



Congress of the United States
House of Representatives
Washington, DC 20515-1501

Testimony of Congresswoman Eleanor Holmes Norton
“Shutdown: Examining Federal Government Closure Impacts on the District of Columbia”
Subcommittee on Emergency Management, Intergovernmental Relations, and D.C.
January 30, 2014

Chairman Begich and Ranking Member Paul, I appreciate the opportunity to appear before you today. As the District of Columbia faced a shutdown of its local tax supported government during the recent federal government shutdown, the country understood how wrong and absurd it is to ignore the oldest American government principle of local government: local control over the dollars raised by local taxpayers. It is not surprising that a large majority of Republicans (72 percent), Independents (75 percent) and Democrats (71 percent) support budget autonomy for the District of Columbia. We are asking Congress to restore – yes, restore – budget autonomy to the District of Columbia. It is important to note that even if D.C. had budget autonomy, Congress would retain plenary authority over D.C. under the U.S. Constitution, so Congress could legislate on any D.C. matter at any time.

The District of Columbia had budget autonomy for the first 80 years of its existence. That period, close to the drafting of the Constitution, is used by the courts and constitutional scholars as showing the intent of the Framers of the Constitution. In fact, the District lost its original budget autonomy in 1878, when Congress passed the District of Columbia Organic Act, which also took away the various forms of elected government the District had had before then and imposed the permanent federally appointed three-commissioner form of government. The District did not get an elected government again until the Home Rule Act of 1973, which gave D.C. its current government structure. The Senate version of the Home Rule Act granted D.C. budget autonomy. Unfortunately, the House rejected that provision, and the final Home Rule Act required congressional approval of D.C.’s budget.

However, Congress has periodically revisited the issue since 1973. During the 1995-1996 federal government shutdowns, Congress, led by the Republican House, passed bills to permit D.C. to spend its local funds and remain open for part of the shutdowns. In 2004, the Republican-led Senate approved, by unanimous consent, a bill granting D.C. budget autonomy. The bill died in the House. The George W. Bush administration endorsed budget autonomy in its fiscal years 2004, 2005 and 2006 budgets.

The bipartisan support for budget autonomy has only grown over the last couple of years. In the 112th Congress, then-chairman Joe Lieberman and -ranking member Susan Collins of the Senate Homeland Security and Governmental Affairs Committee introduced a bill to give D.C. budget autonomy. During that Congress, Representative Darrell Issa, the Republican chairman of the House Oversight and Government Reform Committee, which also has jurisdiction over the District, announced his support for budget autonomy. House Majority Leader Eric Cantor announced his support for budget autonomy soon thereafter.

This Congress, President Obama's fiscal year 2014 budget included a legislative provision to give D.C. budget autonomy. The Senate Appropriations Committee-passed fiscal year 2014 D.C. Appropriations bill included that provision. The Oversight and Government Reform Committee approved a bill that had most of the elements of budget autonomy. During last year's 16-day federal government shutdown, the Republican-led House passed a bill that would have permitted D.C. to spend its local funds and remain open during the shutdown. During floor debate on the bill, Representative Ander Crenshaw, the chairman of the appropriations subcommittee with jurisdiction over D.C., said, "[t]he District's locally raised funds should not be withheld from them during this current Federal shutdown. This disagreement that the Republicans and the Democrats are having over Federal spending shouldn't stop the District from using its own locally raised funds like any other city in America." The fiscal year 2014 continuing resolution (CR) that reopened the federal government included a provision that, for the first time ever, permitted D.C. to spend its local funds for the remainder of the fiscal year while federal agencies' spending authority expired before then. Even more significantly, while the fiscal year 2014 omnibus appropriations bill did not grant D.C. budget autonomy, it permits D.C. to spend its local funds in fiscal year 2015, at fiscal year 2015 levels, during a federal government shutdown and therefore remain open. As a result, D.C. does not have to worry about a shutdown threat until October 1, 2015.

Disputes over the federal budget have nothing to do with the District government's local funds. Indeed, the District government's fiscal condition is among the strongest in the country. The District government has had 18 consecutive balanced budgets, and has \$1.5 billion in reserves. I do not believe that any member of Congress wants to shut down the D.C. government and bring a large, complicated city to its knees due to a purely federal matter. Moreover, D.C. residents are not alone in relying on vital District government services. Federal officials, including the President, federal buildings, foreign embassies and dignitaries, and businesses rely daily on the city's services, as well.

Importantly, if the city had budget autonomy, it would no longer have to invest the time and money preparing contingency shutdown plans. When Congress cannot reach agreement on regular appropriations bills, it operates under CRs (with the District given the authority to spend its local funds at next year's levels under an agreement I reached with Republican appropriators several years ago) to avoid a government shutdown, but when it cannot reach an agreement on a CR, the federal government and therefore the D.C. government shut down. If the District

government shuts down, it could default under certain financing agreements and leases. Further, successive CRs greatly hinder the operations of the District government. Not only do successive CRs make it difficult for the city to plan its activities for the year, successive CRs greatly increase the city's costs of doing business. The city's partners, from Wall Street to small vendors, can charge a risk premium due to the uncertainty created by successive CRs.

In addition, budget autonomy would eliminate the uncertainty of the congressional approval process, which has a negative effect on the city's bond ratings, adding unnecessary interest costs for local taxpayers. Control over its local budget would significantly improve the District's ability to make accurate revenue forecasts, and would reduce the countless operational problems that result because the city's budget cannot be implemented until Congress approves it. Also of major importance, budget autonomy would allow the District to use the typical state and local government fiscal year (July 1-June 30), allowing ample time to prepare for the opening of schools in September, instead of the federal fiscal year (October 1-September 30). There would be benefits for Congress, as well. The D.C. local budget consumes valuable subcommittee, committee, and floor time in both houses of Congress, the most inefficient and redundant annual process in the Congress.

Members of Congress were sent to Washington to do the business of the nation. Members have no reason to be interested in or to become knowledgeable about the local budget of a single city. For years, the House and Senate have passed the District's local budget as is, and neither the House nor Senate Appropriations committees has had a hearing on the D.C. local budget for years. Recent history demonstrates that the Congress has itself been moving toward D.C. budget autonomy. We hope that last year's shutdown will be the final chapter on why the city's local budget should become effective upon passage by the city.