

Presentation to the DC Council

FY2024

BUDGET OVERVIEW

#FAIRSHOT

March 22, 2023

WE ARE
WASHINGTON
DC GOVERNMENT OF THE
DISTRICT OF COLUMBIA
MURIEL BOWSER, MAYOR

FY 2024 FAIR SHOT BUDGET

It's time to focus on our city's long-term growth.

It's time for DC's Comeback.

- We have spent the last three years responding to and recovering from the pandemic.
- The investments we made in DC's Recovery Plan are working - we have more jobs, lower unemployment, more visitors, and our hotels and restaurants are filling up again.
- However, the long-term impacts of high inflation and telework are having a significant impact.
- This FY 2024 *Fair Shot Budget* acknowledges the economic realities we face by prioritizing the most critical investments needed to make DC a place people want to call home, do business, and visit.

THIS YEAR'S CHALLENGES

Our resources are shrinking



- February CFO forecast showed a drop in revenues of more than \$390 million largely due to:
 - A slowdown in the economy as a result of high inflation and a drop in the stock market
 - A reduction in revenues from falling commercial real estate values as the long-term impacts of telework take hold
 - The end of a historic, once-in-a-lifetime influx of federal funds that pumped more than \$8 billion of grants into DC government, universities, hospitals, and non-profits, and \$8 billion of direct payments into the DC economy over just four years

While we have significant cost increases

- **\$558M** to fully fund all of our collective bargaining agreements with our teachers, firefighters, police officers, school principals, and many more critical DC government workers
- **\$481M** to fully fund DC government retirement accounts
- **\$124M** to fund cost increases and inflation for existing school, parks and recreation, and library projects
- **\$722M** to fund increases to the UPSFF, leasing costs, utility costs, and Medicaid increases

After the CFO released the February revenue estimate, the District was facing a \$1.7 billion deficit.

WHAT DID WE DO TO BALANCE?

- Tapped **\$257M** from the fiscal stabilization reserve
- Worked with CFO to certify **\$578M** in anticipated Automated Traffic Enforcement revenue from new cameras approved in FY 2022 and FY 2023
- Maximized **\$148M** in federal reimbursements from the pandemic
- Made **\$373M** of reductions, including the elimination of 749 vacant positions
- Reprioritized federally-funded Recovery Plan investments
- Maximized use of special purpose revenue and dedicated tax fund balances
- Funded most programs and services at pre-pandemic levels
- Made tough decisions to right-size programs



DC'S RECOVERY PLAN INVESTMENTS HAVE WORKED

Recovery Plan Highlights

- **\$540M** to produce and preserve more affordable housing
- **\$403M** for rental assistance supporting nearly 43,000 households
- **\$693M** in economic recovery for businesses and residents that provided **9,000** grants to businesses, job training, cash assistance, and food access
- **\$145M** in gun violence prevention and youth programs that expanded behavioral health community response teams, Safe Passage, and the ONSE Leadership Academy
- **\$811M** in learning acceleration and school support that will provide for more than **455,000** hours of high-impact tutoring, devices, and socio-emotional learning
- **\$57M** to reduce health disparities by providing supports for residents and businesses with insurance premiums, increased access to telehealth, and intensive support for those disconnected from care

In FY 2022, the District:

- Added **3,000 new residents**, reversing the downward population trends resulting from the pandemic
- Created **14,100 hospitality and retail jobs**
- **Reduced** the unemployment rate to **4.6** percent, down from **6.5** percent a year ago
- Increased the number of hotel room days sold by **84 percent** from the prior year, bringing hotel occupancy nearly back to pre-pandemic levels
- Was the only public school system in the region to **grow its student population**

OUR GUIDING VALUES



Driving **DC's comeback**, the **downtown recovery**, and long-term economic growth by maximizing investments to help us grow our population, our jobs, and our tax base.



Investing in our **residents, families, and neighborhoods** to help residents **grow** their incomes and increase **equity**.



Strengthening services focusing on **crime reduction** and prosperity for residents through life changing **education and workforce** opportunities.



Getting back to basics by improving **core government services** and the **customer experience**.



Building **sustainability** and **resiliency** into the budget by right-sizing our investments and eliminating low-return programs.

