

# FY 2014

## Children's Budget Report



Hyde-Addison Elementary School, Ward 2  
Photo by Michael DeAngelis

Vincent C. Gray, Mayor  
District of Columbia



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## Letter from Mayor Vincent C. Gray



I am pleased to present the FY 2014 Children's Budget Report. This report highlights the value my administration places on children, youth, and their families.

The FY 2014 proposed budget contains over \$2.1 billion for children, youth, and families. This means that nearly 21% of the total budget of \$10.1 billion is dedicated to the present and future of young people. The capital budget includes more than \$579 million for children, youth, and their families which is 42% of the total FY 2014 capital budget of \$1.4 billion.



THE DISTRICT OF  
COLUMBIA  
"One City, One Future"  
Mayor Vincent C. Gray

Well before I released the proposed budget on March 28, 2013, I announced that funding for education would increase. With the increase of the Uniform Per Student Funding Formula, millions of dollars in additional funding will go to support our students whether they attend traditional or charter schools. In keeping with our Early Success goals, early intervention resources will ensure that we can identify children with special needs as early as possible, ensuring better outcomes for them and reducing costs for the city down the road. An infusion of funding in the capital budget will enable us to continue modernizing and building school facilities, so necessary to help children and youth learn.

But this budget is more than education. Children, youth, and families want and deserve high quality recreation facilities. I've included money to maintain the momentum improving Department of Parks and Recreation facilities, particularly through the aggressive Play DC project. This budget also infuses DC Public Library with more resources so community-based facilities can be open later each day and every day of the week. Residents spoke and we listened.

Many other services and supports for children, youth, and their families are funded in the proposed FY 2014 budget and identified in this report. All are tied to the One City Action Plan's goals to grow and diversify the city's economy, educate children and prepare the workforce for the new economy, and improve the quality of life for all residents.

I urge you to read this report to learn how my proposed budget for FY 2014 benefits the District's 190,000 children and youth.

A handwritten signature in black ink that reads "Vincent C. Gray".

Vincent C. Gray  
Mayor

## Executive Summary

Mayor Vincent C. Gray makes significant investments in the nearly 190,000 District children and youth ages birth to 24 and their families in his proposed FY 2014 budget. The Mayor's proposed FY 2014 **operating budget**<sup>i</sup> contains over \$2.1 billion for children, youth, and families, comprising nearly 21% of the total budget of \$10.1 billion. The **capital budget**<sup>ii</sup> includes more than \$579 million for children, youth, and their families which is 42% of the total FY 2014 capital budget of \$1.4 billion.

The annual Children's Budget Report identifies funding for children, youth, and families and presents Mayor Gray's investment plans to help young people and their families succeed. In addition to the expected inclusion of education, health, and mental health services, this report includes funding for community-based service provision for specific populations, automobile safety, and victim services.

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### One City Action Plan

The FY 2014 budget was crafted using the Mayor's vision expressed through the One City Action Plan. In this way, the Gray Administration is maintaining the momentum begun in 2012. Two One City Action Plan tenets and three goals are the foundation of the FY 2014 budget:

#### Tenets

1. Build a fiscally sound budget and financial plan
2. Strike a balance between cost savings, program realignments and new revenues

#### Goals

1. Growing and diversifying the District's economy
  2. Educating children and preparing the workforce for the new economy
  3. Improving the quality of life for all residents
- 

### Highlights of the operating budget

The Mayor's proposed FY 2014 **operating budget** contains \$2.1 billion for children, youth, and their families. The funding is allocated across 33 agencies with the bulk dedicated to the education and health and human services budgets.

In FY 2014, the Mayor's additional investments include:

- Affordable housing
  - \$100 million for affordable housing including:
    - \$1 million for Rapid Rehousing which moves families in shelters like DC General into more permanent housing units.
    - \$3.1 million for Victim Services Housing to provide a safe haven to those who are in domestic abuse situations.

- Public education
  - \$79.3 million for public education provided by DC Public Schools and charter schools
  - \$6.4 million for special education services provided by the Office of the State Superintendent of Education to expand early intervention services.
  - \$1 million for truancy to be invested in prevention programs designed to ensure young people are not only getting to school but going to school on time and ready to learn.
- Job training
  - \$700,000 for the Metropolitan Police Department and Fire and Emergency Services Department cadet programs
  - \$16 million for TANF customers
  - \$11.9 million for year-round youth employment
- Quality of life improvement
  - \$52 million for school-based nutrition services
  - \$2.1 million for child, youth, and family development through the Office of Latino Affairs
  - \$10.7 million for child support enforcement
  - \$10 million for DC Public Library. Two million dollars will enable the library to purchase e-books with the balance supporting expanded hours and days.
  - \$1 million to serve homeless youth
  - \$3 million for housing for victims of domestic violence

## Highlights of the capital budget

The Mayor also funds a substantial number of **capital** projects for children, youth, and their families. More than \$579 million in FY 2014 is available for capital projects including schools, libraries, and recreation centers. The vast majority of this funding—76%—is dedicated to DC Public Schools, but schools are not the only child- and youth-related bricks and mortar projects in the District of Columbia. The FY 2014 capital budget will invest \$48 million in six major park and recreation facility projects and a number of smaller yet equally important projects. Park projects include Friendship and Franklin Square. Facility projects include Palisades and Barry Farm. These improvements follow on the heels of the mayor FY 2013 initiative Play DC. By the end of FY 2013, the Play DC partners Department of General Services and the Department of Parks and Recreation will have renovated 32 playgrounds.<sup>iii</sup> Additional playgrounds will be overhauled in FY 2014 using \$4.5 million in capital funding.

## Highlights of the tax expenditure budget

An estimated \$263.8 million is in the FY 2014 **tax expenditure** budget. The tax expenditure budget contains local credits such as the DC Earned Income Tax Credit, tax abatements to landlords to preserve Section 8 housing, and abatements and exemptions to locate grocery stores in under-retailed communities.

