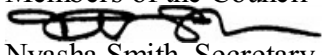


COUNCIL OF THE DISTRICT OF COLUMBIA
1350 Pennsylvania Avenue, N.W.
Washington D.C. 20004

Memorandum

To : Members of the Council
From :  Nyasha Smith, Secretary to the Council
Date : Thursday, April 4, 2024
Subject : Referral of Proposed Legislation

Notice is given that the attached proposed legislation was introduced in the Office of the Secretary on Wednesday, April 03, 2024. Copies are available in Room 10, the Legislative Services Division.

TITLE: "Fiscal Year 2024 Revised Local Budget Emergency Declaration Resolution of 2024", PR25-0713

INTRODUCED BY: Chairman Mendelson, at the request of Mayor

Retained by the Council with comments from the Committee on Committee of the Whole.

Attachment
cc: General Counsel
Budget Director
Legislative Services



MURIEL BOWSER
MAYOR

April 3, 2024

The Honorable Phil Mendelson, Chairman
Council of the District of Columbia
1350 Pennsylvania Avenue, NW
Washington, DC 20004

Dear Chairman Mendelson:

On behalf of the residents of Washington, DC, I am pleased to submit to the Council of the District of Columbia my tenth balanced budget, the Fiscal Year 2025 (FY 2025) Proposed Budget and Financial Plan, *A Fair Shot: Strategic Investments and Shared Sacrifice*.¹

The FY 2025 Budget and financial plan is made up of \$21 billion in operating funds and \$11.8 billion in capital improvement funds. It addresses a confluence of post-COVID economic factors: slower revenue growth; the end of federal stimulus funding; significantly higher operating costs, including an additional \$200 million in WMATA funding; and the impacts of the remote work environment. Of course, our budget is unique because we are required to have a balanced financial plan across both the current fiscal year, FY 2024, and the upcoming four years of the financial plan, FY 2025–FY 2028. The result of these factors is a widening gap across the financial plan that requires us to make prudent investments now to change the trajectory of our out-year revenue estimates. Still, we were able to balance this budget without increasing commercial or residential property taxes or income taxes.

While we approach these decisions soberly and with financial prudence, the state of the District is strong: we continue to have a Aaa bond rating; DC is the number one city in the country for tech careers and among the top cities for women-owned business openings; we are leading the country in office-to-housing conversions; tourism is rebounding; our public school enrollment is up two years in a row; crime is trending down; and unlike many of our peer cities, DC's population is growing.

This budget makes significant investments in our people and our economy and focuses on the three pillars of long-term growth: public schools, public safety, and Downtown. In building the FY 2025 *Fair Shot* Budget, we were guided by our values: protecting core city services and preserving programs that protect the health and safety of our community; prioritizing programs with a track record of success and that focus on equity; and investing in the pillars of long-term growth so that we can change the trajectory of our out-year revenue estimates:

Public Safety

Last summer, we put in place several key public safety interventions, and as a result, we are seeing trends move in the right direction: overall crime in our city is down 13%, violent crime is down 18%, and homicides are down 34%. The FY 2025 *Fair Shot* Budget builds on that momentum by fully funding MPD's requested hiring level and sustaining key investments started with federal funds, such as Safe Passage, victim services, and violence interrupters, and adds new investments to strengthen our public safety ecosystem. This budget:

- Fully funds MPD's requested hiring level to achieve a net gain in police officers for the first time in five years. The budget adds \$9 million to fund 40 new Community Safety Officers and hire civilians to free up about 50 police officers for critical crime-fighting tasks.
- Adds \$7 million to the Department of Human Services to significantly increase truancy interventions for 500 youth in the Parent and Adolescent Support (PASS) program and 180 youth referred through the Alternatives to the Court Experience (ACE) program.
- Adds \$1 million to hire more 911 call takers and dispatchers at the Office of Unified Communications.
- Adds \$4.6 million to fund key provisions of the Secure DC legislation, including pretrial detention for violent criminals, private security camera incentives for businesses, and Safe Commercial Corridor grants.

