



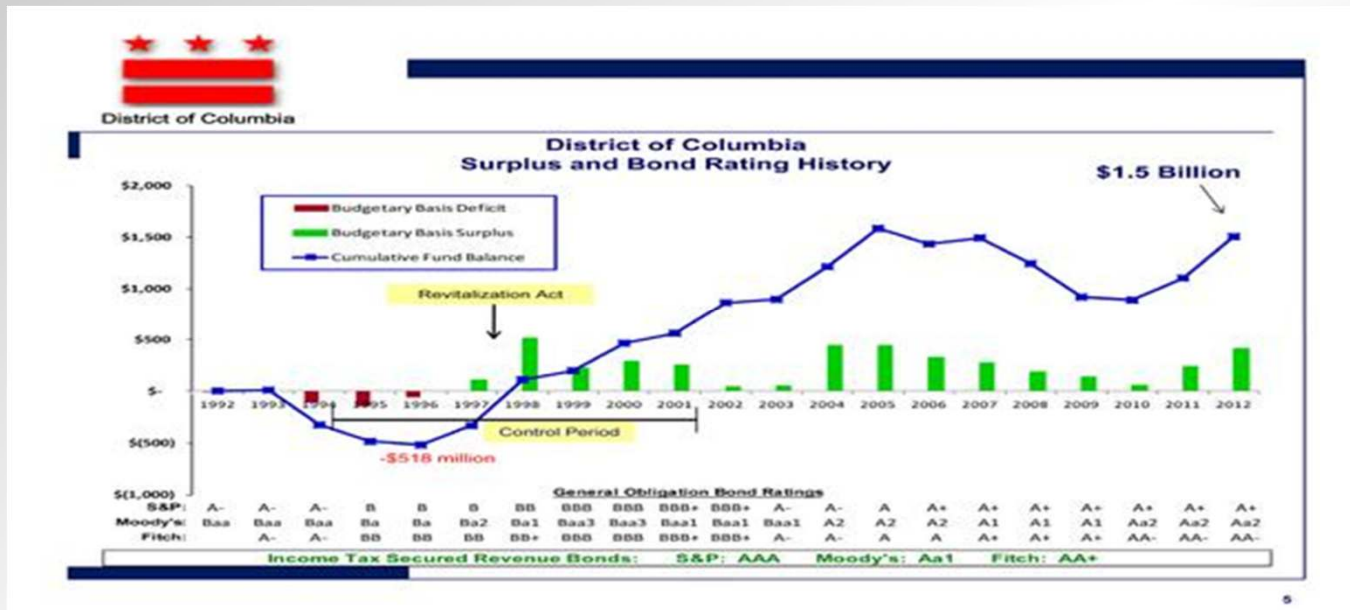
Investing for Tomorrow

Fiscal Year 2014 Budget Overview

Submitted to the Council of the District of Columbia by Vincent C. Gray, Mayor
Government of the District of Columbia | March 28, 2013



The District's Fiscal Turnaround Continues



- On March 21st, Standard & Poor's upgraded the District's General Obligation bond rating from A+ to AA-
- After a steep 3-year decline, in just two years the Fund Balance has been rebuilt to the 2nd-highest point in its history - \$1.5B
- FY 2014 Budget & Financial plan preserves the 12% debt cap





No New Taxes or Fees

Budget balanced based on existing revenue streams only and cuts certain taxes:

- Effects of Sequestration “baked in” to revenue estimate
- Eliminates Tax on Out-of-State Municipal Bonds
- Repeals the Possessory Interest Tax on housing purchased under the Land Acquisition for Housing Development Opportunities (LAHDO) Program





The District's Growing Economy Supports Additional Investments Without Tax Increases

- Lower unemployment, growing population and job growth = additional **Income Tax** revenue: +\$166.4M in FY 2013 (11.8% growth) and +\$151.9M in FY 2014 (10.5%)
- A growing and diversifying economy = additional **Business Tax** revenue: +\$69.7M in FY 2013 (17.4%) and +\$69.6M in FY 2014 (17.1%)
- Expanded retail opportunities = additional **Sales Tax** revenue: +\$78.9M in FY 2013 (8.2%) and +\$92.8M in FY 2014 (9.6%)

