

GOVERNMENT OF THE DISTRICT OF COLUMBIA

OFFICE OF THE ATTORNEY GENERAL

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Proposed OAG Budget Would Boost Independence of Office, Protect Consumers, Preserve Affordable Housing, Enhance Public Safety & Enforce Ethics

Funding Mechanism Would Leverage Revenues Recovered by OAG for Initiatives

WASHINGTON, D.C. – Attorney General Karl A. Racine today released his Fiscal Year 2016 Budget proposal, which would leverage the office’s ability to recover funds for District residents in order to implement four initiatives that voters in all wards of the city embraced when they elected him to be the District of Columbia’s first elected Attorney General.

“In the District’s election for the city’s first independent chief legal officer, voters spoke clearly in support of more consumer protection and community outreach, better enforcement of laws designed to preserve affordable housing, reforms to our juvenile-justice system designed to strengthen public safety, and a fairer and more transparent system of government contracting,” Attorney General Racine said. **“This Fiscal Year 2016 Budget Submission uses a fraction of the dollars we bring to the District to make our city better, safer, and stronger.”**

This is the first time that an Attorney General of the District has submitted a budget proposal for the Office of the Attorney General (OAG) to both the Mayor and, separately, the Council; previously, the office’s budget request was made through the Mayor. The proposal would re-establish a Consumer Protection Fund for the District. The fund would be backed with a portion of what OAG will raise this year through settlements in consumer-protection suits brought by OAG attorneys.

“We believe this proposal is a win for the residents of the District and for our city’s bottom line,” Attorney General Racine said. **“Even though our local budget, at \$56 million, represents much less than 1 percent of the District’s overall local budget, this year we’ve already recovered more than \$21 million from a settlement with Standard & Poor’s and expect to bring in as much as \$90 million more in a settlement with online travel companies.”**

OAG – like the offices of other state attorneys general from around the nation – pursues litigation every year against wrongdoers seeking to deceive and defraud consumers. Many other state attorneys general have consumer-protection funds to offset the costs of such litigation. Settlements from these cases annually bring the District millions in revenue it would not otherwise receive.

The proposal would give OAG the authority to spend \$16.5 million from the new fund in Fiscal Year 2016 – a fraction of the \$80-110 million the office will recover in two major settlements in this fiscal year alone. This investment would enable OAG to take more of a leadership role in multistate consumer-protection cases – leading to even larger shares for the District in those settlements in the future.

The additional funds would support Attorney General Racine’s efforts in four major initiative areas:

- Consumer Protection and Community Outreach;
- Affordable Housing Protection and Enforcement;
- Public Safety and Criminal Justice, Protecting Children and Families, and Juvenile Rehabilitation; and
- Protecting Taxpayers, Workers, and Enforcing Honest Government.

“Chief Deputy Attorney General Natalie Ludaway and I have substantial experience managing law firm budgets, and we know top-flight legal organizations must have the resources to effectuate their clients’ objectives,” Attorney General Racine said. **“In framing this budget, we sought to be self-sufficient and cost-effective, and we did not want to take resources away from other vital programs. This budget achieves that.”**

The Mayor’s proposed Fiscal Year 2016 Budget Support Act did not include the authority for the Consumer Protection Fund or other OAG requests. As the District’s first-ever elected Attorney General, Attorney General Racine has asked the Council to consider the first-ever separate budget proposal from an Attorney General.

Attorney General Racine testified on the proposal before the D.C. Council’s Committee on the Judiciary, chaired by Ward 5 Councilmember Kenyan R. McDuffie, earlier today. A copy of his testimony is attached.

Highlights of the budget’s details are below.

Consumer Protection and Community Outreach

OAG’s Fiscal Year 2016 Budget proposal would boost the agency’s capacity to protect the District’s residents from those who would defraud or cheat them. The initiative would achieve this through a \$6.3 million investment in:

- New attorneys to pursue consumer-protection cases more aggressively;
- New support staff and software resources to enable OAG’s consumer-protection attorneys to build better cases and litigate them more effectively;
- More robust community outreach so consumers and businesses can be educated on how to better protect themselves and follow the law;
- And a restoration of broader civil subpoena power to expand OAG’s capacity to investigate and prosecute – helping the District emerge as a leader on multi-state legal investigations and civil actions.

OAG projects that this \$6.3 million investment would actually gain the District \$7.8 million in revenue in Fiscal Year 2016, with additional funds in the out-years.

Affordable Housing Protection and Enforcement

The District faces a severe affordable-housing crisis, and our city's residents and leaders have repeatedly called for better preserving existing affordable units. OAG's budget proposal would use an additional \$1.5 million investment to protect affordable housing through:

- Hiring new staff to fully enforce the District's Tenant Opportunity to Purchase Act and the District's requirements for set-asides for affordable housing;
- Staff to focus on protecting District residents from predatory tax liens and reverse mortgage practices;
- Better litigation support for the affordable-housing-protection staff.

This investment would likely yield long-term revenue benefits for the District by retaining income, sales and property taxes paid by residents who would otherwise be forced out of the city. Keeping District residents in their homes will also reduce the District's costs in social services.

Public Safety and Criminal Justice, Protecting Children and Families, and Juvenile Rehabilitation

The Public Safety and Criminal Justice Initiative will increase OAG's capacity to litigate criminal cases on behalf of the District, protect the public, rehabilitate juvenile offenders, and provide assistance to victims of crimes. This initiative will focus on data-driven, evidence-based approaches to keep our community safe while at the same time providing services to young offenders who would otherwise end up incarcerated. The additional \$2 million investment in Fiscal Year 2016 would achieve this through:

- Hiring community-based attorneys and staff to implement better juvenile-justice methods;
- Establishing a fund to assist victims of crimes;
- Providing the infrastructure necessary to better track crucial data in the District's juvenile-justice system;
- Funding staff and infrastructure necessary to implement recent changes in the law, such as an attorney to review concealed-gun license hearings, staff to implement the District's truancy-reduction program, and resources to review evidence from the Metropolitan Police Department's new body cameras.

Protecting Taxpayers, Workers, and Enforcing Honest Government

The Protecting Taxpayers, Workers, and Enforcing Honest Government Initiative will ensure that employers, contractors, and government officials discharge their duties in an ethical and professional manner, that taxpayers and residents benefit from this, and that local, small and disadvantaged businesses can fairly compete for contracts under the law. The additional \$6.6 million investment under the initiative in Fiscal Year 2016 will accomplish this through:

- An increase in critical positions to bolster procurement enforcement, labor litigation, wage laws, tax recovery litigation and other crucial areas;
- Better information-technology infrastructure;
- Boosting OAG's ability to attract and retain talented attorneys, who are currently paid at lower rates than their counterparts in the federal government and private sector;

Focusing on the multiple, yet distinct, subject-matter areas under this initiative will generate revenue and protect the District's fiscal health, thereby relieving unnecessary financial burdens on District taxpayers. It will simultaneously increase employee, contractor and government officials' compliance with ethics standards, and generate additional budget and revenue savings for District agencies.

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