## Introduction

Mayor Vincent C. Gray makes significant investments in the nearly 190,000 District children and youth ages birth to 24 and their families in his proposed FY 2014 budget. The Mayor's proposed FY 2014 **operating budget** contains over \$2.1 billion for children, youth, and families. Funding for children and youth comprises nearly 21% of the total budget of \$10.1 billion. The **capital budget** includes more than \$579 million for children, youth, and their families. This means that 42% of the total FY 2014 capital budget of \$1.4 billion is for the benefit of young people. The Mayor's proposed budget also contains \$263.8 million in **tax expenditures**.

The Mayor's commitment to children, youth, and their families is clear. The proposed FY 2014 budget funds a range of necessary services and supports and maintains prior commitments such as preparing young children to succeed, improving academic success among middle and high school-age students, preparing families to be self-sufficient, and making substantial physical improvements to parks and schools.

*Investing for Tomorrow* is not simply the theme for the budget; rather it represents the next phase of the One City Action Plan, whose tenets are to build a fiscally sound budget and financial plan and strike a balance between cost savings, program realignments and new revenues. This budget will continue to prioritize three goals:

1. Growing and diversifying the District's economy
2. Educating children and preparing the workforce for the new economy
3. Improving the quality of life for all residents

The FY 2014 Children's Budget Report identifies funding for children, youth, and families for support of children and presents Mayor Gray's investment plans to help young people and their families succeed. In addition to the expected inclusion of education, health, and mental health services, this report includes funding for community-based service provision for specific populations, automobile safety, and victim services. The FY 2014 budget is designed to serve and support the nearly 190,000 young people and their families who live in the District of Columbia.

Mayor Gray's commitment does not end with the operating budget. The FY 2014 capital budget and tax expenditure budget also illustrate how this Mayor uses all available budget tools to ensure benefit to children and youth.

Children and youth ages birth to 24 made up 31% of the District's population in 2011. More than 46,000 children and youth—46,540 to be exact—lived in 114,045 households with their parents.<sup>iv</sup> In 2011, the American Community Survey found that 4,184 DC children under the age of 18 were living in the care of their grandparents.

## Policy and practice drivers

The most important policy driver of the Mayor’s FY 2014 budget is the One City Action Plan. The plan addresses the range of strategies needed to attain the goal of achieving the vision of being “One City”, a city that is “more prosperous, equitable, sustainable... for all.”<sup>v</sup>

Several other efforts supplement the One City Action Plan. These include Early Success, Raise DC, Sustainable DC, the Uniform Per Student Funding Formula (UPSFF), and legacy class action lawsuits.

Combined, Early Success and Raise DC address the Mayor’s goal to create and sustain a cradle-to-career trajectory. Early Success concentrates on children ages birth to 8 and their families, coordinates government and community-based services, and measures progress according to a common set of metrics. Raise DC, on the other hand, focuses on closing the jobs-skills gap present in the District. This innovative and silo-busting approach is resulting in a civic infrastructure that is a better and more integrated way of organizing existing funds, initiatives, and resources for children and youth. The Raise DC partnership will drive improvements in outcomes for children and youth along each part of the cradle-to-career continuum by:

- Aligning academic and non-academic supports across all parts of the continuum,
- Focusing resources on the few most critical outcomes for children and youth,
- Using data to identify effective practices that will improve existing programs, rather than launching new ones, and
- Investing in the sustainability of the work so that it thrives beyond political cycles.<sup>vi</sup>

The Uniform Per Student Funding Formula, established by the District of Columbia School Reform Act of 1995, is a fundamental policy driver of this budget. The purpose of the formula was to ensure level funding for all public schools—those in the DC Public Schools system and public charter schools.

The formula has two parts. The first is the foundation cost. The foundation covers operational costs of a Local Education Agency (LEA) such as classroom instruction, student support in the classroom, administration, and custodial services. The second part is comprised of additional costs calculated by weight. The additional costs compensate LEAs for more expensive grades such as Kindergarten and services that cost more, including those provided to students with special needs. The school year 2013-2014 Uniform Per Student Funding Formula will be \$9,306, a 2% increase from school year 2012-2013.<sup>vii</sup>

The Mayor has also commissioned an adequacy study that will determine the current effectiveness of the Uniform Per Student Funding Formula and recommend changes where warranted.

**As I said in my State of the District Address last week, we must continue to invest in the future not only of our children, but also the District’s economy. This funding will help undergird our efforts to continue improving our public schools and preparing our residents to compete in the emerging economy.**

*Mayor Vincent C. Gray at announcement of Uniform Per Student Funding Formula increase for FY 2014*



Mayor Gray has dedicated his administration to responsibly resolve as many legacy class action lawsuits as possible. The four child- and youth-related cases still active are *LaShawn*, *Jerry M.*, *Salazar*, and *Jones*. Child and Family Services Agency, Department of Youth Rehabilitation Services, Department of Health Care Finance, District of Columbia Public Schools, and Office of State Superintendent of Education, respectively, are working diligently with their sister agencies, community providers and the court-appointed monitors to meet the outcomes of the settlement agreements and improve city services for children and families. The Gray Administration looks forward to the day when the District of Columbia will exit court oversight as it did with *Dixon* and *Petties* in 2012.<sup>viii</sup>

## Community input

More than 100 advocates, service providers, residents, and members of the legislative and executive branches participated in group sessions, one-on-one meetings, and online surveys related to the children's budget. This report incorporates wide-ranging recommendations related to format, adding contextual information, and disseminating in more usable formats. In addition, more than 30 organizations and all members of the DC Council made recommendations to the Mayor's budget.

