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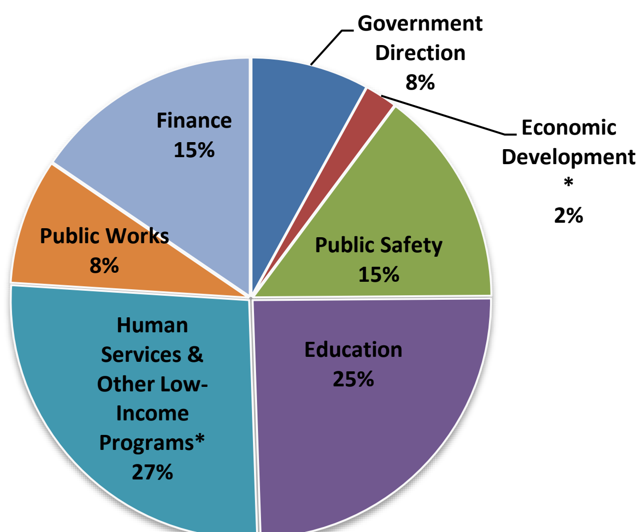
# WHAT'S IN THE FISCAL YEAR 2013 BUDGET?

On June 5, the DC Council took the second and final vote on the District's budget for fiscal year 2013, which starts October 1, 2012. The proposed general fund budget — the portion of the DC budget that comes from local taxes and fees, including dedicated tax revenue and special purpose funds — is $6.74 billion.[1] When federal funding for programs and services is included—in what is called gross funds—the District's fiscal year (FY) 2013 budget is $9.4 billion.

The FY 2013 general fund budget is $201 million higher than the approved FY 2012 budget, after adjusting for inflation — an increase of 3 percent. (Unless otherwise noted, all figures in this analysis are adjusted for inflation to equal FY 2013 dollars.) The boost in local spending is due to several large factors: increasing Medicaid costs, rising enrollment and costs in public schools, an uptick in repayments of debt issued for construction projects, and the need to replace federal dollars that were available in FY 2012 but will not be available in FY 2013.

Figure 1

The District's Fiscal Year 2013 General Fund Budget




*Other low-income programs include the following agencies removed from Economic Development: Employment Services, Housing and Community Development, DC Housing Authority and Housing Production Trust Fund.

[1] The general fund budget includes the "local funds budget" – programs and services supported by taxes and fees collected by the District — as well as services supported by "special purpose" revenues or "dedicated taxes." This analysis does not include the enterprise appropriation and keeps several dedicated funds within finance instead of enterprise so year-to-year comparisons can be made.

This report reviews the key elements of the approved FY 2013 budget, which was voted on twice by the DC Council, signed by Mayor Gray and sent to Congress to include in the federal appropriations bill.

The District's revenue collections in FY 2013 will total $6.6 billion. The District's tax collections dropped sharply in the Great Recession, starting in FY 2009 and have only recently recovered. FY 2013 revenue, with the inclusion of several new revenue initiatives, will still be slightly lower than those in FY 2008, the final year before the recession hit. A full discussion of revenue and the new revenue initiatives this budget year occurs below.

This analysis is part of an online "Budget Toolkit" developed each year by the DC Fiscal Policy Institute, which can be found at www.dcfpi.org.

## HOW DID THE BUDGET CHANGE FROM THE MAYOR'S PROPOSAL TO THE COUNCIL'S VOTE?

As Mayor Gray worked to develop a budget proposal, the city faced an estimated gap of $172 million between expected tax revenues and anticipated expenditures to maintain city services. An analysis by the District's Chief Financial Officer of the amount needed to maintain services in FY 2013 that were provided in FY 2012 — the Current Services Funding Level (CSFL) — showed that costs of services would grow by $151 million. Beyond the CSFL, growth in student enrollment in both DC public and DC public charter schools added an additional $64 million to the costs of existing services. Also there was a need for $16 million additional local dollars for Medicaid due to an increase of eligible residents accessing services.

The District has started to see a recovery in revenue post-recession, yet the recent upticks weren't enough to balance the budget. Despite rising revenues, Mayor Gray faced a $172 million gap.

In order to close the gap, Gray proposed a package that included both new revenue initiatives and spending reductions. Reductions in agencies came from discussion with agencies as well as from Mayor Gray's One City Performance Review, a top-to-bottom analysis of the DC budget led by former DC Chief Technology Officer Suzanne Peck. It is unclear how much came from the performance review, because the report has not been released to the public.

Gray's proposed FY 2013 budget continued the trend since the recession began of making investments in education, as well as in economic development, but he proposed deep cuts to some programs that provide health care and affordable housing. For example, for the second year in a row, Gray proposed taking a large share of funding from the Housing Production Trust Fund, DC's main source of financing to build and preserve affordable housing.

One significant addition Gray made was to include a 25-item "Revised Revenue Estimate Contingency Priority List" as part of the budget. This list, initially totaling approximately $120 million, would have provided funding for programs if more revenue was projected over the fiscal year. The list included most of the programs and services that faced funding reductions in Gray's proposed budget — i.e., that the Mayor intended to restore most cuts should additional revenues become available.

In its consideration of Gray's proposed FY 2013 budget, the DC Council made some key restorations to several programs that help DC's low-income residents, altered a revenue proposal on alcohol sales, and reordered and made some changes to the revenue contingency list.

Some of the notable program restorations include:

- **Housing Production Trust Fund, $15 million restored.** The Council restored $15 million of the $20 million cut from the trust fund in Gray's proposed budget, by redirecting money from the sale of a DC-owned property in the NoMa neighborhood. Mayor Gray had proposed using funds from the sale of the K Street NE property to create green space and parks in the surrounding NoMa neighborhood. The Council decided that funding for parks in NoMa should be on the list of items to be funded with additional revenue.

- **DC HealthCare Alliance, hospital benefits fully restored.** Mayor Gray had proposed cutting hospital coverage for residents receiving health care from the Alliance, a program which provides health insurance for low-income uninsured DC residents who do not qualify for Medicaid. Committee on Health Chairman David Catania and his staff developed a proposal and then modified it in collaboration with the Office of the Mayor to keep this coverage. Here's how they agreed to fund these important services:

  - $5.3 million from additional Medicaid funds made available this year from activities at District nursing homes
  - $3 million in unanticipated savings from managed care drug rebates
  - $2.6 million by moving effective date of the hospital Diagnostic Related Groups (DRG) rate changes to Oct.1, 2012, instead of Jan. 1, 2013
  - $1.8 million by reducing Department of Healthcare Finance cost settlements budget for FY 2013
  - $1.4 million by revising provider fees for nursing homes, a portion of which is dedicated to the Nursing Home Quality of Care Fund
  - $252,000 in personnel vacancy savings within the Department of Health Care Finance
  - $103,000 in personnel savings within the Office of the Deputy Mayor for Health and Human Services

- **Homeless Services, $4 million added to local rent supplement program.** Starting in the summer of 2012, between 200 and 300 families will be moved from shelters and motels into homes. Then, in October 2012, these families will be able to stay in stable housing due to the $4 million in additional funding to the local rent supplement program. This action will help families move from emergency shelter into long-term housing and allow more families in desperate need of shelter to take advantage of DC General's emergency shelter, which has been filled to capacity.

  The Council's budget did not restore the $7 million cut from homeless services due to a loss of federal funding, but it keeps the money as number one on the contingency revenue list. The Council also put $1.7 million on the contingency revenue list to add beds for homeless youth.

