
**H.R. 733: The District of Columbia Budget Autonomy
Act of 2007**

**H.R. 1054: The District of Columbia Legislative
Autonomy Act of 2007**

**Unites States House of Representatives
Committee on Oversight and Government Reform
Subcommittee on Federal Workforce, Postal Service, and the District of
Columbia**

**The Honorable Danny Davis, Chairman
The Honorable Kenny Marchant, Ranking Member**

**Testimony of
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**Thursday, June 7, 2007
2:00 PM**

Good afternoon, Chairman Davis, Ranking Member Marchant,
Congresswoman Norton, and members of the Committee.

I am John Hill, and I appreciate the opportunity to testify in support of both
H.R. 733 “District of Columbia Budget Autonomy Act of 2007” and H.R.
1054 “District of Columbia Legislative Autonomy Act of 2007”.

As you well know, the District has made tremendous strides over the past
decade in terms of improved financial management and legislative activity.
I have personally witnessed this progress, having been GAO’s chief witness
before the Congress on issues raised by the District’s financial crisis in 1994

and having been appointed as Executive Director of the District of Columbia Financial Responsibility and Management Assistance Authority (control board), created by Congress in 1995 to guide both the financial and management recovery of the District of Columbia government.

When the financial control board was created, the District was truly in a fiscal state of emergency with significant accumulated operating deficits, cash shortages, inefficient management, and no sign of relief from its financial troubles. The control board worked closely with city officials to improve the integrity of budget development and execution, accurately project revenues, efficiently and effectively collect taxes and incorporate fiscal discipline in the enactment of legislation. By 2001, the District had produced four consecutive balanced budgets, repaid much of its debt, built its financial reserves, and regained access to capital markets at improved cost. The speed of the District of Columbia's financial recovery is unique among recoveries by major cities from severe financial crisis. New York City took 11 years from the start of the control period to its sunset.

Today, the District continues its steady record of balanced budgets, sound financial management, and fiscal discipline under the leadership of the Mayor, the District Council, and the Chief Financial Officer. As a result, the city enjoys unprecedented prosperity and a stellar reputation on Wall Street as seen through the steady improvement of the District's bond ratings. I believe that the District – like other major cities across the United States – deserves the flexibility and authority to implement its budgetary and legislative decisions going forward.

The District of Columbia Budget Autonomy Act would eliminate all federally-imposed mandates over the local budget process, financial management, and borrowing. Chief among these mandates is the requirement that Congress actively approve the District's budget through the Congressional appropriations process. Under the current process, the District must start up to a year in advance to develop and approve a budget, which is then submitted to Congress for its consideration. Although the District's fiscal year begins October 1, Congressional approval of the District's budget can sometimes take as long as four to six months beyond the beginning of the fiscal year. This leaves local officials unable to implement budget decisions until well into the fiscal year and delaying services promised to residents. An act of Congress is also needed in the event that routine mid-year reallocations are needed, which prevents local

officials from responding quickly and nimbly to changing circumstances and needs. Given the fact that Congress has not recently demonstrated any penchant for changing the local budget approved by the city, providing the District budget autonomy would simply make the budget process more efficient and straightforward.

While the Congressional budget review process would be eliminated by this proposal, two things should be noted. First, nothing in this proposal would remove Congress's constitutional authority to exercise oversight over the District of Columbia. Congress retains its right to pass legislation that applies to the District and enjoys an authority that it does not have over other major cities. In addition, the proposal before you does not eliminate the measures set forth in the District of Columbia Financial Responsibility and Management Assistance Act of 1995. The law would continue to provide for the return of the financial control board in the event that the District slips back toward financial crisis, and a control period becomes necessary. The city has demonstrated a commitment to maintaining fiscal control and discipline and other practices that have resulted in the city's positive financial health. For this reason, I am supportive of greater budget autonomy for the District.

For many of the same reasons, I support greater legislative autonomy for the District as well. In my work with the control board, we were responsible for reviewing each piece of legislation for fiscal impact before it was transmitted to the Congress. In my current position as Chief Executive Officer of the Federal City Council, I have had the opportunity to work closely with the Mayor, the Council Chairman, and members of the District Council, and I appreciate the leadership, collaboration, and deliberation that they bring to the legislative process. Under current law, legislation enacted by the Council and Mayor must go through a 30-day period of Congressional review before becoming effective; for legislative acts that impact the criminal code, the review period is 60 days. The review period tolls when at least one House of Congress is in session and is somewhat complicated when a new Congress is seated every two years and the day count must begin again for any legislation that did not complete its passive review.

In the recent past, Congress has not acted to disapprove legislation passed by the city and has deferred appropriately to the judgment of locally elected officials regarding local matters. Legislation passed by the District Council

is required to possess a certification of fiscal impact from the independent DC Chief Financial Officer prior to its enactment. The practical result is that the review process results in unnecessary delays in implementing changes or improvements to the District's laws and services. Under certain circumstances, it is possible for some local laws to take up to nine months to become effective under the current review process. This process can be improved with the passage of H.R. 1054. Again, nothing in this proposal is aimed at infringing upon Congress's constitutional authority to exercise oversight over the District of Columbia. Should Congress find it necessary to pass legislation impacting the District, it can always do so under its normal legislative processes.

In summary, having been a participant in the District's recovery from its financial and management troubles during the mid-1990s and having been a witness to the substantial progress of the city under the leadership of the Mayor, Council, and Chief Financial Officer, I firmly believe that the budget and legislative autonomy proposed in the two bills before you are in order and appropriate.

Thank you for this opportunity to testify before the Committee on these important bills.