## Summary of investments in the operating budget

The Mayor's proposed FY 2014 **operating budget** contains over \$2.1 billion for children, youth, and their families. The funding is allocated across 33 agencies with the bulk coming from the education and health and human services budgets. The principal investments in this budget are the \$100 million for affordable housing and the continued additional funding for education. Examples of housing funding are the \$1 million for Rapid Rehousing which moves families in shelters like DC General into more permanent housing units and \$3.1 million for Victim Services Housing to provide a safe haven to those who are in domestic abuse situations. Education will benefit from a \$79 million increase for public schools and \$6.4 million for special education services provided by the Office of the State Superintendent of Education to expand early intervention services. Workforce development funding gets a boost in the FY 2014 budget as does quality of life-related programs.

## Highlights of the capital budget

The Mayor also funds a substantial number of **capital** projects for children, youth, and their families. More than \$579 million in FY 2014 is available for capital projects including the modernization and new development of schools, libraries, and recreation centers. The vast majority of this funding—76%—is dedicated to DC Public Schools.

Schools are not the only child- and youth-related bricks and mortar projects in the District of Columbia. \$48 million is tied to the Department of Parks and Recreation. The FY 2014 capital budget will invest in six major park and recreation facility projects and a number of smaller yet equally important projects. Park projects include Friendship and Franklin Square. Facility projects include Palisades and Barry Farm. These improvements follow on the heels of the Mayor's FY 2013 initiative Play DC. By the end

of FY 2013, the Play DC partners Department of General Services and the Department of Parks and Recreation will have renovated 32 playgrounds. Additional playgrounds will be overhauled in FY 2014 using \$4.5 million in capital funding.

## Highlights of the tax expenditure budget

The Office of the Chief Financial Officer estimates the FY 2014 **tax expenditure** budget to be valued at \$263.8 million.

Like the operating and capital budgets, the tax expenditure budget is driven by policy. This part of the budget contains local credits such as the DC Earned Income Tax Credit and abatements like the one to landlords to preserve Section 8 housing. It also includes federal exemptions such as for public assistance cash benefits and foster care payments.

## The enabling legislation

The requirement to produce an annual Children's Budget report was codified in 2005 with the passage of The Fiscal Year 2006 Budget Support Act of 2005.<sup>ix</sup> The pertinent language is below.

### SUBTITLE A. FISCAL YEAR 2006 BUDGET SUBMISSION AMENDMENT

...

Sec. 1002. The Fiscal Year 2006 Budget Submission Act of 2005, effective December 7, 2005 (D.C. Law 15-205; 51 DCR 8441), is amended as follows:

...

"(e) Beginning with the submission of the fiscal year 2007 budget, the Mayor shall include a Children's Budget report that:

"(1) Outlines the portion of the District's annual budget that is directed toward services and programs included in that budget that serve children and youth from birth to 18 years of age;

"(2) Includes all services that are directed toward children and youth or toward families for the benefit of their children;

"(3) Provides information on expenditures at the program and activity levels;

"(4) For agencies that are required to provide budget information at the service level, provides information at the program, activity, and service levels; and

"(5) For programs provided by the District of Columbia Public Schools, provides administrative cost of service information both including and excluding costs associated with non-local school administrative expenses.

...

## The FY 2014 operating budget

Children and youth play a prominent role in Mayor Gray's proposed FY 2014 operating budget. The proposed budget for children, youth, and families is \$2.1 billion, 21% of the entire proposed budget of \$10.1 billion.

**Table 1: FY 2014 Proposed Operating Budget for Children, Youth, and Families by Executive Branch Agency**

<b>Agency Code</b>	<b>Agency Name</b>	<b>Proposed FY 2014 TOTAL</b>
AA0	Office of the Mayor	3,177,700
AP0	Office on Asian and Pacific Islander Affairs	339,000
BX0	Commission on the Arts and Humanities	2,118,000
BZ0	Office of Latino Affairs	2,141,000
CB0	Office of the Attorney General	39,186,800
CE0	District of Columbia Public Library	1,557,000
CF0	Department of Employment Services	31,224,000
DB0	Department of Housing and Community Development	23,880,000
FA0	Metropolitan Police Department	21,727,700
FB0	Fire and Emergency Medical Services Department	60,100
FK0	District of Columbia National Guard	3,772,000
FQ0	Office of Deputy Mayor for Public Safety & Justice	8,430,250
GA0	District of Columbia Public Schools	643,715,007
GD0	Office of the State Superintendent of Education	386,939,000
GE0	D.C. State Board of Education	587,000
GG0	University of the District of Columbia Subsidy Account	66,691,000
GN0	Non-Public Tuition	78,458,000
GO0	Special Education Transportation	74,829,000
HA0	Department of Parks and Recreation	19,786,500
HC0	Department of Health	48,579,750
HT0	Department of Health Care Finance	1,081,000
HY0	DC Housing Authority Subsidy	17,106,500
JA0	Department of Human Services	312,935,250
JM0	Department on Disability Services	13,846,000
JY0	Children and Youth Investment Collaborative	3,000,000
JZ0	Department of Youth Rehabilitation Services	52,846,000
KA0	District Department of Transportation	604,000
KE0	Washington Metropolitan Area Transit Authority	5,585,000
KG0	District Department of the Environment	2,419,000
KV0	Department of Motor Vehicles	4,447,200
RL0	Child and Family Services Agency	201,263,000
RM0	Department of Behavioral Health	32,357,900
<b>Total funding, children, youth, and their families, FY 2014</b>		<b>\$2,117,792,707</b>

## **One City Action Plan Goal 1: Growing and diversifying the District's economy**

The portion of the FY 2014 budget dedicated to Goal 1 of the One City Action Plan specifically for children, youth, and their families is \$2.1 million. The entire amount is in the Commission on the Arts and Humanities budget. Specific proposed expenditures are \$32,800 for the Neighborhood & Public Art Activity (3010) and \$2.1 million for the Arts Learning for Youth Activity (4010).