- **Home Purchase Assistance Program, $2.5 million restored.** The DC Council also added $2.5 million to restore part of a $5 million reduction to DC's Home Purchase Assistance Program, a program that provides low-interest loans to first-time low-income homebuyers, due to a loss of federal funds that were not replaced.

- **Office of Victims Services, $2.1 million restored.** The Council restored $2.1 million to the Office of Victims Services. This office provides, among other things, emergency shelter and services to victims of crime, including domestic violence.

The Council also changed a revenue proposal by Mayor Gray. The approved FY 2013 budget scaled back the mayor's proposed expansion of alcohol sales. Instead of making last call at bars an hour later every day, the approved budget allows bars to stay open until 4 a.m. the night before federal and District holidays. The budget also extended bar hours for the entire weekend of Memorial Day and Labor Day—and New Year's and July 4th if they fall on a Saturday, Sunday or Monday

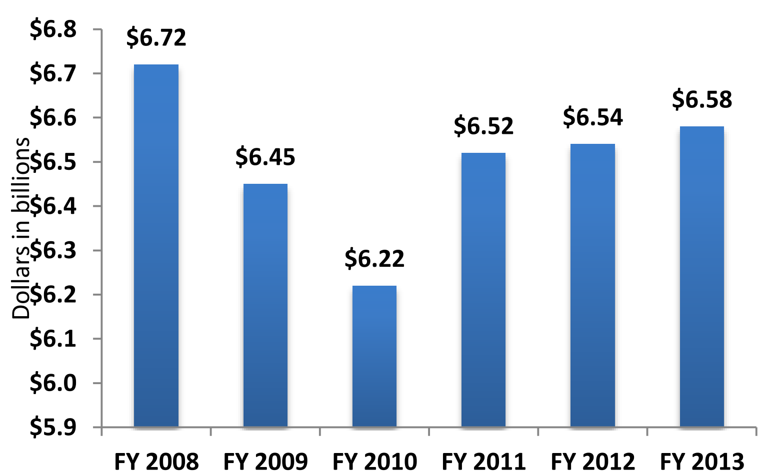
Also, the Council placed restoration of a tax break for interest earned on out-of-state bonds as 27th of 29 items on the contingency revenue list. This means that unless the District sees an uptick of $160 million in revenue in FY 2013, the exemption will not be restored and interest earned on out-of-state bonds purchased in 2012 and beyond will be subject to the income tax. DCFPI has noted that limiting the income tax exemption to DC bonds creates an incentive for DC residents to purchase DC bonds, and the city's recent bond sale suggests this is true.

## DC REVENUE ALMOST RESTORED TO PRE-RECESSION LEVELS

The FY 2013 budget includes several additions to boost revenue. A complete discussion of revenue for the FY 2013 budget occurs below. Yet even with these enhancements, the District's tax revenues are projected to be lower than FY 2008, the year before the start of the Great Recession, as shown in Figure 2.

Figure 2

DC Revenue FY 2008 Actual Through FY 2013 Projected




* Figures are in billions, adjusted for inflation to equal FY 2013 dollars and for FY 2013 include proposed changes to tax policy, fines and fees.

DC's tax collections dropped sharply in the Great Recession, going from $6.72 billion in FY 2008 to $6.45 billion in FY 2009 and $6.22 billion in FY 2010. The precipitous decline in revenue of approximately $500 million over two years led to substantial cuts in public services, many of which were in human services and other low-income programs.

Since FY 2010, revenue has been back on the rise but still hasn't reached pre-recession levels. The District's revenue collections in FY 2013 will total $6.6 billion. This remains $14 million lower than revenues in FY 2008, the final year before the recession. The District has adopted a number of revenue increases in recent years, to address the effects of the weakened economy on collections. Without these, total revenue collections in FY 2013 would remain well below pre-recession levels.

Moreover, the costs of public services tend to rise faster than inflation, especially in a recession, which further suggests that the FY 2013 revenue levels will not be sufficient to support services at pre-recession levels. Enrollment in publicly-funded schools has increased in recent years, and demand for services such as Medicaid has risen as a result of growing unemployment. Moreover, some core costs of providing public services, such as utility costs for public buildings or health benefits for public employees, have risen far faster than overall inflation.

Table 1

**Changes in DC's General Fund Budget, from Approved FY 2012 to Approved FY 2013**

| Appropriations Title | FY 2012 Approved | FY 2013 Approved | Change, 2012 to 2013 |
|---|---|---|---|
| Government Direction | $487 | $541 | 11% |
| Economic Development | $273 | $292 | 7% |
| Less Low-Income Agencies* | $133 | $148 | 11% |
| Public Safety | $988 | $994 | 1% |
| Education | $1,627 | $1,661 | 2% |
| Human Support | $1,610 | $1,647 | 2% |
| Plus other Low-Income Agencies* | $1749 | $1795 | 3% |
| Public Works | $538 | $575 | 7% |
| Financing | $1,017 | $1,048 | 3% |

*Notes:*
All figures are in millions and adjusted for inflation to equal FY 2013 dollars.
These figures include some adjustments to make figures comparable.

* "Low-Income Agencies" includes Department of Employment Services, Housing and Community Development, Housing Authority Subsidy, and the Housing Production Trust Fund.

## FUNDING CHANGES BY MAJOR PROGRAM AREA

The District's budget includes more than 80 operating agencies, with budgets ranging from under $100,000 to more than $600 million in local funds. These agencies are grouped into seven major categories, known as "appropriation titles." This analysis does not include the "Enterprise" appropriation title, as these agencies and programs directly receive their funding, and it does not comprise the general fund.

Table 1 shows how funding would change for each appropriation title in FY 2013 under the proposed budget. The table also adjusts two titles, Economic Development and Human Services, to shift several agencies that target housing and jobs assistance from the Economic Development title to the Human Support Services title.

This section highlights the major cuts and additions within each appropriation title. A more detailed analysis of each appropriation title, including comparisons to the current year, is found in the appendix.

## Economic Development

Funding for the Housing Production Trust Fund – DC's main source for affordable housing construction and renovation – would have taken a $20 million cut under Mayor Gray's proposed budget, but the DC Council restored $15 million to the program. As happened in the FY 2012 budget, Gray proposed shifting money from the trust fund to the DC Housing Authority to provide funding for a voucher subsidy program for low-income residents known as the Local Rent Supplement Program. The Council accepted this shift but decided to restore most of the shifted funds using proceeds from the sale of a city-owned property. The FY 2013 budget also adds $4 million to the tenant-based side of the local rent supplement program and will be specifically geared to help move 250 families out of homeless shelters and motels into stable housing. These additional funds also mark the first time since fiscal year 2008 that the rent supplement program has seen a significant expansion of funds to allow for more families to benefit from the program.

The Council also added another $2 million to local rent supplement starting in fiscal year 2014 for the part of the program that ties housing subsidies to specific projects or non-profit housing providers or landlords to help make units affordable to very low-income DC households. This part of rent supplement has also not seen a significant expansion of the program since fiscal year 2008 and could help create between 200 and 250 units of affordable housing starting in fiscal year 2014.

The Department of Housing and Community Development (DHCD)'s budget takes a 6 percent cut in the FY 2013 budget. The largest impact of the cut would be a $2.5 million decrease in the Home Purchase Assistance Program (HPAP) and the DHCD United Fund. HPAP helps low-and-moderate income DC residents with down payment assistance and settlement costs in purchasing a home. The Council restored half of the $5 million loss of federal funds that were used to support HPAP, by putting $2.5 million in the program.

