



The District's Dime

Going Beyond the Budget Book

The DC Fiscal Policy Institute blog

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Fiscal Year 2014 Budget Wrap-Up!

By Jenny Reed

Yesterday's second and final vote on next year's budget included significant spending and tax changes. In the end, the DC Council allocated an additional \$50 million to various programs and services due to the [uptick in the revenue forecast](#), lowered the sales tax to 5.75 percent, and set aside \$18 million for recommendations to be made by the tax revision commission. In addition, the Council passed revised changes to the [Homeless Services Reform Act](#).

When the Council took its [initial budget vote](#) in late May, the approved budget request act included a provision for spending up to \$50 million of additional revenue if certified by the Chief Financial Officer by the end of June. With the recently announced uptick of \$92 million for FY 2014, the Council allocated the funds for several critical priorities for low- and moderate-income residents, including funding for child care, affordable housing, school mental health, adult literacy and free public transportation for DC school children.

The \$50 million was allocated as follows:

- \$11 million to increase the child care subsidy rate by 10 percent and expand child care slots for infants and toddlers by 200;
- \$2 million to increase funding for the Senior Service Network grantees;
- \$1.9 million to expand the school-based mental health program;
- \$3.9 million so that DC Public School and DC Public Charter school students can ride metro to school for free and to extend the subsidy to include 18-to-21-year-olds still attending high school;
- \$4 million for the Schools Technology Fund, available to both DC Public Schools and DC Public Charter Schools;
- \$2.8 million to help make upgrades to the DC STARS student tracking system within DC Public Schools;
- \$4.5 million to increase grants for the arts through the Commission on Arts and Humanities;
- \$4 million to expand adult literacy and career and technology education programs through the Office of the State Superintendent for Education;
- \$1 million to provide matching funds for the University of the District of Columbia (UDC) accreditation activities;
- \$4 million for film subsidies which will be deposited in the Film DC Economic Incentive Fund;
- \$1.6 million to fund field improvements at Dwight Mosley/Taft Recreation Center;
- \$1 million to fund field improvements at Shaed Elementary School;
- \$3 million increase to the Local Rent Supplement Program;

- \$421,000 for Department of Transportation operations (This was needed to help offset a reduction in the Circulator bus fares that support DDOT operations.);
- \$4.3 million for the renovation of UDC's Bertie Backus facility near Fort Totten; and
- \$480,000 to fund automated traffic enforcement safety requirements that were passed as part of the FY 2014 Budget Support Act.

The Council also voted to reduce the sales tax rate in DC from 6 percent to 5.75 percent, which reduces revenues by \$19.3 million.

Councilmember Wells introduced an alternative tax relief proposal, offering an amendment to increase the standard deduction on DC's income tax from \$4,000 to \$6,400. A recent [DCFPI report](#) details the benefits of increasing the standard deduction, particularly for low-and-moderate income households. For example, the Wells amendment would have reduced the tax liability for a married couple with two children who earn \$40,000 by \$144. The amendment received five votes.

The Council also voted to set aside approximately \$18 million for the Tax Revision Commission for potential revenue reductions or tax expenditures that they may recommend. The Tax Revision Commission, which DCFPI's Ed Lazere is a member of, is set to make its recommendations by the end of the year.

In addition, in response to community concerns, the Council revised the Homeless Services Reform Act. The Council removed the portion of legislation that would establish a period of provisional eligibility for families seeking shelter and would have not allowed families to remain in shelter pending an appeal during this period. The Council retained the provision that allows the Mayor to require shelter residents to pay into escrow accounts, but added a requirement that escrow plans have to be tailored to each resident's individual circumstances and expenses. Additionally, the Council dropped the provision that would have allowed residents to be terminated from shelter for failing to contribute to escrow. Instead, residents who fail to pay escrow can face sanctions that will have to be outlined in the shelter's rules. We'll have a more complete rundown of the changes made in an upcoming blog.

Over the next few weeks, DCFPI will be updating the budget toolkit to reflect all of the final changes to the FY 2014 budget, stay tuned!