## **One City Action Plan Goal 2: Educating children and preparing the workforce for the new economy**

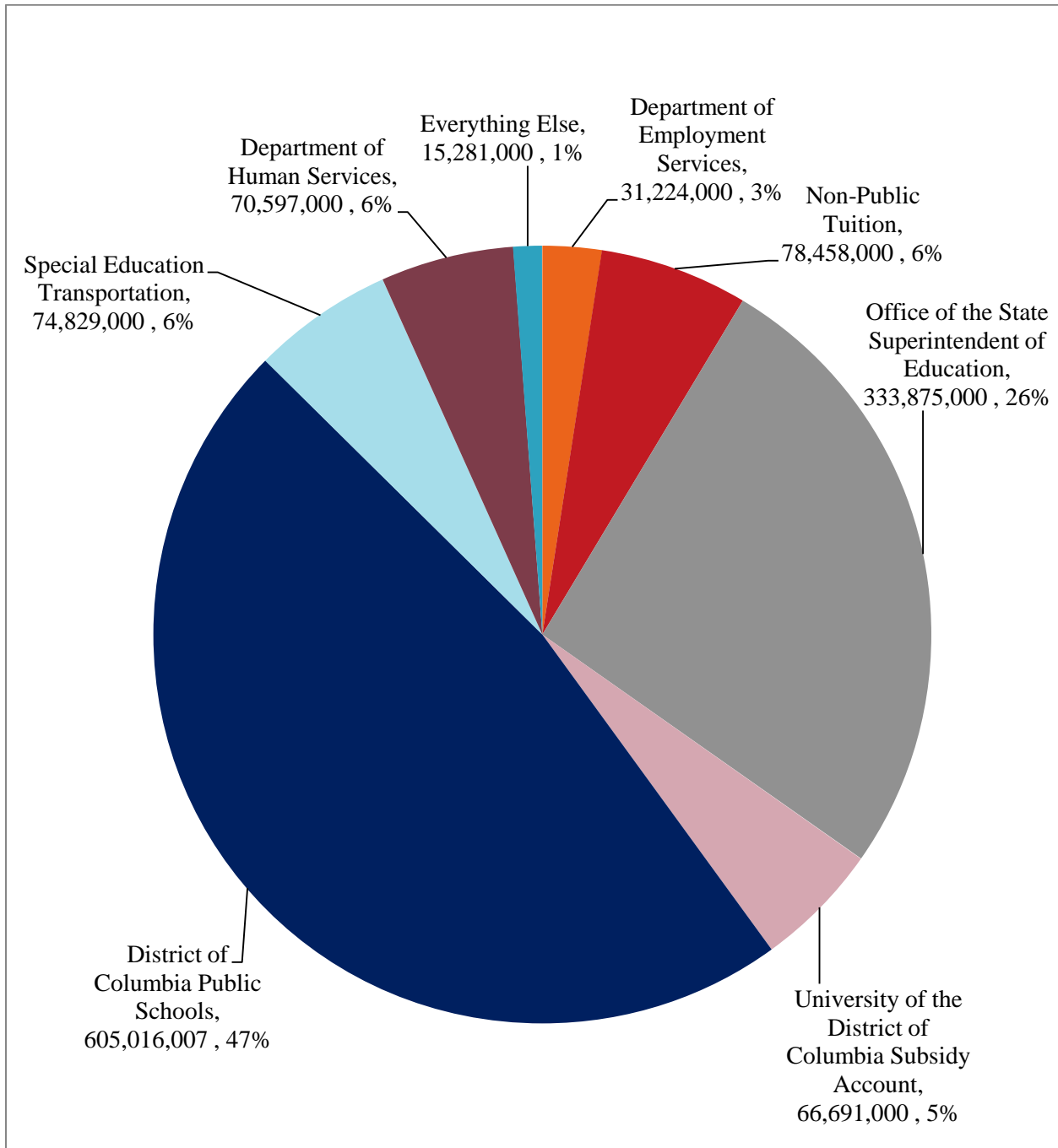
The portion of the FY 2014 budget dedicated to Goal 2 of the One City Action Plan specifically for children, youth, and their families is \$1.28 billion. Figure 1: Agency Totals and Percentage for Goal 2 for Children, Youth, and Families, 2014 Proposed illustrates the proposed allocations across agencies.

The Mayor's proposed FY 2014 budget makes a strategic investment in a range of education and workforce activities. These activities include but are not limited to:

- An increase of \$79.3 million for public education provided by DC Public Schools and charter schools
- An increase of more than \$6 million for special education. The Office of the State Superintendent of Education will use this funding to expand special education early intervention services as part of the city's Early Success initiative.
- New, dedicated funding for truancy. The \$1 million will be invested in truancy prevention programs designed to ensure young people are not only getting to school but going to school on time and ready to learn.
- \$700,000 for the Metropolitan Police Department and Fire and Emergency Services Department cadet programs
- \$16 million to support workforce development for TANF customers
- \$11.9 million for year-round youth employment

Mayor Gray set the tone for FY 2014 education funding in his State of the District Address in February 2013 when he reiterated the starring role education plays in securing the District's place in a growing and diverse economy. A week later, the Mayor announced the inclusion of a 2% increase in the Uniform Per Student Funding Formula (UPSFF) in the FY 2014 budget, stating "with this critical investment, the UPSFF will increase from \$9,124 to \$9,306."<sup>x</sup>

**Figure 1: Agency Totals and Percentage for Goal 2 for Children, Youth, and Families, 2014 Proposed**



Everything else: This includes WMATA (\$5,585,000), District Department of Transportation (\$604,000) D.C. State Board of Education (\$587,000), DC National Guard (3,772,000), Office of the Mayor (\$3,002,000), DC Public Library (\$1,557,000), and District Department of the Environment (\$174,000).