Other agencies see a boost. The 7 percent growth in this appropriation title is almost entirely due to growth in the budgets of the Deputy Mayor for Planning and Economic Development (DMPED), the Department of Consumer and Regulatory Affairs (DCRA), and the Department of Employment Services (DOES).

One of the largest increases is in DMPED. Local funding for DMPED would increase by 118 percent to $29.2 million, including $1.6 million for the creation of the Workforce Intermediary, a new initiative by the Gray administration to better match job training programs with employers looking for workers with certain skills. DCRA would also see a 25 percent boost in dollars, half of which is due to a $3.5 million technical adjustment for the enforcement of the Nuisance Abatement

Initiative, which was previously funded through capital funds. An additional $1 million increase is budgeted to promote consumer education outreach services.

DOES would see a 9 percent increase in local funds under Gray's proposal, partially offsetting a decline in federal dollars from FY 2012. Much of the increase will go toward maintaining personnel and services at DC Works! one-stop career centers and other direct service facilities.

## Public Safety

Nearly every public safety agency that delivers services to DC residents would see an increase over the previous year with the FY 2013 budget. The largest agency increase would be for the Metropolitan Police Department (MPD), which added local funds to cover the loss of a federal grant that in the previous year paid for 50 positions. MPD would also have an uptick in expenditures for the purchase of new automated traffic enforcement equipment, one of Mayor Gray's policy initiatives to increase revenue.

The Police Officers' and Fire Fighters' Retirement System, which provides the District's required contribution to these two government employee pension funds, has a 19 percent decrease. The drop from $118.4 million in the current year to $96.3 million next year reflects a decrease in anticipated costs, and not a cut in benefits.

The FY 2013 budget also includes a new agency, the Department of Forensic Sciences. This agency combines funding transferred from the Metropolitan Police Department, the Department of Health, and the Forensic Laboratory Technician Training Program, which will become a segment of this newly created agency.

## Education

The education appropriation would see a three percent increase, largely due to more funding allocated to DC public schools (DCPS) and DC public charter schools. This growth is due primarily to two factors: a two percent increase in the uniform-per-student-funding-formula that funds both systems and increased student enrollment. Enrollment in DCPS is expected to increase by four percent and charter school enrollment is slated to increase by six percent.

However, the biggest change will be the increase of special education students in DC Public Schools who are expected to return from placements in private schools. The reduction in private placements will reduce these expenditures by an estimated $40 million. Despite the expected shift of students to DCPS, budget documents appear to show reductions in special education staff positions in DCPS and a decrease in the DCPS special education local budget. DCPS has stated that a majority of the reductions reduce duplication in services and increase efficiency. According to schools officials, the actual impact stands at 92 fewer special education positions budgeted for next year than was in fiscal year 2012. Schools officials have said figures reported for FY 2012 actually over-state spending and staffing.

Despite the increase in funding, many individual DCPS schools actually will face challenges in maintaining staff and services, because the average costs for salaries, benefits, and teacher bonuses related to the IMPACT teacher performance evaluation system are growing faster than the budget increase. IMPACT, which rewards highly effective DC teachers with financial incentives, was financed with private money the past three years. Because expenses are rising faster than the two percent funding increase, DCPS was forced to make some reductions, such as increasing class sizes in middle schools and high schools.

Child care subsidies will be flat-funded next year with a greater focus on improving the supply of quality infant and toddler child care slots. Reimbursement rates for providers remain at 2004 market levels. Both afterschool and summer school programs will face reductions in FY 2013.

Perhaps most notable next year is funding for four new pilot initiatives championed by former DC Council Chairman Kwame Brown. The Council's actions boosted funding for the Office of the State Superintendent of Education by $3.3 million, largely toward implementation of the "Raising the Expectations for Education Outcomes Omnibus Act of 2012." The legislation creates pilot efforts focused on four things: identifying student needs earlier; preparing students for post-secondary education; increasing incentives for effective classroom instruction; and supporting the growth of the community school model in the District.

How does it do this? A quick explanation:

- **Early Warning and Support:** This pilot program will track students in grades 4 through 9 in four different feeder school groups. The goal of the program is to identify students who are at risk of dropping out of school and to provide them with more individual attention and assistance to get them back on track for high school graduation.
- **Post-Secondary Preparation**: The legislation requires the mayor to develop a plan to ensure all DC public schools and DC public charter schools students take the SAT or ACT and apply to at least one college or other postsecondary institution before graduating from high school. The mayor is also directed to collect data on the number of students enrolling in post-secondary institutions.
- **Highly Effective Teacher Incentive:** This pilot program will offer incentives for highly effective teachers that are willing to serve in high-need DC schools for a minimum of three years. The incentive package includes annual bonuses of $10,000, access to housing assistance programs, tuition assistance, and income tax credits. Up to five teachers at four high schools will participate in the pilot.
- **Community Schools Incentive:** The fourth pilot program in the legislation awards multi-year grants to public-private partnerships between public or public charter schools and non-profit and community organizations. These "community schools" are to provide and coordinate a wide range of services, including health care, academic enrichment activities, early childhood education, and job training programs. A Community Schools Fund will be established to support the initiative with the assumption that DC will seek out additional federal and private resources to sustain community schools. The Office of the State Superintendent for Education will administer grants of up to $200,000 to each of the five pilot schools selected for participation.

## Human Services and Health

The DC Council restored a $23 million cut to the DC HealthCare Alliance, the District's locally funded health insurance program for uninsured residents who do not qualify for Medicaid. The cut would have eliminated hospitalization coverage for Alliance patients. The Gray administration made the argument that the cost of emergency care for Alliance patients should be covered by a hospital's Disproportionate Share Hospital (DSH) payment, a payment under the Medicaid program that covers uncompensated care provided by hospitals to those who cannot afford to pay. Not all District hospitals receive DSH, however, and even though hospitals may receive payment in one form or another, there was concern that patients may have been billed for services and face personal financial repercussions such as substantial personal debt and an unfavorable credit score.

Here's a guide to how the restoration was funded:

- $5.3 million came from additional Medicaid funds made available this year from activities at District nursing homes
- $3 million came in unanticipated savings from managed care drug rebates
- $2.6 million came by moving effective date of the hospital Diagnostic Related Groups (DRG) rate changes to Oct.1, 2012, instead of Jan. 1, 2013
- $1.8 million came by reducing Department of Healthcare Finance cost settlements budget for FY 2013
- $1.4 million came by revising provider fees for nursing homes, a portion of which is dedicated to the Nursing Home Quality of Care Fund
- $252,000 came in personnel vacancy savings within the Department of Health Care Finance
- $103,000 came in personnel savings within the Office of the Deputy Mayor for Health and Human Services

The Homeless Services Continuum faces a gap between $5.9 and $9.4 million to keep services at the fiscal year 2012 level.

