

**Statement of Karl A. Racine  
Attorney General**

**Before the  
Committee on the Judiciary  
Kenyan McDuffie, Chairperson**



**Office of the Attorney General  
for the District of Columbia**

**PUBLIC HEARING ON  
THE FISCAL YEAR 2016 BUDGET OF THE  
OFFICE OF THE ATTORNEY GENERAL**

**April 29, 2015 - 9:00am  
Room 120  
John A. Wilson Building  
1350 Pennsylvania Avenue, NW  
Washington, DC 20004**

## **Introduction**

Good morning Chairman McDuffie, Councilmembers, and staff. I am Karl Racine, Attorney General for the District of Columbia. On behalf of the Office of Attorney General (OAG), I am pleased to be here before you to discuss the Fiscal Year (FY) 2016 budget request for OAG. In doing so, I will address the items from OAG's budget request that were included in the Mayor's proposed FY 2016 budget and those that I would respectfully request this Committee to add during its mark-up of the OAG budget. I will particularly focus on proposed Budget Request Act (BRA) and Budget Support Act (BSA) changes submitted by the OAG that we believe will allow us to better serve District residents. In 2010, seventy-six percent of District voters voted in favor of a Charter Amendment providing for an independent, elected Attorney General to represent the people and government of the District of Columbia. I was sworn into office on, January 2, 2015, as the District's first elected Attorney General.

Today I will address three areas: (1) OAG's FY 2016 budget request; (2) OAG's BRA and the BSA language; (3) concerns about certain proposal in the Mayor's BSA affecting OAG; and 4) key OAG initiatives that I plan to implement if OAG is able to retain a small portion of the revenue that OAG generates from settlements and judgments from successfully resolving consumer protection cases.

## **Fiscal Year 2016 Operating Budget for OAG**

OAG's proposed FY 2016 gross funds operating budget is \$83,276,406 and 587.4 FTEs. Of this amount, \$56.4 million of the Attorney General's proposed budget is from Local Funds, representing less than 1 percent of the District's Local budget; \$1.8 million is from Special Purpose Revenue funds; \$22.2 million is from Federal grant funds; \$408,000 is from private donations; and \$2.5 million is from Intra-District funds. Seventy-seven percent of OAG's budget is for personal services; our people and their talents are by far our greatest asset. OAG

has a very low vacancy rate of two percent, with an FY 2016 salary lapse assumption of approximately \$724,379. After having a FY 2014 surplus of nearly \$2.972 million, primarily due to a lower-than-projected fringe benefit rate and a large procurement where the vendor could not meet the delivery deadline, OAG is on track to have zero to a *de minimis* surplus in the current fiscal year.

OAG's proposed budget for FY 2016 reflects no changes from its FY 2016 baseline mark. However, since we experienced a significant restructuring in FY 2015 and transitioned from a subordinate office to an independent, elected office, some background on how the Office of the Chief Financial Officer (OCFO) arrived at our baseline mark for Local Funds may be helpful to the Committee. Initially, OAG's approved FY 2015 Local budget was \$65,986,606. However, the FY 2015 budget was adopted prior to the decision, which was subject to litigation, that the election to choose the District of Columbia's first elected attorney general would proceed in 2014.

Once it was determined that the election would occur in 2014, the Council's decision that agency general counsel in the Executive Branch would report to the Mayor required the OCFO to shift \$10,983,171 from OAG's Local budget. Following this adjustment, OAG's Local budget, as calculated by the OCFO, was \$55,003,435. OCFO added \$1,368,046 to OAG's Local budget, reflecting the transfer of funds from the Workforce Investment account to support the contractually-required cost of living adjustments and performance-based bonuses for OAG attorneys.

As such, the OCFO set OAG's baseline Local Funds budget for FY 2016 at \$56,371,481. This baseline budget, referred to as the adjusted Current Services Funding Level budget, reflects the cost, as calculated by the independent CFO, for OAG to continue to provide the same level of

services as it does in the current fiscal year. OAG is not requesting an increase to the amount of Local Funds allocated to its Operating Budget for FY 2016.

