104TH CONGRESS, 1st Session | HOUSE OF REPRESENTATIVES | REPORT 104–408

THE DISTRICT OF COLUMBIA FISCAL PROTECTION ACT OF 1995

DECEMBER 14, 1995.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. CLINGER, from the Committee on Government Reform and Oversight, submitted the following

R E P O R T

[To accompany H.R. 2661]

[Including cost estimate of the Congressional Budget Office]

The Committee on Government Reform and Oversight, to whom was referred the bill H.R. 2661 (the District of Columbia Fiscal Protection Act of 1995), having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

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The amendments are as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "District of Columbia Fiscal Protection Act of 1995".

SEC. 2. PERMITTING DISTRICT OF COLUMBIA TO EXPEND DISTRICT FUNDS DURING PERIOD OF DELAY IN CONGRESSIONAL ENACTMENT OF DISTRICT OF COLUMBIA APPROPRIATIONS ACT.

(a) IN GENERAL.—Subpart 1 of part D of title IV of the District of Columbia Self-Government and Governmental Reorganization Act is amended by inserting after section 446 (sec. 47–304, D.C. Code) the following new section:

"EXPENDITURE OF DISTRICT FUNDS DURING DELAY IN CONGRESSIONAL ENACTMENT OF BUDGET

"SEC. 446A. (a) EXPENDITURE PERMITTED.—

"(1) IN GENERAL.—Notwithstanding section 446, if the District of Columbia Appropriations Act for a fiscal year has not been enacted by the first day of the fiscal year, during the period described in subsection (c) an authorized officer or employee of the District of Columbia government may obligate or expend any amounts available in the general fund, enterprise funds, and other non-Federal funds of the District of Columbia for such fiscal year to continue the operations of the government of the District of Columbia.

"(2) REQUIREMENTS FOR NOTIFICATION.—No obligations or expenditures may be made pursuant to this subsection until the Mayor of the District of Columbia has provided to the Council, the District of Columbia Financial Responsibility and Management Assistance Authority, the President, the Committees on Appropriations of the House of Representatives and the Senate prior written notification (prepared by the Chief Financial Officer of the District of Columbia) containing a description of such obligations and expenditures and a description of the effect of such obligations and expenditures on the spending plans in effect prior to the making of obligations and expenditures pursuant to this subsection.

"(b) APPLICABLE RATE OF OBLIGATIONS AND EXPENDITURES.—The amount made available for obligation or expenditure for a project or activity under subsection (a) for a fiscal year shall be equal to the lesser of—

"(1) the amount or authority made available under the District of Columbia Appropriations Act for the fiscal year as passed by the House of Representatives;

"(2) the amount or authority made available under the District of Columbia Appropriations Act for the fiscal year as passed by the Senate; or

"(3) the amount or authority provided in the previous fiscal year.

"(c) PERIOD DESCRIBED.—The period described in this subsection with respect to a fiscal year is the period which begins on the first day of the fiscal year and ends on the date of enactment of the District of Columbia Appropriations Act for the fiscal year.".

(b) CONFORMING AMENDMENT.—The fourth sentence of section 446 of such Act (sec. 47–304, D.C. Code) is amended—

(1) by striking "and subsections" and inserting "subsections"; and

(2) by inserting "and section 446A," after "section 490,".

(c) CLERICAL AMENDMENT.—The table of contents for subpart 1 of part D of title IV of such Act is amended by inserting after the item relating to section 446 the following new item:

"Sec. 446A. Expenditure of District funds during delay in Congressional enactment of budget.".

SEC. 3. SENSE OF CONGRESS REGARDING FEDERAL PAYMENT UNDER CONTINUING RESOLUTION.

It is the sense of Congress that the financial condition of the District of Columbia should be the primary factor taken into account in determining the amount of any Federal payment made to the District of Columbia under any continuing resolution providing for appropriations during any portion of a fiscal year for which Congress has not enacted the budget of the District of Columbia for the fiscal year, and that (notwithstanding any amendment made by this Act) a continuing resolution providing for such a Federal payment should be enacted prior to the first day of such a fiscal year.

SEC. 4. EFFECTIVE DATE.

