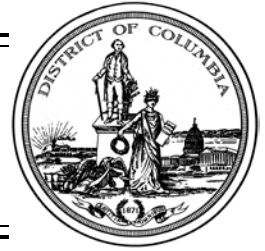

COMMITTEE ON ECONOMIC DEVELOPMENT

HARRY "TOMMY" THOMAS, JR., CHAIRPERSON
FISCAL YEAR 2012 COMMITTEE BUDGET REPORT



TO: Members of the Council of the District of Columbia

FROM: Councilmember Harry "Tommy" Thomas, Jr.
Chairperson, Committee on Economic Development

DATE: May 11, 2011

SUBJECT: Report and Recommendations of the Committee on Economic Development on the Fiscal Year 2012 Budget for Agencies under Its Purview

The Committee on Economic Development ("Committee"), having conducted hearings and received testimony on the Mayor's proposed operating and capital budgets for Fiscal Year 2012 (FY 2012) for the agencies under its purview, reports its recommendations for review and consideration by the Committee of the Whole. The Committee also comments on several sections in the Fiscal Year 2012 Budget Support Act of 2011, as proposed by the Mayor.

TABLE OF CONTENTS

I.	EXECUTIVE SUMMARY	
A.	Introduction.....	2
B.	FY12 Agency Operating Budget Summary Table.....	4
C.	FY12 Agency Full-Time Equivalent Table.....	6
D.	FY12 Agency Capital Budget Summary Table.....	7
E.	Summary of Committee Budget Recommendations.....	7
II.	AGENCY FISCAL YEAR 2012 BUDGET RECOMMENDATIONS	
A.	Overview.....	12
B.	Office of Motion Picture and Television Development.....	13
C.	D.C. Commission on the Arts and Humanities.....	18
D.	Destination DC.....	26
E.	D.C. Boxing and Wrestling Commission.....	30
F.	Department of Small and Local Business Development.....	33
G.	Office of the Deputy Mayor for Planning and Economic Development.....	44
III.	FISCAL YEAR 2012 BUDGET REQUEST ACT RECOMMENDATIONS	54
IV.	FISCAL YEAR 2012 BUDGET SUPPORT ACT RECOMMENDATIONS	
	Recommendations on Budget Support Act Subtitles Proposed by the Mayor.....	54
B.	Recommendations for New Budget Support Act Subtitles.....	56
V.	COMMITTEE ACTION AND VOTE	66
VI.	ATTACHMENTS	66

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COUNCIL BUDGET DIRECTOR CERTIFICATION: _____ DATE: _____

I. EXECUTIVE SUMMARY

A. INTRODUCTION

The Committee on Economic Development provides legislative leadership and oversight for several agencies including the following:

- Office of Motion Picture and Television Development (“MPTD”)
- Commission on the Arts and Humanities (“DCCAH”)
- D.C. Boxing and Wrestling Commission (“BWC”)
- Department of Small and Local Business Development (“DSLBD”)
- Destination DC (“DDC”)
- Office of the Deputy Mayor for Planning and Economic Development (“DMPED”)

Under the leadership of Chairperson Harry “Tommy” Thomas, Jr., the Committee works closely with the agencies, commissions, instrumentalities, District residents, advocates, representatives from the Executive and the development community to craft careful and deliberate policies for the economic development of the District of Columbia.

In Fiscal Year 2011, the revenues that pay for the services provided by the government of the District of Columbia have been adversely impacted by the nationwide recession—at a time when those services are needed the most. The result is a budget shortfall for the District of Columbia for the upcoming year – a shortfall exceeding \$300M dollars. To address the challenges presented, the Committee on Economic Development has focused on:

- (1) implementing immediate solutions to eliminate wasteful spending and cut costs, and
- (2) establishing the foundation for implementing long-term strategies for the District’s economic growth.

Immediate Solutions

In the recommendations contained in this report, the Committee on Economic Development’s immediate solution to the challenges of the Fiscal Year 2012 budget is a strategic plan that is guided by four key principles:

- Government decisions must be fiscally responsible,
- The government’s core commitments must be preserved,
- No one citizen or group should bear a disproportionate burden of this budgetary challenge, and
- Economic development is, in its essence, community development.

Within the agencies under the jurisdiction of the Committee on Economic Development, these precepts dictate the imposition of reductions and implementation of increased efficiencies. The result is a Fiscal Year 2012 budget from the Committee on Economic Development that reduces spending of local dollars by agencies under the Committee's jurisdiction, yet makes every effort to assure the populace that: "*the District of Columbia remains open for business.*"

The Mayor's FY12 proposed budget eliminates the Neighborhood Investment Fund (NIF) that businesses and community groups rely upon to improve their environments, the lives and life-styles of residents and the overall aesthetics of communities. While the Committee remains cognizant of the fiscal pressures facing the District, the forecast and indicators remain constant in their optimism. Therefore, every effort is being made to prepare for a time, in the very near future, when greater economic stability and constancy, will assure thriving economic indicators for the city.

Long-term Strategies for Economic Growth

In addition to the immediate solutions for the fiscal year 2012 budget, the Committee proposes to implement sustained changes as to how the government conducts economic development. These changes are necessary to ensure that the District remains poised for long-term economic growth by creating the data that the Government needs in order to perform an honest assessment of our economic development spending and its effectiveness.

The following charts summarize the Committee's recommendations for the FY 2012 budgets for the agencies it oversees.

A. FISCAL YEAR 2012 AGENCY OPERATING BUDGET SUMMARY TABLE
(Dollars in Thousands)

	FY 2010 Approved	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	
Office of Motion Picture and Television Development							
Local Funds	584	518	547	671	0	671	
Dedicated Taxes	0	0	0	0	0	0	
Special Purpose	51	20	46	55	0	55	
Federal Funds	0	0	0	0	0	0	
Private Funds	0	0	0	0	0	0	
Intra-District	0	0	0	0	0	0	
GROSS FUNDS	635	538	593	726	0	726	
Commission on the Arts and Humanities							
Local Funds	5,434	5,160	4,362	3,920	0	3,920	
Dedicated Taxes	0	0	0	0	0	0	
Special Purpose	400	51	170	100	0	100	
Federal Funds	730	1,028	751	5,779	0	5,779	
Private Funds	15	0	0	0	0	0	
Intra-District	0	289	15	0	0	0	
GROSS FUNDS	6,579	6,528	5,298	9,799	0	9,799	
Destination DC * (funding generated through hotel tax via Washington Convention Center)							
Local Funds	0	0	0	0	0	0	
Dedicated Taxes	0	0	0	0	0	0	
Special Purpose	0	0	0	0	0	0	
Federal Funds	0	0	0	0	0	0	
Private Funds	0	0	0	0	0	0	
Intra-District	0	0	0	0	0	0	
GROSS FUNDS	0	0	0	0	0	0	
DC Commission on Boxing and Wrestling							
Local Funds	0	0	0	0	0	0	
Dedicated Taxes	0	0	0	0	0	0	
Special Purpose	93	64	92	95	0	95	
Federal Funds	0	0	0	0	0	0	
Private Funds	0	0	0	0	0	0	
Intra-District	0	0	0	0	0	0	
GROSS FUNDS	93	64	92	95	0	950	

	FY 2010 Approved	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	
Department of Small and Local Business Development							
Local Funds	2,384	2,339	4,653	2,852	0	2,852	
Dedicated Taxes	0	0	0	0	0	0	
Special Purpose	0	0	0	0	0	0	
Federal Funds	0	341	356	361	0	361	
Private Funds	300	300	0	0	0	0	
Intra-District	0	3,080	50	51	0	51	
GROSS FUNDS	2,684	6,060	5,059	3,264	0	3,264	
Office of the Deputy Mayor for Planning and Economic Development							
Local Funds	4,020	3,841	2,270	7,839	0	7,839	
Dedicated Taxes	21,164	17,152	5,578	0	0	0	
Special Purpose	8,226	6,680	7,608	4,979	0	4,979	
Federal Funds	8,000	3,157	6,000	3,000	0	3,000	
Private Funds	0	0	0	0	0	0	
Intra-District	0	885	648	0	0	0	
GROSS FUNDS	41,410	31,705	22,014	15,818	0	15,818	
NET COMMITTEE ACTION							
Local Funds	12,422	11,858	11,832	15,282	0	15,282	
Dedicated Taxes	21,164	17,152	5,578	0	0	0	
Special Purpose	100,744	6,815	7,916	5,134	0	5,134	
Federal Funds	8,730	4,526	7,107	9,140	0	9,140	
Private Funds	965	300	0	0	0	0	
Intra-District	0	4,254	713	51	0	51	
GROSS FUNDS	144,025	44,905	33,206	29,607	0	29,607	
Inter-Committee Funding Transfers (+ = Transfer-In; - = Transfer Out)							
Local Funds	0	0	0	0	0	0	
Dedicated Taxes	0	0	0	0	0	0	
Special Purpose	0	0	0	0	0	0	
Federal Funds	0	0	0	0	0	0	
Private Funds	0	0	0	0	0	0	
Intra-District	0	0	0	0	0	0	
GROSS FUNDS	0	0	0	0	0	0	

B. FISCAL YEAR 2011 AGENCY FULL-TIME EQUIVALENT TABLE

	FY10 Approved	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	
Office of Motion Picture and Television Development							
Local Funds	4.0	3.9	4.0	5.0	0.0	5.0	
Dedicated Taxes	0.0	0.0	0.0	0.0	0.0	0.0	
Special Purpose	0.0	0.0	0.0	0.0	0.0	0.0	
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	
Private Funds	0.0	0.0	0.0	0.0	0.0	0.0	
Intra-District	0.0	0.0	0.0	0.0	0.0	0.0	
GROSS FUNDS	4.0	3.9	4.0	5.0	0.0	5.0	
Commission on the Arts and Humanities							
Local Funds	9.0	4.4	5.0	8.0	0.0	8.0	
Dedicated Taxes	0.0	0.0	0.0	0.0	0.0	0.0	
Special Purpose	0.0	0.0	0.0	0.0	0.0	0.0	
Federal Funds	6.0	8.5	9.0	8.0	0.0	8.0	
Private Funds	0.0	0.0	0.0	0.0	0.0	0.0	
Intra-District	0.0	0.0	0.0	0.0	0.0	0.0	
GROSS FUNDS	15.0	12.9	14.0	16.0	0.0	16.0	
Department of Small and Local Business Development							
Local Funds	23.5	23.1	20.5	20.5	0.0	20.5	
Dedicated Taxes	0.0	0.0	0.0	0.0	0.0	0.0	
Special Purpose	0.0	0.9	0.0	0.0	0.0	0.0	
Federal Funds	0.0	0.2	4.0	4.0	0.0	4.0	
Private Funds	0.0	0.0	0.0	0.0	0.0	0.0	
Intra-District	0.0	0.0	0.5	0.5	0.0	0.5	
GROSS FUNDS	23.5	23.1	25.0	25.0	0.0	25.0	
Office of the Deputy Mayor for Planning and Economic Development							
Local Funds	14.0	14.8	12.0	30.0	0.0	30.0	
Dedicated Taxes	4.0	3.8	4.0	0.0	0.0	0.0	
Special Purpose	44.0	39.3	41.0	26.0	0.0	26.0	
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	
Private Funds	3.0	0.0	0.0	0.0	0.0	0.0	
Intra-District	0.0	0.0	3.0	0.0	0.0	0.0	
GROSS FUNDS	65.0	57.9	60.0	56.0	0.0	56.0	
NET COMMITTEE ACTION							
Local Funds	50.5	46.2	41.5	63.5	0.0	63.5	
Dedicated Taxes	4.0	3.8	4.0	0.0	0.0	0.0	
Special Purpose	44.0	40.2	41.0	26.0	0.0	26.0	
Federal Funds	6.0	8.7	13.0	12.0	0.0	12.0	
Private Funds	3.0	0.0	0.0	0.0	0.0	0.0	
Intra-District	0.0	0.0	3.5	0.5	0.0	0.5	
GROSS FUNDS	107.5	106.4	103.0	102.0	0.0	102.0	

C. FISCAL YEAR 2012 AGENCY CAPITAL BUDGET SUMMARY TABLE
(Dollars in Thousands)

Mayor's Proposed Fiscal Year 2012-2017 Capital Budget, By Agency								
Code	Project Name	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	6-Year
EB0	Deputy Mayor for Planning and Economic Development	14,400	8,500	10,500	20,500	53,500	4,100	121,500
BX0	Commission on the Arts and Humanities	2,700	2,700	2,700	2,700	2,700	2,700	16,200
Agency Total		17,100	11,200	13,200	23,200	56,200	6,800	127,700

Committee's Approved Fiscal Year 2011-2016 Capital Budget, By Agency								
Code	Project Name	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	6-Year
EB0	Deputy Mayor for Planning and Economic Development	14,400	8,500	10,500	20,500	53,500	4,100	121,500
BX0	Commission on the Arts and Humanities	2,700	2,700	2,700	2,700	2,700	2,700	16,200
Agency Total		17,100	11,200	13,200	23,200	56,200	6,800	127,700

D. SUMMARY OF COMMITTEE BUDGET RECOMMENDATIONS

The information below summarizes the Committee's recommended changes to the Mayor's proposed FY 2012 operating budget, along with a brief description of the capital budget. For more detailed information, please see Sections II-IV of the report.