The spreadsheet below shows how OAG’s budget is divided among its programs:

FY 2016 PROPOSED OFFICE OF THE ATTORNEY GENERAL (BY PROGRAM)								
Code	Program Name	Funds (Dollars in Thousands)					GROSS	FTEs
		Local	SPR	Federal	Private	Intra-Dist		
1000	Agency Management	5,571	-	-	-	-	5,571	11.0
100F	Agency Financial Operations	827	-	256	-	-	1,083	8.0
1200	Personnel, Labor, & Employment	2,087	-	-	-	-	2,087	16.0
2100	Commercial	4,848	-	-	-	421	5,269	33.2
3100	Legal Counsel	1,962	-	-	-	132	2,094	13.6
4000	Child Support Services	8,766	1,839	21,922	-	-	32,527	22.5
5100	Civil Litigation	7,090	-	-	-	-	7,090	50.0
5200	Public Interest	6,149	-	-	-	250	6,399	46.0
6100	Public Safety	6,864	10	-	-	860	7,734	70.0
7000	Solicitor General	2,504	-	-	-	-	2,504	15.5
8100	Family Services	5,887	-	-	-	807	6,694	56.5
9200	Support Services	2,437	-	-	-	-	2,437	26.6
9300	OAG - Immediate Office	1,379	-	-	408	-	1,787	18.5
<b>TOTAL</b>	<b>Office of the Attorney General</b>	<b>56,371</b>	<b>1,849</b>	<b>22,177</b>	<b>408</b>	<b>2,471</b>	<b>83,276</b>	<b>387.4</b>

As you know, the OAG generates revenue for the District. OAG recently contributed significantly to reducing the District’s projected budget gaps in Fiscal Years 2015 and 2016. As part of a multi-state settlement agreement with the Department of Justice and 19 state attorneys general, Standard & Poor’s is paying the District \$21,535,714. The settlement resolves allegations that Standard & Poor’s misled investors regarding its ratings of structured-finance securities, notably during the run-up to the 2008 financial crisis. This local revenue was added to the District’s unrestricted General Fund by the District’s CFO in his quarterly revised revenue estimate, issued February 27, 2015, and was used to help close the District’s budget gap. OAG expects to recover, on the District’s behalf, over \$60 million this fiscal year in a case OAG successfully litigated against online hotel companies.

In order to provide the District with exceptional legal services, as well as fully implement important OAG initiatives, OAG requires additional resources. By reinvesting in OAG with a

mere fraction of the money OAG has already won for the District in FY 2015, OAG can have the needed resources to provide first-rate legal services and implement important initiatives without any additional local funding from the District. Specifically, OAG requests an increase of \$16.5 million in conditional budget authority to its FY 2016 budget.

OAG has a proven record of success and – if given the necessary tools and resources – we can recover even greater sums for the District to support shared priorities of the Council and the Mayor.

### **Legislative Changes Requested by OAG in the FY 2016 Budget**

I was elected with the responsibility to uphold the public interest and my goal is to make the OAG the best public law firm in the country. Towards that goal, OAG submitted proposed amendments to the BRA and BSA to the Executive and Legislative Branches. These amendments would clarify the role of an independent Office of the Attorney General and permit OAG to build on its existing success in the area of consumer protection by allowing OAG to keep a small portion of the revenue that it secures from settlements and judgments to reinvest in areas within the scope of OAG's mission. I am not trying to build an empire at OAG. In FY 2015, OAG projects over \$1 billion in recoveries and cost savings. Each year, we want to use a small amount of the millions of dollars that OAG recovers in litigation to fill gaps in services that we should provide or that we can better provide. I was able to identify these areas by speaking with residents from all eight wards of the city, by examining important unmet needs during the transition period, and by doing a thorough needs assessment of OAG as we prepared for the FY 2016 budget submission.

## **Concerns about the Executive's Budget Support Act Proposal**

I want to speak very briefly about concerns we have over Subtitle E of the Executive's BSA proposal. We have determined that the version of the Budget Support Act submitted to the Council, which includes Title I, Subtitle E, is not legally sufficient because it would, if adopted, violate the 2010 Referendum Act adopted by the voters. I appreciate that that Committee on Judiciary held a roundtable on this subject last week. The community and expert witnesses that appeared at the roundtable could not have been clearer. Subtitle E would substantially undermine the independent role of the elected Attorney General that the voters incorporated by the Referendum Act (D.C. Official Code § 1-301.81) (Referendum) into the District of Columbia Home Rule Act. It would redefine the role of the Attorney General as essentially the lawyer for the Mayor and not the public interest, thus returning the Office of the Attorney General to a subordinate office to the Executive. I was heartened to hear from the Mayor's Senior Advisor that this was not the intent. But for the reasons that all the public witnesses stated at the April 22, 2015 roundtable, and the detailed explanation found in my testimony on that date - which may be found on OAG's website (<http://oag.dc.gov>), I respectfully request that this Committee strike Subtitle E.