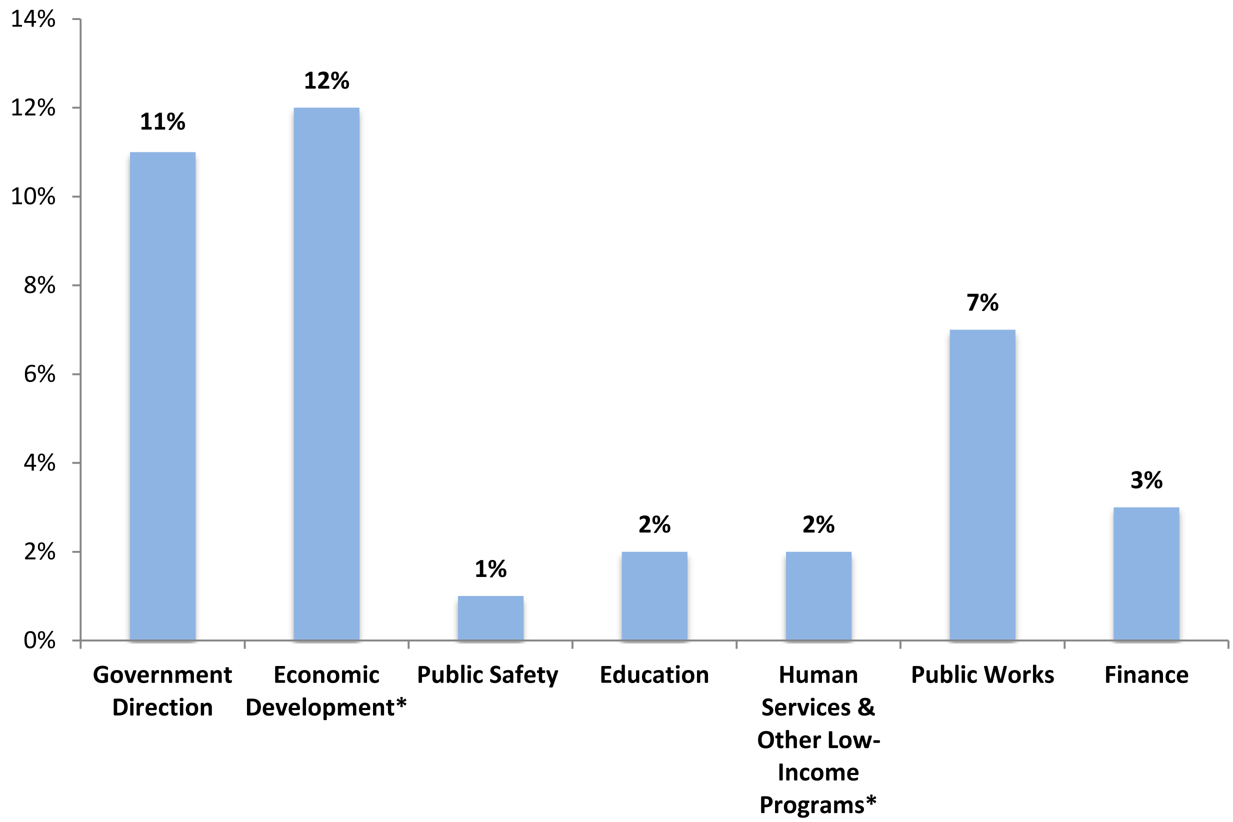
The FY 2013 budget put in place several changes to important programs serving low-income families including:

**Temporary Assistance to Needy Families (TANF).** The Council made two critical policy decisions regarding TANF. First, the Council voted to delay the 25 percent benefit reduction for families who have received TANF for more than 60 months, which was scheduled for October 2012. The Council also put into place protections for families facing the greatest hardships. Together, these actions are intended to ensure that families have both the time and the tools to successfully transition to self-sufficiency. However, funding for these actions was placed on the revenue contingency list, which means these efforts will not be funded unless the city faces additional revenue growth, which seems unlikely at this time.

**Interim Disability Assistance (IDA).** The IDA program provides $270 a month to residents with disabilities who are unable to work, have no other income, and are awaiting a decision on a federal Supplemental Security Income (SSI) application. Cuts in recent years have decreased the

Figure 3

**Change in Appropriations from Approved FY 2012 to Approved FY 2013**




Other low-income programs include the following agencies removed from Economic Development: Employment Services, Housing and Community Development, Housing Authoirty and Housing Production Trust Fund

number of DC residents served from 2,900 per month in FY 2008 to an average of 727 per month in FY 2012. The FY 2013 budget provides the same level of local funding as last year—$1.5 million—and a slight increase in anticipated federal reimbursements. Without additional funding, the program will serve only 750 residents in 2013. While this is a slight increase from FY 2012, hundreds of residents with disabilities are unable to obtain benefits and forced to rely on more costly emergency services, such as emergency rooms and shelters.

## Public Works

Many agencies within Public Works will see increases over the previous year, including the Department of Public Works (DPW), District Department of the Environment (DDOE), Department of Motor Vehicles, and Washington Metropolitan Area Transit Authority. However, funding for the Department of Transportation will decrease by about 3 percent. About a third of the increase in funding for DPW would come from restoring 32 full-time equivalents (FTE) positions that were eliminated in the FY 2012 budget. The increase in funding for DDOE would largely come from increases in special purpose funds — funds supported from fees and fines and dedicated to specific purposes — for renewable energy and storm water and Anacostia River clean-up initiatives.

### Finance

The largest increase in the Finance appropriation is due to an uptick in the amount used to repaying loans and interest from borrowing for large infrastructure projects. The District has a 12 percent borrowing cap and estimates put the city close to the borrowing limit. In the past several years, DC has paid for more infrastructure improvements using debt financing, and this has increased our repayments. (This analysis keeps several dedicated funds within Finance instead of Enterprise so year-to-year comparisons can be made. These funds include the baseball transfer of dedicated taxes, the TIF and PILOT transfer and the Convention Center transfer.)

## ADDITIONAL REDUCTIONS OF FEDERAL FUNDING IN FY 2013

In addition, funding for several agencies will be affected by reductions in federal funding. While the FY 2013 budget replaced lost federal funds with local dollars in some cases, there are notable cases where this did not occur.

**Reduction in Homeless Services**. Homeless Services faces a gap of $7 million. Recently, the District has been overwhelmed by a rise in homelessness. Even after expanding capacity at the DC General Hospital shelter, the Department of Human Services needed to place more than 210 homeless families in motels this past winter. If resources are reduced even further, the city will have to make even deeper cuts to services outside of required emergency shelter in hypothermia season. DHS anticipates cutting one-half of the shelter beds for single adults as well as reducing services including meals, healthcare, transportation, job training, and outreach.

- **$6 Million Reduction in Community Development Block Grants and Other Federal Assistance:** Federal funding that supports affordable housing and community development within DC's Department of Housing and Community Development will fall this year. One of the programs that will be impacted is the Home Purchase Assistance Program which provides low-interest loans to low-income, first-time homebuyers. Total funding in FY 2013 is proposed to be $15 million which is a decrease over the FY 2012 approved budget of $17 million, after adjusting for inflation.

## REVENUE ADDITIONS IN THE FY 2013 BUDGET

The approved FY 2013 budget includes $88 million in additional revenues that helped address the city's $172 million budget gap for FY 2013. Some of the revenue proposals will improve efforts to collect tax and non-tax revenues and to enforce the city's traffic laws, which require additional staffing and equipment. Taking these associated costs into account, the net revenue increase is $82 million.

The increase in revenues largely will occur without changes to fees or taxes on residents and businesses. Approximately $13 million of the proposed new revenues comes from increases in taxes or fees. These include a proposal to limit planned inflation increases for three tax deductions, and a proposal to create a new fee for taxi rides.