### One City Action Plan Goal 3: Improving the quality of life for all residents

The portion of the FY 2014 budget dedicated to Goal 3 of the One City Action Plan specifically for children, youth, and their families is \$839 million. This broad goal encompasses behavioral health and health services and supports, youth development, housing and shelter, and recreation. Services in 21 agencies are captured in this goal; allocations are detailed in Table 2: Child-, Youth-, and Family-related Agency Expenditures for One City Action Plan Goal 3.

Highlights of investments in FY 2014 are:

- \$1 million for Rapid Rehousing to move families out of shelter and into permanent living situations
  - \$3.1 million for Victim Services Housing to provide a safe haven to those who are in domestic abuse situations.
- \$10.7 million for child support enforcement
- \$10 million for DC Public Library. Two million dollars will enable the library to purchase e-books with the balance supporting expanded hours and days.

**Table 2: Child-, Youth-, and Family-related Agency Expenditures for One City Action Plan Goal 3**

Agency	Funding C/Y/F Goal 3
Office of Community Affairs	\$175,700
Office on Asian and Pacific Islander Affairs	\$339,000
Office of Latino Affairs	\$2,141,000
Office of the Attorney General	\$39,186,800
Department of Housing and Community Development	\$23,880,000
Metropolitan Police Department	\$21,727,700
Fire and Emergency Medical Services Department	\$60,100
Office of Deputy Mayor for Public Safety & Justice	\$8,430,250
District of Columbia Public Schools	\$38,036,000
Office of the State Superintendent of Education	\$53,064,000
Department of Parks and Recreation	\$19,786,500
Department of Health	\$61,682,000
Department of Health Care Finance	\$1,081,000
Department of Human Services	\$242,338,250
Department on Disability Services	\$13,846,000
Children and Youth Investment Collaborative	\$3,000,000
Department of Youth Rehabilitation Services	\$52,846,000
District Department on the Environment	\$2,245,000
Department of Motor Vehicles	\$4,447,200
Child and Family Services Agency	\$201,263,000
Department of Behavioral Health	\$32,357,900
DC Housing Authority	17,106,500
<b>Total Goal 3, Children, Youth, and Families</b>	<b>\$839,039,900</b>

A number of child-, youth-, and family-related programs are included in Mayor Gray's Revised Revenue Priority List (see Table 3: Mayor Gray's FY 2014 Revised Revenue Priority List for the Operating Budget, Child-, Youth-, and Family-related Items Highlighted).

**Table 3: Mayor Gray's FY 2014 Revised Revenue Priority List for the Operating Budget, Child-, Youth-, and Family-related Items Highlighted**

<p>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 fiscal year, initiatives will be funded in the order listed. Investments for the benefit of children, youth and families are in bold.</p>
<p><b>1. Office of the State Superintendent - \$11M to increase infant and toddler slots by 200 and to increase the subsidy rate by 10%</b></p>
<p>2. DC Office on Aging - \$5.8M to support provider rate increases</p>
<p>3. Office of the State Superintendent - \$4M for additional adult literacy- career and technology education</p>
<p><b>4. Department of Behavioral Health - \$2M for the expansion of the school-based mental health program</b></p>
<p><b>5. Children and Youth Investment Trust Corporation - \$3M to increase funding to cover summer initiatives</b></p>
<p><b>6. Department of Human Services - \$4M for POWER expansion</b></p>
<p>7. Department of Human Services - \$1M to provide SSI application assistance for first time applicants</p>
<p>8. HHS Disaster and Behavioral Health - \$0.5M for additional staff for CPEP, Mobile Crisis and HOP (8 FTEs)</p>
<p><b>9. Department of Human Services –An additional \$4M for rapid rehousing</b></p>
<p>10. D.C. Commission on the Arts and Humanities - \$7M for New Arts Stabilization Grant</p>
<p>11. Office of the Chief Technology Officer - \$2.2M to enhance PeopleSoft program</p>
<p>12. Department of Forensic Sciences - \$1.9M for civilian Crime Scene Response Program</p>
<p>13. Department of Housing and Community Development - \$0.7M to increase Small Business Technical Assistance</p>
<p>14. General Fund Revenue - \$10M to reduce the commercial property tax rate on the first \$3M if assessed value from \$1.65 to \$1.55 per \$100 of assessed value</p>
<p>15. General Fund Revenue - \$10.9M to fund the Schedule H Property Tax Relief Act of 2012</p>
<p>16. \$0.45M to support additional D.C. self-determination advocacy</p>

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## **Rightsizing a key agency's budget**

The proposed budget for Child and Family Services Agency (CFSA) is \$16 million less than the FY 2013 approved budget. Here's why:

- There are 20% fewer young people in foster care. At an average of \$50,000 per child, the associated savings is \$19.6 million.
- CFSA has improved its practice of placing children and youth with kin, a better, and less costly, option.
- Children and youth are receiving the services and supports they need at the same time that the agency is ending contracts for services and supports no longer needed.
- CFSA's work in FY 2013 to maximize federal revenue will result in improved Title IV-E claiming in FY 2014.

In FY 2014, CFSA will:

- Continue to narrow the front door by placing more children with kin and providing emergency licensing support such as furniture and housing assistance.
  - Fund 24-hour on-demand crisis services and create support clusters for DC foster parents.
  - Implement Trauma Systems Therapy and expand access to community-based mental health services.
  - Implement an employment strategy for older youth.
-



## The FY 2014 capital budget

Of the entire proposed FY 2014 capital budget of \$1.4 billion, \$579 million, or 42%, is for the benefit of children, youth, and their families. This investment is designed to fulfill and enhance the strategic initiatives of this administration and to keep prior promises. The two most relevant strategic initiatives are ensuring the availability of quality education and improving sustainability and livability.