## **Clarifying OAG Authority**

OAG's proposed BSA language, among other things, makes clear the role of the OAG to ensure clarity for District residents. I appreciate the discussion at our April 22, 2015 public roundtable with you, Mr. Chairman, and Councilmember Nadeau. I committed at that time to work with the Executive and this Committee to ensure there is a seamless and consistent practice of law in the District. The Home Rule Charter is clear that the Attorney General shall have charge and conduct of all law business of the District. To date, I can say that the law business of

the District is moving forward efficiently with frequent consultation with the Mayor's Office of Legal Counsel (MOLC). As long as this free exchange and collaboration exists, I am confident that we will have a positive path forward. Furthermore, as former Corporation Counsel, Fred Cooke, correctly and precisely stated at the roundtable, the majority of duties in our proposed Attorney General Independence and Authority Implementation Amendment Act of 2015, already exist in law. This includes the Attorney General's exclusive authority to issue formal opinions to all executive and independent agencies and the duty to provide legal advice to all parts of the District government and to review and, if appropriate, certify as legally sufficient legislation, rulemakings, and significant transactions.

Therefore, based on the roundtable you held, I am prepared to revise the propose Budget Support Act language so that it is consistent with the views expressed during the roundtable. OAG's language will include provisions which the Executive did not find objectionable, such as contracting reform, independent personnel authority, and independent contracting and procurement authority. It will also include revisions to codify OAG's authority derived from common law and practice in our existing Home Rule Act authority. I would like to briefly mention some of the other changes we made to other aspects of our legislation.

### **Settlement Authority**

Currently, OAG is authorized to settle claims up to \$500,000. Our initial BSA proposal would have increased the amount to \$1.5 million. Upon further reflection, we believe \$1 million is more consistent with current review thresholds in the District Code. Of course, settlement decisions would be done in consultation with the Executive. Any settlement amount over \$1 million would require the consent and approval of the Mayor. This modification will allow for a more efficient settlement process.

## **Legal Review of Real Estate Transactions**

We understand the Deputy Mayor for Planning and Economic Development (DMPED) believes that his office would benefit from having lawyers that report directly to him to offer advice and counsel on a number of DMPED matters and to consult on policy issues. As noted during the DMPED's FY 2016 Budget Oversight Hearing on April 23, 2015, Deputy Mayor Kenner made clear that the work performed by the lawyers that currently report to the OAG in DMPED perform a legal function and not policy. There is no disagreement between the Executive and OAG that policy is within the purview of the Executive in commercial and real estate transactions. OAG is, however, responsible for the legal work related to these transactions.

Therefore, with regard to real estate transactions, including legal considerations such as indemnification, risk-sharing, and other legal transactional issues, and in order to ensure that the public interest is protected and District assets are preserved, OAG's existing authority to review and determine legal sufficiency throughout the "legal life" of a transaction must remain and should be codified to avoid any unnecessary disputes.

## **Consumer Protection Fund**

Although I have many important priorities, given the difficult fiscal environment, I have not requested any additional Local funds. As such, I requested that the Mayor transmit OAG's baseline Local funds budget of \$56.4M for FY 2016 without any new funding enhancements.

However, through the annual Fiscal Year 2016 BSA of 2015, I am proposing to re-establish the District's Consumer Protection Fund. A Consumer Protection Fund existed in the District from 2000-2011. It is my understanding that a budget policy decision was made in 2011 that the Executive wanted to replace Executive agency's (including the OAG at the time) with O-

type funds with local funding. Therefore, my proposal for a Consumer Protection Fund, with a broader public protection focus, is not unprecedented. I also have carefully reviewed the practices of Attorneys General in other states, such as Arizona, Florida, Missouri, New Jersey, Ohio, and Washington that have all established antitrust and consumer protection funds that allow their respective Attorney General to capture a portion of revenue they obtain from suing bad actors who prey on their residents. My proposal to recreate this fund is consistent with the practices of these other jurisdictions.