The four main revenue-raising provisions in the FY 2013 budget are detailed below:

**Improved Tax and Fee Collection:** The FY 2013 budget raises $36 million through a variety of measures to improve compliance with DC's taxes, fees, and fines. The budget allocates $2 million for additional staffing and other costs to achieve these goals. The two largest sources of enhanced revenue collection are the following:

- **Improved Sales Tax Collections from Retailers:** Starting in FY 2013, the Internal Revenue Service will share information with the District on the total credit card transactions of each retailer. This will allow the District to better identify retailers who are not reporting all of their sales and not remitting sales taxes in full. This will increase tax collections by $16 million.

- **Centralized Collection Unit for Non-Tax Revenues:** The budget reflects $10 million in new revenues that will come from creating a new unit to improve collection of non-tax revenues. It is expected that the largest share will come from collection of parking ticket fines from non-residents.

**Expanded Automated Traffic Enforcement:** The FY 2013 budget will generate $26 million by expanding resources used by the Metropolitan Police Department for automated enforcement of traffic violations, including acquiring new equipment and placing "speed on green" cameras to catch drivers who speed up to make it through a light. These efforts, combined with efforts to improve the efficiency of traffic citation issuance, will raise $31 million. Taking into account roughly $5 million in new costs associated with these efforts, the net increase is $26 million.

Table 2

Revenue Increases in the Approved FY 2013 Budget

| | Amount (In $ Millions) |
|---|---|
| Increased Tax and Fee Compliance | $36.3 |
| Expanded Automated Traffic Enforcement | $31.1 |
| Limit Inflation Adjustments for Personal Exemption, Standard Deduction, Homestead Deduction | $12.0 |
| Expand Hours of Alcohol Sales | $3.1 |
| Establish Taxi Flag Drop Fee | $1.1 |
| Other | $4.3 |

**Scaling-Back Inflation Adjustments for Key Tax Benefits:** Three tax benefits — the standard deduction and personal exemption in the income tax and the homestead deduction in the property tax — are required by law to be adjusted for inflation each year. But these benefits have been frozen in place since 2008, as a budget-saving measure. Inflation adjustments were scheduled to resume in 2013, with adjustments made to reflect inflation between 2007 and 2012. This would effectively bring these benefits to the level they would have been if they had not been frozen for several years.

The FY 2013 budget will adjust these benefits for inflation, but only from 2011 to 2012. This would have the following effect:

- The standard deduction in the income tax would increase to $4,050 rather than to $4,550 if it were adjusted for inflation back to 2007.

- The personal exemption will remain at $1,675 rather than rising to $1,875.
- The homestead deduction will rise from $67,500 to $69,350, rather than to $75,950.

Because the standard deduction and homestead deduction will increase modestly DC residents will see modest declines in their tax bills. Yet because the deductions will not increase as much as called for under current law, resident tax bills will be higher than if the increases in tax benefits under current law were left in place. For a family of four in the lowest income tax bracket, income tax payments will be $52 higher than if the full inflation adjustment were made. The limited adjustment to the homestead deduction means that a homeowner will pay $56 more in property taxes than if the full adjustment were made.

While these impacts are relatively small, it is worth noting that these tax benefits generally provide the most benefit to low-income residents, because the deductions equal a larger share of income for low-income residents than for high-income residents. Moreover, the standard deduction is primarily claimed by low and moderate-income residents, who do not have enough deductions to claim itemized deductions. As a result, the changes to these deductions make the tax system slightly less progressive, in that there is a bigger impact on low income residents than those with higher incomes.

**Expanded Hours for Alcohol and Restaurant Sales:** Mayor Gray proposed allowing stores to start selling alcohol at 7:00 a.m. rather than 9:00 a.m., and to allow bars to sell alcohol one hour later in the evenings, to either 3:00 a.m. or 4:00 a.m. depending on the day of the week. This was expected to generate more alcohol sales and $5.3 million in additional taxes as a result.

The DC Council modified this proposal significantly. It allows stores to start selling alcohol as early as 7:00 but only if that is part of an approved voluntary agreement with neighborhood residents. In addition, it allows bars to stay open one hour later only on all holidays, and for the entire weekend on selected holiday weekends (New Year's Eve, Memorial Day, Labor Day, and Independence Day). The proposal allows these establishments to sell food for 24 hours on these weekends.

The Council's adopted plan will raise $3.1 million.

**Other Sources of Revenue:** The fiscal year 2013 budget reflects roughly $5 million in other sources of revenue. This includes $1 million that will be raised from a new 50-cent fee added to every taxi ride. Additional sources include $1.8 million in savings for DC's revenue department by lowering the rate of interest it pays to taxpayers who have overpaid and are due a refund. The interest rate would be set a market rate but no higher than six percent. The budget also reflects $2 million dollars from a settlement with providers that operate Intermediate Care Facilities (ICF/MR) related to a tax assessed on them.

## Revenue Reductions in the Fiscal Year 2013 Budget

The FY 2013 budget includes $750,000 in tax abatements for four projects, all of which had been adopted by the DC Council in recent years but not funded. The budget also includes $12 million in possible tax reductions that are part of a list of items that would get funded if revenue collections increase during FY 2013 beyond current projected levels.

**Tax Abatements:** These include a one-time tax refund for the Washington Ballet ($111,000), tax abatements for two affordable housing developments ($595,000), and a $55,000 tax abatement for United House of Prayer for all Peoples.

**Contingent Tax Cuts**: The budget includes a "revenue priority list," a list of items that would get funded if revenue collections for FY 2013 increase above current projected levels.

**Commercial Property Tax Rate Reduction:** The first tax reduction proposal on the mayor's revenue priority list would reduce the commercial property tax rate for the first three million dollars of a building's assessed value from $1.65 per $100 of assessed value to $1.55. This proposal would cost $10 million in FY 2013. It is the 14th item on the revenue priority list.

This proposal builds on a tax provision adopted in 2008. That year, the DC Council adopted a reduction in the commercial tax rate for the first $3 million of any building's assessed value. The rate was reduced from the basic rate of $1.85 for every $100 of assessed value to $1.65. This provision was adopted with the goal of providing tax assistance to small businesses, although much of the benefit goes to larger businesses. The tax reduction applies to all commercial properties, from the smallest to the largest. Because the lower tax rate applies to the first $3 million of any building's value, it provides the greatest benefit to smaller, lower-value buildings — which pay a lower rate on their entire building. The benefit is much smaller for higher-value buildings, because they get the lower rate only for a small share of their building's value.

- **Restore Tax Break for Out of State Municipal Bonds:** The second tax proposal would restore a tax break for interest earned on government bonds issued in other states. Last year, the DC Council eliminated this tax break for all new investments made starting in 2012. This proposal is the 27th item on the priority list.

Until recently, the District and Indiana were the only jurisdictions to offer a tax exemption for interest on out-of-state municipal bonds. Most states offered the tax break only for bonds issued within the state, to create an incentive to invest in in-state government projects. Providing a tax break for interest on out-of-state bonds creates an incentive to invest in infrastructure projects in other states.

Both Indiana and the District eliminated this tax break in 2011. Both jurisdictions allowed the tax exemption to remain for existing investments and only eliminated the tax break for new investments. If the out-of-state bond tax break is restored — that is, if revenues rise enough to fund it from the revenue contingency list — District would be the only jurisdiction in the nation to offer a blanket tax exemption for interest on bonds issued in other states.

- **Raise Income Limit for Senior Citizens' Property Tax Credit:** Under current law, senior citizens and residents with disabilities qualify for a 50 percent reduction in their property tax bill if total household income is less than $100,000. A third tax cut proposal on the revenue priority list would increase the income limit for this credit to $125,000, in recognition of the fact that the income limit has not been adjusted for 20 years. The beneficiaries of this change, which is 28th on the revenue priority list, are seniors and residents with disabilities and incomes between $100,000 and $125,000.