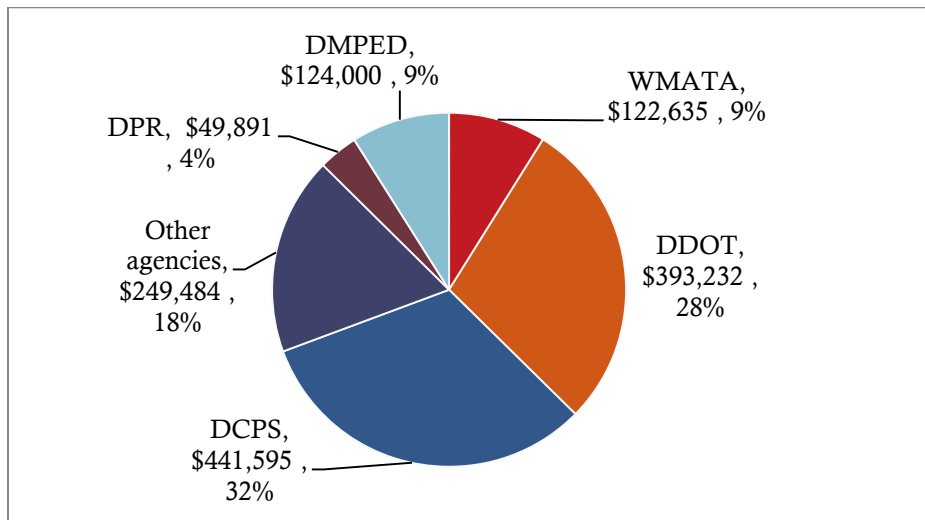
The investment in DC Public Schools buildings is essential. Between age, use, and delayed maintenance, numerous school buildings are less than optimal learning environments. At the same time, school enrollment is increasing. In February 2013, the Office of the State Superintendent of Education released the SY 2012-13 enrollment audit. The audit found overall school enrollment has been rising since SY 2008-09, and SY 2012-13 enrollment is the highest since the 1994-95 school year.<sup>xi</sup> An increasing school-age population will certainly result in demands for more and better school facilities.

As reflected in the capital budget book, quality education is a priority in FY 2014:

**Public Schools Modernization.** The District is currently undertaking a comprehensive schools modernization initiative that began in 2008. So far, over \$2.5 billion has been invested, and this CIP reflects additional investment of \$1.8 billion during the next six years modernizing elementary, middle, and high school facilities. This includes \$442 million in FY 2014, \$152 million for high school renovations and \$290 million benefiting elementary and middle schools.<sup>xii</sup>

Figure 2: Proposed FY 2014 Capital Budget Allotments, by Agency clearly shows the value Mayor Gray places on education: DC Public Schools comprises 32% of the entire proposed capital budget for FY 2014.

**Figure 2: Proposed FY 2014 Capital Budget Allotments, by Agency<sup>xiii</sup>**



Schools are not the only child- and youth-related bricks and mortar projects in the District of Columbia. The FY 2014 capital budget will invest in six major park and recreation facility projects and a number of smaller yet equally important projects. Park projects include Friendship and Franklin Square. Facility projects include Palisades and Barry Farm.

These improvements follow on the heels of the Mayor’s FY 2013 initiative Play DC. By the end of FY 2013, the Play DC Partners, Department of General Services and the Department of Parks and Recreation will have renovated 32 playgrounds. Additional playgrounds are on the list for overhaul in FY 2014. The Department of Parks and Recreation is budgeting \$5.5 million in FY 2014 to fund Play DC improvements.

Table 4: Proposed FY 2014 Capital Improvement Budgets and Number of Projects related to Children, Youth, and Families by Agency presents the proposed FY 2014 capital budgets for agencies involved with children, youth, and families while Table 5: Proposed Capital Improvement Program Budget by Child- and Non-child-related Funding, FYs 2014-2019 compares capital funding for children to the overall capital budget.

**Table 4: Proposed FY 2014 Capital Improvement Budgets and Number of Projects related to Children, Youth, and Families by Agency**

<b>Agency Code</b>	<b>Agency Name</b>	<b>Proposed CIP Funding, FY 2014</b>	<b>Number CIP Projects, FY 2014</b>
BX0	Commission on the Arts and Humanities	\$5,000,000	1
CE0	DC Public Library	\$12,950,000	7
EB0	Deputy Mayor for Planning and Economic Development	\$41,000,000	3
GA0	DC Public Schools	\$441,595,000	41
GF0	University of the District of Columbia	\$17,493,248	1
GO0	Special Education Transportation	\$6,021,074	1
GW0	Department of Education (Deputy Mayor for Education)	\$8,000,000	1
HA0	Department of Parks and Recreation	\$48,270,000	13
HT0	Department of Health Care Finance	\$12,400,000	2
JA0	Department of Human Services	\$5,000,000	1
JZ0	Department of Youth Rehabilitation Services	\$1,950,000	4
KA0	District Department of Transportation	\$9,517,354	2
KG0	District Department of the Environment	\$5,000,000	1
RM0	Department of Behavioral Health	\$6,120,000	3

**Table 5: Proposed Capital Improvement Program Budget by Child- and Non-child-related Funding, FYs 2014-2019**

	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>6-year Total</b>
<b>Children, Youth, and Families</b>	579,316,676	494,556,348	407,899,912	261,472,354	308,341,000	322,361,689	2,373,947,979
<b>Non-children, Youth, and Families</b>	801,920,063	718,387,653	653,628,789	615,554,441	576,627,732	488,687,595	3,854,806,272
<b>Total</b>	1,381,236,739	1,212,944,001	1,061,528,701	877,026,795	884,968,732	811,049,284	6,228,754,251
<b>Percentage of CIP for Children, Youth, and Families</b>	42%	41%	38%	30%	35%	40%	38%

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### **Capital Improvements Program Policies**

The overall goal of the Capital Program is to preserve the District's capital infrastructure. Pursuant to this goal, projects included in the FY 2014 to FY 2019 CIP and FY 2014 Capital Budget support the following programmatic policies:

- Provide for the health, safety and welfare needs of District residents.
  - Provide and continually improve public educational facilities for District residents.
  - Provide adequate improvement of public facilities.
  - Continually improve the District's public transportation system.
  - Support District economic and revitalization efforts in general and in targeted neighborhoods.
  - Provide infrastructure and other public improvements that retain and expand business and industry.
  - Increase employment opportunities for District residents.
  - Promote mutual regional cooperation on area-wide issues, such as the Washington Area Metropolitan Transit Authority, Water and Sewer Authority, and solid-waste removal.
  - Provide and continually improve housing and shelters for the homeless.
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Figure 3: Selected FY 2014 to FY2019 Capital Improvements illustrates the FY 2014 capital projects located throughout the District. Included in the map are DC Public Schools, Department of Parks and Recreation, and DC Public Library capital projects.