The new funding stream will be used to hire eight consumer-protection attorneys and staff, whose job will be to protect District consumers from unscrupulous persons and companies. Currently, we do not have adequate personnel and resources to protect our residents from bad actors and we need to do better to protect our citizens. This proposal will allow us to do that. The additional resources that these efforts will provide will also enable OAG to support several other important legal initiatives to compliment policy and programmatic objectives of the Mayor and Council.

OAG expects to receive a \$60 million judgment from the online hotel litigation case currently pending in the District of Columbia Court of Appeals. The sole question on appeal is what amount the District will receive. It is quite possible that the District will receive significantly more than the \$60 million. We are asking for a portion of the proceeds from the online hotel litigation case be used as start-up funding for OAG needed to obtain the staffing and resources necessary to enhance OAG's consumer-protection efforts, and thus make this fund self-sustaining.

I have had the opportunity to meet with Councilmembers and members of the community about this idea, and I have received positive support. However, reasonable and responsible

questions about safeguards and oversight have been raised, and these safeguards are necessary to ensure that OAG uses the fund for the public interest and not just to grow an enormous litigation division. I very much appreciate these concerns. This is why, I am proposing amendments the Fund language to require that OAG submit to the Council a spending plan for the Fund on October 1st of each year, and a spending report on March 1st of each year. Moreover, to ensure proper coordination with the Executive and Council, I am proposing an advisory group to discuss the specific needs throughout the city.

Funds generated by OAG's consumer protection activities will allow OAG to implement initiatives in four crucial areas:

- (1) Consumer Protection and Community Outreach;
- (2) Affordable Housing Protection Legal Enforcement;
- (3) Public Safety and Criminal Justice, Protecting Children and Families, and  
Juvenile Rehabilitation; and
- (4) Protecting Taxpayers, Workers, and Enforcing Honest Government.

These initiatives will address many of the concerns raised by District residents on issues in which the OAG can play an important legal enforcement role. To be clear, the revenue the OAG is requesting through the Consumer Protection Fund will not take funding away from any other program or service in the FY 2016 budget because this is new money that the District has not yet received. Going forward, OAG will only receive the money to fund its initiatives from successful litigation on behalf of District residents, such as the online hotel litigation. OAG believes dedicating new revenue that OAG generates to the new Consumer Protection Fund will actually save the District money in the long run. This is because it will also allow OAG to protect the interest of District residents in several very important ways.

It will allow OAG to deter consumer fraud; help educate District residents about their legal housing rights, and reduce the contracting costs of District government agencies by ensuring fair and open competition for local businesses.

With its current modest staffing, OAG is already poised to recover more than \$115 million in consumer-protection settlements for the District in FY 2015. In turn, OAG requests an increase to its FY 2016 budget authority, not local funds, of \$16.5 million and an additional 75 FTEs, on a conditional basis, representing the cost of funding its four budget initiatives.

Reinvesting this small percentage of OAG's recoveries in OAG is prudent and will serve the District's financial, policy and programmatic interests. This is good government. Let me describe each of the four initiatives.

#### *Consumer Protection and Community Outreach*

The Consumer Protection and Community Outreach Initiative will increase OAG's capacity to protect residents by going after and prosecuting unscrupulous persons and businesses that choose to disregard applicable District and federal law and prey on our most vulnerable residents. The investments in this initiative will allow OAG to enforce District laws by materially expanding OAG's capacity to investigate and prosecute – helping the District emerge as a leader on multi-state legal investigations and civil actions. The community outreach unit will ensure that OAG is attentive to the needs of the community and is accountable to the District residents.

According to a 2011 national survey conducted by the Federal Trade Commission (FTC), more than 25 million Americans were victims of consumer fraud. This represents more than 10 percent of the United States' adult population. With the District's population of 659,000, approximately 65,000 of our residents were likely victimized by consumer fraud. The top five

types of fraud reported in the District of Columbia were attributed to: debt collection, fraud by banks and lenders, impostor scams, telephone and mobile fraud, and auto-related fraud. On a per capita basis, the District ranks in the top five compared to all states for both fraud and identity theft complaints. The explosive growth of the Web and mobile economy invariably brings with it unscrupulous business practices that are directed at stealing the hard-earned resources of residents – and particularly those who can least afford it. These staggering statistics illustrate the dire need for consumer protection in the District and broader community outreach to educate and counsel residents to prevent their becoming victims of fraud.