Fiscal Year 2011 Operating Budget Recommendations

- **Office of Motion Picture and Television Development (MPTD)**
 - The Committee approves the FY 2012 operating budget for MPTD as proposed by the Mayor.

- **D.C. Commission on the Arts and Humanities (DCCAH)**
 - The Committee approves the FY 2012 operating budget for DCCAH as proposed by the Mayor.

- **Destination DC (DDC)**
 - The Committee approves the FY 2012 operating budget for DDC as proposed by the Mayor through his oversight of the Washington Convention Center.

- **D.C. Boxing and Wrestling Commission (BWC)**

- The Committee approves the FY 2012 operating budget for BWC as proposed by the Mayor.

- **Department of Small and Local Business Development (DSLBD)**

The Committee approves the Mayor's FY 2012 operating budget for DSLBD.

- **Office of the Deputy Mayor for Planning and Economic Development (DMPED)**

- The Committee approves the FY 2012 operating budget for DMPED as proposed by the Mayor. The Committee directs \$200,000 to fund B19-181, the Capital City Diner tax Exemption Amendment Act of 2011; B19-0182, the Israel Baptist Church Family Life and Health Center Property Tax Exemption and Equitable Real Property Tax Relief Act of 2011; and B19-088, the Washington Overlook at Fort Lincoln Low-Income Rental Extension Tax Relief Act of 2011. Any remaining balance shall be used by DMPED to enhance economic development programs. These funds should be allocated from the Neighborhood Economic Development Corporation (NEDCO)

Fiscal Year 2012 Capital Budget Recommendations

- **Office of Motion Picture and Television Development**
 - MPTD does not have a capital budget for FY 2012.
- **D.C. Commission on the Arts and Humanities**
 - The Committee approves the FY 2012 capital budget for DCCAHA as proposed by the Mayor.
- **Destination DC**
 - DDC does not have a capital budget for FY 2012.
- **D.C. Boxing and Wrestling Commission**
 - BWC does not have a capital budget for FY 2012.
- **Department of Small and Local Business Development**
 - DSLBD does not have a capital budget for FY 2012.
- **Office of the Deputy Mayor for Planning and Economic Development**
 - The Committee approves the FY 2012 capital budget for DMPED as proposed by the Mayor.

Fiscal Year 2012 Policy Recommendations

- **Office of Motion Picture and Television Development**
 - The Committee does not have any policy recommendations for MPTD for FY 2012.
- **D.C. Commission on the Arts and Humanities**
 - The Committee does not have any policy recommendations for DCCAHA for FY 2012.
- **Destination DC**
 - The Committee does not have any policy recommendations for DDC for FY 2012.
- **D.C. Boxing and Wrestling Commission**
 - The Committee does not have any policy recommendations for the D.C. Boxing and Wrestling Commission for FY 2012.
- **Department of Small and Local Business Development**
 - The Committee does not have any policy recommendations for the Department of Small and Local Business Development for FY2012
- **Office of the Deputy Mayor for Planning and Economic Development**

- The Committee recommends the following FY 2012 policy recommendations:
- Positions to be detailed from the Office of the Deputy Mayor for Planning and Economic Development should not exceed 90 days, and in such instance when positions are reassigned/detailed, the Committee will be notified within 30 calendar days of the detail action being realized.
- Direct that the agency's fiscal officer provide the Committee no later than October 1, 2011 and quarterly thereafter an accounting of all spending to date and remaining balances for all funding sources within the agency.

Fiscal Year 2011 Performance Measure Recommendations

- **Office of Motion Picture and Television Development**
 - The Committee does not have any performance measure recommendations for MPTD for FY 2012.
- **D.C. Commission on the Arts and Humanities**
 - The Committee does not have any performance measure recommendations for the DCCAH for FY 2012.
- **Destination DC**
 - The Committee does not have any performance measure recommendations for DDC for FY 2012.
- **D.C. Boxing and Wrestling Commission**
 - The Committee does not have any performance measure recommendations for the BWC for FY 2012.
- **Department of Small and Local Business Development**
 - The Committee does not have any performance measure recommendations for DSLBD for FY 2012
 -
- **Office of the Deputy Mayor for Planning and Economic Development**
 - The Committee recommends the addition of the following performance indicator:
 - The total number of jobs created for District of Columbia residents as a result of the agency's programs or initiatives

III. AGENCY FISCAL YEAR 2012 BUDGET RECOMMENDATIONS

A. OVERVIEW

On April 1, 2011, Mayor Vincent C. Gray submitted his proposed operating budget and financial plan for the upcoming fiscal year to the Council of the District of

Columbia. The Committee held the following hearings to review the proposed budgets for the agencies under its purview:

April 7, 2011	<ul style="list-style-type: none"> • Office of the Deputy Mayor for Planning and Economic Development • Department of Small and Local Business Development
May 2, 2010	<ul style="list-style-type: none"> • Destination DC • Office of Motion Picture and Television Department • Commission on Boxing and Wrestling • D.C. Commission on the Arts and Humanities

During these hearings, the Committee heard hours of public testimony from District residents, advocates, and agency representatives regarding the proposed FY 2012 budget. The testimony has provided insightful guidance to the Committee as it evaluated the Mayor’s request.

The recommendations contained within this report represent that Committee’s thorough analysis of the Mayor’s proposed budget for the agencies under its purview. The report also includes recommendations on the Budget Request Act and the Budget Support Act.

For each agency, the Committee presents the following information:

- An overview of the agency’s FY 2012 budget as proposed by the Mayor;
- The Committee’s FY 2012 budget recommendations for the agency as a whole;
- A review of the proposed FY 2012 agency budgets including a summary of the Mayor’s program request and detailed breakdown of the Committee’s recommendations; and
- The Committee’s recommendations regarding proposed capital expenditures, if applicable.

B. OFFICE OF MOTION PICTURE AND TELEVISION DEVELOPMENT

Fiscal Year 2012 Operating Budget, By Revenue Type (in thousands)							
Office of Motion Picture and Television Development							
Source of Funds	FY10 Approved	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	
Local Funds	584	518	547	671	0	671	
Dedicated Taxes	0	0	0	0	0	0	
Special Purpose Funds	51	20	46	55	0	55	
Federal Funds	0	0	0	0	0	0	
Intra District Funds	0	0	0	0	0	0	
Other Funds	0	0	0	0	0	0	
Total Operating Budget	635	538	593	726	0	726	

Fiscal Year 2012 Operating Budget FTEs, By Revenue Type							
Office of Motion Picture and Television Development							
Source of Funds	FY10 Approved	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	
Local Funds	4	3.9	4.0	5.0	0	5.0	
Dedicated Taxes	0	0	0	0	0	0	
Special Purpose Funds	0	0	0	0	0	0	
Federal Funds	0	0	0	0	0	0	
Intra District Funds	0	0	0	0	0	0	
Other Funds	0	0	0	0	0	0	
FTEs	4	3.9	4.0	5.0	0	5	

Fiscal Year 2012 Operating Budget, By Comptroller Source Group (Gross Funds, in thousands)							
Office of Motion Picture and Television Development							
Comptroller Source Group Object Class	FY10 Approved	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	
11	Regular Pay	236	221	219	325	0	325
12	Other Pay	138	121	143	146	0	146
13	Additional Gross Pay	0	3	0	0	0	0
14	Fringe Benefits	62	78	65	92	0	92
Personal Services (PS)		435	422	427	556	0	556
20	Supplies and Materials	5	4	6	6	0	6
30	Utilities	9	9	0	0	0	0
31	Communications	6	15	0	0	0	0
32	Rent	0	0	0	0	0	0
33	Janitorial	4	4	0	0	0	0
34	Security	3	0	0	0	0	0
35	Occupancy	5	5	0	0	0	0
40	Other Services and Charges	155	75	150	154	0	154
41	Contractual Services	3	0	0	0	0	0
50	Subsidies and Transfers	0	0	0	0	0	0
70	Equipment	6	3	10	6	0	6
80	Debt Service	0	0	0	0	0	0
Non-Personal Services Subtotal		201	115	167	170	0	170
TOTAL		636	537	593	726	0	726

Fiscal Year 2012 Operating Budget, By Program (Gross Funds, in thousands)							
Office of Motion Picture and Television Development							
Program and Activity Codes	FY10 Approved	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	
1000	Agency Management Program						
1010	Personnel	16	15	16	16	0	16
1015	Training and Employee Development	16	15	16	16	0	16
1020	Contracting and Procurement	28	17	27	16	0	16
1030	Property Management	20	17	0	0	0	0
1040	Information Technology	25	113	15	100	0	100
1050	Financial Management	26	15	25	16	0	16
1070	Fleet Management	1	0	0	1	0	1
1080	Communications	53	13	27	16	0	16
1085	Customer Service	26	15	27	16	0	16
1090	Performance Management	16	115	16	16	0	16
1000	<i>SUBTOTALS</i>	230	235	170	215	0	215
1000	<i>FTEs</i>	1	1.2	1.2	1.7	0	1.7
2000	Motion Picture and Television Development						
2010	Marketing and Promotions	114	101	130	231	0	231
2020	Production Support	263	181	266	258	0	258
2030	Community Outreach	29	21	27	21	0	21
2000	<i>SUBTOTALS</i>	406	303	424	511	0	511
2000	<i>FTEs</i>	3	2.7	2.8	3.3	0	3.3
TOTAL OPERATING BUDGET		636	537	593	726	0	726
TOTAL FTEs		4	3.9	4	5	0	5

1. COMMITTEE ANALYSIS AND COMMENTS

a. Agency Mission and Overview

The mission of the Office of Motion Picture and Television Development (MPTD) is to initiate, implement and manage the operations and logistics of programs aimed at generating revenue and stimulating employment and business opportunities in the District through the production of film, video, photography, and multimedia projects.

MPTD's key program is the Motion Picture and Television Development program, which advances the District in the United States and abroad as a major venue for production activity. These outreach efforts generate revenue for the District and includes the following forms of production: feature films; short films; television series; television specials; commercials; documentaries/ and corporate, music, and educational videos. This program also promotes the use of local film and video resources and provides pre-production, production, and post-production assistance to producers filming in the District. In addition, this program stimulates employment opportunities in the District through the production of film, video, photography, and multimedia projects.

The Marketing and Promotions activity provides the industry with information on the District's audio-visual industry, technical and creative talent, and studio and production facilities. The Production Support activity provides filmmakers with a range of services designed to save them time, money, and effort so that they will perceive the District as a "film-friendly" environment. Services include research, an online location gallery, e-photo delivery, location scouting, and a concierge service that offers assistance with finding office space, hotel, and vendors. The Community Outreach activity provides filmmakers with opportunities to become involved in the community in which they are working.

b. Mayor's Proposed Fiscal Year 2012 Operating Budget

Proposed Operating Budget Summary

Local Funds: The Mayor's proposed budget is \$726,078. This is an increase of \$132,664 from the FY11 approved budget. The proposed funding supports 5 FTEs and an increase of one (1) FTE, redirected from the Office of the Deputy Mayor of Planning and Economic Development.

Special Purpose Revenue Funds: MPTD is projected to generate \$55,000 in special purpose funds an increase of \$8,641.00 over the approved \$46,359 budgeted in FY 2011. This revenue in special purpose funds will be deposited into the Film DC Special Account Fund. These funds are generated from the film permit fee structure.

Federal Funds: MPTD does not receive any federal funds.

Intra-District Funds: MPTD does not receive any intra-district funds.

Committee Analysis and Comments

The Office will realize a 22.7% increase in its base budget for FY 2012, this is merely reflective of the re-direction of one (1) FTE from the Office of the Deputy Mayor for Planning and Economic Development to MPTD to supplement current operations and promote greater information, diversity, outreach and the recruitment of additional resources and services for the Office in and effort in expand and enhance current operations, programs and functions.

c. Summary of Fiscal Year 2012 Budget Hearing Testimony

The FY 2011 Budget Hearing for the Office of Motion Picture and Television Development was held on May 2, 2011. **Copies of witness testimony are available by request in the Committee Office.**

Government Testimony

Crystal Palmer, Director, Office of Motion Picture and Television Development. Ms. Palmer stated that her staff would continue to maximize efficiencies and achieve annual goals despite budgetary challenges. She added that MPTD has expanded its efforts utilizing social networks and will continue to utilize this medium in and effort to expand program information, utilization of multi-media services and in an on-going effort to attempt as many and varies residents and potential users of the services offered by the Office.