# APPENDIX

## Summary of FY 2013 Funding Changes by Appropriations Title

*Note: all figures, unless otherwise noted, have been adjusted for inflation to equal FY 2013 dollars.*

### Government Direction and Support

The approved FY 2013 general fund budget for Government Direction and Support agencies is $541 million, which represents an 11 percent increase from FY 2012. The major agencies within this appropriation title are the DC Council, the Executive Office of the Mayor, the Office of the Chief Technology Officer (OCTO), the Office of the Attorney General, and the Office of the Chief Financial Officer.

A number of agencies under Government Direction would see increases in funding from FY 2012. The proposed Department of General Services budget shows an increase of $34.7 million as a result of increases across all city agencies in "fixed costs" such as utilities. The approved FY 2013 budget is a large increase above the current services funding level due to the creation of a new Council committee. OCTO's budget would grow by $7 million, primarily due to operating costs of technology capital projects. The Office of the Chief Financial Officer also would see an increase in funding of $6 million, partially due to a new Central Collections Unit. The Board of Elections and Ethics budget also faces a large increase due to new policy initiatives in preparation for the 2012 General Election.

One notable proposed reduction is in the Medical Liability Captive Insurance Agency, which helps provide liability insurance for non-profit health clinics. The fiscal year 2013 budget is $2.4 million, a reduction from $3.2 million in 2012.

### Economic Development and Regulation

The FY 2013 general fund budget for Economic Development and Regulation is $291 million, a 7 percent increase from FY 2012. The major agencies in this appropriations title include the Deputy Mayor for Planning and Economic Development, the Department of Housing and Community Development, the Department of Employment Services, the Department of Consumer and Regulatory Affairs, the Housing Authority, and the Department of Insurance, Securities, and Banking. For the purposes of analysis at several points in this paper, some agencies within economic development that target low-income households are combined with the human services appropriation.

The DC Council restored $15 million to the Housing Production Trust Fund – DC's main source for affordable housing construction and renovation – after Mayor Gray proposed cutting the program by $19.9 million and transferring the money to the Housing Authority to support the Local Rent Supplement Program. In FY 2012, the Housing Authority's locally funded programs were supported in large part by transfers and the Housing Authority subsidy's own reserves that do not appear in budget tables.

Local funding for the Deputy Mayor for Planning and Economic Development will increase by 118 percent to $29.2 million. Approximately $5.9 million of this increase is due to an increase in the projected revenue estimates from various programs. An additional $1.6 million is due to the creation of the Workforce Intermediary, a new initiative by the Gray administration to better coordinate job training efforts with the skills needs of employers.

While general fund dollars for the Department of Employment Services will increase by nine percent, to $78.3 million, this increase only partially offsets a significant loss of federal grants. Overall funding for DOES, including both federal and local funds, will decrease by 6 percent. The agency's general funds also increased by $500,000 to support changes to the Workforce Investment Council, which has recently been revived by Mayor Gray. The council serves as the policy-making body to set workforce policy and oversees the expenditure of Workforce Investment Act federal funds in the District.

General fund dollars for the Department of Consumer and Regulatory Affairs will increase by 25 percent to $33 million. Half of this increase is the result of a $3.5 million technical adjustment for the enforcement of the Nuisance Abatement Initiative, which was previously funded through capital funds.

## Public Safety and Justice

The FY 2013 general fund budget for Public Safety is $984 million, a $3.1 million increase, or less than 1 percent, over FY 2012. The major agencies in this appropriation title include the Metropolitan Police Department (MPD), DC Fire and Emergency Medical Services, the Department of Corrections and the Office of the Chief Medical Examiner.

New for FY 2013 is the Department of Forensic Sciences. Funding for this new department will be transferred partially from MPD, the Department of Health, and from the Forensic Laboratory Technician Training Program. The newly created Department of Forensic Sciences will provide an independent analysis of crime scenes, serve as expert witnesses, and provide emergency response testing in DC. This budget also shifts the Office of Victim Services into the Deputy Mayor for Public Safety and Justice.

In the approved general funds budget, MPD's budget will increase in local funds by 3 percent. Much of this increase comes from the need to address the expected elimination of a federal grant that supported 50 full-time employees. These employees will remain, but will be paid for with local funds. In addition, the budget includes $4.2 million for new cameras and technology to support enhanced automated traffic enforcement initiatives, part of Mayor Gray's revenue proposals though the Mayor emphasizes this is primarily to enhance public safety. These purchases will also mean a $1.6 million recurring costs to operate the new equipment. The budget for Fire and Emergency Services is an increase of 1 percent which includes funds to hire one battalion Chief and three Captains, and to provide training for the Rail Safety Program, which is needed to operate the District's streetcar program.

Funding for the Deputy Mayor for Public Safety and Justice will increase by 9percent over fiscal year 2012, partially due to the fact that the agency now includes the Office of Victim Services.

Though Mayor Gray proposed a reduction of $1.2 million for the Office of Victim Services, the Council restored funding. Funding for the Police Officers' and Fire Fighters' Retirement System will fall by 19 percent, from $116.7 million to $96.3 million, reflecting a decrease in anticipated costs but no change in benefits.

## Education

The FY 2013 general fund budget for Public Education is $1.7 billion, a $40.8 million or 3 percent increase, over FY 2012. The major agencies in this appropriation title include DC public schools (DCPS), DC public charter schools, the Office of the State Superintendent of Education, and DC public libraries.

DC public schools and public charter schools budgets will increase by 4 percent and 9 percent, respectively, in part due to a 2 percent increase to the Uniform Per Student Funding Formula. This increase serves primarily as an adjustment for inflation (including rising health care costs, salaries and benefits for teachers) and increased student enrollment.

The increase allows DCPS to raise the minimum-per-student allotment to individual schools for the upcoming school year, from $8,400 to $8,568. However, local schools must also absorb the cost of increased salaries/benefits, and teacher bonuses related to the IMPACT evaluation system that has been supported to date with private funding. Because personnel costs will rise faster than the two percent funding increase, many local schools will have to find savings. The budget assumes, for example, larger student-teacher ratios in middle and high school classrooms, and it removed direct funding for librarians for smaller schools.

The education budget increases reflect projected enrollment growth in both DCPS and public charter schools, particularly an estimated 13 percent increase in special education students at DCPS. When compared with audited enrollment, projected enrollment in DCPS is expected to increase by 4 percent or 1,936 students, and charter school enrollment is slated to increase by six percent or 1,931 students. The increase in special education students is due to their return to public schools in the 2012-2013 school year from more expensive placements in private schools.

The Office of Public Education Facilities Modernization (OPEFM) is now under the Department of General Services (DGS). Funding for OPEFM includes an increase of four percent or $1.3 million when compared to FY 2012. This boost in funding aligns with the mayor's plan to contribute $203 million in capital funding for new or modernized high schools in FY 2013.

Despite an expected increase in enrollment of special education students in DC Public Schools, the local special education budget for DCPS lists reductions of 222 full-time equivalent staff positions and a $209,000 decrease in funds in FY 2013. School officials say these numbers are a result of double counting vacant staff positions (social workers and dedicated aides) that were shifted to school budgets from central administration in FY 2012, making the net loss in funding and positions appear larger for FY 2013. Even taking these into account, the loss of staff stands at 92 fewer special education positions for fiscal year 2013.