**Figure 3: Selected FY 2014 to FY2019 Capital Improvements**<sup>xiv, xv</sup>



**Legend**



Libraries



DC Public Schools



Department of Parks and Recreation

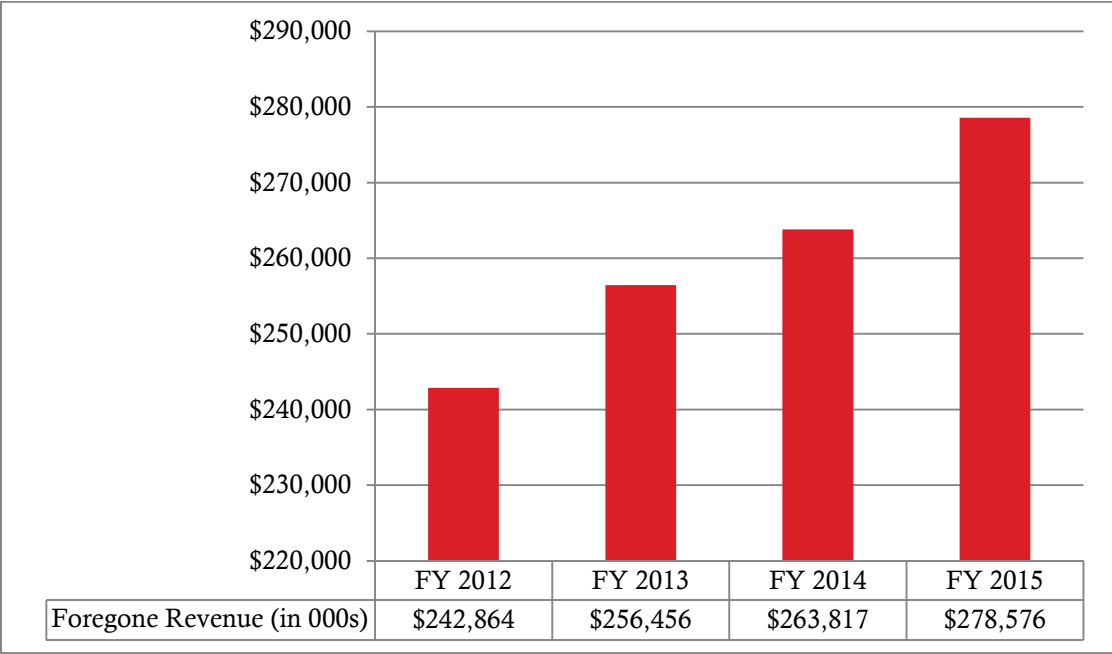
# FY 2014 tax expenditures

The FY 2014 estimated foregone revenue related to children, youth and their families in support of children is \$260.8 million. This represents a slight increase of 2% over the FY 2013 budget. See Figure 4: Foregone Revenue Projections Related to Children, Youth, and Their Families, FYs 2012 - 2015.

Families at all income levels benefit from tax credits, deductions, and exclusions. For middle income families, education-related investments, such as the city’s 529 plan, are quite beneficial. For low-income families, the DC Earned Income Tax Credit allows them to keep more of their earnings, serving as a valuable tool for achieving family economic stability.

Tax credits and abatements are a tool often used to facilitate the development of affordable housing units. This report includes as-of-right tax exemptions aimed at supporting the financing of low-income housing units, thus increasing the supply of affordable housing for families in the District. It does not include discretionary tax abatements to individual development projects that the Council authorizes on a case-by-case basis, though in many cases these projects also include affordable housing units.

**Figure 4: Foregone Revenue Projections Related to Children, Youth, and Their Families, FYs 2012 - 2015**



**Table 6: Child-, Youth-, and Family-related Forgone Revenue Projections by Tax Expenditure Category, FY 2014**

<b>Federal Income Tax (Individual and Corporate)</b>	
Total Federal Exclusions	\$12,128,000
Total Federal Adjustments	\$7,138,000
Total Federal Deductions	\$29,729,000
<b>DC Income Tax (Individual and Corporate)</b>	
Total Local Subtractions from Federal Adjusted Gross Income	\$3,073,000
Total Local Credits (re: children, youth, families)	\$60,033,000
<b>Real Property Tax</b>	
Total Local Abatements	\$6,000
Total Local Exemptions	\$79,118,000
Total Local Credits	\$213,000
Total Local Deferrals, Rebates, and Multiple Categories	\$2,766,000
<b>Deed Recordation and Transfer Tax</b>	
Total Local Exemptions	\$174,000
Total Local Exemptions	\$69,127,000
Total Personal Property Tax Exemptions (re: children, youth, families)	\$312,000
<b><i>Total for Children, Youth, and Families</i></b>	<b><i>\$263,817,000</i></b>

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## Explanation of the Tax Expenditure Budget

The Office of Revenue Analysis in the Office of the Chief Financial Officer (OCFO) explains tax expenditures best:

### **Understanding Tax Expenditures**

Tax expenditures are often described as “spending by another name,” or “disguised spending.” Policymakers use tax abatements, credits, deductions, deferrals, and exclusions to promote a wide range of policy goals in education, human services, public safety, economic development, environmental protection, and other areas. Instead of pursuing these objectives through direct spending, policymakers reduce the tax liability associated with certain actions (such as hiring new employees) or conditions (such as being blind or elderly) so that individuals or businesses can keep and spend the money, often for particular purposes. For example, a program to expand access to higher education could offer tax deductions for college savings instead of increasing student loans or grants. Regardless of which approach the government uses, there is a real resource cost in terms of forgone revenue or direct expenditures.