2. COMMITTEE RECOMMENDATIONS

a. Fiscal Year 2012 Operating Budget Recommendations

The Committee approves the FY 2012 operating budget for MPTD as proposed by the Mayor with no changes.

C. D.C. COMMISSION ON THE ARTS AND HUMANITIES

Fiscal Year 2012 Operating Budget, By Revenue Type							
Commission on the Arts and Humanities							
Source of Funds	FY10 Approved	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	
Local Funds	5,434	5,160	4,362	3,920	0	3,920	
Dedicated Taxes	0	0	0	0	0	0	
Special Purpose Funds	400	51	170	100	0	100	
Federal Funds	730	1,028	751	5,779	0	5,779	
Intra District Funds	15	0	0	0	0	0	
Other Funds	0	289	15	0	0	0	
Total Operating Budget	6,579	6,528	5,298	9,799	0	9,799	

Fiscal Year 2011 Operating Budget FTEs, By Revenue Type							
Commission on the Arts and Humanities							
Source of Funds	FY10 Approved	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	
Local Funds	5	4.4	5	8	0	8	
Dedicated Taxes	0	0	0	0	0	0	
Special Purpose Funds	0	0	0	0	0	0	
Federal Funds	9	8.5	9	8	0	8	
Intra District Funds	0	0	0	0	0	0	
Other Funds	0	0	0	0	0	0	
FTEs	14	12.9	14	16	0	16	

Fiscal Year 2012 Operating Budget, By Comptroller Source Group (Gross Funds)							
Commission on the Arts and Humanities							
Comptroller Source Group Object Class	FY10 Approved	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	
11	Regular Pay	750	482	524	518	0	518
12	Other Pay	103	255	288	470	0	470
13	Additional Gross Pay	0	12	0	9	0	9
14	Fringe Benefits	151	135	162	211	0	211
Personal Services (PS)		1,004	883	972	1,207	0	1,207
20	Supplies and Materials	10	18	7	7	0	7
30	Utilities	21	0	0	0	0	0
31	Communications	40	25	0	0	0	0
32	Rent	205	213	0	0	0	0
33	Janitorial	0	0	0	0	0	0
34	Security	0	0	0	0	0	0
35	Occupancy	2	2	0	0	0	0
40	Other Services and Charges	271	322	167	100	0	100
41	Contractual Services	20	15	209	150	0	150
50	Subsidies and Transfers	4,984	5,032	3,932	8,328	0	8,328
70	Equipment	22	17	11	7	0	7
Non-Personal Services Subtotal		5,575	5,644	4,326	8,592	0	8,592
TOTAL		6,579	6,527	5,298	9,798	0	9,798

Fiscal Year 2012 Operating Budget, By Program (Gross Funds)							
Commission on the Arts and Humanities							
Program and Activity Codes	FY10 Approved	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	
1000	Agency Management Program						
1010	Personnel	22	25	26	27	0	27
1015	Training and Employee Development	26	26	29	29	0	29
1020	Contracting and Procurement	13	15	12	12	0	12
1030	Property Management	298	264	25	25	0	25
1040	Information Technology	17	8	33	4	0	4
1050	Financial Services	19	18	19	19	0	19
1055	Risk Management	16	16	17	17	0	17
1080	Communications	47	47	41	50	0	50
1085	Customer Service	20	20	21	21	0	21
1090	Performance Management	85	84	91	92	0	92
1000	<i>SUBTOTALS</i>	564	522	313	297	0	297
1000	<i>FTEs</i>	2.05	1.8	2.0	2.0	0	2.0
2000	Arts Buildings Communities						
2010	Arts Buildings Communities	11,722	5300	4,168	7,027	0	7,027
2000	<i>SUBTOTALS</i>	11,722	5300	4,168	7,027	0	7,027
2000	<i>FTEs</i>	6.13	6.0	6.4	6.4	0	6.4
3000	DC Creates Public Art						
3010	Neighborhood and Public Art	173	102	0	206	0	206
3020	Art Placement Support	29	0	0	0	0	0
3000	<i>SUBTOTALS</i>	202	102	0	206	0	206
3000	<i>FTEs</i>	0.57	0.9	0	3.0	0	3.0

Fiscal Year 2012 Operating Budget, By Program (Gross Funds) CONTINUED							
Commission on the Arts and Humanities							
Program and Activity Codes		FY10 Approved	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee
4000	Arts and Learning Outreach						
4010	Arts Learning for Youth	628	348	535	2,091	0	2,091
4020	Lifelong Learning	201	220	247	141	0	141
4030	Community Outreach	0	0	0	0	0	0
4000	<i>SUBTOTALS</i>	829	569	782	2,232	0	2,232
4000	<i>FTEs</i>	4.10	3.8	5.1	4.1	0	4.1
5000	Administration						
5010	Legislative and Grants Management	34	31	34	35	0	35
5000	<i>SUBTOTALS</i>	34	31	34	35	0	35
5000	<i>FTEs</i>	0.45	0.38	0.45	0.45	0	0
TOTAL OPERATING BUDGET		5,877	14,060	6,578	5,877	0	5,877
TOTAL FTEs		14.00	15.00	14.00	14.00	0	14.00

Mayor's Proposed Fiscal Year 2012-2017 Capital Budget, By Project (in thousands)								
Code	Project Name	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	6-Year
AH7GPC	Arts and Humanities Grants and Projects	2,700	2,700	2,700	2,700	2,700	2,700	16,200
Agency Total		2,700	2,700	2,700	2,700	2,700	2,700	16,200

Committee's Approved Fiscal Year 2012-2017 Capital Budget, By Agency (in thousands)								
Code	Project Name	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	6-Year
AH7GPC	Arts and Humanities Grants and Projects	2,700	2,700	2,700	2,700	2,700	2,700	16,200
Agency Total		2,700	2,700	2,700	2,700	2,700	2,700	16,200

1. COMMITTEE ANALYSIS AND COMMENTS

a. Agency Mission and Overview

The mission of the D.C. Commission on the Arts and Humanities (DCCAH) is to provide grants, programs and educational activities that encourage diverse artistic expressions and learning opportunities so that all District of Columbia residents and visitors can experience the city's rich culture. The DCCAH implements its programs through both operating and capital budget funds.

The Commission on the Arts and Humanities was established by District law to: "evaluate and initiate actions on matters relating to the arts and to encourage programs and the development of programs which promote progress in the arts." (D.C. Code §39-203, effective Oct. 21, 1975). DCCAH resides in the Office of the Mayor and has eighteen board members, each of whom is appointed by the Mayor with the advice and consent of the Council.

The Commission on the Arts and Humanities provides financial support and conducts programming in three primary areas:

- **DC Creates Public Art.** The purpose of the DC Creates Public Art Program is to provide high quality art installations and administrative support services for the public so they can benefit from an enhanced visual environment. For FY 2012, this program will for the second year be entirely through the capital budget.
- **Arts Learning and Outreach.** The purpose of the Arts Learning and Outreach Program is to provide grants, educational activities and outreach services for youth, young adults and the general public so they can gain a deeper appreciation for the arts and enhance the overall quality of their lives and the lives and lifestyles of and within our communities.
- **Arts Building Communities.** The purpose of the Arts Building Communities program is to provide grants, performances, exhibitions, and other services to individual artists, arts organizations and neighborhood/community groups so these art groups can express, experience, and have access to the rich cultural diversity of the District. Grants are based on funding availability and advisory panel recommendations.

The Commission on the Arts and Humanities serves as both the Municipal Arts Agency (MAA) and the designated State Arts Agency (SAA). As the MAA, DCCAH initiates, develops, and encourages programs that promote progress in the arts. As the SAA, DCCAH receives federal grants for arts from the National Endowment for the Arts. However in FY 2012, the President of the United States has forwarded as a portion of the executive budget the direct allocation of \$5M to be administered by the Commission on Arts and Humanities as the SAA, these funds have been distributed through the National Endowment for the Arts in the past. This allocation, while welcome, creates a

paradoxical dilemma, pitting local, yet national institutions, in direct competition with grass-root artists, art programs and community-based service providers, who have never before been faced with directly competing with national/renown institutions and their affiliated artists.

b. Mayor's Proposed Fiscal Year 2012 Operating Budget

Proposed Operating Budget Summary

Local Funds: The Mayor's proposed budget is \$3,920,000 which is a decrease of \$442,000, from the FY11 approved budget. The proposed funding supports 16 FTEs an increase of two (2) FTE's over the approved FY 2011 Budget.

Special Purpose Revenue Funds: The Mayor's proposed budget includes \$100,000 in special purpose funds, with no dedicated FTEs.

Federal Funds: DCCAH is scheduled to receive \$5,779,000 in federal funding during FY 2012.

Intra-District Funds: There is not FY 2012 budget for Intra-District Funds. This reflects a reduction of \$15,000 from the approved FY 2011 Budget.

Committee Analysis and Comments

Though DCCAH faces an 84.9% increase in its operating budget, the \$4,499,882 represents the direct allocation of \$5,000,000 in federal grant funding, heretofore allocated to local art programs and artists directly by the National Endowment for the Arts. Therefore, these are not new dollars to the District but a reallocation of the distribution mechanism. Given this consideration in reality, the net loss to art programs in the District of Columbia is \$500,118.00 which could severely impact art programs and operations in our City.

The Committee has requested the DCCAH to investigate the premise that the City is committed to allocating at a minimum 1% of the Capital Budget in support of art in public spaces and whether this commitment has been met. Additionally, the Commission is charged with researching this potential revenue stream and its impact on current, past and present program offerings and potential funding.

c. Mayor's Proposed Fiscal Year 2012 Operating Budget

Proposed Capital Budget Summary

DCCAH's proposed capital program budget is \$2.7 million. These dollars fund the agency's Public Art Building Communities program, the Capital Arts Grants program, and the Art Bank program. Remaining funds will be allocated towards maintenance for the capital projects, with the understanding that none of the funding will

be utilized in support of FTEs, as the government is moving away from this funding stream in full recognition of the long-term debt-service implications.

The main objective of DCCAH's capital program is to implement high quality public art projects in the District.

Committee Analysis and Comments

Public Art Building Communities Program. The proposed capital budget will allocate funding for this program which offers funds to eligible artists and nonprofit organizations for the creation and installation of permanent public art projects with a life span of at least five years. Projects must provide exposure of public art to the broader community or to persons traditionally underserved or separated from the cultural mainstream due to geographic location, economic constraints, or disability.

Capital Arts Grants. The proposed capital budget will allocate funds to the Capital Arts Grants program. Organizations are invited to apply for capital funding support in the form of matching grants to help defray costs related to the improvement, expansion, and rehabilitation of existing buildings owned or leased by nonprofit cultural institutions.

Art Bank Program. Currently there are over 2,000 artworks in the Art Bank Collection in nearly 145 District government agencies. The proposed capital budget will allocate \$160,000 for this program. The artwork is purchased by DCCAH from local artists. It is documented, framed, and installed in public areas of District government agencies, thus improving the environment in public facilities for District residents and employees. *(The Committee has directed the Commission to investigate the intellectual property concerns associated with the collections with the hope of utilizing the uniqueness of the artwork for reproduction and potentially creating a funding stream for future art acquisition and the maintenance of the existing collection.)*

d. Summary of Fiscal Year 2011 Budget Hearing Testimony

The FY 2012 Budget Hearing for the D.C. Commission on the Arts and Humanities was held on May 2, 2011.

Copies of witness testimony are available by request in the Committee Office.

Government Testimony

- **Ayris T. Scales, Interim Executive, D.C. Commission on the Arts and Humanities,** spoke of the diligent efforts of the Commission to expand its outreach and be reflective of the diversity of our City and its communities. Ms. Scales spoke with some consternation of the proposed \$5M direct grant to the District of Columbia, heretofore administered by the National Endowment of the Arts for District art programs and artist and the potential for aggressive

competition between local artists and national institutions, who, heretofore, have been dependent upon federal funding to supplement their program offerings.

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2. COMMITTEE RECOMMENDATIONS

a. Fiscal Year 2012 Operating Budget Recommendations

The Committee approves the FY 2012 operating budget for DCCAH as proposed by the Mayor.

b. Fiscal Year 2012 Capital Budget Recommendations

The Committee approves the FY 2012 capital budget for DCCAH as proposed by the Mayor.

c. Additional Budget Needs Not Funded in the Committee's Recommendations

The Committee, much like its predecessor, Chairman Brown, continues to strongly support a dedicated funding stream for the arts, and has requested the agency to investigate the allocation that there is the possibility of enabling legislation supporting public art for public spaces, dependent upon a 1% allocation of capital projects for funding, and requests the agency to pursue the inquiry as to the legitimacy of the claim. Additionally, the committee remains committed to working with the administration, the Deputy Mayor for Planning and Economic Development, as well as the Mayor's Grants Office to identify additional and complementary funding to assist in the promotion of the Commissions mission, goals and program offerings.