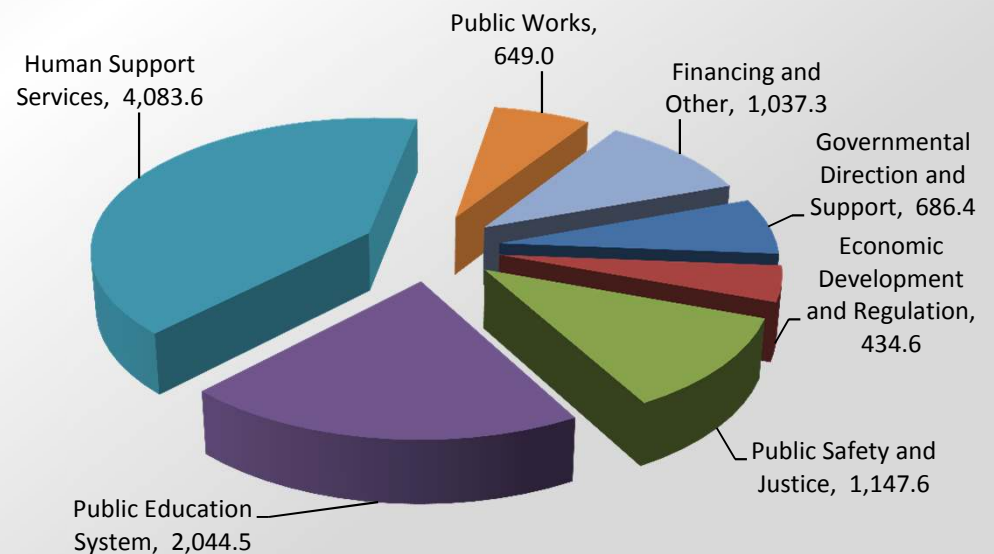




Over 40% of the Gross Budget Supports Human Services

- Human Support Services (\$4,083.6M)
 - 40.5%
- Public Education (\$2,044.5M)
 - 20.3%
- Public Safety and Justice (\$1,147.6M)
 - 11.4%
- Government Direction and Support (\$686.4M)
 - 6.8%
- Public Works (\$649.0M)
 - 6.4%
- Economic Development and Regulation (\$434.6M)
 - 4.31%
- Financing and Other (\$1,037.3M)
 - 10.3%

**Gross Funds
(in Millions)**





FY14 Budget Developed with Extensive Public Input

Input secured from every Council Member and 30+ community

groups including:

- BID Council
- Coalition of Housing and Homeless Organizations
- Coalition for Nonprofit Housing and Economic Development
- Communities Collaborative Council
- Creative Coalition DC
- DC Alliance of Youth Advocates
- DC Association of Realtors
- DC Behavioral Health Association
- DC Building Industry Association
- DC Cancer Consortium
- DC Chamber of Commerce
- DC Environmental Network
- DC Fiscal Policy Institute
- DC Health Care Association
- DC Hospital Association
- DC Primary Care Association
- Defeat Poverty DC
- Destination DC
- Empower DC
- Fair Budget Coalition
- Good Faith Communities Coalition
- Greater Washington Board of Trade
- Healthy Families/Thriving
- HFTC Collaborative Council
- Interagency Council on Homelessness
- Interfaith Council
- Senior Advisory Council
- The Creative Coalition
- Unity Health Care
- What's In Store?
- Washington Interfaith Network
- Washington Legal Clinic for the Homeless





The FY14 Budget Makes Major Investments to Improve the Quality of Life for All



- Goal 1: Grow and Diversify the District's Economy
- Goal 2: Educate and Prepare the Workforce for the New Economy
- **Goal 3: Improve the Quality of Life for All**





Goal 3: Improve the Quality of Life for All Investing \$100 Million In Affordable Housing

- \$86.9M in the Housing Production Trust Fund
 - \$66.9M in FY 2013
 - \$20M in FY 2014
 - Commit to dedicating 15% of deed recordation and transfer taxes to HPTF on a recurring basis
- \$13.1M in other Task Force recommendations





Goal 3: Improve the Quality of Life for All

Investing \$100M In Affordable Housing – Other Task Force Recommendations

\$3M: New Project- and Sponsor-Based Local Rent Supplement (plus an additional \$2M)

- Finances affordable housing for residents at 0-30% AMI

\$1M: Home Purchase Assistance

- Provides down payment and closing cost assistance to low and moderate income District residents so that they can become first-time homebuyers in the District