Education

The FY 2025 Budget continues our historic investments in public education. Since 2015, we have grown our public education budget from \$1.4 billion to \$2.7 billion. In those nine years, we implemented two historic collective bargaining agreements for our educators and continued to build on our reputation as the fastest improving urban school district in the country. The FY 2025 Budget continues those historic investments:

- A \$341 million increase in funding for our public schools will raise the uniform per student funding formula (UPSFF) by over 12%. We are also doubling down on our investments in equity by increasing the weight for at-risk students, adults, and alternative learners.
- During the pandemic, we launched a high impact tutoring program that will help more than 10,000 students accelerate their learning. The FY 2025 Budget invests \$4.8 million to continue this evidence-based program.
- Adds \$5 million to sustain our advanced technical education center that includes advanced internships, career ready internships, and a dual language program expansion. In addition, a new \$17 million investment will allow us to expand our existing center to include a new health care clinic to provide services to the community and training for our students.
- A \$600,000 investment to add a second advanced technical center at the Whitman-Walker Max Robinson Center on the St. Elizabeths East campus which will provide even more high school students with college credits and workforce training for high-wage, high-demand careers.
- Continues to improve our school facilities with \$2.2 billion for full school modernizations, \$255 million to support small capital repairs like HVAC and roof replacements, and \$42 million to improve school safety through enhanced lighting, fencing, and access control.

Downtown

Investments in our Downtown are investments that directly benefit all eight wards. This is a critical time for our city's economic future as we work to attract, retain, and grow our business community. The FY 2025 *Fair Shot* Budget builds on what's working and uses the roadmaps we have in our Comeback Plan, in the Downtown Action Plan, and our Public Realm Plan to make intentional investments to drive inclusive economic growth.

The FY 2025 Budget continues to invest in strategies that are working, such as the District's Vitality Fund and office-to-residential conversions, and also includes:

- \$520 million for the Gallery Place Revitalization Fund to support sports arena renovations, streetscape improvements, public space activations, and expanded green space.

- \$64 million to build a new Federal City Shelter annex to provide permanent supportive housing and congregate dwelling units at the site of the existing Community for Creative Non-Violence shelter.
- \$26 million to implement the Business and Entrepreneurship Support to Thrive (BEST) Act to streamline business licensing and reduce costs for our entrepreneurs.
- \$13 million to temporarily freeze property taxes for conversions of office buildings into new uses downtown.
- \$5.25 million to support World Pride in 2025.
- \$5 million to create a new Downtown Arts Hub, a flexible, multi-use space for theater, dance, music, and visual arts organizations.
- \$3 million to make it easier for organizations to host festivals and special events, and to attract arts fairs and go-go music festivals downtown.

Core Services

The FY 2025 *Fair Shot* Budget sustains critical health and human service initiatives including: \$19 million for Career MAP to help 500 DC families avoid losing public assistance as their careers advance and incomes rise; \$7 million to continue 24/7 operations at six homeless shelters; \$4.8 million to maintain a community response team at the Department of Behavioral Health to respond to 911 calls that do not need a police response; and \$600,000 to provide workforce development services for transgender and gender non-conforming residents experiencing homelessness or housing instability.

The FY 2025 Budget makes new investments to support vulnerable families, improve parks and recreation centers, increase access to housing and homeownership, and advance entrepreneurship:

- \$23 million for renovations to the Naylor Road, V Street, Emery, and Madison shelters, as well as various small-scale improvements at other homeless shelters in the system.
- \$20 million to the Emergency Rental Assistance Program (ERAP), supporting District residents who are facing housing emergencies and evictions.
- \$13 million for operating costs for two new non-congregate homeless shelter facilities in the West End and Downtown.
- \$129 million to modernize and construct recreation and community centers.
- \$87 million to modernize and renovate public libraries.
- \$12 million for a state-of-good repair blitz at playgrounds, athletic fields, basketball courts, and tennis courts across DPR recreation centers.
- \$101 million to rehabilitate and modernize public housing units managed by the DC Housing Authority.
- \$32 million to help first-time homebuyers with down payment and closing cost assistance.
- \$1.5 million to expand the DC Business Portal, which streamlines various licensing processes for District businesses.
- \$3 million to continue the District's curbside composting program, providing at-home organic waste pickup for 9,000 households.
- \$3 million to support the operating and maintenance costs of Capital Bikeshare's continued growth, including more stations, e-bikes, and traditional bikes.
- \$750,000 to help restaurants comply with forthcoming streetery design regulations by providing free consulting services and construction materials.
- \$22.5 million to build a new city-owned animal shelter.

Shared Sacrifices

To ensure we are able to invest in our comeback and remain fiscally prudent, we need to jointly contribute to filling gaps, across the government and across the community, to move forward, together.