D. DESTINATION DC

Fiscal Year 2012 Operating Budget, By Revenue Type (in thousands)						
Destination DC						
Source of Funds	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	
Local Funds	0	0	0	0	0	
Dedicated Taxes	0	0	0	0	0	
Special Purpose Funds	0	0	0	0	0	
Federal Funds	0	0	0	0	0	
Intra District Funds	0	0	0	0	0	
Other Funds	0	0	0	0	0	
Total Operating Budget	0	0	0	0	0	

Fiscal Year 2012 Operating Budget, By Comptroller Source Group (Gross Funds)						
Destination DC						
Comptroller Source Group	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	
11 Regular Pay	0	0	0	0	0	
12 Regular Pay - Other	0	0	0	0	0	
14 Fringe Benefits	0	0	0	0	0	
15 Overtime Pay	0	0	0	0	0	
Personal Services (PS)	0	0	0	0	0	
20 Supplies & Materials	0	0	0	0	0	
30 Energy, Comm. and Bldg Rentals	0	0	0	0	0	
31 Communications	0	0	0	0	0	
41 Contractual Services & Other	0	0	0	0	0	
50 Subsidies & Transfers	0	0	0	0	0	
60 Land and Buildings	0	0	0	0	0	
70 Equipment	0	0	0	0	0	
80 Debt Service	0	0	0	0	0	
Nonpersonal Services (NPS)	0	0	0	0	0	
GROSS FUNDS	0	0	0	0	0	

Fiscal Year 2012 Operating Budget, By Program (Gross Funds)							
Destination DC							
Agency Program		FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	
1000	Destination DC	0	0	0	0	0	
GROSS FUNDS		0	0	0	0	0	

1. COMMITTEE ANALYSIS AND COMMENTS

a. Agency Mission and Overview

Destination DC is contracted by the Washington Convention and Sports Authority to serve as the sales and marketing arm for the Convention Center and its members. They are a private non-profit organization with a membership of more than 850 businesses, including hotels, restaurants, arts and cultural institutions. They report to both their board of directors and to the Board of the Washington Convention and Sports Authority. They are the official DC tourism marketing organization, they work to increase economic development for the city and to maximize revenues for the Authority and the district government by increasing the number of overnight visitors. Their destination marketing efforts impact both the convention and tourism businesses. Their efforts directly and indirectly impact the mission of the Washington Convention and Sports Authority (WCSA) in the provision of superior convention services to customers, promote the District as a venue for sports and entertainment activities, and serve as an economic engine to the nation’s capital. Destination DC creates economic and community benefits for the District through the attraction and promotion of hospitality, athletic, entertainment and cultural events.

Travel and tourism is a net revenue generator for the District and a powerful source of short-term economic development. Visitors pumped more than \$5.2 billion into the local economy in 2009, representing more than \$585M in tax dollars for the City alone. Thanks to the new dollars that visitors introduced into our economy, each DC household realized a tax savings of approximately \$2,200.

As the City’s second largest industry behind the federal government, the hospitality industry supports more than 66,000 jobs. In FY 10 Destination DC’s marketing and sales efforts yielded more than \$1 billion in direct spending from visitors and convention attendees in the District. Destination DC is able to report strong convention numbers in 2011. In fact, there are 22 citywide convention efforts representing nearly \$339M in economic impact for the City

In FY 2012 Destination DC's leisure marketing efforts will include the National Cherry Blossom Festival's Centennial Celebration, which will be expanded from 16 days to five weeks. They will also work closely with Cultural Tourism DC to market Passport DC, showcasing numerous embassies and countries throughout DC. Additionally, 2012 will mark the second year of the civil War to Civil Rights promotion and the dedicated micro-site will continue to be a place for information about historic locations and commemorative events.

b. Mayor's Proposed Fiscal Year 2012 Operating Budget

Proposed Operating Budget Summary

Local Funds: Destination DC does not receive any local funds.

Special Purpose Revenue Funds: The projected dedicated taxes the WCSA will receive in FY 2011 are \$98,079,198. WCSA's dedicated taxes are comprised of two sources of revenue:

- 4.45% of the 14.5% sales and use tax on hotel room charges; and
- 1% of the 10% sales and use tax on restaurant meals, alcoholic beverages consumed on premises and rental vehicle charges.

It is from the funds that Destination DC is funded. Approximately, \$2M per annum is forwarded to DDC from the WCSA for the purpose of tourism promotion.

Committee Analysis and Comments

Destination DC is a well run operation that has consistently strived to expand operations, improve services and recruit additional resources in the promotion of tourism for Washington DC. Destination DC is funded through WCSA from the District's contribution of dedicated hotel and restaurant taxes. The Committee expects DDC to continue to look for ways to improve operational efficiencies during FY 2012.

c. Summary of Fiscal Year 2012 Budget Hearing Testimony

The FY 2012 Budget Hearing for Destination DC was held on May 2, 2011. **Copies of witness testimony are available by request in the Committee Office.**

Public Testimony

Elliot L. Ferguson, President and CEO, Destination DC. Mr. Ferguson testified on how additional investment in tourism marketing would generate incremental tax dollars and create substantial jobs. He also discussed how Destination DC has worked with WCSA and how they have adapted to the recent challenging economic times and budget environment.

2. **COMMITTEE RECOMMENDATIONS**

a. **Fiscal Year 2012 Operating Budget Recommendations**

The Committee approves the FY 2012 operating budget for Destination DC as proposed by the Mayor.

E. D.C. BOXING AND WRESTLING COMMISSION

Fiscal Year 2012 Operating Budget, By Revenue Type (in thousands)						
Boxing and Wrestling Commission						
Source of Funds	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	
Local Funds	0	0	0	0	0	
Dedicated Taxes	0	0	0	0	0	
Special Purpose Funds	64	92	95	0	95	
Federal Funds	0	0	0	0	0	
Intra District Funds	0	0	0	0	0	
Other Funds	0	0	0	0	0	
Total Operating Budget	64	92	95	0	95	

Fiscal Year 2012 Operating Budget, By Revenue Type						
Boxing and Wrestling Commission						
Comptroller Source Group	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	
11 Regular Pay	0	0	0	0	0	
Personal Services (PS)	0	0	0	0	0	
20 Supplies & Materials	3	5	5	0	5	
40 Other Services	38	38	38	0	38	
41 Contractual Services & Other	50	48	50	0	50	
70 Equipment	1	1	1	0	1	
Nonpersonal Services (NPS)	92	92	95	0	92	
GROSS FUNDS	92	92	95	0	92	

Fiscal Year 2012 Operating Budget, By Program (Gross Funds)						
Boxing and Wrestling Commission						
Agency Program	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	
1000 Commission on Boxing and Wrestling	92	92	95	0	95	
GROSS FUNDS	92	92	95	0	95	

1. COMMITTEE ANALYSIS AND COMMENTS

a. Agency Mission and Overview

The mission of the D.C. Boxing and Wrestling Commission (“BWC”) is to effectively regulate all boxing, wrestling, and mixed martial arts events in the District of Columbia. BWC is committed to establishing and maintaining the highest ethical practices and conduct of boxing and other combative sports in the District. BWC is also dedicated to protecting the health, safety and welfare of its licensees; promoting public confidence in the sports industry; establishing trust in the regulatory process; and achieving the ultimate goal of making the District of Columbia the industry’s sports capital.

The Boxing and Wrestling Commission was established by D.C. Law 1-20, the “Boxing and Wrestling Commission Act of 1975.” It was subsequently amended by the “District of Columbia Boxing and Wrestling Commission Act-- Amendment of 1976,” and again by the “District of Columbia Boxing and Wrestling Commission Act Amendment Act of 1988.”

The BWC has a three member board. Each member must be appointed by the Mayor and approved by the D.C. Council, and must remain residents of the District of Columbia for the duration of the term.

b. Mayor’s Proposed Fiscal Year 2012 Operating Budget

Proposed Operating Budget Summary

Local Funds: BWC does not receive any local funds.

Special Purpose Revenue Funds: The proposed budget is \$95,000 in special purpose funds, with no FTE reduction. The source of these funds is generated through license fees and deposited into the Boxing Commission-Revolving Account.

Federal Fund: BWC does not receive any federal funds.

Intra-District Funds: BWC does not receive any intra-district funds.

Committee Analysis and Comments

The Commission’s 4% increase in its operating budget will not substantially impact its ability to achieve its mission and performance goals during FY 2012. Its planned partnerships with the Washington Convention Center and Sports Authority (“WCSA”) will allow the BWC to save on promotions and outreach of its annual special events. D.C. Official Code §10-1202.02 states that the WCSA is responsible for exercising the non-regulatory functions of the Boxing and Wrestling Commission,

including all advertising, promotion, and attraction of boxing, wrestling, and mixed martial arts events.

e. **Summary of Fiscal Year 2012 Budget Hearing Testimony**

The FY 2012 Budget Hearing for the Commission on the Boxing and Wrestling was held on May 2, 2011. **Copies of witness testimony are available by request in the Committee Office.**

Government Testimony

Bryan “Scottie” Irving, Chair, DC Boxing and Wrestling Commission. Mr. Irving reported that the Commission plans to coordinate additional DC revenue-generating Boxing, Wrestling, and Mixed Martial Arts events during FY 2012 in order to exceed the 14 events coordinated in FY11. Additionally, the Chairman instructed the Commission to realize outreach to the Department of Parks and Recreation, DC Public Schools, the Department of Youth Rehabilitation and other direct service providers interacting with youth and their families in an effort to assure an exposure to alternative recreational and character building pursuits. There was also discussion about the Commission assuming a greater role in the oversight and coordination of community-based gymnasiums and facilities specializing in boxing, wrestling and martial arts in an effort to assure the safety, well-being and health of program participants.

2. **COMMITTEE RECOMMENDATIONS**

a. **Fiscal Year 2012 Operating Budget Recommendations**

The Committee approves the FY 2012 operating budget for the D.C. Boxing and Wrestling Commission as proposed by the Mayor.

F. DEPARTMENT OF SMALL AND LOCAL BUSINESS DEVELOPMENT

Fiscal Year 2012 Operating Budget, By Revenue Type (in thousands)							
Department of Small and Local Business Development							
Source of Funds	FY10 Approved	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	
Local Funds	2,384	2,339	4,653	2,852	0	2,852	
Dedicated Taxes	0	0	0	0	0	0	
Special Purpose Funds	0	0	0	0	0	0	
Federal Funds	0	341	356	361	0	361	
Intra District Funds	0	3,080	50	51	0	51	
Private Funds	300	300	0	0	0	0	
Total Operating Budget	2,684	6,060	5,059	3,264	0	3,264	

Fiscal Year 2012 Operating Budget FTEs, By Revenue Type							
Department of Small and Local Business Development							
Source of Funds	FY10 Approved	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	
Local Funds	23.5	23.1	20.5	20.5	0.0	20.5	
Dedicated Taxes	0.0	0.0	0.0	0.0	0.0	0.0	
Special Purpose Funds	0.0	0.9	0.0	0.0	0.0	0.0	
Federal Funds	0.0	0.2	4.0	4.0	0.0	4.0	
Intra District Funds	0.0	0.0	0.5	0.5	0.0	0.5	
Other Funds	0.0	0.0	0.0	0.0	0.0	0.0	
FTEs	23.5	23.1	25.0	25.0	0.0	25.0	

Fiscal Year 2012 Operating Budget, By Comptroller Source Group (Gross Funds, in thousands)							
Department of Small and Local Business Development							
Comptroller Source Group Object Class	FY10 Approved	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	
11	Regular Pay	1,742	1,672	1,501	1,444	0	1,444
12	Other Pay	87	309	448	528	0	528
13	Additional Gross Pay	0	79	0	0	0	0
14	Fringe Benefits	320	362	377	420	0	420
Personal Services (PS)		2,150	2,422	2,327	2,391	0	2,391
20	Supplies and Materials	10	26	10	10	0	10
30	Utilities	28	26	0	0	0	0
31	Communications	25	30	0	0	0	0
32	Rent	0	0	0	0	0	0
33	Janitorial	14	13	0	0	0	0
34	Security	8	3	0	0	0	0
35	Occupancy	14	14	0	0	0	0
40	Other Services and Charges	93	106	48	23	0	23
41	Contractual Services	41	39	490	195	0	195
50	Subsidies and Transfers	300	3,082	2,185	644	0	644
70	Equipment	1	0	0	0	0	0
Non-Personal Services Subtotal		535	3,339	2,733	873	0	873
TOTAL		2,685	5,761	5,060	3,264	0	3,264

