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Testifying Before the Committee of the Whole

The Fiscal Year 2023 Local Budget Act of 2022,” The “Fiscal Year 2023 Federal Portion Budget Request Act of 2022,” The “Fiscal Year 2023 Budget Support Act of 2022,” and the “Fiscal Year 2022 Revised Local Budget Emergency Adjustment Act of 2022”

Friday, April 8, 2022

Greetings Chairman Mendelson, Councilmembers, and staff. My name is Angela Franco, and I am the President and Chief Executive Officer of the DC Chamber of Commerce. Thank you for the opportunity to testify on behalf of the member companies of the DC Chamber of Commerce on the proposed Fiscal Year 2023 Budget and Budget Support Act of 2022.

In the last two years, the District has faced unprecedented challenges that have altered the lives of District residents and added uncertainty to the stability of District businesses. Washingtonians have been called upon to confront two crises at once, a public health emergency necessitated by a deadly viral pandemic and the resulting emotional, social, educational and economic upheaval that has been thrust upon our residents, families, workers, and businesses. As we emerge from the pandemic, we need a budget that focuses on recovery, while embracing the new realities by which we live.

The Mayor’s FY 2023 budget provides much-needed investments for near-term pandemic relief and recovery. But it goes much farther to begin to address the transformational environment we all face as we begin to re engage in and with our communities across the city. We don’t yet know whether hundreds of storefront businesses that shutdown due to the pandemic will ever return, and – if so -- in what form. We also don’t know how many employees will actually return to physical locations where they previously worked, and for those who do return, how many will work elsewhere during some part of their work week. The vanishing activity in our Central Business District, if not addressed, can fundamentally change the District for generations to come and the rippling effects will be felt citywide. It is why funding in the Mayor’s budget for the Central Business District must be protected, including the Vitality Fund, the Business Retention, Expansion, and Attraction (“BREA”) program, and Small and Local Retail pilot. These and other targeted investments in our Central Business District will help to ensure that the District can fully recover and once again thrive.

We also support continued relief funding for our small businesses, the backbone of our local economy. Many of our storefront businesses, in particular, have suffered the greatest losses as a result of the pandemic. The good news once again this year is that a lack of funding is not our most

pressing problem, thanks in no small part to the solid foundation built over recent years on the District's steady and prudent fiscal management.

We enthusiastically support the Mayor's small business investments, including \$8 million in Bridge Funding for arts and entertainment venues, \$4 million in Capital Access Funds for commercial down-payment assistance, and \$23.8 million from the Food Access Fund to invest in grocery stores, particularly in Wards 7 and 8. The Chamber is a strong supporter of these and other significant investments in the vital entrepreneurial infrastructure of our city.

I would be remiss if I did not convey a note of caution regarding our strong fiscal position heading into FY 2023. Even accounting for this undeniably good news, we must remain vigilant about the potential financial threats that loom ahead. Commercial real estate tax revenues have been the leading source of our revenue growth in recent years, spurring record investments in housing, healthcare and public education. But some are projecting that short of an accelerated and robust economic recovery, particularly in the Central Business District, those tax revenues could fall to levels not seen in our city for years. Such a result would severely constrain our ability to sustain our current social services investments on a broad front. We simply cannot afford to be complacent on the twin priorities of business recovery and economic growth.

Let me be direct. One big challenge we face occurs every year at this time: The tendency to view the budget as a zero sum game pitting so-called "business interests" against those who support a robust social and human services safety net to serve our most disadvantaged residents. While we respect this position, we believe it fails to account for the fact that sustained economic growth is the single most important financial engine to generate the funding for our wide and deep array of health and human services programs. In this sense, we speak not just as representatives of the business community, we come before you as members of the community at-large. We share the goal of increasingly generous public investments in our most important resource: the people of the District. And in order to fulfill that goal in a truly sustainable way, we advocate for budget policies that contribute to the long-term economic health and dynamism of our city. We believe an economically vibrant District -- *combined with thoughtful public investments in local health and human services priorities* -- will continue to redound to the benefit of our fellow residents across all eight wards.

Finally, let me speak to the increasingly urgent issue of public safety. Many of our retail business owners have expressed growing concern about increasing levels of serious crime in the neighborhoods where they live and work. Making matters worse, 911 response times have also increased, leading to even higher levels of worry and frustration. The last thing District residents and businesses need as they face this growing crime wave are fewer police officers. Thus, we fully support the Mayor's \$30 million investment to bring the Metropolitan Police Dept up to 4,000 officers, and we urge the Council to preserve this funding. We also support violence intervention programs that are designed to proactively intervene to prevent violent crimes before they occur.

Thank you for your time today and I'm happy to answer any questions.