The amendments made by this Act shall apply with respect to fiscal years beginning with fiscal year 1996.

Amend the title so as to read:

A bill to amend the District of Columbia Self-Government and Governmental Reorganization Act to permit the District of Columbia to expend its own funds during any portion of a fiscal year for which Congress has not enacted the budget of the District of Columbia for the fiscal year.

I. Background and Need for the Legislation

The Home Rule Act and the Financial Responsibility and Management Assistance Act (P.L. 104–8), which created the Control Board for the District of Columbia, requires congressional authorization and appropriation before the District of Columbia can spend funds. In the absence of passage of a District Appropriations Act for fiscal year 1996, which establishes the District's annual budget and authorizes spending, combined with the President's veto of a Continuing Resolution on November 13, the Nation's Capital was forced to shut down all but the emergency services during the period of November 14–19, 1995. The Control Board estimated that the shutdown cost the District government $7 million in lost productivity. In addition to the inability of the District to deliver important municipal services, the shut down also prevented City officials from working on solutions which this Congress has identified. This comes at a time when the District of Columbia is in the midst of an unprecedented fiscal crisis.

The City is unique in that it is the only non-federal entity whose entire budget requires Federal approval before it can obligate or expend any of its revenue. Until the District has an enacted appropriations bill or is covered by a Continuing Resolution, it cannot legally spend even its own, locally generated revenue.

The effects of even a partial government shut down were severe, unintended, and unacceptable. A city government, unlike many Federal agencies, is responsible for the delivery of basic municipal services. For example, although many individuals were inconvenienced by the closure of the National Parks, their inconvenience is obviously not nearly as serious as the City's closure of its eleven public health clinics. Is is a very serious problem not to have trash picked up from the curbs of our Nation's Capital. In addition to the inability to provide front line municipal services, the District was also unable to continue to work its way through its current fiscal crisis. Members of the Mayor's cabinet were forced to deal with the problems associated with closing down the City government when they needed to be working on the City's multi-year financial plan. Although short term continuing resolutions permit the City to remain open, they do not allow the City to follow normal, efficient municipal contracting and procurement practices. In fact, the emergency, stopgap nature of Continuing Resolutions prevents the District from being able to formulate stable, long range financial decisions.

In cooperation with the Financial Responsibility and Management Assistance Authority, Mayor Marion S. Barry's office implemented a plan which it had developed for the shutdown that reportedly applied Federal guidelines in order to determine which workers would be furloughed. A majority of City workers, approximately 26,000 of 39,000, were deemed essential and were required to report to work. About 13,000 city workers were sent home. The operations at several City agencies were either halted or cut-back, adversely affecting a number of city services.

The D.C. Public Libraries, the Department of Motor Vehicles, and public health clinics were closed. Trash collection and street repairs were halted. The Department of Consumer and Regulatory

Affairs was closed, except for food and building inspections. The D.C. Public Schools, Police Department, Fire and Emergency Medical Services, D.C. General Hospital, D.C. Superior Court, the Department of Employment Services, and Department of Corrections were all kept open.

On November 17, 1995 Delegate Eleanor Holmes Norton introduced H.R. 2661, the "District of Columbia Fiscal Protection Act of 1995." The goal of this legislation is to give the necessary amount of budgetary authority to the City so that it can provide normal front line municipal services without significantly reducing Congressional oversight and responsibility to enact the entire District of Columbia budget. This legislation has been carefully crafted so that it is triggered by highly unusual conditions and applies specific guidelines that restrict the City's ability to use its own resources. H.R. 2661 takes effect only when Congress and the president fail to make provision for the District to obligate and expend revenue. The level of expenditure would be no more than the lesser of the preceding fiscal year, the House passed appropriation bill, or the Senate passed appropriation bill. Furthermore, the Mayor is required to transmit a detailed spending plan prepared by the Chief Financial Officer to the Council, the Authority, the President and the appropriations committees of Congress prior to the expenditure of its own revenues. This legislation would be effective with the fiscal year beginning October 1, 1996

