the District of Columbia and Congress did not choose to make one. The option to make a federal contribution, however, remains available for future years under authorizing law. The Revitalization Act officially repealed the "federal payment" to the District of Columbia, but in its stead authorized a "federal contribution towards the costs of the operations of the government of the Nation's capital" (Subtitle G, Section 11601 of P.L. 105-33).

The federal contribution, like the predecessor federal payment, can be thought of as an unrestricted grant payment available for the District government's various spending needs, including repaying loans from the federal government or private financial market. This is in contrast to the other federal payments made under the FY1998 and FY1999 appropriations acts which take over or finance specific District government functions.

The 1997 Revitalization Act authorized a specific dollar amount for the federal contribution for FY1998 only — \$190 million. For FY1999 and future years, the Act left the dollar amount of the federal contribution to be determined. According to the Act, after FY1998:

"...for each subsequent fiscal year, such amount as may be necessary for such contribution.

In determining the amount appropriated pursuant to the authorization under this paragraph, Congress shall take into account the findings described in paragraph (1)."

The four elements cited as findings in paragraph (1) may be paraphrased as follows:

- the congressionally imposed height limit on buildings and other limitations relating to the federal presence in the District that may tend to reduce tax revenues;

- the congressional prohibition against levying an income tax on nonresident commuters, which limits the District's ability to tax income earned in the District of Columbia;
- the unreimbursed public service costs imposed by the federal government's presence; and
- the resulting high tax burden on District residents relative to residents of other jurisdictions in the Washington, DC metropolitan area and other cities of comparable size.

As with previous legislation authorizing the federal payment, the Revitalization Act does not present a formula or methodology for translating the generalized notion of compensating the District for the federal government's presence into a predictable dollar amount.⁵⁵

Proposal to End Congressional Appropriation of DC Local Funds

Both the "federal payment" and the "federal contribution" to the District were counted as part of the District's local funds for appropriation purposes. This provided grounds for the Congress to appropriate all of the District's expenditures from local funds (**Table 4**), in addition to appropriating payments of federal funds made on behalf of the District (**Table 3**).

Citing the repeal of the authorization of the annual federal payment by the 1997 Revitalization Act, the Clinton Administration submitted to Congress, on May 18, 1998, a proposal that the Congress would no longer appropriate the part of the District's budget funded solely by local funds.⁵⁶ Congress would, however, continue to perform oversight for the District and make appropriations for those functions that the federal government now funds directly as a result of the Revitalization Act, such as the criminal justice system. During a "control year," the procedures established by the DCFRMA Act⁵⁷ would generally continue. However, in cases where the District and the control board disagree, the control board would be authorized to resolve the disagreements, instead of sending two versions of the District's budget to Congress.

On May 20, 1998, Representative Eleanor Holmes Norton, the Delegate to Congress from the District of Columbia, introduced H.R. 3920, the District of Columbia Legislative and Budget Autonomy Act of 1998. The bill would amend the DC Home Rule Act. In addition to eliminating Congress's role in approving the District of Columbia's budget, it would eliminate congressional review of newly-passed District laws.

⁵⁵ All of these four factors have been cited at some time in previous legislation authorizing the federal payment.

⁵⁶The proposal was transmitted in letters sent by Franklin D. Raines, Director of the U.S. Office of Management and Budget, dated May 18, 1998, to the Speaker of the House and the President of the Senate.

⁵⁷ District of Columbia Financial Responsibility and Management Assistance (DCFRMA) Act (P.L. 104-8).

Removing Congress's authority to approve the DC budget would effectively eliminate the role of the House and Senate DC appropriations subcommittees. The subcommittees could be abolished by a decision of the rules committees.

For Additional Reading

CRS Products

CRS Report 95-628. *Appropriations for FY1996: District of Columbia*, by Suzanne Cavanagh and Nonna A. Noto.

CRS Report 96-636. *Appropriations for FY1997: District of Columbia*, by Suzanne Cavanagh and Nonna A. Noto.

CRS Report 97-213. *Appropriations for FY1998: District of Columbia*, by Nonna A. Noto.

CRS Report 97-1004. *DC Statehood: The Historical Context and Recent Congressional Actions*, by Garrine P. Laney.

CRS Report 98-109. *District of Columbia Department of Corrections: Transfer of Functions to the Federal Government*, by JoAnne O'Bryant.

CRS Report 97-498. *District of Columbia Revitalization: A Preliminary Review of the President's Plan*, by Eugene Boyd, Coordinator.

CRS Report 97-766. *District of Columbia Revitalization: Legislation Enacted by the 105th Congress*, by Eugene Boyd, Coordinator.

CRS Report 97-596. *District of Columbia Unfunded Pension Liabilities: Background, Issues, and Options*, by CRS Pension Team.

CRS Report 97-50. *Education Vouchers: The Constitutional Standards*, by David M. Ackerman.

CRS Report 95-344. *Federal Support of School Choice: Background and Options*, by Wayne C. Riddle and James B. Stedman.

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Other References

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appropriations: legislative language on p. H11076-H11084; explanatory statement on p. H.11335-H11355.

Government of the District of Columbia. *FY1999 Baseline Budget and Financial Plan: Connecting Resources to Results*. Submitted by the DC Office of Budget and Planning. Washington, March 1998.

— *FY1999 Operating Budget and Financial Plan: Connecting Resources to Results*. Prepared for the Congress of the United States. Submitted by the Mayor of the District of Columbia, the Council of the District of Columbia, and the District of Columbia Financial Responsibility and Management Assistance Authority. Washington, June 1, 1998.

— *FY1999 to FY2004 Capital Improvement Plan and FY1999 Capital Budget: Connecting Resources to Results. Volume I, and Volume II: Highway Trust Fund*. Submitted by the Mayor of the District of Columbia, the Council of the District of Columbia, and the District of Columbia Financial Responsibility and Management Assistance Authority. Washington, June 1, 1998.

U.S. Congress. House. *Requests for FY1999 Budget Amendments*. Communication from the President of the United States Transmitting His Requests for FY1999 Budget Amendments for the Departments of Agriculture, Commerce, Defense, and Transportation; the Environmental Protection Agency; International Assistance Programs; the District of Columbia; and, the Postal Service, Pursuant to 31 U.S.C. 1107. 105th Cong., 2d Sess., H.Doc. 105-255, May 20, 1998. Washington, U.S. Govt. Print. Off., 1998.

— *Making Omnibus Consolidated and Emergency Supplemental Appropriations for Fiscal Year 1999*. Conference Report to Accompany H.R. 4328. H.Rept. 105-825, October 19, 1998. Washington, U.S. Govt. Print. Off., 1998. District of Columbia Appropriations Act, 1999, on p. 126-56.

U.S. Congress. House. Committee on Appropriations. *District of Columbia Appropriations Bill, 1999. Report to accompany H.R. 4380*. H.Rept. 105-670. 105th Cong., 2nd Sess., August 3, 1998.

U.S. Congress. House. Committee on Government Reform and Oversight. Subcommittee on the District of Columbia. *Fiscal Year 1997 District of Columbia Audit Report and CFO Oversight*. Hearing, 105th Cong., 2d Sess., February 11, 1998. Serial No. 105-126. Washington, U.S. Govt. Print. Off., 1998.

U.S. Congress. Senate. Committee on Appropriations. *District of Columbia Appropriations Bill, 1999. Report to accompany S. 2333*. S.Rept. 105-254. 105th Cong., 2nd Sess., July 21, 1998.

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