Fiscal Year 2012 Operating Budget, By Program (Gross Funds, in thousands)							
Department of Small and Local Business Development							
Program and Activity Codes	FY10 Approved	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	
1000	Agency Management Program						
1010	Personnel	71	71	19	17	0	17
1015	Training and Education	59	54	16	14	0	14
1020	Contracting and Procurement	25	24	16	14	0	14
1030	Property Management	82	76	16	14	0	14
1040	Information Technology	67	69	83	54	0	54
1050	Financial Management	69	116	116	120	0	120
1055	Risk Management	32	32	16	14	0	14
1060	Legal	8	40	181	150	0	150
1070	Fleet Management	1	0	2	3	0	3
1080	Communications	26	17	14	14	0	14
1085	Customer Service	60	59	60	60	0	60
1090	Performance Management	17	15	17	16	0	16
<i>1000</i>	<i>SUBTOTALS</i>	<i>518</i>	<i>572</i>	<i>556</i>	<i>492</i>	<i>0</i>	<i>492</i>
<i>1000</i>	<i>FTEs</i>	<i>4.0</i>	<i>4.08</i>	<i>3.8</i>	<i>3.5</i>	<i>0</i>	<i>3.5</i>
2000	Certification and Compliance						
2010	Certification	462	463	703	576	0	576
2020	Compliance	166	130	0	0	0	0
2030	Training and Education	0	-1	0	0	0	0
2040	Contracting Opportunities	0	-2	0	0	0	0
2050	Capacity Building	0	1,891	0	85	0	85
<i>2000</i>	<i>SUBTOTALS</i>	<i>627</i>	<i>2,488</i>	<i>703</i>	<i>662</i>	<i>-42</i>	<i>-42</i>
<i>2000</i>	<i>FTEs</i>	<i>7.5</i>	<i>7.4</i>	<i>7.8</i>	<i>7.5</i>	<i>0</i>	<i>7.5</i>

Fiscal Year 2012 Operating Budget, By Program (Gross Funds, in thousands) CONTINUED							
Department of Small and Local Business Development							
Program and Activity Codes	FY10 Approved	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	
3000	Business Opportunities and Access to Capital						
3010	Training and Education	271	187	0	136	0	136
3020	Business Opportunities	264	240	203	321	0	321
3030	Capital Acquisition	177	232	0	0	0	0
3040	Procurement Tech Assistance Program	0	0	387	491	0	491
3050	Access to Capital	0	0	85	0	0	0
3000	<i>SUBTOTALS</i>	712	660	675	948	0	948
3000	<i>FTEs</i>	7.5	7.4	7.1	9.5	0	9.5
4000	Commercial Revitalization						
4010	Neighborhood Corridor Revitalization	286	1,524	606	279	0	279
4020	Capacity Building	542	518	2,439	884	0	884
4000	<i>SUBTOTALS</i>	828	2,041	3,045	1,162	0	1,162
4000	<i>FTEs</i>	4.50	4.40	4.8	4.5	0	4.5
5000	Training and Education						
5010	Training and Education	0	0	0	109	0	109
5000	<i>SUBTOTALS</i>	0	0	0	109	0	109
5000	<i>FTEs</i>	0	0	0	1.65	0	1.65
TOTAL OPERATING BUDGET		2,521	5,761	5,060	3,264	0	3,264
FTEs		31.0	28.8	23.5	25.0	0	25.5

1. COMMITTEE ANALYSIS AND COMMENTS

a. Agency Mission and Activities

The Department of Small and Local Business Development (“DSLBD”) was created via the Disadvantaged Business Enterprise Development and Assistance Act of 2005. The legislation converted the Office of Local Business Development to full Department status, and created new programmatic areas and expanded the agency’s mission to involve comprehensive small business development.

DSLBD’s mission is to foster the economic growth of Certified Business Enterprises (“CBEs”). The Department educates the public about the CBE law, stimulates and fosters greater opportunities for CBEs to participate in District contracting and procurement, advocates for local business friendly legislation; and evaluates the operations and outcomes of the CBE programs on a continuing basis.

The authorizing statute requires that 35% of the dollar value of all construction and non-construction contracts supported by District Funds shall be subcontracted to small business enterprises and requires 20% equity and development participation for CBEs in all development projects supported by District funds and that take place on District owned property; and

DSLBD also certifies businesses as eligible to participate in the District's CBE programs, which include set-aside programs and the receipt of certain bidding preferences related to District contracting and procurement.

The DSLBD operates through the following three divisions:

- Certification;
- Business Opportunities and Access to Capital (BOAC);
- Commercial Revitalization

The Certification processes applicants into the CBE division. It also monitors, tracks, and reports the activities of District government agencies and non-government project partners to ensure compliance with set-aside goals regarding the utilization and participation of CBEs.

The Business Opportunities and Access to Capital Program (BOAC) provides District-based businesses with the knowledge and capacity-building tools necessary to form, develop, grow, and expand by offering and providing classes, training, technical assistance, and advocacy to promote greater participation in local, federal, and private-sector opportunities.

The Commercial Revitalization Division provides technical and funding assistance that supports, promotes, and fosters economic development in commercial

districts as well as the retention, recruitment, and enhancement of small businesses throughout the city.

b. Mayor's Proposed FY 2012 Operating Budget:

DSLBD's proposed FY 2012 operating budget is \$3,264,071. The proposed budget is a \$1,795,708 decrease from the FY 2011 budget. The number of authorized full time equivalent employees supported by the proposed budget 20.5, which remains consistent from the FY 2011 budget.

Proposed Operating Budget Summary

Local Funds: The local funds proposed budget for FY 2012 is \$2,852,000, a decrease of \$1,801,000, which supports 20.5 FTEs. Notable baseline adjustments include a decrease of \$1,460,497 for the Commercial Revitalization program and \$300,000 for contractual services.

Special Purpose Revenue Funds: There are no funds in the proposed FY 2012 budget for Special Purpose Revenue. There are no FTEs supported by Special Purpose Revenue in the FY2012 proposed budget.

Federal Grant Funds: There is a budget of \$361,000 in Federal Grant Funds, an increase of \$40,000 and 4 FTEs in the proposed FY 2012 budget.

- **Intra-District Funds:** There is a budget of \$51,000 in Intra-District Funds for the FY 2012 proposed budget, and 0.5 FTE.

Committee Analysis and Comments

DSLBD provides support, advocacy, and business development assistance to small and local businesses in the District. These services are vital in this challenging economic climate.

During Fiscal Year 2011, The Office of the District of Columbia Auditor reported on their investigation regarding Public-Private Development Project Compliance with Certified Business Enterprise Goals through Fiscal Year 2010.¹ The Small, Local, and Disadvantaged Business Development Act of 2005 (the Act), as amended,² required the Auditor to determine in public-private developers were in compliance with the

¹ See DC Auditor Report DCA122011, March 21, 2011

² See D.C. Official Code § 2-218.01 of the Small, Local, and Disadvantaged Business Development Act of 2005 Act, as amended.

requirements expressed in either their Certified Business Enterprise (CBE) Agreement or Memoranda of Understanding (MOU) executed by the DSLBD.³

The Auditor reviewed all agreements and MOUs executed with DSLBD for each developer, and reviewed each developer's CBE expenditures on file with DSLBD. The further states that the examination was conducted as a nonaudit service⁴ because of the limitations in data submitted to the Auditor by DSLBD.

The Auditor notes that the Small, Local, and Disadvantaged Business Enterprise Development and Assistance Act of 2005, as amended, states: "It shall be the goal and responsibility of the Department of Small and Local Business Development to stimulate and foster the economic growth and development of businesses based in and serving the District of Columbia, particularly certified business enterprises, with the intended goals of: (A) Stimulating and expanding the local tax base of the District of Columbia; (B) Increasing the number of viable employment opportunities for District residents; and C) Extending economic prosperity to local business owners, their employees, and the communities they serve."

The Auditor found the following regarding 227 of the 268 projects they reviewed: Five projects that have an unknown CBE goal because DSLBD could not locate a complete CBE Agreement or MOU; 122 projects with an unknown status because: 1) DSLBD could not provide information on whether the project is ongoing or completed; and 2) the developer did not submit an expenditure report for Quarter 4 of FY 2010; and 100 projects that have an unknown CBE goal and an unknown status.

The Auditor summarized, "There are 105 projects that have an unknown CBE goal because DSLBD could not locate a complete CBE Agreement or MOU, and there are 222 projects with an unknown status. The Auditor made multiple attempts to obtain more information from DSLBD on these projects, but DSLBD management was unable to satisfy the requests."

Moreover, on January 31, 2011, the Auditor released a report of the District of Columbia Agencies' Compliance with Small Business Enterprise (SBE) Expenditure Goals though the 3rd Quarter of Fiscal Year 2010.⁵ The objects of this examination were to: (1) determine whether District agencies were on target to meet the required goal of

³ The DC Auditor has a dedicated Certified Business Compliance Unit.

⁴ See Government Auditing Standards, July 2007 Revision A3.02 and A3.03a, which states in part that Audit organizations in government entities frequently provide nonaudit services that differ from the professional services provided by an accounting or consulting firm to or for the audited entity. The types of nonaudit services are often performed in response to a statutory requirement, at the discretion of the authority of the audit organization, or for a legislative oversight body or an independent external organization and do not impair auditor independence. Examples of these types of services include providing information or data to a requesting party without auditor evaluation or verification of the information or data.

⁵ See DC Auditor Report DCA102011, January 1, 2011

procuring 50% of their expendable budgets with SBEs in FY 2010;⁶ (2) determine District agencies' compliance with SBE goal establishment and expenditure reporting requirements set forth in the Act; and (3) assess DSLBD and District agency directors' implementation of recommendations contained in the Auditor's report entitled, "District of Columbia Agencies' Compliance with Small Business Enterprise Goals for the 1st and 2nd Quarter of Fiscal Year 2010," issued September 24, 2010.⁷

The Auditor's report concluded that of the 75 agencies reviewed in their examination, only 14 agencies were "on target to meet or exceed their SBE goal."⁸

c. Summary of Fiscal Year 2012 Budget Oversight Hearing Testimony:

The FY 2012 Budget Hearing for DSLBD was held on April 7, 2011. **Copies of witness testimony are available by request in the Committee Office.**

Public Testimony

Mr. Tip Tipton, President, Barracks Row Main Street

Mr. Tipton testified in support of continued funding for Barracks Row Main Street organizations. The Barracks Row Main Street program produces a large positive cash flow to the DC government in the form of tax revenues to the city and attracting tourists to the area. Additionally, Mr. Tipton testified that Main Street programs stimulate huge involvement of residents of their communities through volunteers who freely give their time, knowledge, and skills. Mr. Tipton stated that nearly 20% of available space is occupied by retail, and over 30% is now nonprofit and professional services. Main Street programs have even added 24 residences in recent years. Mr. Tipton closed by saying that the loss of funding from DSLBD would be a serious loss to the program and he urges the District to fully fund all DC Main Street programs so they can continue their good work to revitalize the City's traditional commercial districts.

Mr. Martin Smith, Executive Director, Barracks Row Main Street

Mr. Smith testified in support of continued funding for the Barracks Row Main Street program. Mr. Smith explained that over the last 12 months, the program has added 56 new parking spaces to Barracks Row patrons, collected 8,500 bags of trash, and by leveraging funding from DSLBD with private fundraising activities, the program brings in over \$60,000 each year with hundreds of thousands of dollars in other grants and projects. Mr. Smith closed by testifying that the Barracks Row Main Street program will prove to pay dividends over and over and continues to attract tourists and sales tax revenue to the District.

⁶ See D.C. Official Code §2-218.21(a) of the Small, Local, and Disadvantaged Business Enterprise Development and Assistance Act of 2005, as amended.

⁷ See DC Auditor Report DCA132010, September 24, 2010

⁸ DSLBD was included in this examination and during the investigation period of October 1, 2009 to June 30, 2010, 5% of their expenditures went to SBEs.

Mr. Bernard Addison, Team Supervisor, Ready Willing and Working

Mr. Addison testified in support of continued funding for the Main Street Program. Mr. Addison explained how Ready Willing & Working changed his life and transformed him to a contributing member of society.

Mr. Edrick Lewis, Supervisor, North Capital Main Street, Ready Willing and Working

Mr. Lewis testified in support of Ready Willing & Working and how the program changed his life from being homeless to being a well-respected supervisor with the North Capitol Main Street program. Mr. Lewis explained how the program helped him move from transitional housing to his own apartment. Mr. Lewis closed by describing how grateful he is for being part of a program that helps poor and homeless people sustain jobs and transform their lives.