\$1M: Rapid Rehousing

- Moves families in shelters like DC General into more permanent housing units

\$1M: Emergency Rental Assistance

- Prevents homelessness through payment of rent arrearages and first month's rent and security deposits

\$3.1M: Victim Services Housing

- Provides a safe haven to those who are in domestic abuse situations

\$4M: Technology and tools to support the new initiative

- Centralizes collection of reliable housing data across 15+ agencies with affordable housing functions





Goal 3: Improve the Quality of Life for All

Ensuring Every Neighborhood is Safe

- Fully funds 4,000 Sworn Police Officers
- Fleet replacement for MPD and FEMS
 - \$7.2M for MPD (\$21.2M over next 3 years)
 - \$8M for FEMS (\$24M over next 3 years)
- Additional \$700K investment in Police and Fire Cadet Programs
- \$4.4M replacement of lost Federal funds to continue critical victim services including to domestic violence survivors
- Fully funds “reimbursable detail” for ABRA enforcement





Goal 3: Improve the Quality of Life for All

Protecting Our Most Vulnerable Residents

- Replaces \$27.9M of lost Federal funds to continue TANF reform
 - improves case management to better coordinate social services
 - aligns residents with job training and work plans to move from dependence to independence
 - \$1.5M targeted to focus on homeless youth
 - \$0.5M in FY 2013
 - \$1M in FY 2014
- \$5.9M dedicated to delay implementation of the cash benefit reductions for 60 month TANF recipients





Goal 3: Improve the Quality of Life for All

Supporting Our Community Serving Organizations

\$15M One City Fund

- The Fund provides competitive grants of up to \$100K a year to nonprofit organizations in education, job training, health, services for seniors, arts, public safety, and the environment
- To be managed by the Community Foundation for the National Capital Region
 - Grant decisions made only on merit, insulated from politics
 - MOU required to ensure transparency and accountability





Goal 3: Improve the Quality of Life for All Improving, Renovating, or Building Public Libraries

Restore Hours

- Adds \$8M to expand hours and \$2M to purchase books and e-books
- 7 days of library service a week at all locations
- Nearly every library will now be open Monday through Thursday until 9pm, Saturday, and Sunday afternoon

Build or Renovate Facilities

- MLK Library - \$103M
- Cleveland Park - \$15.2M
- Palisades - \$21.7M
- Woodridge - +\$4.8M





Goal 3: Improve the Quality of Life for All Taking Care of Our Seniors

Additional Funding Provided to Support:

- Age Friendly City Initiative (Aging in Place)
- Expansion of food services
- Additional Staffing for Transitional Care Unit
 - Shifting care for seniors from nursing homes to traditional community settings

Repeals Out-of-State Municipal Bond tax

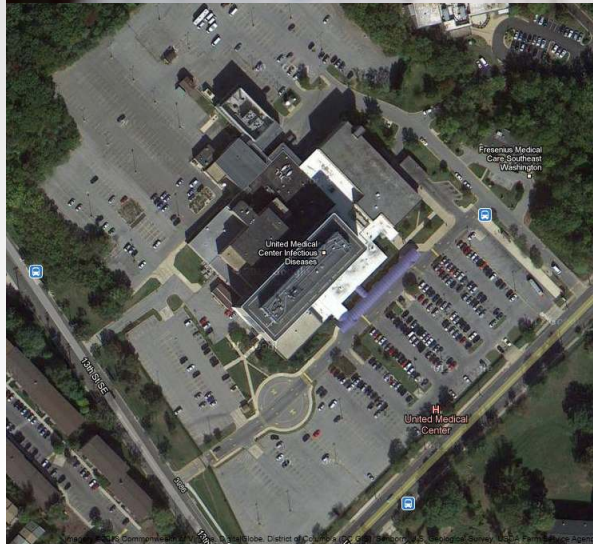
- Eases burden on Seniors who rely on bond proceeds for income





Goal 3: Improve the Quality of Life for All

Ensuring Access to Quality Health Care



United Medical Center

- \$12.7M contract with Huron Health Care Consulting Team focused on:
 - community needs assessment
 - organizational restructuring
 - IT upgrades for medical records management
- \$20M for planning and site development to reposition the hospital on the current parcel and consider private financing models that generate at least \$60M in additional capital





Goal 3: Improve the Quality of Life for All

Investing in the Arts

Operating Budget

- \$250K to fund a “Creative Economy Strategy” for the Five-Year Economic Development Plan

