

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**



**Budget Oversight Hearing on  
Fiscal Year 2020 Budget Hearing**

**Testimony of  
The Honorable Muriel Bowser  
Mayor**

**Before the**

**Committee of the Whole**

**Council of the District of Columbia**

**John A. Wilson Building  
1350 Pennsylvania Avenue, NW  
Washington, D.C. 20004  
March 22, 2019  
10:00 a.m.**



Good morning, Chairman Mendelson and members of the Council. I am pleased to testify today on my Fiscal Year 2020 Budget and the critical investments we are making to ensure that all residents have access to opportunity and can participate in our city's prosperity.

### **Budget Overview**

The Fiscal Year 2020 budget totals **\$15.5 billion**, including **\$8.6 billion** in local funds.

The allocation of our local funds is similar to years past:

- **\$2.35 billion** (27%) in the public education system
- **\$2.14 billion** (25%) in human support services
- **\$1.19 billion** (14%) in public safety and justice
- **\$1 billion** (12%) in debt service, financing, and other
- **\$802 million** (9%) in government direction and support
- **\$669 million** (8%) in public works
- **\$420 million** (5%) in economic development and regulation



I am proud to say that the District's prosperity has grown during my first term. However, since I presented my Fiscal Year 2019 Budget to you just about one year ago, we have had two important reminders about the state of the District's finances:

The first came in July when Moody's upgraded our General Obligation bond rating to Aaa. Our Aaa rating is recognition of our responsible governance and the important choices we have made to build a fiscally responsible city – a city that is a great place to not only live and work, but to invest in and do business.

The second reminder came more recently during the historic 35-day federal government shutdown. This was the longest federal government shutdown in our nation's history, and it cost our city \$47 million in lost revenues. It also reminded us that while our finances are strong, we are not invincible.



And, so, the budget I presented to you this week recognizes both of these truths: that these are prosperous times for Washington, DC but that we must also resist the urge to write checks now that we cannot cash in recessionary times.

With this budget, we can ensure that Washington, DC continues to be a great – and affordable – place to live and do business. We can support our most vulnerable residents and protect our middle class. Together, we can ensure that Washington, DC continues to be a city that works for people at all stages of life and gives more Washingtonians a fair shot.

Together, we have spent four years building new pathways to the middle class for DC residents – through an increase in the minimum wage; TANF reforms that better support parents who are experiencing unemployment; and improvements to our workforce development programs, including the creation of the DC Infrastructure Academy. My Fiscal Year 2020 Budget continues these efforts and makes new investments to ensure that all residents are benefitting from the District’s growth and prosperity.



## **Sharing the Upside and Affordable Housing**

We have heard from residents across the city that affordable housing must remain a top priority, and my budget does exactly that.

We know that some in our city have benefitted more than others from the economic growth Washington, DC has experienced in recent years. In light of that fact, we are asking our commercial property owners to share some of the upside. In looking at a sample of commercial properties District-wide that were continually assessed since 2000, we saw that the total value of those properties increased from \$28.8 billion in 2000 to \$92.9 billion in 2018 – \$64 billion in growth, with properties more than doubling their value.

By capturing some of the upside from commercial real estate transactions, we are able to invest more in affordable housing programs for low- and moderate-income residents to address the affordability pinch that people



across the income spectrum are feeling. This adjustment will not impact homeowners.

In my previous four budgets, I made good on my commitment to invest \$100 million annually in our Housing Production Trust Fund. In my first term, we were able to use these funds to help produce and preserve 7,200 units of affordable housing. By increasing our investment in the Housing Production Trust Fund to \$130 million, my FY20 Budget will allow for the preservation and production of more than 1,300 units of affordable housing.

Two years ago, at the recommendation of my Housing Preservation Strike Force, we created the Housing Preservation Fund, which leverages District funds to attract private investment. In the first five months of operating the fund, it has already been used to preserve hundreds of units of affordable housing across the city. By increasing our investment in our Preservation Fund to \$15 million in FY20, we will attract an additional \$45 million of private investment to preserve even more affordable units.



This budget also recognizes that, as we work to build our middle class, we must also work to protect it. To do this, we have created a new housing tool: the Workforce Housing Fund. Through an initial investment of \$20 million, we will leverage an additional \$180 million in private sector participation, for an overall investment of \$200 million in housing for workers, such as teachers, social workers, and first responders – people who have a good job, but who also need a good, affordable place to live in the city.

I want to be clear: when we say workforce housing is about teachers, firefighters, and middle class workers, it isn't just a tagline. The average salary of a DCPS teacher is \$86,643. The Average Median Income of a single person in DC is \$82,050. So, with this new investment in workforce housing, we are quite literally building housing for our teachers to live in DC.



And as property values continue to increase, we are also taking steps to mitigate the effects of rising property taxes through an expansion of the Schedule H tax credits. By raising the income ceiling and the maximum credit, we can provide relief to both homeowners and renters, including seniors, families, and residents without children.