Ms. Patty Brosmer, President, Ready Willing and Working

Ms. Brosmer testified in support of Ready Willing and Working and how the program provides steady work experience and supportive services to homeless and formerly incarcerated men, many with histories of substance abuse. Ms. Brosmer explained that between North Capitol Main Street and Barracks Row Main Street, the city spent about \$200,000 on supplemental services for fiscal year 2010 and received nearly 10,000 man-hours of services including trash and graffiti removal. Additionally, the program workers planted 10,000 flowers on Barracks Row last fall. Ms. Brosmer closed by explaining that the program is good for the community and a good solution to end homelessness and criminal recidivism in the District.

Mr. Anwar Saleem, Executive Director, H Street Main Street

Mr. Saleem testified in support of continued funding for the DC Main Streets program and the important services delivered through H Street Main Street. Mr. Saleem explained that plans to completely eliminate funding for DC Main Streets will likely disconnect the 2,500 businesses that they collectively support from the District's economic development strategy. Mr. Saleem stated that H Street Main Street, through direct recruitment and partnerships, has attracted over 150 new businesses. Twenty-eight of those businesses opened in 2009 and 24 in 2010. These businesses have created a stronger tax base and nearly 600 new jobs. Additionally, the green team services provided by the H Street Main Street program have collected over 300,000 tons of trash in the past year. Mr. Saleem closed by reminding Council that the investment in H Street has resulted in achievements that have made a measurable and visible improvement in the H Street commercial district.

Mr. Alexandro Padro, Executive Director, Shaw Main Streets

Mr. Padro testified in support of the DC Main Streets program and specifically Shaw Main Streets. Mr. Padro explained that Shaw Main Streets provides an array of services that benefit the communities and businesses in the neighborhood commercial corridors, including the celebrated Green Team. DC Main Streets local programs have organized thousands of volunteers that have worked on projects that support existing businesses,

attract new businesses, make the streets cleaner, safer, and more attractive, encourage new development, generate jobs for neighborhood residents, and produce tax revenue for the District.

Government Testimony

Mr. Antonio Hunter, Director, Department of Small and Local Business Development

Mr. Hunter began his testimony by describing the three primary outcomes of the agency's mission: 1) to stimulate and expand the local tax base of the District of Columbia; 2) to increase the number of viable employment opportunities for District residents; and 3) to extend economic prosperity to local business owners, their employees, and the communities they serve. Mr. Hunter then proceeded to describe the four Department divisions that work in concert to sustain and grow small and local businesses: the Certification Division; the Business Opportunities and Access to Capital Division; the Training and Education Division; and the Commercial Revitalization Division. Mr. Hunter continued his testimony by stating that the overall operating budget for FY2012 has been reduced by 35.5% from FY11, a reduction of \$300,000 for the Healthy Foods Program and a reduction of \$1,461,111 which will impact the Main Streets and BID Litter Clean Teams. There was no change in the number of FTEs budgeted for the agency from FY11. Mr. Hunter closed his testimony by saying that he will work diligently to ensure that the DSLBD is maximizing its effort to create a level playing field for the small business community to compete and win, which will in turn lead to increased revenues, job creation, and an expanded tax base.

2. COMMITTEE RECOMMENDATIONS

a. Fiscal Year 2012 Operating Budget Recommendations

The Committee approves the Mayor's FY 2012 operating budget for DSLBD.

Restoring funds to the Commercial Revitalization Program, the timely distribution of funds, and maintaining quality service delivery will remain a priority for the committee.

b. Fiscal Year 2012 Policy Recommendations

- **Increased Monitoring of SBE (Small Business Enterprise) Expenditure Goals within the District.** The Committee recommends that DSLBD takes greater efforts to ensure that District agencies are complying with SBE expenditure goals to ensure that District small businesses are appropriately represented in District government purchasing, procurements, and contracts.

- **Increased Coordination with other Agencies Responsible for Business Licensing.** The Committee recommends that DSLBD work closer with the Department of Consumer and Regulatory Affairs, Department of Health, the Alcohol Beverage Regulations Administration, and other agencies responsible for business licensing and review in order to consolidate the licensing process for small business owners in the District.
- **Assist in Prompt Invoice Payment.** The Committee recommends that DSLB work with CBEs to ensure clauses that are conducive to prompt invoice payments are included in contracts that involve District funds.

d. Fiscal Year 2012 Performance Measure Recommendations

For FY 2012, the Committee recommends the following revisions, as recommended by the DC Auditor,⁹ and additions to the DSLBD FY 2012 performance objectives:

- DSLBD should work more proactively with agency directors in ensuring that annual SBE goals are promptly established, expenditures are reported quarterly to the Auditor, and SBE goals are met by the end of the fiscal year.
- DSLBD should provide more comprehensive support to District agencies that neglect to establish an annual SBE goal and those agencies that are in danger of not meeting their annual SBE goal. More intensive support activities should include ongoing communications with agencies' appointed liaisons responsible for completing the SBE goal setting process, and assistance in identifying certified SBEs to provide needed products and services.
- DSLBD should develop and adhere to a standard operating procedure in which they notify the Agency Director, the City Administrator, and the Councilmember responsible for oversight of the non-compliant agency within 10 business days of an agency's failure to submit the Operating Expense Checklist (OEC) and Annual Allocation Letter (AAL) by the due date.
- DSLBD should begin the agency SBE goal setting process not later than November 1st of each fiscal year and complete the process by early January of the same fiscal year.
- DSLBD should establish and adhere to standard operating procedure of reviewing the District's budget each fiscal year to ensure that every

⁹ See footnote 5

agency establishes an annual SBE goal and submits quarterly and annual SBE expenditure reports.

G. OFFICE OF THE DEPUTY MAYOR FOR ECONOMIC PLANNING AND DEVELOPMENT

Fiscal Year 2012 Operating Budget, By Revenue Type (in thousands)							
Office of the Deputy Mayor for Planning and Economic Development							
Source of Funds	FY10 Approved	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	
Local Funds	4,020	3,841	2,270	7,839	0	7,839	
Dedicated Taxes	21,164	17,152	5,578	0	0	0	
Special Purpose Funds	8,226	6,680	7,608	4,979	0	4,979	
Federal Funds	8,000	3,157	6,000	3,000	0	3,000	
Intra District Funds	650	885	648	0	0	0	
Other Funds	0				0	0	
Total Operating Budget	42,060	31,714	22,105	15,819	0	15,819	

Fiscal Year 2012 Operating Budget FTEs, By Revenue Type							
Office of the Deputy Mayor for Planning and Economic Development							
Source of Funds	FY010 Approved	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	
Local Funds	15.5	14.8	12.0	30.0	0.0	30.0	
Dedicated Taxes	4.0	3.8	4.0	0.0	0.0	0.0	
Special Purpose Funds	42.0	39.3	41.0	26.0	0.0	26.0	
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	
Intra District Funds	3.0	0.0	3.0	0.0	0.0	0.0	
Other Funds	0.0	0.0	0.0	0.0	0.0	0.0	
FTEs	64.5	57.9	60.0	56.0	0.0	56.0	

Fiscal Year 2012 Operating Budget, By Comptroller Source Group (Gross Funds) (in thousands)							
Office of the Deputy Mayor for Planning and Economic Development							
Comptroller Source Group Object Class		FY10 Approved	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee
11	Regular Pay	2,635	2,349	3,032	2,978	0	2,978
12	Other Pay	22,838	2,619	2,104	2,222	0	2,222
13	Additional Gross Pay	10	48	0	0	0	0
14	Fringe Benefits	875	885	845	975	0	975
15	Overtime Pay	2	0	0	0	0	0
Personal Services (PS)		6,360	5,901	5,981	6,175	0	6,175
20	Supplies and Materials	90	13	44	20	0	20
30	Utilities	1	0	0	0	0	0
31	Communications	109	152	53	53	0	0
32	Rent	938	483	438	292	0	292
33	Janitorial	0	0	0	0	0	0
34	Security	0	0	0	6	0	6
35	Occupancy	6	0	0	0	0	0
40	Other Services and Charges	8,553	7,287	5,374	4,561	0	4,561
41	Contractual Services	3,535	5,172	1,901	1,210	0	1,210
50	Subsidies and Transfers	22,433	12,641	8,304	3,500	0	3,500
60	Land and Building	0	0	0	0	0	0
70	Equipment	35	59	10	0	0	0
80	Debt Service	0	0	0	0	0	0
91	Expense Not Budgeted	0	0	0	0	0	0
Non-Personal Services Subtotal		35,700	25,813	16,124	9,644	0	9,644
TOTAL		42,060	31,714	22,105	15,819	0	15,819

Fiscal Year 2012 Operating Budget, By Program (Gross Funds) (in thousands)								
Office of the Deputy Mayor for Planning and Economic Development								
Program and Activity Codes	FY10 Approved	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee		
1000	Agency Management Program							
1010	Personnel	50	47	0	0	0	0	
1015	Training and Employee Development	15	0	10	0	0	0	
1020	Contracting and Procurement	551	551	0	0	0	0	
1030	Property Management	506	489	0	0	0	0	
1040	Information Technology	83	58165	0	0	0	0	
1050	Financial Services	0	0	0	0	0	0	
1055	Risk Management	0	0	0	0	0	0	
1080	Communications	1	116	0	0	0	0	
1000	<i>SUBTOTALS</i>	<i>1,207</i>	<i>1,187</i>	<i>184</i>	<i>0</i>	<i>0</i>	<i>0</i>	
1000	<i>FTEs</i>	<i>0.00</i>	<i>0.0</i>	<i>1.00</i>	<i>0.00</i>	<i>0</i>	<i>0</i>	
100F	Agency Financial Operations							
110F	Budget Operations	0	128	244	248	0	248	
100F	<i>SUBTOTALS</i>	<i>0</i>	<i>128</i>	<i>244</i>	<i>248</i>	<i>0</i>	<i>248</i>	
100F	<i>FTEs</i>	<i>0</i>	<i>0.00</i>	<i>2.00</i>	<i>2.00</i>	<i>0</i>	<i>2</i>	
2000	Deputy Mayor for Planning and Economic Development							
2010	Agency Oversight	391	279	306	308	0	308	
2020	Community Outreach	1,291	597	857	2,219	0	2,219	
2030	Economic Development Financing	7,369	8,666	5,162	6,119	0	6,119	
2040	Restore DC	94	44	0	0	0	0	
2050	Home Again	0	0	0	0	0	0	
2070	Public/Private Partnerships	382	368	0	1	0	1	
2080	Neighborhood Investment Fund	19,162	15,295	5,578	0	0	0	
2000	<i>SUBTOTALS</i>	<i>28,689</i>	<i>25,244</i>	<i>11,903</i>	<i>8,647</i>	<i>0</i>	<i>8,647</i>	
2000	<i>FTEs</i>	<i>29.50</i>	<i>25.2</i>	<i>24.0</i>	<i>21.0</i>	<i>0</i>	<i>21.0</i>	

Fiscal Year 2012 Operating Budget, By Program (Gross Funds) (in thousands)								
Office of the Deputy Mayor for Planning and Economic Development								
Program and Activity Codes		FY010 Approved	FY 2010 Actual	FY 2011 Approved	FY 2012 Mayor	Committee Variance	FY 2012 Committee	
4000	Instrumentality Economic Development							
4010	Asset Management Activity	0	0	0	0	0	0	
4020	Development and Disposition Activity	12,163	5,021	9,773	6,923	0	6,923	
4000	<i>SUBTOTALS</i>	<i>12,163</i>	<i>5,021</i>	<i>9,773</i>	<i>6,993</i>	<i>0</i>	<i>6,923</i>	
4000	<i>FTEs</i>	<i>35.00</i>	<i>32.6</i>	<i>33.0</i>	<i>33.0</i>	<i>0</i>	<i>33.0</i>	
7000	Intra-District Agreements							
7011	Economic Development CFO Indirect Costs	0	45	0	0	0	0	
7000	<i>SUBTOTALS</i>	<i>0</i>	<i>45</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	
7000	<i>FTEs</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0</i>	<i>0</i>	
TOTAL OPERATING BUDGET		42,059	31,714	22,105	15,819	0	15,819	
TOTAL FTEs		64.50	57.9	60.0	56.0	0.00	56.0	

Mayor's Proposed Fiscal Year 2012-2016 Capital Budget, By Project (in thousands)								
Code	Project Name	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	6-Year
EB0-AMS11	McMillan Site Redevelopment	900	500	2,000	20,500	25,000	0	48,900
EB0ASC13	Skyland Shopping Center	5,000	0	0	0	0	0	5,000
EB0AWR01	St. Elizabeths East Campus Infrastructure	8,500	8,000	8,500	10,000	25,000	4,100	64,600
EB013	Barry Farm, Park Chester, Wade Road	0	0	0	0	2,000	0	2,000
EB015	Lincoln Hghts, Richardson Dwellings	0	0	0	0	1,000	0	1,000
Agency Total		14,400	8,500	10,500	30,500	53,500	4,100	121,500

1. COMMITTEE ANALYSIS AND COMMENTS

a. Agency Mission and Overview

The Office of the Deputy Mayor for Planning and Economic Development's ("DMPED") mission is to create new job and business opportunities for residents, grow the tax base, and build stronger, healthier, safer neighborhoods across the District of Columbia. DMPED was created in 1999, pursuant to Mayor's Order 1999-62, to assist the Mayor in the coordination, planning, supervision, and, in some cases, execution of all programs, policies, proposals, and functions related to economic development in the District of Columbia. DMPED also advises the Mayor on the most effective allocation of public resources devoted to economic development.