Here is our specific FY 2016 plan to accomplish this critical goal for District consumers. OAG would spend \$6,279,086 and add 26 additional FTEs. OAG estimates it can generate \$7,832,926 in revenue from this initiative in FY 2016 if the resources and corresponding BSA language are in place by October 1, 2015.

<b>EXPENDITURE</b>	<b>FY2016</b>	<b>FTEs</b>
<b>Consumer Protection Enforcement Positions</b>	853,549	8.0
<b>Community Outreach Specialists</b>	412,198	5.0
<b>Civil and Administrative Appeals Attorney</b>	128,303	1.0
<b>Ruff Fellows</b>	320,000	4.0
<b>Consumer Protection Enforcement Litigation Support</b>	200,000	-
<b>Discovery and Trial Prep Software</b>	2,000,000	-
<b>Mandatory Training</b>	210,000	-
<b>Outreach Mobile App</b>	100,000	-
<b>Build Consumer Protection IT Infrastructure &amp; Analytics</b>	566,700	-
<b>Human Resources, Procurement, IT Staff to Effect Independent Authority</b>	934,845	8.0
<b>Increased Fixed Costs to Support Additional Staff</b>	553,491	-
<b>TOTAL:</b>	<b>6,279,086</b>	<b>26.0</b>

	<b>FY2016</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>
<b>Revenue Generation Estimated by OAG</b> (From Agency Investment and BSA subtitle granting subpoena power)	7,832,926	8,240,238	8,718,172	9,297,059

Modest increases to OAG's litigation capacity in FY 2013 and 2014 allowed the agency to participate actively in the Standard & Poor's settlement. This small annual investment of less than \$2 million funded six litigation attorneys, litigation support, and document management upgrades while generating \$21.5 million for the District in FY 2015. With the \$6.3 million in agency investments above and a restoration of civil subpoena power, the Attorney General will substantially increase the return on the District's investment by not only investigating and litigating against wrongdoing here in the District, with more efficiency and effectiveness, but also by actively assuming greater leadership on multi-state legal efforts that protect consumers.

#### *Affordable Housing Protection and Enforcement*

Mayor Bowser and the Council have prioritized the need for the District to be a national leader in the provision of affordable housing. Data from the most recent census show that over 18 percent of District residents' income fell below the poverty line. In 2014, the average cost to rent a two-bedroom apartment in the District was \$2,500 per month, while the average price of a home in the District was \$513,250. With our low and moderate income residents facing low incomes and sky-high housing costs, more must be done to help them maintain their homes in the District of Columbia. The Affordable Housing Protection and Enforcement Initiative will support this priority and more vigorously protect the rights of homeowners and tenants, particularly our seniors. This initiative will fully enforce the Tenant Opportunity to Purchase Act and the District's requirements for set-asides for affordable housing. The new staff will safeguard residents against predatory tax lien and reverse mortgage practices.

During our April 22, 2015 roundtable, a concern was raised as to whether OAG enforcement initiatives/duties that this fund would support would be separate, but

complimentary, to Mayoral and Council policy initiatives. I will like to mention four areas that are in the distinct purview of OAG and will greatly assist in protecting our residents. They are:

#### Rental Housing – Court Actions for Receiverships

OAG is authorized by D.C. Code § 42-3651.03(a) to seek court appointment of a receiver to collect rents when a rental housing accommodation (i) has failed to correct a housing code violation (cited by DCRA) that “poses a serious threat to the health, safety, or security of the tenants,” *or* (ii) “has been operated in a manner that demonstrates a pattern of neglect for the property for a period of 30 consecutive days and such neglect poses a serious threat to the health, safety, or security of the tenants.” D.C. Code § 42-3651.02.

#### Mortgage Servicing – Assistance to Homeowners Seeking Loan Modifications

OAG has authority, together with other state Attorneys General, to enforce the mortgage servicing standards imposed by the National Mortgage Settlement. These standards require the major servicers (*e.g.*, Bank of America, Citi, JPMorgan Chase, Wells Fargo) to provide a “single point of contact” to borrowers seeking loan modifications and to adhere to agreed standards in their communications with distressed borrowers. OAG has helped to keep people in their homes by interceding on behalf of individual borrowers and facilitating their efforts to negotiate loan modifications, but OAG’s work in this area will need to be scaled up to have a noticeable impact. There are currently over 1,000 home foreclosure cases pending in the D.C. Superior Court.