WE AGREE ON THE PRIORITIES

We received almost **500** budget requests from Councilmembers, totaling more than **\$2.5B**. While we could not fund all of the asks, we were able to make investments in the top areas all Councilmembers called for:

- School and recreation center modernizations/improvements, including small capital repairs
- Behavioral health services
- Out of school time programming
- Affordable housing, including repairs to our public housing units
- Safer streets
- Increased access to bike, pedestrian, and bus mobility and safety
- More investments in our legacy initiatives, such as commercial acquisition and heirs legal property services
- Downtown recovery
- Food access
- And yes, pickleball



FY 2024 BUDGET OVERVIEW

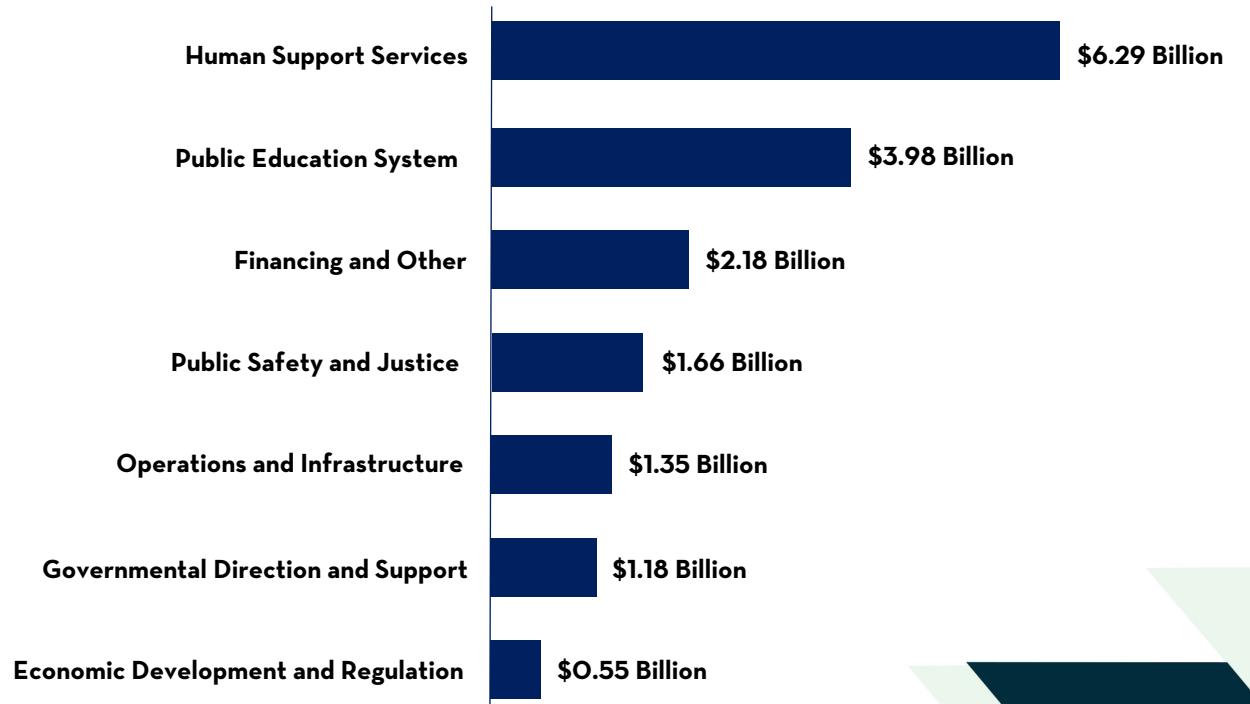
OPERATING BUDGET

- **\$19.7B** gross funds budget
- **\$10.6B** Local Funds budget
- Local Fund resources decrease by **\$110M** or 1% compared to the FY 2023 Approved Budget

MOST SIGNIFICANT INCREASED INVESTMENT

Collective Bargaining Agreements, Retirement Accounts, Schools, Medicaid, Fixed Costs and Facilities Maintenance plus Debt Service to support planned capital investments