II. Legislative Hearings and Committee Actions

The Subcommittee on the District of Columbia held a hearing on H.R. 2661 on December 6, 1995. Testimony was received from Rep. George Gekas, (R-PA) , Hon. Edward DeSeve, Controller, Office of Management and Budget, Dr. Andrew Brimmer, Chairman, District of Columbia Financial Responsibility and Management Assistance Authority, Mayor Marion S. Barry, City Administrator Michael Rogers; Chief Financial Officer Anthony Williams; Dr. Marlene Kelly, Deputy Commissioner of Public Health; and representatives of local labor organizations and the business community. The Subcommittee on the District of Columbia held a mark-up on December 13, 1995. Del. Norton offered an amendment in the nature of a substitute that was adopted unanimously by voice vote. The Subcommittee proceeded to unanimously report out H.R. 2661 by voice vote.

The Government Reform and Oversight Committee met on December 14, 1995 to consider H.R. 2661. The bill, as amended by the subcommittee, was favorably reported to the House unanimously by voice vote and without further amendment by the full committee.

III. Committee Hearings and Written Testimony

Subcommittee Chairman Tom Davis spoke of the Federal government's responsibility to make provisions for the District to continue to provide the basic municipal services needed by its citizens. He was particularity concerned that the shutdown prevented the local government from moving forward in the development and implementation of badly needed reforms in their financial and manage-

ment practices. Chairman Davis did, however, express serious reservations about the permanent appropriation of the Federal payment contained in Section 3 of the bill as originally introduced. He was also concerned about some of the expansive language found in Section 2 of the original bill.

Delegate Norton expressed her gratitude to Chairman Davis for giving H.R. 2661 a timely hearing. Delegate Norton explained that the goal of the bill was to permit the District to spend its own, locally generated revenue in the event of a future federal government shutdown. Finally, she stressed the importance of prompt congressional action to avoid the repetition of the recent shutdown.

Congressman George W. Gekas testified in support of H.R. 2661. His testimony placed the shutdown of the District's government within the larger context of the partial shut down of the federal government. He indicated that he also supports enactment of a permanent continuing resolution that would prevent the future shutdown of all Federal agencies. Rep. Gekas looked at H.R. 2661 as a first step in that direction.

The Honorable G. Edward DeSeve, Comptroller, Office of Management and Budget expressed the support of the Clinton Administration for the concept of the bill. He was concerned, however, that the bill failed to provide a mechanism to control the rate of District spending when it was not operating under either a Continuing Resolution or an appropriations bill. He also stated the Administration's opposition to the automatic appropriation of the Federal payment in Section 3 of the introduced bill. Mr. DeSeve offered the Administration's assistance in resolving the drafting difficulties with the bill.

Dr. Andrew Brimmer, Chairman of the District of Columbia Financial Responsibility and Management Assistance Authority, began by stating that roughly 67% of the District's expenditures are funded out of locally generated revenues. He also stated that the recent shutdown cost the District government $7.3 million in lost productivity. Dr. Brimmer explained that the District's critical financial condition would be aggravated should it have to endure any further shutdowns. He testified that the Authority supports the concept of H.R. 2661, but believes it should be amended to prohibit the obligation or expenditure of funds equal to the federal payment or federal grants without appropriation, and to make it clear that the District's Chief Financial Officer should prepare the report which the Mayor would submit to the Authority on planned spending made under the authority of this Act.

Mayor Marion Barry and D.C. City Administrator Michael Rogers both expressed strong support for this legislation. They pointed out that shutting down a local government means that the various resident services such as trash collection, the issuance of licenses and permits, health and safety inspections, and libraries are halted. They further indicated that terminating these services does not save money, but only serves to compound problems, add expense, and cause a loss of revenues.

Mr. Anthony Williams, the City's Chief Financial Officer, testified that while he supports the goal of this legislation, he would like to see it amended as recommended by Dr. Brimmer. He was particularly concerned that the role of the Chief Financial Officer

in the implementation of this legislation be more clearly specified. He also suggested that the intent of H.R. 2661 be clarified in light of Public Law 104–8. Mr. Williams also expressed concern about the consequences for the City's financial condition if the City were to spend the federal payment before it was appropriated.