#### Condominiums – Court Actions for Injunctive Relief

In the area of condominium law, the Attorney General has both civil and criminal enforcement authority. D.C. Code § 42-1904.12(d) and § 42-1904.17(a). OAG has authority under D.C. Code § 42-1904.12(d) to bring court actions for injunctive relief to

enforce compliance by condo developers, condo boards, and condo management companies with the District’s Condominiums Law, D.C. Code § 42-1901.01, *et seq.*, a broad law applying both to the establishment and the governance of condominiums. The Attorney General may also prosecute violations criminally as misdemeanors.

Illustrative examples of the many legal obligations that OAG may enforce include the obligations of condo board members to “exercise the care required of a fiduciary of the unit owners,” D.C. Code § 42-1903.08(d), as well as the obligations of a unit owners’ association (i) to keep “detailed accounts” of “income and expenditures,” D.C. Code § 42-1903.14; (ii) to give unit owners the “right to cure any default in payment of an assessment at any time prior to the foreclosure sale,” D.C. Code § 42-1903.13(c)(2); and (iii) to distribute “surplus funds” to unit owners, D.C. Code § 42-1903.11. Notably, the AG can enforce tenants’ right to purchase their units when their apartments are converted to condominiums. D.C. Code § 42-1904.08(b)(2).

Sales of Renovated Homes – Court Actions for Injunctive Relief and Consumer Restitution

OAG can bring actions for injunctive relief, restitution, and civil penalties under the Consumer Protection Procedures Act, D.C. Code § 28-3901, *et seq.*, against unscrupulous developers who buy deteriorated homes, perform shoddy (though superficially appealing) renovations, and sell the homes to unsuspecting consumers.

Here is our plan to accomplish these important goals showing a spending plan totaling \$1,526,765 in spending on and 9 additional FTEs.

<b>EXPENDITURE</b>	<b>FY2016</b>	<b>FTEs</b>
<b>Affordable Housing Protection Attorneys and Staff</b>	466,761	5.0
<b>Affordable Housing Protection Litigation Support</b>	125,000	-
<b>Build Affordable Housing Protection IT Infrastructure &amp; Analytics</b>	56,670	-
<b>Economic Development Housing Enforcement Lawyers</b>	636,740	4.0
<b>Economic Development Housing Enforcement Litigation Support</b>	15,000	-
<b>Mandatory Training</b>	35,000	-

<b>Increased Fixed Costs to Support Additional Staff</b>	191,594	-
<b>TOTAL</b>	<b>1,526,765</b>	<b>9.0</b>

It is likely that savings from this initiative will accrue to the District. This includes additional property and sales taxes paid by District residents who are able to continue living in our city. Keeping District residents in their homes, both owned and rented housing, will also reduce the cost of District social services. While OAG will track these anticipated savings, it is not possible at this time to quantify and assign these savings to any additional stream of revenue or District agency budget.

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

OAG’s 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. A safe environment where residents partner with law enforcement is crucial to the District’s continued vitality. This initiative will focus on data-driven, evidence-based approaches to keep our community safe while at the same time providing services to youthful offenders who would otherwise recidivate.

I want to thank you Chairman McDuffie for allowing the Office of Attorney General to participate at your roundtable on youth violence last Saturday. It was important that OAG put on the record that the juvenile prosecutor plays as an uniquely critical role as the gatekeeper to the juvenile justice system. In order to responsibly exercise this role, we must use data driven models inform our judgment. Data analysis and modern risk assessment tools can help OAG identify which youth need to be engaged in the juvenile justice system and which can be dealt with through diversion programming or supervision before they hit the courts. Wasting prosecution, court, and detention resources on low-risk youth also drains resources from truly

serious cases, and high-risk youth, who need the intensive therapeutic services to put them on the right track to a law-abiding life, preventing future crime and victimization.

The following is a detailed FY 2016 spending plan for OAG’s third initiative, showing a spending plan totaling \$2,034,982 and 16 additional FTEs.