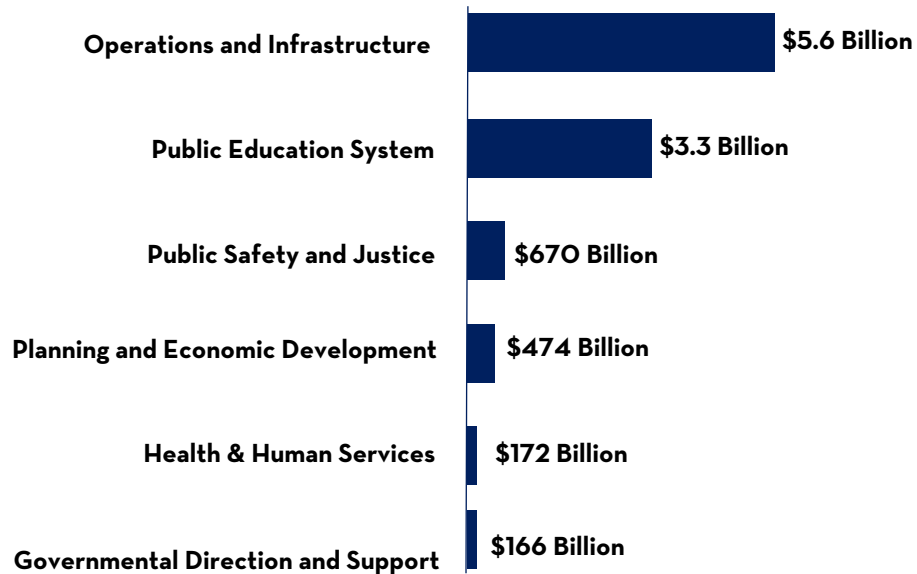
FY 2024 OPERATING BUDGET



FY 2024 BUDGET OVERVIEW

CAPITAL BUDGET

FY 2024-FY 2029 CAPITAL BUDGET



\$10.3B total six-year capital budget

Decrease of \$598M or 5.5% from last year's approved CIP

Flat revenues have limited new borrowing capacity, while higher interest rates have raised the cost of borrowing

Despite these limitations, this CIP:

- ✓ Adds new PACE school modernizations and makes another historic investment in schools HVAC
- ✓ Doubles down on roadway redesigns and other Vision Zero safety improvements
- ✓ Keeps recreation center modernizations and other major commitments on track despite rising costs

DC'S COMEBACK

What are we doing now?

- **\$3.4M** Small & Medium Business Growth Fund
- **\$4M** Commercial Property Acquisition Fund
- **\$10M** Vitality Fund
- **\$1.4M** Business retention, expansion and attraction
- **\$598K** in recurring funds for participating businesses in Creative and Open Space Modernization (COSM)
- **\$1.5M** DC Family Fun Destinations

What new investments are we making in FY 2024?

- **\$9.8M** to fund improvements at Farragut Square
- **\$3M** for Great Streets and Small Business Fund
- **\$1.5M** in additional funds for participating businesses in Creative and Open Space Modernization (COSM)
- **\$6M** Commercial Property Acquisition Fund
- Increase the available **Housing in Downtown** abatement from **\$6.8M** to **\$41M** in FY28
- **\$79M** to unlock Fletcher Johnson, Poplar Point, and bring a full-service grocery to East Capitol Gateway

EDUCATION

What are we doing now?

- **\$2B** in funding from the Uniform Per Student Funding Formula (UPSFF) towards public and public charter schools
- **\$18M** to support schools in weathering the effects of the pandemic through the Mayor's Recovery Fund
- **\$14M** for preventative maintenance of schools' heating and cooling systems

What new investments are we making in FY 2024?

- **\$145M** to support a 5.05% increase to the foundation of the UPSFF
- **\$20M** to continue supporting schools feeling the effects of the pandemic through the Mayor's Recovery Fund
- **\$116M** to support raising the wages of teachers in both public and public charter schools
- **\$5M** to begin planning and implementing "My Afterschool DC," an online central hub for parents to access afterschool opportunities for their children within the District
- **\$1.6M** to begin planning and implementing a Teacher Apprenticeship Program to train future teachers in the District
- **\$6.8M** in the Special Education Enhancement Fund to fund dedicated childcare slots for infants and toddlers with disabilities and out-of-school time slots for children with disabilities and a referral system
- Raising the **eligibility for the childcare subsidy** from 250% of the federal poverty line to 300% of the federal poverty line