The Subcommittee also heard from representatives of organized labor. Mr. Charles Hicks, President of American Federation of State, County, and Municipal Employees, D.C. Council 20 spoke in favor of H.R. 2661. He discussed the consequences of the last shutdown, especially in regard to the orderly functioning of the Department of Human Services (DHS), Department of Consumer and Regulatory Affairs, and the D.C. Public library. For example, DHS needs to process approximately 1,600 foods stamp applications per week. Because the DHS employees were furloughed, they could not process the applications. Dr. Marlene N. Kelly, the Deputy Commissioner of Public Health went into further detail about the deleterious effects that the shutdown had on the delivery of medical services to the most needy residents of the City. Mr. David Schlein, national vice president of the American Federation of Government Employees also spoke in favor of the bill. The local business community, represented by Mr. John R. Tydings, President of the Greater Washington Board of Trade, joined with organized labor in support of the bill. Ms. Diane C. Duff, who presented Mr. Tydings testimony, spoke of the delays to the business community caused by the closure of the Department of Consumer and Regulatory Affairs and how this extracted a heavy cost not only to the City from the foregone revenues but it also increased the cost of doing business in Washington.

IV. Explanation of the Bill

A. OVERVIEW

H. R. 2661 as amended by the Committee provides that the District of Columbia could continue its normal municipal operations using only its own locally raised taxes in a fiscal year while awaiting final action on its appropriation even if there is no Continuing Resolution in effect. Thus, this would prevent a future shutdown of the District government during a federal furlough permitting the District to use its own resources. The bill does not confer budget autonomy, but is rather a limited hold harmless stopgap to address a unique set of emergency circumstances that if left unaddressed would adversely affect the Nation's Capital. The bill specifically mandates that the City must spend at the lowest spending level approved by Congress.

B. SECTION BY SECTION ANALYSIS

Section 1 cites the title of the bill as the "District of Columbia Fiscal Protection Act of 1995."

Section 2 permits the District to expend only District funds (non-federal funds) during a period of delay in enactment of the District's Appropriations Act. This is done by amending the Home Rule Act. The funds to be expended are those in the District's "general fund, enterprise funds, and other non-Federal funds." It is required in Subsection (a)(2) that any expenditure may only be made

if there is notice to Congress and the President "prepared by the Chief Financial Officer" of a detailed spending plan "of such obligations and expenditures * * * prior to the making of obligations and expenditures pursuant to this subsection." Subsection (b) limits the rate of obligations and expenditures "to the lesser of" the District Appropriations bill passed by the House, the Senate, or "the amount or authority provided in the previous fiscal year."

Section 3 provides a Sense of Congress that the financial condition of the District of Columbia should be the primary factor taken into account in determining the amount of any Federal payment made to the District "under the circumstances of the bill, and calls upon Congress to pass a continuing resolution providing for such a Federal payment * * * prior to the first day of such a fiscal year."

Section 4 provides that the Act would be effective starting with Fiscal Year 1996.

V. Compliance With Rule XI

Pursuant to rule XI, clause 2(l)(3), of the Rules of the House of Representatives, under the authority of rule X, clause 2(b)(1) and clause 3(f), the results and findings from those oversight activities are incorporated in the recommendations found in the bill and amended in this report.

VI. Budget Analysis and Projections

This Act provides for no new authorization or budget authority or tax expenditures. Consequently, the provisions of section 308(a) of the Congressional Budget Act are not applicable.

VII. Cost Estimate of the Congressional Budget Office

U.S. Congress,
Congressional Budget Office,
Washington, DC, December 14, 1995.

Hon. William F. Clinger, Jr.,
Chairman, Committee on Government Reform and Oversight, House of Representatives, Washington, DC.

Dear Mr. Chairman: The Congressional Budget Office has reviewed H.R. 2661, the District of Columbia Fiscal Protection Act of 1995, as ordered reported by the House Committee on Government Reform and Oversight on December 14, 1995. CBO estimates that enacting the bill would result in no cost to the federal government and would impose no costs on state or local governments. Enacting H.R. 2661 would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply.