Both afterschool and summer school programs will also see reductions, of $3.5 million and $1.3 million, respectively, in the DCPS budget for FY 2013. These reductions could mean there will be less hours of out-of-school time programming offered to provide academic enrichment and a safe environment to school-age children with working parents.

The Office of the State Superintendent of Education (OSSE) budget in FY 2013 is $106 million, a reduction of less than one percent from FY 2012. The budget book lists a $5.7 million cut from child care subsidies, but OSSE has reported that this is not accurate and that child care will be level-funded with the same number of slots available next year. (At the time of publishing, OSSE had not presented documents outlining the inaccuracies.)

The DC public library system funding will experience a 20 percent or $7 million increase from FY 2012. The increase addresses the need to better align staff positions by increasing staff and overtime pay and extending hours of service at some libraries. Local funding includes six FTEs to staff the new Rosedale branch, which opened in May 2012.

## Human Support Services

The FY 2013 general fund budget for Human Support Services is $1.64 billion, a 2 percent increase from FY 2012. The agencies in this appropriation include the Department of Human Services, the Child and Family Services Agency, the Department of Health and the Department of Health Care Finance. The change in funds is not spread evenly among agencies within the human services cluster, with a range of agency budget changes from a two percent decrease to a nearly five percent increase.

Local funds for the Department of Human Services will decline slightly from $167.5 million to $167.1 million. This budget contains a number of changes including a replacement of some federal funds no longer available, cost reductions, a benefit reduction in TANF, and some programming changes. The major changes to note are:

- $4.7 million in cost reductions in multiple programs.
- $5.7 million reduction in TANF benefits to reflect the 25 percent benefit reduction scheduled for October 2012 for families who have received benefits for more than 60 months.
- Two reductions in funding for permanent supportive housing: $1.5 million was shifted to the Homeless Services Continuum budget due to projected savings from shifting participants from local to federal vouchers and reducing case management requirements. In addition, there is a $450,000 decrease from fiscal year 2012 that the agency claims was "one-time funding" in the current year.
- $2.6 million in local funds to replace federal funding for TANF administration that will no longer be available due to changes in federal TANF rules.
- $1.4 million increase in the Program on Work Employment and Responsibility (POWER) which provides cash assistance to families who are unlikely to meet TANF work requirements due to short-term incapacity related to physical or mental health problems or substance abuse. The number of families referred to this program is anticipated to increase due to the more thorough assessment process offered through the redesigned welfare-to-work program.

- $787,000 increase to hire 11 full time equivalents to meet the challenges associated with the change in Healthcare Alliance recertification implemented in FY 2012. Each client must now recertify through a face-to-face interview every six months, instead of once per year.
- $1.9 million increase in fixed costs.

The contingency revenue list — programs that would get funded if the city's revenue collections rise above current levels, includes four programs within the human services agency:

- $7 million for homeless services to replace loss of federal block grant carryover funds. This is number one on the priority list.
- $14.7 million to delay benefit cuts, implement exemptions and provide redesigned TANF welfare-to-work services , including more thorough client assessments, tailored support services, and improved job preparation and placement programs to more parents. This is second on the list.
- $1.7 million for youth homelessness prevention. This is sixth on the list.
- $1.6 million to replace loss of federal funds in refugee services, emergency shelter, pregnancy, and teen parenting programs. This is seventh on the list.

Local funding for the Department of Health Care Finance (DHCF) will increase by more than $39 million, for a total budget of $756 million. This reflects a number of substantial changes — both increases and decreases — in the agency including:

- $8 million reduction in local funds for Medicaid from reduced Medicaid reimbursement rates for certain hospital-based services. The Department of Health Care Finance must get a state plan amendment approved before this can take effect.
- $294,000 reduction associated with a move from a leased facility to a city-owned facility.

Medicaid continues to be a major cost driver for the Department of Health Care Finance. The Medicaid growth for FY 2013 is $50.5 million. While lower than the FY 2012 increase of $80.3 million, this still represents an 8.1 percent increase in spending. This reflects both increased Medicaid enrollment, due to the city's weak economy, and increases in health care costs that far outstrip inflation.

The Department of Health budget will remain flat at $100 million. This budget reflects a cost reduction of $1.62 million in non-personnel costs, primarily a reduction in the use of contractual services. An increase of $526,000 covers costs associated with the Commodity Food Program, which works to improve the nutrition and health of low-income pregnant, postpartum, and lactating women, preschool-age children, and elderly residents by providing nutritious food to supplement their diets and nutrition education.

The Department of Mental Health's (DMH) budget will see an $8 million increase in FY 2013, an increase of 5 percent. This budget reflects a cost savings of $1.7 million in reduced overtime and contracted nurse services. Some $3 million would replace federal funding for patients at St. Elizabeths Hospital, the District's public psychiatric facility. An additional 100 subsidized supportive housing units will be financed through an increase in local funds of $1.2 million. The budget includes $815,000 for improved and expanded behavioral health interventions for at-risk youth included in the South Capitol Street Memorial Act of 2012.

The Department of Youth Rehabilitation Services (DYRS) and Child and Family Services (CFSA) will see decreases of $2.1 million and $2.8 million respectively in their budgets due to decreases in anticipated caseloads. The decrease in the CFSA budget is also related to revised placement policies designed to move children from higher cost foster care placements to lower cost kinship placements.

The budget for the Office of Aging will slightly decrease to $16.6 million. Included in the revenue contingency list is the addition of one full- time equivalent position to serve as a Senior Villages coordinator for a cost of $76,874. The Senior Villages program aims to provide seniors with a neighborhood support system to allow them to live in their homes as long as possible.

The Children and Youth Investment Collaborative provides grants to community-based providers for child, youth, and parenting programming. The FY 2013 budget remains at $3 million, the same amount as in FY 2012.

The Department of Parks and Recreation will see a 5 percent increase over their FY 2012 budget, bringing their budget to $45.7 million. Just over $620,000 will be used to create a new Partnership and Development Division, which will seek to foster support through donations, grants, establishing innovative public and private partnerships, and volunteer service by individuals, groups, and organizations. Additional funding of $312,000 will allow for the hire of 7.5 full time equivalents to provide adequate lifeguard staffing at indoor pools. Finally, just under $200,000 of the increase is for Safe Summer, a program designed to foster safe communities to keep youths safe and engaged in productive and educational activities.

The budget for the Department of Disability Services remains virtually unchanged at $61.3 million, reflecting slight increase from FY 2012. The agency plans to achieve internal cost savings in a variety of categories including security and fleet services to find funding for a new State Office of Disability Administration (SODA). This agency will address regulatory, planning, and oversight issues with an anticipated budget of approximately $500,000.

The Office of Latino Affairs and Office of Asian and Pacific Islander Affairs budgets will change by less than one percent, with budgets of approximately $2.7 million and $780,000 respectively.

The Office of Human Rights will see a budget of $2.2 million, a modest increase of less than 1 percent from fiscal year 2012.

The budget for the Office of Veterans Affairs is approximately $394,000, an increase of 4 percent from last year.

The Unemployment Compensation Fund provides unemployment compensation to former DC government employees who are separated from unemployment through no fault of their own. The Employees' Compensation Fund, also known as the Disability Compensation Fund, finances the Workers' Compensation program for DC government employees. The Unemployment Compensation Fund remains flat funded for FY 2013 with a budget of $6.5 million, reflecting a 1.4

percent decrease in inflation-adjusted dollars. The Disability Compensation Fund would decrease by less than 1 percent, for a total budget of $19.8 million.