EDUCATION

Major Capital Investments

- **\$110M** to turn the old Banneker school into the new Center City Middle School (Ward 2)
- **\$77M** to renovate and expand the new MacArthur High School (Ward 3)
- **\$35M** to renovate the Winston Education Campus (Ward 7)
- **\$31M** to add 3 new PACE school modernizations – Excel Academy (Ward 8), Beers Elementary (Ward 7), and Bruce-Monroe @ Parkview Elementary (Ward 1)
- **\$2.1B** to continue the modernizations or expansions of 40 other schools including PACE and non-PACE projects
- Cafeteria renovations or buildouts for Plummer Elementary School (Ward 7), Hardy Middle School (Ward 2), and Coolidge High School (Ward 4)
- **\$90M** over six years for DCPS to preserve and maintain school facilities through small capital investments in HVAC, life safety needs, athletic field repairs and upgrades, and ADA compliance
- **\$34M** over six years DCPS to improve information technology systems within schools for improved bandwidth and connectivity, complete our refreshment of smart board technology systems in classrooms [in FY 24], and upgrade school data interfaces for families
- **\$6M** to support strengthening schools' classroom safety hardware

RECREATION

What are we doing now?

- **\$14.2M** for Recreation for A.L.L. and Urban Park and Roving Leaders to reimagine the way our residents play and have fun
- **\$2.1M** in enhanced recreation opportunities for underserved areas and communities experiencing upticks in crime and underserved areas, including late night operating hours and afternoon recreational programming for children ages 3-12

What new investments are we making in FY 2024?

- **\$750,000** for the conversion of four underutilized tennis and basketball courts into pickleball courts
- **\$2.95M** for summer recreation activities and accelerated learning opportunities for students recovering from the impacts of the pandemic
- **\$400,000** to create 360 additional summer camp slots across sports and aquatics programs for children & youth with disabilities
- **\$1.1M** to support operations at DPR facilities set to open in the fiscal year, including McMillan Community Center (Ward 5), Joy Evans Therapeutic Recreation Community Center (Ward 7), Stead Park Recreation Center (Ward 2), and Anacostia Recreation Center (Ward 8)
- **\$932,000** for enhanced security services at DPR priority sites

HELPING DC STAY COOL & SAFE

- ✓ **\$1.9M** to support extended pool hours at Ballou High School for the public and provide janitorial services for all outdoor and DCPS pools
- ✓ **\$5M** "Splash Pad Refresh" to renovate the outdoor splash pads at 14th and Park (Ward 1) in Columbia Heights and at the Takoma (Ward 4), Hillcrest (Ward 7), Fort Stevens (Ward 4), Palisades (Ward 3), Watkins (Ward 6), and King-Greenleaf Recreation Centers (Ward 6)
- ✓ **\$6M** in additional funding for Walter Reed Pool
- ✓ **\$5.7M** to replace Rosedale Pool
- ✓ **\$12M** for the Rumsey Aquatic Center modernization

TRANSPORTATION SAFETY AND MOBILITY

What are we doing now?

- Maintain the **\$7.4M** to install 342 new automated traffic cameras and add **\$13.3M** to support DMV's increased ticket processing and adjudication responsibilities
- **\$258M** to redesign dangerous roadways and improve traffic safety
- **\$19M** a year to deploy both temporary and permanent traffic calming measures, including **\$3.6M** a year dedicated to efforts near schools and **\$5M** to create a TSI 2.0 program, geared towards responding to TSIs in a more equitable approach
- **\$148M** for new or rehabilitated trail segments
- **\$36M** to continue building more protected bike lanes and **\$15M** to continue expansion of Capital Bikeshare, including adding more than 1,000 new e-bikes to the Bikeshare fleet
- **\$114M** to continue building bus-only lanes and other bus priority treatments to make bus travel faster and more reliable

MAYOR'S TASK FORCE ON AUTOMATED TRAFFIC ENFORCEMENT EQUITY AND SAFETY

Chaired by the Chief Equity Officer and Deputy Mayor for Operations and Infrastructure, the task force will study and make recommendations to:

- Maximize the efficacy of the ATE program in reducing the frequency and severity of crashes and roadway injuries
- Mitigate against the potentially inequitable effects of flat fines on individual of varying household incomes
- Clarify, simplify, and streamline the payment processes associated with traffic ticket fines and penalties, including delinquent debt, to lessen administrative burdens to the public

\$2M has been set aside in FY 24 to begin piloting strategies and ideas from the task force

LEGACY INITIATIVES & PUBLIC HOUSING

What are we doing now?

- **\$1M** for Heirs Property Services
- **\$2.2M** for Single Family Residential Rehab
- **\$10M** for Black Homeownership Fund

What new investments are we making in FY 2024?

