

FY 2024 Budget and Financial Plan Remarks
Mayor's Briefing to Council
March 24, 2023

The purpose of today's hearing is for Mayor Bowser to formally present her proposed FY 2024 Budget and Financial Plan to the Council. Members will be given the opportunity to provide opening remarks, then we will hear testimony from Mayor Bowser and our Chief Financial Officer, Glen Lee. Each member will be afforded one 10-minute round with the Mayor and the CFO, then one 10-minute round with the City Administrator, Kevin Donahue, the Mayor's Budget Director Jenny Reed, and the CFO.

First, I want to thank Mayor Bowser, City Administrator Donahue, Budget Director Reed and the entire executive team for the work they put into completing this budget. I also want to thank CFO Lee, Deputy CFO Eric Cannady, Chief Economist Fitzroy Lee, and their teams at the Office of the Chief Financial Officer for compiling and certifying this budget. The Council looks forward to working with you over the next 10 weeks as we review, modify, and consider the FY 2024 budget and revisions to the FY 2023 budget.

This budget reflects choices and priorities. It is the Council's responsibility to ensure that the final budget for the District is well conceived and responsibly allocated. I appreciate the reality that the Mayor was faced with difficult decisions while balancing the FY24 budget and financial plan. However, there will be many instances where the Council's priorities will differ from the Mayor's choices. Our choice and our priority is to focus a 'recovery budget' on the recovery of our residents.

Over the last several years, the Council has heard from many communities regarding traumatic budget cuts to DCPS school budgets. In response to those anxieties, and recognizing the rising costs that principals face, the Council adopted the Schools First in Budgeting Amendment Act in December 2022. I am very disappointed that the proposed FY 24 budget ignores that legislation, and that many DCPS schools throughout the District face substantial effective cuts to their budgets for next year. Currently, across all DCPS schools, we estimate that individual school budgets have been shorted in the aggregate of approximately **\$30 million** in funding. Ensuring stability, predictability, and fairness in school budgets is a core priority for me and colleagues on the Council, and we intend to enforce the principles of Schools First and make our DCPS schools whole during this budget cycle.

In addition to the non-compliance with Schools First, I'd like to highlight several other changes the Mayor has proposed related to education services that concern me:

- The elimination of the funding detail for the at-risk concentration funds allocated to individual DCPS schools. How can the Council and the public understand what these funds are being used for without that level of specificity, and what is the rationale for removing this information? Moreover, it appears that the Mayor's budget *shorted* schools in at-risk concentration funding; our staff have identified a gap of approximately \$1.5 million owed to schools under this mechanism.

- The elimination of the Council’s digital equity funding for DCPS. When there is growing awareness of the “digital divide” our children face, why scale back efforts to promote equity of access to digital tools and instruction?
- If the Workforce Investment Account contains all funding for DCPS teacher COLAs per the recently ratified collective bargaining agreement, how is the 5.05% UPSFF increase allocated within DCPS?

While many of the decisions the Mayor made to balance the budget were tough but necessary, some of the budget adjustments are not in line with the real needs of District residents. Take housing affordability. 37,000 renter households in DC are severely rent burdened, meaning they spend more than HALF of their income on rent. Instead of focusing our resources on this problem, the Mayor chose to reduce the Emergency Rental Assistance Program (ERAP) by over 80% - from \$43 million this year to \$8 million in FY24. Yet current demand is double the \$43 million we have this year and is not showing any signs of slowing down.

Another proven strategy to prevent housing instability is through a Civil Legal Services program called Access to Justice, which provides tenants with eviction diversion services such as legal counsel in landlord tenant court. Over the past two years, Access to Justice clients were able to avoid 65% of scheduled evictions and remain housed. The FY24 budget slashes this program by over 40%. The elimination of these two successful tools – Access to Justice and ERAP – to avoid eviction may save money in the short term but will cost us much more in the long term. We need to make different choices.

In 2021, the Council split the Department of Consumer and Regulatory Affairs into two agencies designed to better serve the needs of District residents and businesses. One of the two agencies – the Department of Buildings – was born out of the real need to improve the number and quality of building inspections in the District. Renters have long complained about lack of building inspections leading to substandard living conditions, and homeowners understandably worry about adjacent illegal construction projects harming their homes. Last year I proposed and the Council funded new inspectors in the Department of Buildings to police bad actors and increase quality of life for District residents. The proposed budget eliminates about half – 22 – of these positions. This ill-conceived reduction will set back efforts to curb slumlord conditions for tenants and prevent illegal construction.

Finally, I would be remiss if I did not mention that I continue to be disappointed that fare-free bus service, including overnight service for the 12 busiest routes, which especially impacts lower-income residents and workers was not included in this budget.

I and the Council are looking forward to reviewing the proposed budget with an eye toward reallocation of District resources to priorities that help District residents and businesses recover from the pandemic and economic slowdown. Starting Monday, Council committees will be hearing public testimony on the proposed budget and will be questioning executive

agency witnesses as well. The hearing schedule is available on the Council's website, along with instructions for how to provide testimony. On April 14th, we will hold the final hearing on the Mayor's proposed budget, specifically on the budget legislation: the Fiscal Year 2024 Local Budget Act, the Fiscal Year 2024 Federal Portion Budget Request Act, the Fiscal Year 2024 Budget Support Act, and the Fiscal Year 2023 Revised Local Budget Adjustment Emergency Act. Committees will markup their budget recommendations April 25th through 27th, and the Council will have its first reading on May 16th.

Now I will turn to Members for opening statements.