Tax expenditures are frequently used as a policy tool in the District of Columbia. There are two types of tax expenditures: (1) federal conformity tax expenditures, which apply U.S. Internal Revenue Code provisions to the D.C. personal and corporate income taxes, and (2) tax expenditures authorized only in local law.<sup>xvi</sup>

The tax expenditure report is published every other year (even years); the latest was prepared in 2012. That report projects forgone revenue through FY 2015.

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## End Notes

<sup>i</sup> “Operating Budget -The budget that encompasses the day-today District activities. The operating budget includes employee salaries, supplies, and other non-personnel items related to current activities. The operating budget also includes debt service and overhead costs related to daily operations.” <http://budget.dc.gov/glossary-of-terms> accessed April 3, 2013.

<sup>ii</sup> “Capital Improvements Program (CIP) -A plan for initiating the development, modernization, or replacement of District-owned facilities during a six-year period. As annually revised, this plan provides the basis for future-year capital budget requests.” <http://budget.dc.gov/glossary-of-terms> accessed April 3, 2013.

<sup>iii</sup> Play DC <http://dpr.dc.gov/DC/DPR/Property+Improvements/Capital+Projects/Play+DC> accessed April 4, 2013

<sup>iv</sup> Office of Planning, Selected Social Characteristics in the District of Columbia 2011 American Community Survey 1-Year Estimates,

<http://planning.dc.gov/DC/Planning/DC+Data+and+Maps/DC+Data/2011+ACS+1+Year+Estimates/Social+Characteristics> accessed April 8, 2013.

<sup>v</sup> Mayor Vincent C. Gray, *One City Action Plan*, p. 3,

[http://ocap.dc.gov/sites/default/files/dc/sites/mayor/publication/attachments/OCAP\\_912.pdf](http://ocap.dc.gov/sites/default/files/dc/sites/mayor/publication/attachments/OCAP_912.pdf) accessed March 30, 2013.

<sup>vi</sup> Raise DC, Raise DC: A Cradle-to-Career Partnership, <http://raisedc.net/our-approach.html> accessed March 29, 2013.

<sup>vii</sup> Mayor Vincent C. Gray Announces Continued Increase in Funding for Public Education in District Per Student Funding Formula to Increase 2 Percent for Fiscal Year 2014 Budget, <http://mayor.dc.gov/release/mayor-vincent-c-gray-announces-continued-increase-funding-public-education-district> accessed March 24, 2013.

<sup>viii</sup> See Mayor Gray Announces Settlement in Longstanding *Dixon* Lawsuit, <http://dmh.dc.gov/release/mayor-gray-announces-settlement-longstanding-dixon-lawsuit-0> accessed April 5, 2013; and District Government Regains Control of its Special Education Transportation Program and Special Education Payments: Judge Dismisses 17-Year-Old Case Against the District, <http://osse.dc.gov/publication/petties-case-dismissed> accessed April 5, 2013.

<sup>ix</sup> Fiscal Year 2006 Budget Support Act of 2005 (enrolled original),

<http://dcclims1.dccouncil.us/images/00001/20050726173839.pdf> pp. 8-9, accessed June 2012.

<sup>x</sup> Mayor Vincent C. Gray Announces Continued Increase in Funding for Public Education in District Per Student Funding Formula to Increase 2 Percent for Fiscal Year 2014 Budget, <http://mayor.dc.gov/release/mayor-vincent-c-gray-announces-continued-increase-funding-public-education-district> accessed March 24, 2013.

<sup>xi</sup> Hosanna Mahaley Jones, State Superintendent of Education, *SY 2012-2013 General Education Enrollment Audited October 5<sup>th</sup> Count*, February 4, 2013, <http://osse.dc.gov/release/sy12-13-enrollment-audit-complete-public-school-enrollment-goes-fourth-consecutive-year> accessed April 4, 2013.

<sup>xii</sup> Mayor Vincent C. Gray, *FY 2014 Proposed Budget and Financial Plan, Volume 6 FY 2014 – FY 2019 Capital Improvements Plan (Including Highway Trust Fund)*, p. 6-9, <http://cfo.dc.gov/node/467122> accessed April 5, 2013.

<sup>xiii</sup> Mayor Vincent C. Gray, *FY 2014 Proposed Budget and Financial Plan, Volume 6 FY 2014 – FY 2019 Capital Improvements Plan (Including Highway Trust Fund)*, p. 6-3, <http://cfo.dc.gov/node/467122> accessed April 5, 2013.

<sup>xiv</sup> Office of the Chief Technology Officer, Interactive Map of Selected FY 2014 to FY2019 Capital Improvements, <http://maps2.dcgis.dc.gov/DCAGOL/basicviewer/?appid=e723c71ee8674d64a2861d5c24fa044f> accessed March 30, 2013.

<sup>xv</sup> Users can view one or more of the agencies included in the CIP: DC Public Schools, Department of Parks and Recreation, Metropolitan Police Department, Deputy Mayor for Planning and Economic Development, District Department of Transportation, and DC Public Library. Users can also add the ward boundaries and use one of various backgrounds including Streets and OpenStreetMap.

<sup>xvi</sup> Office of Revenue Analysis, Office of the Chief Financial Officer, *District of Columbia Tax Expenditure Report*, pp. iii-iv, [http://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/ocfo\\_fy2013\\_tax\\_expenditure\\_report.pdf](http://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/ocfo_fy2013_tax_expenditure_report.pdf) accessed June 2012.