The Deputy Mayor for Planning and Economic Development serves the Mayor in three main capacities:

- Oversight and coordination of the District's economic development programs and projects
- Representation of the Mayor to businesses, developers, and other government agencies
- Management of the executive agencies responsible for economic development

DMPED operates four main programs. They are as follows:

- **Deputy Mayor for Planning and Economic Development:** provides specialized and strategic economic development assistance
- **Instrumentality Economic Development:** implements neighborhood revitalization and economic development projects
- **Agency Management:** provide administrative support and the required tools to achieve operational and programmatic results
- **Agency Financial Operations:** provides comprehensive financial management services to, and on behalf of, District agencies so that the financial integrity of the District of Columbia is maintained.

b. Mayor's Proposed Fiscal Year 2012 Operating Budget

Proposed Operating Budget Summary

DMPED's proposed FY 2012 operating budget is \$15,818,505. The proposed budget is a \$6,286,501 decrease from the FY 2011 budget. The number of authorized full-time equivalent employees (FTEs") supported by the proposed budget is 56. This is a decrease of 4 FTEs from the approved FY 2011 budget.

Local Funds: The proposed FY 2012 local funds budget is \$7,839,000, an increase of \$5,569,000 from the FY 2011 budget. These funds will support 30 FTEs for FY 2012, an increase of 18 FTEs from FY 2011.

Special Purpose Revenue Funds: \$4,979,000 is allocated for Special Purpose Revenue Funds in the proposed FY 2012 budget. There will be 26 FTEs supported by these funds. The Neighborhood Investment Fund (“NIF”) attributed to the revenue source is recommended to be abolished in FY12

Dedicated Taxes: There are no dedicated taxes attributed to the DMPED for FY 12, and no FTEs from the funding source.

Private Grant Funds: DMPED does not have private grant funds for the proposed FY 2012 budget.

Federal Payment Funds: DMPED does not have federal payments included in the proposed FY 2012 budget.

Federal Grant Funds: The proposed FY 2012 Federal Grant Funds budget is \$3,000,000 and is comprised of federal Community Development Block Grant dollars. The budget allocation does not support any FTEs.

Intra-District Funds: DMPED does not have Intra-District Funds for the proposed FY 2012 budget.

Committee Analysis and Comments

The Mayor’s FY 2012 budget reduces DMPED’s operating budget by 28.4% from FY 2011. These severe budget cuts are felt primarily in the areas of subsidies, transfers, and contracts. In addition, the Mayor’s Budget Support Act directs \$10.9 million from DMPED special fund balances to the General Fund to fill the FY 2011 budget gap.

The combination of massive operating budget cuts and the elimination of much of its special fund balance gives the Committee great concern about the ability of DMPED to meet its mission and carryout its overall operations. The Committee asked a series of questions to Deputy Mayor Hoskins to assess the impact of the cuts to the agency and to the District’s priority economic development projects. The Committee was assured by the Deputy Mayor that the cuts will have a nominal affect on the agency’s ability to advance economic development in the District.

Going forward in FY 2011, the Committee would like to see DMPED focus its limited resources on the economic development priorities of the city, which include:

- Creating jobs that can pay District residents better wages and provide better benefits;

- Retaining and attracting businesses that employ District residents and pay District business income taxes;
- Expanding the tax base to improve and revitalize our neighborhoods; and
- Providing opportunities for district residents to buy goods and services from DC-based businesses.

To this end, DMPED should continue to focus on completing priority retail projects in Wards 5 and 7 as well as continue moving forward with the New Communities initiatives, including the Human Capital component.

Another area of concern is DMPED's focus, or lack thereof, on the job creation aspects of economic development. The District is in the midst of an unemployment crisis, with a citywide unemployment rate of 12%, and some wards reaching 20% to 30% unemployment. The office has many programs that can spur job creation, and through DMPED's oversight of DOES, they need to more closely monitor the permanent and temporary jobs created by their initiatives. As such, the Committee is recommending 1) a redirection of funds to support business assistance and job creation initiatives and 2) a new performance measure targeted at measuring job growth resulting from DMPED sponsored initiatives.

c. **Mayor's Proposed Fiscal Year 2010 Operating Budget**

Proposed Capital Budget Summary

DMPED's proposed FY 2012 capital budget is \$14,400,000. The following projects are included:

Mayor's Proposed Fiscal Year 2012-2016 Capital Budget, By Project (in thousands)								
Code	Project Name	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	6-Year
EBO-AMS11	McMillan Site Redevelopment	900	500	2,000	20,500	25,000	0	48,900
EBOASC13	Skyland Shopping Center	5,000	0	0	0	0	0	5,000
EBOAWR01	St. Elizabeths East Campus Infrastructure	8,500	8,000	8,500	10,000	25,000	4,100	64,600
EB013	Barry Farm, Park Chester, Wade Road	0	0	0	0	2,000	0	2,000
EB015	Lincoln Hghts, Richardson Dwellings	0	0	0	0	1,000	0	1,000
Agency Total		14,400	8,500	10,500	30,500	53,500	4,100	121,500

Committee Analysis and Comments

Although DMPED's capital budget is constrained, the Committee is pleased that DMPED has prioritized "doable" projects for realization, establishing a "queue" for city-wide priorities. With limited resources, the Committee has defined a clear vision for projects which will have the greatest impact on communities with the greatest return on investment including: McMillan, Skyland, St Elizabeths East, Barry Farm/Park Chester/Wade Road, and Lincoln Heights/Richardson Dwellings.

d. **Summary of Fiscal Year 2012 Budget Oversight Hearing Testimony**

The FY 2012 Budget Hearing for DMPED was held on April 7, 2011. **Copies of witness testimony are available by request in the Committee Office.**

Public Testimony

PUBLIC WITNESSES

Mr. Rick Rybeck, Director of Just Economics

Mr. Rybeck testified that economic incentives punishing responsible homeowners and rewarding slumlords are upside down. By discouraging property maintenance and

improvement, the District is reducing jobs. The District should reduce the property tax rate on buildings and increase the property tax on land values. The District would raise the same money, but incentive facing property owners would be much more beneficial to owners and to the city. The District needs to use the DC property tax for job creation, affordable housing and economic development.

Mr. Gerry Widdicombe, Director of Economic Development, Downtown DC Business Improvement District (BID)

Mr. Widdicombe testified that DC is adding jobs unlike any other city in the country. However, the city government is facing a \$322 million gap in the coming year. Halting forward-looking investment at this time will seriously impede the District's ability to sustain the job, population and tax revenue growth of the past 5 to 6 years that employees DC residents and funds the progressive social agenda of the city. The commercial office economy has not only raised billions of dollars for the city it has taken the pressure off the need to raise property and income taxes on District residents. DC needs to sustain this effort going forward so that more of the progressive social agenda can be undertaken, and the city can maintain our competitiveness in the region. The city needs to think in terms of new investment strategies in the future. The District needs to think of any capital expenditure in terms of return on investment. The District also needs to think of new ways to attract investment. Mr. Widdicombe closes by making two major suggestions: 1) If the May/June revenue estimates and/or the September/October revenue estimates increase as we think they will, to the tune of \$50 million to \$80 million for both FYs 2012 and 2013, then we strongly suggest that the city restore many of the cuts made to the Deputy Mayor's FY 2012 budget; and 2) Support the Deputy Mayor's efforts to leverage its scarce resources.

Ms. Nicole Carter-Matthew, Program Manager, East River Family Strengthening Collaborative (ERFSC)

Ms. Carter-Matthew testified to request support for continued funding for the Human Capital Plan for the District's New Communities. New Communities is a government, community partnership designed to revitalize two (2) distressed public housing sites in Ward 7: Lincoln Heights and Richardson Dwellings by building mixed-income and vibrant communities. ERFSC provides case management services to help residents become more self-sufficient.

Ms. Margaret Mabry, Far Southeast Family Strengthening Collaborative

Ms. Mabry testified in support of continued funding for the FSFSC. Ms. Mabry expressed her sincerest gratitude for all of the help and assistance the FSFSC has provided her and her family and hopes that the program will continue to receive funding from the District.

Ms. LaVonia Johnson, Far Southeast Family Strengthening Collaborative (FSFSC)

Ms. Johnson testified in support of continued funding for the Barry Farm community program. The FSFSC is a Family Support Center program with case managers that offer help and provide services to poor and unemployed families in the community. The Barry Farms Program and FSFSC provide District residents with employment opportunities,

and information and education that help mobilize the community and move families to bigger and greater things in life.

Ms. Christine Carter, Far Southeast Family Strengthening Collaborative

Ms. Carter testified as a Barry Farm resident in support of continued funding for New Communities. The Collaborative provides services ranging from assistance with resume writing, job readiness skills, and resources and funding for children preparing for college.

Ms. Tayisha Jackson, Far Southeast Family Strengthening Collaborative

Ms. Jackson testified in support of continued funding for the FSFSC. Case managers with the FSFSC help District residents with future housing needs, communication services such as discount computers and Internet access, and financial planning and budgeting skills. Ms. Jackson closed by commending the case managers at FSFSC and thanking the District for its continued support of FSFSC.

Mr. Bryant Cherry, Far Southeast Family Strengthening Collaborative

Mr. Cherry is testifying as a resident from Barry Farm in support of continued funding for Case Management services in the New Communities Initiative. The case managers assist in obtaining employment and building relationships with people. The Barry Farms Family Support Center helps young black males to get back on their feet.

Ms. Cecil Streeter, Far Southeast Family Strengthening Collaborative

Ms. Streeter testified in support of continued funding for Human Capital for the Barry Farm New Communities Initiative. Ms. Streeter is a resident of the Barry Farm community and is a client with the FSFSC. The FSFSC has helped her two daughters gain employment, and helped Ms. Streeter with emergency food and transportation in a time of need. The program offers family support workers to help District residents enroll in classes and take their health more seriously.

Ms. Lula Wood, Far Southeast Family Strengthening Collaborative

Ms. Wood testified in support of continued funding for the Barry Farms Family Support Center and the FSFSC. Ms. Wood is a Barry Farm Resident and an FSFSC client. Ms. Wood's support worker helped her gain access to retirement benefits and helped her open a savings account. The Barry Farm Family Support Center benefits the entire community and offers a Women's support group called "GEMS". The Center also helps children in the community by giving them a safe place to go and stay away from negative activity.

Government Testimony

Victor Hoskins, Deputy Mayor of Planning and Economic Development. Deputy Mayor Hoskins provided an overview of DMPED's mission and described the administration's priorities: jobs/sustainable employment; retail opportunities; equity in development to include east of the river and housing stability and access. The Deputy Mayor prioritized the Capital Projects for 2012 to include: Skyland; Saint Elizabeths; McMillan; Fort Lincoln; and Walter Reed, among others. He spoke of establishing a matrix of benefits allowing his office to evaluate outcomes for projects to tax benefits;

employment opportunities for District residents; long term impact upon effected communities; and contributions to the quality of life of District citizens.

2. COMMITTEE RECOMMENDATIONS

a. Fiscal Year 2012 Operating Budget Recommendations

The Committee approves the FY 2012 operating budget for DMPED as proposed by the Mayor.

- The Committee directs that \$250,000 of Neighborhood Investment Funds shall be used for: B19-181, the Capital City Diner tax Exemption Amendment Act of 2011; B19-0182, the Israel Baptist Church Family Life and Health Center Property Tax Exemption and Equitable Real Property Tax Relief Act of 2011; and B19-088, the Washington Overlook at Fort Lincoln Low-Income Rental Extension Tax Relief Act Of 2011. Any reaming balance shall be used by DMPED to enhance economic development programs. These funds should be allocated from the Neighborhood Economic Development Corporation (NEDCO) liquidation.

b. Fiscal Year 2012 Capital Budget Recommendations

The Committee approves the FY 2012 capital budget for DMPED as proposed by the Mayor.

c. Fiscal Year 2011 Policy Recommendations

The Committee recommends the following FY 2011 policy recommendations:

- Positions to be detailed from the Office of the Deputy Mayor for Planning and Economic Development should not exceed 90 days, and in such instance when positions are reassigned/detailed, the Committee will be notified within 30 calendar days of the detail action being realized.
- Direct that the agency's fiscal officer provide the Committee no later than October 1, 2011 and quarterly thereafter an accounting of all spending to date and remaining balances for all funding sources within the agency.
- Direct the Office of the Deputy Mayor to continue to prioritize shovel-ready projects, particularly in Wards IV; V; VII and VIII.

d. Fiscal Year 2011 Performance Measure Recommendations

The Committee recommends the addition of three performance indicators. They are as follows:

- Quarterly updates on all six (6) Capital Projects as included in the Mayor's Capital Budget Request for FY 2012 through FY 2017.
- Quarterly updates on the realization of the Neighborhood Investment Fund, given the re-direction of funding in support of this program.