H.R. 2661 would allow the mayor of the District, with prior written notification to the District Council, the District Control Board, the Congress, and the President, to obligate and spend District funds in the event that a new fiscal year begins and the District's regular appropriations bill has not been enacted. The bill would limit the amount the District may obligate or spend during such periods to the lesser of the amounts provided in its regular appropriations bill, as passed in the new year by the House or the Sen-

ate, or as enacted in the previous year. The bill would not allow the District to obligate or spend federal funds in the absence of an appropriation.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Deborah Reis and John R. Righter.

Sincerely,

JUNE E. O'NEILL, *Director.*

VIII. INFLATIONARY IMPACT STATEMENT

In accordance with rule XI, clause 2(l)(4) of the Rules of the House of Representatives, this legislation is assessed to have no inflationary effect on prices and costs in the operation of the national economy.

IX. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

DISTRICT OF COLUMBIA SELF-GOVERNMENT AND GOVERNMENTAL REORGANIZATION ACT

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TITLE IV—THE DISTRICT CHARTER

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PART D—DISTRICT BUDGET AND FINANCIAL MANAGEMENT

Subpart 1—Budget and Financial Management

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ENACTMENT OF APPROPRIATIONS BY CONGRESS

SEC. 446. The Council, within fifty calendar days after receipt of the budget proposal from the Mayor, and after public hearing, shall by act adopt the annual budget for the District of Columbia govern-

ment. Any supplements thereto shall also be adopted by act by the Council after public hearing. Such budget so adopted shall be submitted by the Mayor to the President for transmission by him to the Congress. Except as provided in section 467(d), section 471(c), section 472(d)(2), section 483(d), [and subsections] *subsections* (f) and (g)(3) of section 490, *and section 446A*, no amount may be obligated or expended by any officer or employee of the District of Columbia government unless such amount has been approved by Act of Congress, and then only according to such Act. Notwithstanding any other provision of this Act, the Mayor shall not transmit any annual budget or amendments or supplements thereto, to the President of the United States until the completion of the budget procedures contained in this Act. After the adoption of the annual budget for a fiscal year (beginning with the annual budget for fiscal year 1995), no reprogramming of amounts in the budget may occur unless the Mayor submits to the Council a request for such reprogramming and the Council approves the request, but only if any additional expenditures provided under such request for an activity are offset by reductions in expenditures for another activity.

EXPENDITURE OF DISTRICT FUNDS DURING DELAY IN CONGRESSIONAL ENACTMENT OF BUDGET

SEC. 446A. (a) EXPENDITURE PERMITTED.—

(1) IN GENERAL.—Notwithstanding section 446, if the District of Columbia Appropriations Act for a fiscal year has not been enacted by the first day of the fiscal year, during the period described in subsection (c) an authorized officer or employee of the District of Columbia government may obligate or expend any amounts available in the general fund, enterprise funds, and other non-Federal funds of the District of Columbia for such fiscal year to continue the operations of the government of the District of Columbia.

(2) REQUIREMENTS FOR NOTIFICATION.—No obligations or expenditures may be made pursuant to this subsection until the Mayor of the District of Columbia has provided to the Council, the District of Columbia Financial Responsibility and Management Assistance Authority, the President, the Committees on Appropriations of the House of Representatives and the Senate prior written notification (prepared by the Chief Financial Officer of the District of Columbia) containing a description of such obligations and expenditures and a description of the effect of such obligations and expenditures on the spending plans in effect prior to the making of obligations and expenditures pursuant to this subsection.

(b) APPLICABLE RATE OF OBLIGATIONS AND EXPENDITURES.—The amount made available for obligation or expenditure for a project or activity under subsection (a) for a fiscal year shall be equal to the lesser of—

(1) the amount or authority made available under the District of Columbia Appropriations Act for the fiscal year as passed by the House of Representatives;

(2) the amount or authority made available under the District of Columbia Appropriations Act for the fiscal year as passed by the Senate; or

(3) the amount or authority provided in the previous fiscal year.

(c) PERIOD DESCRIBED.—The period described in this subsection with respect to a fiscal year is the period which begins on the first day of the fiscal year and ends on the date of enactment of the District of Columbia Appropriations Act for the fiscal year.

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X. COMMITTEE RECOMMENDATION

On December 14, 1995, a quorum being present, the Committee ordered the bill favorably reported.

