Bill 19-742, the “Fiscal Year 2013 Budget Request Act of 2012”

Good morning Chairman Brown and members of the Committee. I am Walter Smith, Executive Director of the DC Appleseed Center for Law and Justice. DC Appleseed is a nonprofit public interest organization that addresses important issues facing residents of the National Capital Area. It is an honor to have the opportunity to present testimony on Bill 19-742, the “Fiscal Year 2013 Budget Request Act of 2012.”

Like DC Vote, DC Appleseed has long been involved in efforts to move Congress to pass a bill giving the District budget autonomy—allowing the city to spend its own locally raised revenues without a federal appropriation and without being subject to a federal shutdown.

Like Mr. Zherka, I am personally very familiar with this issue, having testified before the House Subcommittee on Federal Workforce, Postal Service, and the District of Columbia on budget autonomy measures in 2007 and 2009. And like my colleague, I am convinced that we need a new track to help support the current efforts to advance budget autonomy.

As proposed by the Mayor, the Budget Request Act asks that Congress grant the District budget autonomy. The Act also asks that Congress authorize the Council to set
the District’s fiscal year. At the same time, you, Chairman Brown, the Mayor, and Delegate Eleanor Holmes Norton are working with Representative Darrell Issa, Senator Joseph Lieberman, and others on congressional legislation to grant the District budget autonomy.

We support these efforts. But we would like to supplement them by proposing a third track that originates not from Capitol Hill but from this very chamber: let the people of the District pass legislation giving the city budget autonomy by amending the Charter through a referendum, as is authorized by the Home Rule Act.

Such a people-led action can be accomplished if the Council acts quickly to adopt legislation authorizing such a referendum for the November 6 election. We have researched this proposal carefully with our pro bono partners at the law firm of Arent Fox and have determined that a referendum amending the budget process to give the city budget autonomy is within the authority of the Council and the people under the Home Rule Act.

Here is how such a referendum would work. The Charter, as you know, requires the Council to adopt the District’s budget, which the Mayor then submits to the President for transmission to Congress. Despite having raised the needed revenues and created a spending plan, under the Home Rule Act’s current process, the District cannot implement its budget until Congress enacts it as part of the federal appropriations process. Because this process is provided by the Charter, it cannot be amended by the Council alone, but only by referendum passed by the residents of the District or act of Congress.
The District’s current reliance on a congressional appropriation to spend its own funds goes to the core of the city’s struggle for democracy. The current process is unnecessary as a practical matter because Congress almost always enacts the local budget exactly as requested by the District. The process also harms the city in three significant ways.

First, it delays the District’s own budget process by an average of three months, causing hiring delays, lost revenues, and untimely procurements. It also causes cash shortages, which force the District to borrow money, resulting in about $3 million in additional interest payments each year.

Second, the lag time between the District’s approval of its budget and the start of the fiscal caused by the congressional appropriations process undermines the District’s ability to estimate its revenues and expenditure needs accurately.

Third, it creates the risk that the District will be caught in a federal budget impasse and close if the federal government shuts down. As we all remember, one year ago, the District was forced to expend substantial resources to prepare for a shutdown when Congress and the President could not agree on the federal budget. Had the federal government shut down, D.C. residents would have been without trash collection, access to recreational facilities and libraries, and social services for needy families with children.

Our proposal would amend the Charter to change this process to allow the District to spend local funds for local measures after they have been approved by the Council and the Mayor and have not been overturned during the normal a 30-day congressional review period.
Our proposal would also amend the Charter to allow the Council to set the fiscal year. The District’s fiscal year begins in October rather than July, as it does in most states to align with the start of the school year. This hinders the District’s ability to plan and coordinate its budget.

As you know, Chairman Brown, federal officials have indicated that they are serious about giving the District budget autonomy. President Obama provided for it in his budget submission to Congress. And from the efforts of Representative Issa and Senator Lieberman, it is clear that members of Congress from both sides of the aisle recognize the importance of the issue.

In light of this, why not let the citizens of the District of Columbia exercise their right under the Home Rule Act to govern themselves by amending the Charter to provide for something so clearly in the people’s interest and that has already received such wide support at the federal level?

If the budget autonomy amendment is ratified by the people in November, it will become law after a 35-day congressional review period. Congress can overturn it only by resolution of both Houses signed by the President. Given the support already expressed for budget autonomy in Congress from members of both parties and from the President, we think it makes sense to let the people of the District change this law themselves.

It is far from unprecedented for the people of the District advance democracy by themselves. Their right to amend the Charter by referendum is clearly laid out in the Home Rule Act. Not even two years ago, in fact, the Council authorized a referendum on
a Charter amendment to make the Attorney General an elected official. The people resoundingly voted in favor of enhancing self-government, with 76 percent of voters ratifying the amendment.

The current efforts to achieve budget autonomy through affirmative legislation in Congress face serious obstacles: Congress may not take action on any bill. And even if it did, it is not certain that the bill would be acceptable to the District, as has been the case before due to unacceptable riders being added to previous bills.

Our proposed Charter amendment, however, will come directly from the people of the District. It will be a clean bill with no strings attached. And because it comes directly from the people, it will help inspire the movement for democracy locally and raise awareness of the situation nationally.

We hope that the Council will initiate this effort by introducing a bill to authorize the Charter amendment referendum. It is important, however, that the Council move quickly. The bill would have to be approved by the Mayor before Council recess begins July 15 to give the Board of Elections and Ethics the time it needs to place the amendment on the November 6 ballot.

We applaud the efforts of this Council, the Mayor, and Delegate Norton to work with Congress to give the District budget autonomy. But with the help of the Council, the people of this city have the power to add to these efforts and advance democracy in the District on their own. The time has come to let the people have a chance to do that.