### **Families, Youth, and Education**

In addition to making big investments in affordable housing, with this budget, we also found a number of other ways to support our families, youth, and our most vulnerable neighbors.

We continue to build on the success of our relentless work to drive down homelessness with a new \$37 million investment in Homeward DC, which includes \$11 million to support the new service delivery model in our short-term family housing programs.

Since implementing Homeward DC, over 4,600 families have exited shelter to permanent housing, and nearly 4,900 single adults have exited





the streets or shelter to homes of their own. This is good progress, and with the Council's and community's support, we look forward to making good on our promise to make homelessness rare, brief, and nonrecurring.

My Fiscal Year 2020 Budget also supports families by:

- making the Keep Childcare Affordable tax credit (previously referred to as the Early Learning tax credit) permanent;
- eliminating the sales tax on diapers;
- investing \$4.7 million into Families First DC, a new initiative to support family strengthening and stabilization through an integrated and community-based approach; and
- expanding child care and early childhood education opportunities at the old Randle Highlands, old Miner, and Thurgood Marshall with an additional \$52 million investment.

With this budget, we also build on our work to increase access to high-quality child care and educational opportunities for young people – from



the time they are born until they graduate. We do this through a number of investments, starting with a 2.2 percent increase to the Uniform Per Student Funding Formula.

We are also making investments in the FY20 Budget that help to improve student learning. We heard from our educators and families that we must invest in better and more technology. We made a down payment on this investment with \$4.6 million in FY20 to provide a device to every student in grades 3, 6, and 9. We will continue these investments in future years until we have one laptop or device for every student in grades three through twelve.

We also know that students who have experienced and continue to experience high levels of trauma need more access to supports that allow them to heal and thrive. To that end, we will continue to expand school-based mental health services through an additional \$6 million investment, which will allow us to expand mental health supports at an additional 67 schools. In addition, we will use a new \$1.6 million



investment to fund six new community schools at Anacostia, Ballou, Cardozo, Eliot Hine, Langley, and Sousa.

We are also committed to expanding opportunity beyond high school with a \$305,000 investment to increase the wages of participants in SYEP and over \$90 million in funding for programs and services and the University of the District of Columbia.

### **Public Safety and DC Values**

As we continue investing in our young people and their families, we also know that we must continue investing in building safer, stronger neighborhoods.

We remain very focused on addressing the spike in homicides that our city has experienced over the past year. And to do this, we know that we must be effective at both policing and healing. This budget includes investments to continue building our police force up to 4,000 officers by 2021. We are also investing more than \$3 million to bolster the efforts of



the Office of Neighborhood Safety and Engagement, as well as \$1.6 million in our Office of Victim Services and Justice Grants.

Given the root causes of violence, we also know that there are no lines that separate investments in housing, education, health care, and public safety. When we improve schools and support families, we improve safety. When we improve safety, we improve schools and support families.

The same goes for standing up for and advancing our DC values. When we invest in our DC values – our entire city benefits. This budget supports that notion by increasing funding for our Immigrant Justice Legal Services grant program from \$900,000 to \$2.5 million.



## **A Resilient and Sustainable DC**

As I finish up, I want to quickly highlight some of the work we are doing to build a more resilient and sustainable DC.

In addition to supporting the full implementation of the Clean Energy Act that the Council passed and I signed, this budget also includes major investments in public transportation and a multi-modal transportation infrastructure for our city, including:

- \$122 million for a new K Street Northwest Transit Way;
- \$16.1 million to provide free DC Circulator service;
- \$2.8 million for additional bike lane enforcement and rush hour towing as part of our Vision Zero initiative.

## **Conclusion**

All in all, I am proud that this budget both advances our DC values and addresses our city's most pressing challenges.



Washingtonians have worked hard to build a diverse and inclusive DC. This budget works to keep DC affordable for people of all backgrounds and to meet the needs of all Washingtonians – from our youngest to our oldest. It recognizes that just as we have consistently invested in making Washington, DC a city where more families *want* to live; now, we must make the necessary investments to ensure that Washington, DC remains a city where families *can* live.

Finally, I want to take this opportunity to thank City Administrator Rashad Young, Budget Director Jenny Reed, and the entire Budget and Performance team for their hard work to put together this Fiscal Year 2020 budget, which will expand access to affordable housing, invest in our residents and neighborhoods, and connect more Washingtonians to the opportunities that exist in our city. With these investments, we can and will give more residents a fair shot.

In addition, I would like to thank LaToya Foster and the entire Communications team for their efforts to prepare for this year's State of



the District and creation of budget materials for the public. I would also like to thank Lamont Akins and the Office of Community Affairs for leading the Budget Engagement Forums across the city.

Thank you for your time. I am happy to answer any questions you may have.