December 14, 1995, Final Passage.

Offered by: Mr. Davis.

H.R. 2661, District of Columbia Fiscal Protection Act of 1995—Passed by Voice Vote.

XI. CONGRESSIONAL ACCOUNTABILITY ACT; PUBLIC LAW 104–1; SECTION 102(b)(3)

This provision is inapplicable to the legislative branch because it does not relate to any terms or conditions of employment or access to public services or accommodations.

APPENDIX

GOVERNMENT OF THE DISTRICT OF COLUMBIA,
OFFICE OF THE CORPORATION COUNSEL,
Washington, DC, December 12, 1995.

To: Bernard Demczuk, Director, Office of Intergovernmental Relations.

From: Karen L. Cooper, Chief, Legislation and Opinions Section, Legal Counsel Division.

Subject: Amendment in the nature of a substitute to 104th Congress, 1st Sess. H.R. 2661, "District of Columbia Fiscal Protection Act of 1995".

This is in reply to your request on December 11, 1995 for our expedited comments on the Amendment in the Nature of a Substitute to H.R. 2661, "District of Columbia Fiscal Protection Act of 1995", which is a discussion draft.

In summary, this Amendment is more restrictive than H.R. 2661 in what it does and how it does it. Finally, this Amendment in the Nature of a Substitute to Bill H.R. 2661 does not incorporate our earlier recommendations on H.R. 2661: to use "District revenues" and "resources", terms of art in S. 103 (a) of the District of Columbia Self-Government and Governmental Reorganization Act of 1973, as amended, Pub. Law 93–198, to describe resources available for obligation or expenditure in a fiscal year for which Congress has not enacted by the first day of the fiscal year a budget for the District. Our detailed review follows.

First, this Amendment changes the notification requirement in 2 significant ways. Obligation or expenditure of District resources would be subject to new notification requirements. This Amendment would require the Chief Financial Officer ("CFO") to prepare the written notice which would describe the proposed obligations and expenditures and their effect on spending plans already in effect prior to making the proposed obligations and expenditures pursuant to the Amendment. Under H.R. 2661, there was no role for the CFO in this process. H.R. 2661 also would have imposed a less ambitious notification requirement on the Mayor. Under this Amendment, the Mayor would be responsible for transmitting the written notice to more than the Financial Responsibility and Management Assistance Authority ("FRMAA"), to wit, it would add the following to the distribution list: the Council, the President, and the Committees on Appropriations of both the House and the Senate.

Second, the amount of "District resources" available during a period for which there is no appropriation would be the lesser of: the

amount or authority passed by either the House or Senate, or the amount or authority provided in the previous fiscal year.

Finally, this Amendment would not appropriate the "Federal Payment" on a pro rata basis or otherwise. Rather, it would continue to make the obligation and expenditure of the Federal Payment subject to appropriation. It would establish a rather nebulous standard for use in a continuing resolution. Section 3 of the Amendment reads, in pertinent part, as follows:

> It is the sense of Congress that the financial condition of the District of Columbia should be the primary factor taken into account in determining the amount of any Federal payment made to the District of Columbia under any continuing resolution providing for appropriations.* * *

In conclusion, this Amendment would further restrict the Mayor's ability to obligate or expend the District's own resources and would continue to make the Federal payment subject to appropriation.

WHY SHUT DOWN THE DISTRICT?

AT LEAST LET THE CITY SPEND ITS OWN MONEY

(By Thomas M. Davis III)

Shutting down the federal government because Congress and the president fail to agree on a budget resolution is an act that has many unintended victims and numerous unintended consequences. The damper these failures put on recruiting and maintaining the best and the brightest for our federal work force will be with us for some time. On another level, the backsliding its inflicts on our efforts to change the District of Columbia government are profound.

The D.C. government is not just another federal agency. It is a front-line government providing vital health, safety and personal services to 570,000 residents and 300,000 metropolitan commuters. When federal agencies shut down, citizens in any city in the country can still get a driver's license and register their automobiles. When federal agencies shut down, the states can continue to process AFDC and Social Security applications. But when the District government shuts down, people needing services whether medical care at a clinic or trash collection from their homes, are not served.