<b>EXPENDITURE</b>	<b>FY2016</b>	<b>FTEs</b>
<b>Concealed Pistol Review Hearings Attorney</b>	108,581	1.0
<b>Criminal &amp; Juvenile Appeals Attorney</b>	128,303	1.0
<b>Community-Based Juvenile Rehabilitation Attorneys</b>	434,324	4.0
<b>Truancy Reduction</b>	59,960	1.0
<b>MPD Body Camera Footage Review for Discovery</b>	237,840	4.0
<b>Protecting Children and Families</b>	476,564	5.0
<b>Juvenile Competency Expert Witness/Hearing Transcripts</b>	53,500	-
<b>Establish Fund to Assist Victims of Crimes</b>	50,000	-
<b>Victim Travel</b>	2,500	-
<b>Required Information Technology System Upgrades</b>	107,800	-
<b>Mandatory Training</b>	35,000	-
<b>Increased Fixed Costs to Support Additional Staff</b>	340,610	-
<b>TOTAL</b>	<b>2,034,982</b>	<b>16.0</b>

It should be noted that a number of the expenditures represent technical adjustments to OAG’s budget, which are needed to comply with legislative and agency policy changes. For example, the Concealed Pistol Review hearings attorney, truancy reduction legal assistant position, and MPD body camera review are required because of recent changes in law and agency practice.

Although no immediate revenue is generated from this initiative, this initiative is expected to generate significant long-term cost savings to District human services and public safety agencies by improving social outcomes for District residents. Recent data from Texas, Georgia, Florida, and the Department of Justice has shown that front-end investments that improve rehabilitation services for juveniles generate significant savings on incarceration, social

services, and housing costs later, while improving the quality of residents' lives in the short and medium-term.

*Protecting Taxpayers, Workers, and Enforcing Honest Government*

OAG's 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 initiative will accomplish this through legislative changes, an increase in critical positions, and OAG's ability to attract and retain talented attorneys and professional staff.

Here is OAG's plan to attack these critical areas of public integrity, with \$6,642,093 and 24 additional FTEs for FY 2016. OAG estimates it can generate \$8,650,000 in revenue from this initiative in FY 2016 if the resources and corresponding BSA language are in place by October 1, 2015.

<b>EXPENDITURE</b>	<b>FY2016</b>	<b>FTEs</b>
<b>Procurement Enforcement Staff</b>	818,942	6.0
<b>Procurement Enforcement Litigation Support</b>	534,000	-
<b>Special Education Defense &amp; Attorneys' Fees Reduction</b>	128,303	1.0
<b>Land Use &amp; Public Works Enforcement Attorney</b>	128,303	1.0
<b>Tax Recovery Litigation Attorney</b>	128,303	1.0
<b>Employee Wage Protection &amp; EEO/Labor Advice Litigation Staff</b>	956,540	8.0
<b>HIPAA Compliance</b>	128,303	1.0
<b>Equitable Defense of District Programs &amp; Policies</b>	194,768	2.0
<b>Retention &amp; Recruitment</b>	1,841,085	-
<b>Essential Supplies and Equipment</b>	2,250	-
<b>Implement Electronic Evaluation System</b>	110,000	-
<b>Strengthen Information Technology Infrastructure</b>	764,500	-
<b>Enforcing Civil Penalties for MPD, FEMS &amp; BEGA</b>	325,881	4.0
<b>Mandatory Training</b>	70,000	-
<b>Increased Fixed Costs to Support Additional Staff</b>	510,915	-
<b>TOTAL</b>	<b>6,642,093</b>	<b>24.0</b>

	<b>FY2016</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>
<b>Revenue Generation Estimated by OAG</b> (From Agency Investment & BSA Procurement Reform Subtitle)	8,650,000	8,671,244	8,683,743	8,682,600

### **Conclusion**

Since becoming the District of Columbia’s first elected Attorney General, with the help of my transition team and OAG staff, I have focused on the dual goals of ensuring that OAG continues to provide high-quality legal representation to the District, and its agencies, while simultaneously creating enforcement and protection programs to address the unmet needs of residents in new and creative ways. We have, after extensive study and work on the matters, come to the Committee with these proposals and with specific recommended language for the Fiscal Year 2016 BRA and BSA which I will provide in the coming days.

I greatly appreciate the work of this Committee. I look forward to partnering with you on these important reforms and initiatives, and I would be pleased to answer any questions you may have.