III. FISCAL YEAR 2011 BUDGET REQUEST ACT APPROPRIATION LANGUAGE RECOMMENDATIONS

On April 1, 2011, Chairman Kwame R. Brown introduced the Fiscal Year 2012 Budget Request Act of 2011, Bill 19-202, on behalf of the Mayor. The Committee recommends no adjustments to the legislation as introduced.

IV. FISCAL YEAR 2011 BUDGET SUPPORT ACT RECOMMENDATIONS

On behalf of the Mayor, Chairman Kwame R. Brown introduced the Fiscal Year 2012 Budget Support Act of 2011, Bill 19-203, on April 1, 2011. The Bill was retained by the Committee of the Whole, with the Committee on Economic Development being assigned the responsibility to make comments on the provisions affecting agencies under the Committee's jurisdiction.

The Committee's comments on the assigned provisions, along with recommendations for additional language to be included in the Fiscal Year 2011 Budget Support Act, appear below.

A. RECOMMENDATIONS ON BUDGET SUPPORT ACT SUBTITLES PROPOSED BY THE MAYOR

The Committee on Economic Development comments to the Committee of the Whole on the following subtitles in the "Fiscal Year 2012 Budget Support Act of 2011":

1. Funds for AWC NEDCO EDFC and Funds from AWC & NCRC Development
2. Commercial Trust Fund
3. Film DC Economic Incentive/Production Support
4. Boxing Commission Revolving Account

1. Funds for AWC NEDCO EDFC and Funds from AWC & NCRC Development

LONG TITLE:

TITLE IX. SPECIAL PURPOSE AND DEDICATED REVENUE FUND TRANSFERS

“Sec. 930. Funds for AWC NEDCO EDFC and Funds from AWC & NCRC Development.

The National Capital Revitalization Corporation and Anacostia Waterfront Corporation Reorganization Act of 2008, effective March 26, 2008 (D.C. Law 17-138; D.C. Official Code § 2–1225.01 *et. seq.*) is amended as follows:

(a) Section 102(g)(3) (D.C. Official Code § 2-1225.02) is amended by striking the phrase “Economic Development Special Account established by § 2-1225.21” and inserting the phrase “General Fund of the District of Columbia, **except for all the funds invested in NEDCO which shall transfer to the Office of the Deputy Mayor for Planning and Economic Development**”.¹⁰

(b) Section 301 (D.C. Official Code § 2-1225.21) is repealed.

IMPACT ON EXISTING LAW:

The subtitle amends the “The National Capital Revitalization Corporation and Anacostia Waterfront Corporation Reorganization Act of 2008,” effective March 26, 2008 (D.C. Law 17-138; D.C. Official Code § 2–1225.01 *et. seq.*) to place the money in the general fund.

COMMITTEE RECOMMENDATION:

The Committee recommends inserting the language in bold.

RATIONALE:

The proposed added language will be consistent with the purpose of the original investment.

2. Commercial Trust Fund

LONG TITLE:

¹⁰ Language in bold represents Committee recommended language

TITLE IX. SPECIAL PURPOSE AND DEDICATED REVENUE FUND TRANSFERS

Sec. 932. Commercial Trust Fund.

Notwithstanding any other law, the funds which are deposited in the fund designated for accounting purposes by the Office of the Chief Financial Officer as fund 0622 within the Department of Small and Local Business Development shall be deposited in the General Fund of the District of Columbia and shall not be accounted for by a separate fund or account within the General Fund of the District of Columbia. Any unexpended funds in the fund on the effective date of this subtitle shall be transferred to the unrestricted fund balance of the General Fund of the District of Columbia.

IMPACT ON EXISTING LAW:

This language places unexpended money in the general fund.

COMMITTEE RECOMMENDATION:

The Committee recommends no changes.*

3. Film DC Economic Incentive/Production Support

LONG TITLE:

TITLE IX. SPECIAL PURPOSE AND DEDICATED REVENUE FUND TRANSFERS

Sec. 933. Film DC Economic Incentive/Production Support.

Section 2(e)(a) of The Film DC Economic Incentive Act of 2006, effective March 10, 2007 (D.C. Law 18-111; D.C. Official Code § 39-501.01 *et. seq.*) is amended as follows:

(D.C. Official Code § 39-501.05(a)), is amended by striking the word “nonlapsing” and inserting the word “lapsing” in its place; striking the phrase “not revert

to the unrestricted fund balance of the General Fund of the District of Columbia at the end of a fiscal year, or at any other time, but shall be continually available for the uses and purposes set forth in subsection (b)(3) of this section without regard to fiscal year limitation, subject to authorization by Congress” and inserting the phrase “be used exclusively for the purposes set forth in subsection (b)(3) of this section. Any unexpended funds in the Film DC Special Account Fund at the end of a fiscal year shall revert to the unrestricted fund balance of the General Fund of the District of Columbia” in its place.

IMPACT ON EXISTING LAW:

This section amends Section 2(e)(a) of The Film DC Economic Incentive Act of 2006, effective March 10, 2007 (D.C. Law 18-111; D.C. Official Code § 39-501.01 *et. seq.*)

COMMITTEE RECOMMENDATION:

The Committee recommends **STRIKING** this subsection*

RATIONALE:

The Committee received testimony that the ability to attract new production is vital to the mission and positive financial outcomes of the Office of Motion Picture and Television Development.

4. Boxing Commission Revolving Account

LONG TITLE:

TITLE IX. SPECIAL PURPOSE AND DEDICATED REVENUE FUND TRANSFERS

Sec. 940. Boxing Commission Revolving Account.

Section 7 of the District of Columbia Boxing and Wrestling Commission Act, effective October 8, 1975 (D.C. Law 1-20; D.C. Official Code § 3-606(c)) is amended by adding a new sentence at the end of subsection (c) to read as follows: “Any monies

received but not expended at the end of a fiscal year shall lapse into the unrestricted fund balance of the General Fund of the District of Columbia.”

IMPACT ON EXISTING LAW:

This section amends Section 7 of the District of Columbia Boxing and Wrestling Commission Act, effective October 8, 1975 (D.C. Law 1-20; D.C. Official Code § 3-606(c)).

COMMITTEE RECOMMENDATION:

The Committee recommends **STRIKING** this subsection*

RATIONALE:

The Committee received testimony that the ability for the DC Boxing and Wrestling Commission to retain their revenue is integral to the operation of the success of the Commission. Moreover, their ability to raise revenue for the city is dependant on leveraging all the funds available for their mission.

***The Committee recommends that all charts in the “Fiscal Year 2012 Budget Support Act of 2011” are amended to reflect the Committee recommendations above.**

B. RECOMMENDATIONS FOR NEW BUDGET SUPPORT ACT SUBTITLES

The Committee on Economic Development recommends to the Committee of the Whole that the following new subtitles be added to the “Fiscal Year 2012 Budget Support Act of 2011”:

1. Neighborhood Economic Development Corporation.
2. Small Business Investment Company Program.

1. NEIGHBORHOOD ECONOMIC DEVELOPMENT CORPORATION LIQUIDATION ACT OF 2011.

The Committee recommends the following subtitle, which would end the District’s participation in the Neighborhood Economic Development Corporation (“NEDCO”) and return the District’s share of invested fund to the Office of the Deputy Mayor for Planning and Economic Development.

LONG TITLE:

To end the District's participation in the Neighborhood Economic Development Corporation ("NEDCO") and return the District's share of invested funds to the Office of the Deputy Mayor for Planning and Economic Development to be used in the Neighborhood Investment Fund.

BSA LANGUAGE:

Sec. XXX. Short title.

This subtitle may be cited as the "Neighborhood Economic Development Corporation Liquidation Act of 2011".

Sec. XXX. (a) Notwithstanding any other provision of law, The Mayor and Chief Financial Officer shall withdraw all District funds from the Neighborhood Economic Development Corporation ("NEDCO"), and send the funds to the Office of the Deputy Mayor for Planning and Economic Development for use in the Neighborhood Investment Fund.

SECTION-BY-SECTION ANALYSIS:

Sec. XXX. States the short title of this subtitle.

Sec. XXX. Ends the District's participation in the Neighborhood Economic Development Corporation ("NEDCO") and return the District's share of invested fund to the Office of the Deputy Mayer for Planning and Economic Development.

IMPACT ON EXISTING LAW:

Abolish all participation with NEDCO

RATIONALE:

Although NEDCO does not have recent audited financial statements, the OCFO understands that NEDCO has been dormant for at least the last five years. Bank statements show that NEDCO has approximately \$10 million in bank deposits. NEDCO currently holds no loans and has no significant liabilities.

If NEDCO were to be liquidated, the District would receive approximately \$2 million of NEDCO's assets, while the remaining \$8 million would go to private shareholders. This disproportion is due to the subordination provision is both the District's debenture and equity investment and takes into account a \$1 million dollar payment received by the District in November, 2007.

The OCFO raises serious concerns about the District's continued participation in NEDCO, including: (1) The private shareholders of NEDCO have a highly favorable preference of return of capital. NEDCO operating expenses and declines in the values of any loans made to small business would negatively impact the District's debenture and equity investment before impacting the equity of the private institutions. Likewise, positive returns in NEDCO's lending portfolio would benefit the private stakeholders disproportionately; and (2) The District does not control NEDCO operations or decision-making authority at the Board level. In addition, NEDCO currently may not have a lending strategy in place that would benefit the needs of District businesses.

2. SMALL BUSINESS INVESTMENT COMPANY PROGRAM.

The Committee recommends the following subtitle which would authorize the District to participate in a Small Business Investment Company program to assist in providing capital for small businesses.

LONG TITLE:

To Authorizes the Mayor and CFO to invest District funds into a Small Business Investment Company pursuant to federal regulations.

BSA LANGUAGE:

Sec. XXX. Short title.

This subtitle may be cited as the "Small Business Investment Company Program Act of 2011".

Sec. XXX. The Mayor and the Chief Financial Officer are authorized to invest District funds into a Small Business Investment Company, pursuant to the standards of the United States Small Business Administration, to assist business opportunities in Ward 5 for a one year pilot program, then expand to assist businesses in all wards thereafter.

SECTION-BY-SECTION ANALYSIS:

Sec. XXX. States the short title of this subtitle.

Sec. XXX. Authorizes the Mayor and CFO to invest District funds into a Small Business Investment Company pursuant to federal regulations.

IMPACT ON EXISTING LAW:

None

RATIONALE:

The Committee finds that neighboring jurisdictions have taken advantage of the Small Business Investment Company (“SBIC”) model, as promoted by the United States Small Business Administration, and it would be greatly beneficial for the District to do likewise. The inability of socially or economically disadvantaged individuals to obtain working capital is a major limitation on their opportunity to win and perform government and other contracts. Moreover, because socially or economically disadvantaged individuals have lacked the working capital to post a bond, buy supplies needed to begin the work, or pay employees, these individuals have been unable to accept contracts or open new businesses in their neighborhoods. This addition to the BSA will allow the District to compete with Maryland, and other jurisdictions with SBICs, to attract small business development and give residents the ability to own and operate business by loaning the necessary start-up capital.

V. COMMITTEE ACTION AND VOTE

On Wednesday, May 11, 2011, at 12:00 Noon in the Council Chambers (Room 500) of the John A. Wilson Building, the Committee on Economic Development met to consider and vote on the FY 2012 Budget for the agencies under its jurisdiction and the Committee's report. Chairperson Harry "Tommy" Thomas, Jr. determined the presence of a quorum consisting of him **and Councilmembers: Yvette Alexander, Marion Barry, Michael Brown; and Jack Evans**

Chairperson Thomas discussed the Committee's budget and policy recommendations then moved the Committee's report for approval and opened the floor for debate.

Chairperson Thomas asked if there was further discussion. Hearing none, he called for a vote on the Committee's Fiscal Year 2012 budget report, with leave for staff to make technical, editorial, and conforming changes to reflect the Committee's actions. The Committee's FY 2012 budget report was approved unanimously.

Chairperson Thomas adjourned the meeting at 1:20 p.m.

VI. ATTACHMENTS

Copies of witness testimony are available by request in the Committee Office.