Congress should act immediately to ensure that the District of Columbia can spend its own locally generated tax dollars during such a shutdown. We can do this before this week's expiration of the current continuing resolution. Del. Eleanor Holmes Norton has introduced legislation, H.R. 2661, to allow the District to spend its own revenues even if its budget has not been approved by Congress (the budget will still be subject to approval by the control board). I am a cosponsor of H.R. 2661, which yesterday was approved by the House subcommittee that oversees the District and is scheduled for full committee action today. It is imperative that Congress pass it for two important reasons.

First, without passage of H.R. 2661, the District government is subject to being shut down again, as it was Nov. 14–19. That's be-

cause the District' owns appropriation has not been enacted, and there may be no continuing resolution to keep the government open.

The unique status of the District—the city cannot spend one penny of its budget, either local or federal revenues, without an appropriations bill being passed by Congress and signed by the president—has never before seemed important. In past federal shutdowns, the District appropriation had been enacted so that the city government could continue operations, or else the District has been put under a continuing resolution along with federal agencies that were without approved appropriations.

But this time there was no District appropriation and no continuing resolution. This places on the District of Columbia a unique burden. Every other city or state in the country can continue to operate its own programs, and may even take up the slack of missing federal funds from its own revenues when the federal government is shut down. But the District is stymied.

This situation is inexcusable even in normal times, but in the current financial crisis it has become extreme. The District lost more than $7 million in productivity during the recent shutdown, according to the control board, and it failed to collect up to $70 million in revenue that it was owed. Meanwhile, contractors around the metropolitan area are going bankrupt every day, and the IRS files liens for unpaid tax withholding because the District of Columbia doesn't have the cash to pay its bills. Allowing the District to fall even further behind in its revenue collection is tantamount to negligence on the part of Congress.

In addition to lost productivity and lost or delayed revenues, the very officials who have so much work ahead to rebuild and reform the city were forced to spend their time deciding what services and employees were "essential" in a government that is already notoriously dysfunctional. Instead of working on privatizing city services, City Administrator Michael Rogers had to write furlough notices. Instead of reviewing contracts and improving cash management, Chief Financial Officer Anthony Williams had to figure out new ways not to pay bills. Instead of pushing ahead publicly with the council on urgently needed reforms, Mayor Barry could only wonder what new disaster he would have to deal with next. And the control board, which is trying to push the District forward, could only make certain that the district complied with the provisions of the Anti-Deficiency Act and shut down everything that was not an imminent threat to health or safety. This is no way to run a city in the grips of a financial crisis.

Congress and the president could keep the federal and District governments open either by reaching a budget agreement or by enacting another continuing resolution. I am hopeful that one of these two events will occur before there's another shutdown. No one can possibly expect to escape the public outcry that would come from sending hundreds of thousands of workers home 10 days before Christmas.

But there is an even more compelling reason to enact H.R. 2661 immediately. While operating under a temporary continuing resolution, the D.C. government has no legal authority to obligate funds beyond the expiration of that resolution. Since continuing resolu-

tions are emergency, stopgap measures, this forces the District government to operate on an emergency basis, signing contracts and planning spending schedules from week to week. This ad hoc operational mode is not only bad for contractors and other service providers; it runs exactly counter to what is most needed in the District government; stability and the ability to make long-range decisions.

Unless H.R. 2661 is enacted and the District is allowed to obligate its own revenues, even without an appropriation bill, the District will continue to limp from crisis to crisis, lacking the ability to take concrete, long-term actions or to make the decisions that would be in everyone's best interest.

Congressional oversight and ultimate control would not be threatened, because the District's federal payment is not included in H.R. 2661. This legislation would not free the District from federal oversight and would not give the city budget autonomy. It would simply allow the District to escape from the threat of shutdown and the gross inefficiencies of operating on a week-to-week basis, and to at least be able to crawl along on its own revenues during a budget impasse.

I am pleased that Speaker Gingrich, President Clinton and the control board support this legislation. Congress should act now to pass it, and thus prevent further paid furloughs and a shutdown of city operations.

—The writer is a Republican representative from Virginia and chairman of the House subcommittee that oversees operations of the District government.

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