Capital Budget

- \$5M in FY 2014
- \$30M over six years for Arts and Humanities grants and projects

Preserving Our Historic Assets

- \$4M in FY 2014 for a new state-of-the-art Archives facility to protect timeless District documents and historic artifacts
- \$44M over six years





Goal 3: Improve the Quality of Life for All

Expanding Parks & Recreation Options



- Park space in NoMa - \$50M
- Fort Dupont Ice Arena - \$20M
- Barry Farm Recreation Center - \$26.4M
- Athletic Field and Park Improvements - \$2M
- Southeast Tennis and Learning Center - \$18M





Goal 3: Improve the Quality of Life for All

Expanding Access to Transportation Options

- \$400M, six-year Streetcar capital and \$6.2M annual operating subsidy –
 - Completes Minnesota Ave to Georgetown Line
 - Completes engineering of Anacostia Line, studies additional N/S lines
- Continues investment in pedestrian and bicycle infrastructure and safety
 - Expands bike lanes and trails-\$10.7M
 - Improves bike-friendly streetscapes-\$5.1M
 - Bikeshare to add 10 stations, 100 bikes-\$1M
- \$2.7M to fully fund re-opening of Georgetown DMV
- Fully funds WMATA's budget request (\$274M)





Goal 3: Improve the Quality of Life for All

Enhances Public Works Services

- \$2M to launch 5-year replacement plan for Supercans
 - Eliminates replacement fee
- Solid Waste improvements for pest abatement
 - Litter Can retrofit to rat proof public litter receptacles
- \$1.5M in operating funds to implement Bloomingdale Task Force recommendations to combat flooding (in addition to \$2M in capital investment)





Goal 3: Improve the Quality of Life for All

Investing in the District's Workforce

- \$56M to fund District government employee pay raises
 - First pay increase for most employees in four to seven years
 - Includes Union and non-Union employees
- Funds All Current Pension Liabilities





ONE CITY ACTION PLAN

- Goal 1: Grow and Diversify the District's Economy
- **Goal 2: Educate and Prepare the Workforce for the New Economy**
- Goal 3: Improve the Quality of Life for All





Goal 2: Educate and Prepare the Workforce for the New Economy

Educating Our Youth for the Economy of Tomorrow

- Increases investment in operating funds for public education by \$79.3M (both traditional and charter schools)
 - \$30M in Non-Public Tuition savings directly reinvested into inclusive public special education
- Increases local funds dedicated to charter school facilities allotment by \$7.4M





Goal 2: Educate and Prepare the Workforce for the New Economy

DCPS Capital Investments – Ward 1 High Schools

- Citywide six-year plan authorizes \$488M for high school modernization with \$169M for new and modernized high schools in FY 2014
 - **Banneker HS** – FY 2016 \$2.2 million; FY 2017 \$21 million; FY 2018 \$40 million
 - **Washington Metropolitan HS** – FY 2016 \$6.9 million; FY 2019 \$4 million





Goal 2: Educate and Prepare the Workforce for the New Economy

DCPS Capital Investments – Middle Schools

- Citywide six-year plan invests \$242M to modernize middle schools with \$81M in FY 2014
 - Construction of two new middle schools
 - Brookland (Ward 5); and
 - Shaw (Ward 6)
 - Completes modernization of all middle schools (including Stuart-Hobson Middle School)





Goal 2: Educate and Prepare the Workforce for the New Economy

DCPS Capital Investments – Ward 1 Elementary Schools

- \$988M authorized in the six-year plan for citywide elementary school modernization with \$164M in FY 2014
 - **Adams ES** – FY 2015 \$7.9 million; FY 2019 \$5 million
 - **Marie Reed ES** – FY 2015 \$17 million; FY 2016 \$20.6 million
 - **Bancroft ES** – FY 2016 \$10.8 million; FY 2019 \$7.5 million
 - **Tubman ES** – FY 2016 \$6.4 million; FY 2019 \$6.9 million
 - **Park View ES** – FY 2018 \$6.6 million





Goal 2: Educate and Prepare the Workforce for the New Economy

Additional Education Initiatives

Special Education Intervention

- \$4.3M in FY 2013 and \$6.4M in FY 2014 to OSSE for special education early intervention
- \$1.8M for early learning centers

Truancy Initiative

- \$1M investment in truancy prevention programs will ensure that our students are not only getting to school, but getting there on time and ready to learn