The Office of the Deputy Mayor for Health and Human Services (DMHHS) coordinates and oversees the agencies in this appropriation title. The FY2013 budget for the agency is $600,000, reflecting a 15 percent decrease from FY 2012.

## Public Works

The FY 2013 general funds budget for the Public Works appropriation title is $571 million, an increase of 6 percent, or $33 million over the FY 2012 budget of $538 million. The major agencies in this appropriation include the Department of Public Works, the Department of the Environment and the Department of Transportation.

Funding for the Department of Public Works would increase by 6 percent from $105 million to $111 million. About a third of the increase would come from restoring 32 full-time equivalents (FTE) positions that were eliminated in the FY 2012 budget. Another third would come from an increase to the contract for street and alley cleaning services and the remaining third would come from adjustments to fixed costs, benefits and an overall increase for operations costs. The DC Council made one change to the DPW budget and shifted $600,000 from overtime costs to pay for a seasonal employment program within DPW.

Proposed funding for the Department of Transportation (DDOT) will fall by fall from $126 million in FY 2012 to $72 million in FY 2013. However, the decrease is almost entirely due to a shift of $50.6 million in funds from DDOT to the Washington Metropolitan Area Transit Authority (WMATA) for costs associated with the Circulator, non-regional bus transit, reduced fare for east-of-the-river service, and school transit subsidies for students in DCPS and DC public charter schools. When that shift of funds is taken into account, funding for DDOT will fall by 3 percent. DDOT's budget adds two new positions and $2.8 million in operating costs for DC's H Street and Benning Road streetcar line which is expected to become operational in FY 2013, and it creates a new Public Space Regulation Administration for permitting and enforcing public space use and makes adjustments for increases in contracts for street lights, parking meter maintenance, and performance parking. However, these costs increases were offset by reductions to fixed cost, supplies and pay and benefits.

Funding for the District Department of the Environment (DDOE) will grow by 28 percent, rising from $51 million in FY 2012 to $65 million in FY 2013. The increase in funds comes mainly from special purpose revenue which is collected from fees and fines and dedicated to specific purposes. Approximately seven million of the total increases comes from increases to the Sustainable Energy Trust Fund contractual services, storm water permit compliance initiatives, and to begin contracts for the Anacostia River clean-up. Another $6 million increase comes from increased funds for the Renewable Energy Development Fund for solar energy incentive projects. The remaining increase comes from increases in personnel, fringe benefits and other contractual services.

Funding for the Department of Motor Vehicles will increase by 2 percent, rising from $33.5 million in FY 2012 to $34 million in FY 2013. The increase largely comes from increases to IT assessment costs and funds to support cashier services, contractual services and inspection equipment costs. Funding for DC's Taxicab Commission is essentially flat at $1.6 million in FY 2013. The budget was increased due to an increase in fringe benefits and personnel costs, yet after adjusting for inflation there is essentially no change. In addition, the entire budget is being shifted from local funds to special purpose funds. Revenue to support this change will come from a new Taxi Flag Drop fee.

Funding for the Washington Metropolitan Area Transit Authority (WMATA) will grow by 30 percent, rising from $221 million in FY 2012 to $287 million in FY 2013. The majority of the increase comes from the shift of $50.6 million from DDOT to WMATA for costs associated with the Circulator, non-regional bus transit, reduced fare for east-of-the-river service, and school transit subsidies for kids enrolled in DC Public and Charter schools. When that is taken into account, the growth in the WMATA budget is seven percent over last year. The remainder of the increase comes from an increased contribution from DC to help support WMATA's increased operating costs.

## Financing

The general fund budget for financing in FY 2013 is proposed to be $1.04 billion, an increase of 2 percent from FY 2012. The major items in this appropriation title include debt service, various economic development-related funds, and settlements and judgments.

There are a few notable changes in the proposed FY 2013 budget. The largest increase is in debt service, a reflection of increased borrowing in recent years for school construction and other capital projects. The cost of repaying loans and interest increased by five percent, from $449 million in FY 2012 to $469.4 million in FY 2013.

There is also a significant increase in the non-departmental line. The general funds budget for this increased almost 20 percent, a shift of special purpose revenue to the general fund. The proposed budget for 2013 doesn't include some items that were listed under the Financing appropriations title in recent years, including funds to repay funds borrowed under the TIF and PILOT economic development programs and funds used to pay off debt for the Nationals ballpark   This analysis keeps those funds within the Finance title so year-to-year comparisons can be made.

## The Revised Revenue Estimate Contingency Priority List

Mayor Gray and the D.C. Council included a program wish list for funding if revenues are higher than expected for fiscal year 2013. If that happened, programs would be funded in the order in which they are listed. However, the Mayor and Council also agreed that the first 25 percent of unanticipated revenue for next year would be put toward the fund balance. So, in order to fund the first item on the list--$7 million for homeless services—the District would need to have an uptick of $9.4 million in revenue.

The list:

1. $7 million for homeless services to cover loss of federal block grant carryover funds;
2. $14.7 million for TANF, including $3.8 million to fund delay in benefit reductions, $4.9 million to fund time limit exemptions; and $6 million for job training;
3. $9.5 million to support D.C. Public Schools, D.C. Public Charter Schools, the Department of Mental Health, and the Child and Family Services Agency to implement the South Capitol Street Memorial Amendment Act of 2012;
4. $18 million to purchase land in NoMa to convert into park and recreational space if Housing Production Trust Fund receives $15 million in funding through budget;
5. $8.6 million to Office of the State Superintendent for increasing infant and toddler services/early intervention slots
6. $1.7 million for youth homelessness prevention
7. $1.6 million to cover the loss of federal funds in Family Services block grants, refugee services, emergency shelter, pregnancy and teen parenting
8. $2.9 million for the Home Purchase Assistance Program
9. $2.6 million for Emergency and Transitional Housing, the restoration of the cut to core services, and to fund the Lethality Program;
10. $5 million for special education improvement, compliance, and capacity building
11. $5 million for the Office of Adult and Family Education;
12. $10 million for adult job training;
13. $1.6 million to restore funding for school librarians in public schools;
14. $10 million to reduce the commercial property tax rate on the first $3,000,000 of assessed value from $1.65 to $1.55 per $100 of assessed value;
15. $3 million for the University of the District of Columbia;
16. $1.5 million for the Ward 8 Pilot budget challenge;
17. $76,874 to increase one FTE for the Senior Villages coordinator in Office of Aging
18. $540,000 to expand Fire Cadet program in Fire and Emergency Medical Services
19. $320,000 to restore the Capital City Fellows Program
20. $1.5 million for the restoration of DC public library materials/acquisition budget
21. $150,000 for an Office of Motion Picture cost-benefit study;
22. $1.5 million for expenses related to the Takoma Theater;
23. $220,000 for 2 additional full-time equivalents for Office of Local and Small Business Development;
24. $150,000 for the Boxing and Wrestling Commission;

**25.** $10 million for additional funds in the Film DC Economic Incentive Fund;

**26.** $5 million for expenses related to the Douglass Recreation Center.

**27.** $1.1 million to fund the Out-of-State Municipal Bond Tax Repeal Act of 2012;

**28.** $5.1 million to fund the fiscal impact of the Age-in-Place and Equitable Senior Citizen Real Property Act of 2012;

**29.** $1.8 million to fund the Protecting Injured Government Workers Reform Amendment Act of 2012.