- **\$31M** to fund Housing Production Trust Fund at \$100M
- **\$1.5M** enhancement for Heirs Property Services
- **\$2M** to increase available funds for Single Family Residential Rehab
- **\$8M** to increase available down payment assistance through Housing Purchase Assistance Program
- **\$1M** to expand Strong Families, Strong Futures
- **\$13M** to support 600 families in Career Map

EXPANDING AND IMPROVING PUBLIC HOUSING IN THE DISTRICT

\$139M for the New Communities Initiative at Barry Farm, Park Morton, and Northwest One, including 735 new public housing replacement units

\$115M to rehabilitate and modernize public housing units managed by the DC Housing Authority

- ✓ **\$68M** for comprehensive rehabilitation of housing properties in alignment with independent needs assessment
- ✓ **\$25M** to prioritize urgent repairs in areas such as electrical, HVAC, plumbing, and roofing
- ✓ **\$8.4M** to enhance fire safety systems, including detectors, alarm systems, and suppression
- ✓ **\$3.7M** to enhance security systems
- ✓ **\$2.1M** for focused mold remediation and other efforts to reduce childhood asthma risk
- ✓ **\$7.4M** for staffing to maximize the effectiveness of these new investments

PUBLIC SAFETY

What are we doing now?

- **\$4.5M** for ONSE Pathways Program Expansion
- **\$7.7M** for ONSE Violence Interruption Programs
- **\$2M** for DYRS Violence Prevention Initiatives
- **\$9M** for Safe Passage Programming—now under DMPSJ

What new investments are we making in FY 2024?

- Funding the **Second Chance Amendment Act** criminal record sealing
- **\$6.7M** for grants for victims of sexual assault and other victim services, including crisis intervention and advocacy
- **\$4M** to support high-quality education services of DOC inmates with special education needs
- **\$1.2M** to launch a new DC Paramedic School
- **\$29M** in FY 2024 to replace Fire and EMS emergency response vehicles, including ambulances and ladder trucks, as well as **\$1.2M** to support the maintenance of these critical apparatus
- **\$277M** to build a new annex to the Correctional Treatment Facility (CTF)
- Repealing the removal of **School Resource Officers** from our schools

MAINTAINING A STRONG MPD

- Continue investments in recruitment and conversion bonuses for new hires (**\$5.4M**) and expanded educational incentives (**\$1.2M**)
- **\$2.1M** and 18 additional staff to support civilianization efforts, reducing the need for sworn officers to cover civilian roles and duties
- **\$1.4M** for 6 staff and programming for Diversity, Equity, and Inclusion (DEI), as well as employee wellness and wellbeing, to help retain officers

HEALTH & HUMAN SERVICES

What are we doing now?

- **\$43M** for Emergency Rental Assistance
- **\$146M** for Permanent Supportive Housing and Local Rent Supplement Program
- **\$6.9M** to provide 24-hour low barrier shelter operations

What new investments are we making in FY 2024?

- **\$42M** to support rental assistance through the Family Re-Housing Stabilization Program
- **\$24.4M** to provide increased Medicaid rates for services in the behavioral health sector
- **\$2.2M** to support homeless prevention programming and outreach
- **\$1.7M** to support housing case management services for behavioral health service clients
- **\$1M** to increase the eligibility for the Safe at Home program
- **\$900,000** to buy down **\$90M** of medical debt for approximately 90,000 residents
- **\$744,600** to increase personal needs allowance for individuals with disabilities
- **\$550,000** to provide free dental services for seniors
- **\$340,500** to distribute tablet devices to seniors for improving wellness activities, telehealth, and socialization



GOVERNMENT SERVICES

What are we doing now?

- **\$14M** for HVAC preventative maintenance in schools
- **\$4M** for specialized maintenance at 5 additional schools
- **\$2.7M** for expanded fire and life safety improvements at District facilities

What new investments are we making in FY 2024?

- **\$2.5M** to create a new recruitment and retention fund for hard to fill DC government positions such as 911 call takers and social workers
- **\$4.5M** to expand HVAC preventative maintenance to non-DCPS facilities
- **\$6.9M** in new dedicated work order response funding
- **\$4.5M** for a new one-stop web portal for resident services
- **\$3.4M** to begin replacing residents' "Supercan" trash cans, with the goal of replacing every can over the next eight years
- **\$4.2M** to enhance cybersecurity protections through enhanced device security and proactive vulnerability remediation
- **\$70K** for DMV to automatically register voters when the agency issues IDs to new residents