University of the District of Columbia

- Increases funding by 2.7% or \$1.7M (in addition to \$9.8M in FY 2013 supplemental funds to prepare for rightsizing and reorientation)





ONE CITY ACTION PLAN

- **Goal 1: Grow and Diversify the District's Economy**
- Goal 2: Educate and Prepare the Workforce for the New Economy
- Goal 3: Improve the Quality of Life for All





Goal 1: Grow and Diversify the District's Economy

Investing in Economic Development Projects

- Skyland – Up to \$40M for public infrastructure related to commercial redevelopment of the complex
- The Yards - \$18M for relocation of DC Water facilities and future transfer of land for mixed use development
- Poplar Point - \$13M to complete the Environmental Assessment and prepare the land for transfer from NPS to DC
- St. Elizabeths & McMillan – continued funding from FY 2013 budget
- Increased PAYGO Capital to \$14.1M in FY 2014
 - \$5M Great Streets Infrastructure
 - \$4.5M Alley Improvements





Goal 1: Grow and Diversify the District's Economy

Economic Development Capital Projects

- Streetcars - \$400M over six years
- Frederick Douglass Bridge - \$622.5M, includes GARVEE bond issuances
- Great Streets – \$34.2M for public infrastructure, including streetscapes
- Local streets, sidewalks, bridges and alley enhancements - \$170M in FY 2014; average \$2M per ward for local streets each fiscal year





Goal 1: Grow and Diversify the District's Economy

The Mayor's Budget Supports Over 200 Capital Projects That Advance Sustainable DC Plan:

- **Transportation:** DC Streetcar, Circulator, Pedestrian/Bike Safety/Trails for Walking, Running and Biking
- **Water:** Green Infrastructure in Bloomingdale/LeDroit Park
- **Food:** Urban Agriculture, Zoning Rewrite
- **Built Environment:** LEED-certified Libraries & Schools, including Ballou High School, Palisades & Woodridge Libraries; retrofitting facilities for energy efficiencies
- **Health & Wellness:** Recreation centers, including Marvin Gaye and Palisades; new parks, including in NoMa
- **Sustainable DC Budget Challenge 2 - \$5M** A second round of Sustainable DC grants will test new innovative sustainability efforts and develop small-scale pilot projects





Revised Revenue Priority List

The Revised Revenue Priority List includes nearly \$70M in initiatives not included in the FY 2014 Budget. If the District's economy continues to grow dramatically, despite Sequestration, and FY2014 revenue projections increase during the next three quarters of this calendar year, initiatives will be funded in the order listed:

1. Office of the State Superintendent - \$11M to increase infant and toddler slots by 200 and to increase the subsidy rate by 10%
2. DC Office on Aging - \$5.8M to support provider rate increases
3. Office of the State Superintendent - \$4M for additional adult literacy - career and technology education
4. Department of Behavioral Health - \$2M for the expansion of the school-based mental health program
5. Children and Youth Investment Trust Corporation - \$3M to increase funding to cover summer initiatives
6. Department of Human Services - \$4M for POWER expansion
7. Department of Human Services - \$1M to provide SSI application assistance for first time applicants





Revised Revenue Priority List

8. HHS Disaster and Behavioral Health - \$0.5M for additional staff for CPEP, Mobile Crisis and HOP (8 FTEs)
9. Department of Human Services – An additional \$4M for rapid rehousing
10. D.C. Commission on the Arts and Humanities - \$7M for New Arts Stabilization Grant Program
11. Office of the Chief Technology Officer - \$2.2M to enhance PeopleSoft program
12. Department of Forensic Sciences - \$1.9M for civilian Crime Scene Response Program
13. Department of Housing and Community Development - \$0.7M to Increase Small Business Technical Assistance
14. General Fund Revenue - \$10M to reduce the commercial property tax rate on the first \$3M of assessed value from \$1.65 to \$1.55 per \$100 of assessed value
15. General Fund Revenue - \$10.9M to fund the Schedule H Property Tax Relief Act of 2012
16. \$0.45M to support additional D.C. self-determination advocacy





FY 2014 PROPOSED BUDGET AND FINANCIAL PLAN
VOLUME I EXECUTIVE SUMMARY

Investing for Tomorrow

Submitted to the Council of the District of Columbia by Vincent C. Gray, Mayor
Government of the District of Columbia | March 28, 2013