The District government closed half our FY 2025 Budget gap:

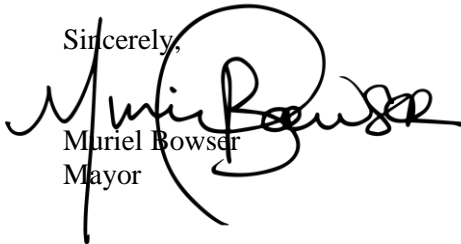
- We eliminated 407 positions, rightsized spending, and focused on moving forward with programs we know are working.
- We cut duplicative or lower-performing programs that were not helping us achieve the outcomes our residents expect. We also resisted starting new programs that would only add to our longer-term financial pressures.
- And we looked across government for savings by eliminating electronic devices and phone lines no longer in use, rebalancing our capital portfolio, maximizing federal reimbursements, and consolidating licenses and software purchases.

To close the remainder of the gap, we identified new revenues that will be shared across the community:

- Businesses will help through an adjustment to the paid family leave tax back to FY 2021 levels to support our safety net.
- Consumers will help through a modest sales tax increase beginning in FY 2026 to support increased Metro costs.
- And visitors will help through a small 911 fee on hotel room stays to support increased public safety hiring.

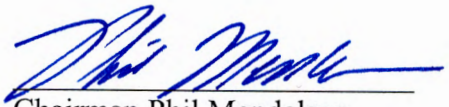
I don't take revenue increases lightly. If we make the right investments and put the right interventions in place today, I am hopeful we can reverse these policies in the out years. I am optimistic about our future, and I hope you are too. Our Comeback Plan is working, we have big opportunities ahead of us, and there is no city in the world like Washington, DC.

Sincerely,



Muriel Bowser
Mayor

ⁱ Included in this submission are the Fiscal Year 2025 Local Budget Act of 2024, the Fiscal Year 2025 Federal Portion Budget Request Act of 2024, and the Fiscal Year 2025 Budget Support Act of 2024. In addition, I am submitting the following accompanying measures: the Fiscal Year 2024 Revised Local Budget Emergency Act of 2024, the Fiscal Year 2024 Revised Local Budget Temporary Act of 2024, and the Fiscal Year 2024 Revised Local Budget Emergency Declaration Resolution of 2024.


Chairman Phil Mendelson
at the request of the Mayor

A PROPOSED RESOLUTION

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To declare the existence of an emergency with respect to the need to adjust certain appropriations in the Fiscal Year 2024 Local Budget Act of 2023.

RESOLVED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this resolution may be cited as the “Fiscal Year 2024 Revised Local Budget Emergency Declaration Resolution of 2024”.

Sec. 2. (a) The Mayor and the Council previously approved a balanced budget for Fiscal Year 2024.

(b) Since the time that budget was approved, the Chief Financial Officer has issued a revised revenue estimate certifying additional local fund revenues for Fiscal Year 2024. In addition, certain budget pressures have arisen since the beginning of Fiscal Year 2024.

(c) Appropriated revenues and budget authority for Fiscal Year 2024 must be adjusted to ensure that a balanced budget and financial plan is maintained while continuing to meet the needs of District residents.

(d) Adjustments to the Fiscal Year 2024 budget are necessary to recognize these additional resources, address existing budget pressures, align budgets with revenue, ensure timely repayment of the Contingency Cash Reserve Fund, realize savings, and balance the budget and financial plan.

32 Sec. 3. The Council of the District of Columbia determines that the circumstances
33 enumerated in section 2 constitute emergency circumstances making it necessary that the Fiscal
34 Year 2024 Revised Local Budget Emergency Act of 2024 be adopted after a single reading.

35 Sec. 4. This resolution shall take effect immediately.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE ATTORNEY GENERAL



BRIAN L. SCHWALB
ATTORNEY GENERAL



Legal Counsel Division

TO: Tomás Talamante
Director
Office of Policy and Legislative Affairs

FROM: Megan D. Browder
Deputy Attorney General
Legal Counsel Division

DATE: April 3, 2024

SUBJECT: Legal Sufficiency Review of Draft Bills, the “Fiscal Year 2024 Revised Local Budget Emergency Act of 2024” and “Fiscal Year 2024 Revised Local Budget Temporary Act of 2024”, and Accompanying Emergency Declaration Resolution
(AE-24-018)

This is to Certify that this Office has reviewed the above-referenced legislation and has found it to be legally sufficient as stated in the accompanying legal sufficiency memorandum. If you have any questions regarding this certification, please do not hesitate to contact me at (202) 724-5524.

A handwritten signature in black ink that reads "Megan D. Browder".

Megan D. Browder