

**Statement of Karl A. Racine
Attorney General for the District of Columbia**

Before the

**Committee on the Judiciary and Public Safety
Charles Allen, Chairperson**

**Office of the Attorney General
Budget Oversight Hearing
Fiscal Year 2021**



June 9, 2020

Chairman Allen, Council members, staff, and the residents of the District of Columbia, on behalf of the Office of the Attorney General, I appreciate the opportunity to discuss OAG's budget for FY 2021.

This is a difficult moment for us all. Thousands of District residents are battling a virus that has taken hundreds of our neighbors—including longtime OAG colleague, George Valentine—and put substantial financial strain on businesses, workers, and the District's coffers. And since the federal government has exploited our lack of autonomy to deny \$750 million of much-needed relief funding by characterizing the District as a territory, District government must seek savings from our FY 20 and FY 21 budgets. OAG stands ready to assist.

Indeed, since Mayor Bowser announced freezes in new hires and salary increases, OAG, an independent agency, has followed suit. In early April, I instructed my financial staff to return \$1.5 million to the General Fund from OAG's FY 20 budget, and issued a written order voluntarily imposing a spending freeze on the agency. Consistent with my order, OAG will only hire and make contract purchases when necessary to respond to the pandemic emergency; to protect public health, safety, or welfare; to perform essential functions; to generate revenue; or when the hire or contract spending requires no local funds. These measures reflect OAG's commitment to the District's financial well-being.

With all due respect to the Executive, its proposal misrepresents the actual impact of on OAG's FY 21 budget. On its face, it appears to increase OAG's budget by \$12 million and provides for additional FTEs. However, what EOM characterizes as a \$12 million increase is

actually rental payments that will support OAG's imminent move from 441 4th Street to a building on 6th and D St NW.

It bears reminding that OAG did not seek this move. We agreed to relocate at the City Administrator's urging, so that MPD could take over the 441 building during the renovation of the Daly building—resulting in significant savings to the District.

I want to be clear: this \$12 million is not an enhancement for the agency's operations. Moreover, the amount actually falls nearly \$850,000 short of covering all of the costs related to the move. And while the Mayor's budget appears to increase OAG's FTEs in FY21, OAG in fact did not receive any enhancements.

Indeed, a closer review of EOM's proposal reveals *cuts* to OAG by more than \$4 million below the current services level for FY 20. Our agency's budget comprises nearly 80 percent personal services. While avoiding layoffs or otherwise cutting DC government workers is a core objective of the Mayor's proposal, a \$3.9 million decrease to OAG's operations would likely necessitate staff reductions.

I have written a letter to the Mayor, which is also attached to my written testimony, explaining our concerns with her proposal and the significant efforts OAG will make to help with the shortfall without damaging its operations. Further, we are concerned that the current budget process ignores OAG's position as an independent agency headed by an elected official and the spirit and intent of current law—which requires the Mayor to submit OAG's proposed

budget to the Council.¹ We ask that the Council address this in the FY 2021 Budget Support Act (BSA).

We also hope to work with the Council on bridging the aforementioned budgetary gap and adding a few key positions. Given that the agency *generates and saves* revenue, the District stands to benefit from a fully staffed OAG.

Since our February oversight hearing, our dedicated employees have continued working in the public interest: bringing cases against slumlords, fighting wage theft, aggressively enforcing the District's environmental laws against polluters, and working to protect public safety. During the state of emergency, we have educated residents about their rights, fielded over 780 consumer complaints, and filed 23 cease and desist letters and one lawsuit against price gougers—on top of 124 complaints and 30 cease and desist letters related to housing matters. Our office is enforcing protections for consumers, workers, tenants, and our most vulnerable residents during this public health crisis—including prohibitions on debt collection and funeral home consumer protections, which we thank you for supporting. We have pushed for greater protections for domestic violence victims, and maintained our partnerships with community organizations including Fair Girls and NVRDC that connect at-risk youth in the child abuse and neglect system to support services. Further, our Cure the Streets team is mitigating violence in

¹ DC Code § 1-301.86. This section states in part:

(a) The Attorney General for the District of Columbia shall prepare and submit to the Mayor, for inclusion in the annual budget of the District of Columbia under part D of subchapter IV of Chapter 2 of this title [§ 1-204.41 et seq.], for the year, annual estimates of the expenditures and appropriations necessary for the operation of the Office of the Attorney General for the year. The Mayor shall make recommendations to the Council of the District of Columbia based on said submissions for the Council's action pursuant to §1-204.46 and § 1-206.03(c).

their neighborhoods, while also partnering with community organizations to deliver food and educational materials to underserved residents. As the nation cries out for new approaches to public safety, funding these community-based violence interruption efforts is more important than ever.

Our tireless defense of the District's treasury is equally critical while we contend with a significant budget deficit. OAG attorneys represent one of the District's best investments, returning money to the city's coffers by pursuing litigation against lawbreakers that harm D.C. and its residents. In FY 2019, OAG recovered over \$10.8 million in settlements and contributed an additional \$184.1 million in tax revenue preserved and collections for District children.

As we know from recent cases filed against the Department of Corrections and St. Elizabeth's Hospital, OAG's defensive litigation teams are critical to the District's financial wellbeing in this turbulent moment.² Due to COVID-19, we anticipate many cases against the District ranging from employment separation matters to massive tort claims. OAG's ability to effectively represent the District depends on our ability to attract and retain quality personnel—which, again, would be significantly hampered by a severe nearly \$4 million cut.

Along with OAG's budget submission, I have also submitted additional BSA provisions for the Council's consideration. This includes a revision to our Litigation Support Fund that would allow OAG to fully fund the Cure the Streets program in FY 2021, and let the Council use

² OAG's Civil Litigation Division (CLD) alone can demonstrate this principle. CLD paid \$15.5 million in settlements and judgments in FY19. Plaintiffs claimed a total of \$442.4 million, for a total liability avoided of \$426.8 million. This number does not consider extremely overinflated demands by Plaintiffs that amounted to 37.5 billion in claimed liability.

any one-time funding for other worthwhile initiatives. I am happy to answer any questions you have about each of our BSA submissions.

Mr. Chairman, I know time is of the essence. I will conclude my prepared remarks now and look forward to discussing OAG's budget with Committee.

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