

**GOVERNMENT OF THE DISTRICT OF
COLUMBIA**



**DEPARTMENT OF LICENSING AND CONSUMER
PROTECTION**

Fiscal Year 2024

Budget Oversight Hearing

**Testimony of
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Interim Director**

**Before the Committee on Public Works and Operations
The Honorable Brianne Nadeau, Chairperson
Council of the District of Columbia
1350 Pennsylvania Ave., N.W.
Washington, D.C. 20004**

**Monday, March 27, 2023
9:00 a.m.
Via Zoom**

Introduction

Good afternoon, Madam Chair Nadeau, members of the Committee on Public Works and Operations (Committee), and Committee staff. I am Shirley Kwan-Hui, Interim Director of the Department of Licensing and Consumer Protection (DLCP). I am honored to testify here today on behalf of Mayor Bowser to give a high-level overview of her proposed Fiscal Year 2024 (FY24) budget for DLCP.

I would like to start by thanking Mayor Bowser for her support and leadership throughout the years and expressing my honor to serve in this important role establishing and leading this new agency since October 1, 2022. The Mayor's strong leadership shows her dedication toward the District's residents through new and improved opportunities for everyone to thrive. I also appreciate the Council's support of DLCP's work. Finally, I want to thank the public for their continued engagement with us and sharing their feedback for our continuous improvement.

As the agency responsible for protecting the economic interests of residents, businesses, and visitors in the District of Columbia by licensing and regulating businesses, investigating, and enforcing the Consumer Protection Procedures Act. DLCP supports Mayor Bowser's FY24 initiatives focusing on DC's Comeback Plan that includes downtown recovery and long-term economic growth, supporting the pathway to middle-class, ensuring safety and life outcomes of residents, and providing core government services. Specifically, since its inception, DLCP has been proactive in improving business operation processes, strengthening internal controls, implementing new legislation, and protecting District consumers, all while providing excellent customer service.

On March 24, 2023, Mayor Bowser presented her proposed FY24 Budget and Financial

Plan to the Council of the District of Columbia as part of the District's annual budget process. The \$19.7 billion FY24 "Fair Shot" Budget builds on crucial investments that uphold the core values of excellent service, respect, equity, integrity, and accountability; and leads efforts to strengthen service delivery and efficiency by engaging community stakeholders and partners to effectively leverage resources. DLCP also made strategic decisions to balance the increased costs with the District's reduced revenue forecast for FY24 so as to ensure operations that serve the District's residents, businesses and visitors are not interrupted.

The agency's total proposed operating budget is \$41.8 million with 205 Full-Time Equivalencies (FTEs), and \$1 million for capital budget. The \$41.8 million operating budget includes: \$8.9 million from local funds, \$32.6 million from Special Purpose Revenue, and \$245,000 in federal payments.

Compared to FY23, the local fund has an increase of 12% in the amount of \$956,000; mainly due to a \$1.4 million enhancement to support the operating impact of capital for the Information Technology (IT) Systems Modernization capital project and other increased costs in non-personal service (NPS). The NPS increases include IT contracts for a short-term rental licensing system, on-going maintenance and technical support of Single Sign-On (Access DC), and a content management system.

Because the District's recent revenue projections through FY26 were revised downward by \$464 million, we had to make some hard decisions, which included eliminating some local vacancies that resulted in the proposed reduction of four FTEs, representing \$426,000 in local funds. Three out of the four local FTE positions are the Housing Code Compliance Specialists, which are investigators who are also certified in property maintenance and the housing code to aid the rental housing investigation and make the proper referral to the Department of Buildings

(DOB). To compensate for these positions, DLCP will train existing staff in housing code to expand their knowledge base to satisfy the Kennedy Street fire incident review recommendation. The fourth position is a Program Analyst position within the Office of Enforcement. The Program Analyst processes and analyzes civil infractions and assists with the alternative resolutions efforts for those who have minor or non-repeat violations. We also had to reduce some Local NPS, including funding for staff trainings, advertising and branding, outreach, office supplies, and to support DLCP's culture change initiative.

The proposed FY24 operating budget includes a total of 205 FTEs, as compared to 203 FTEs in FY23, which is a net increase of two FTEs. The net increase is due to an additional 10 FTEs funded by Special Purpose Revenue (SPR) funds, and the reduction of eight vacant positions — four in local as previously mentioned and four Account Managers in federal payments. The 10 additional FTEs are six Investigators, two Compliance Specialists, an Accountant, and a Chief Performance and Compliance Officer.

Madam Chair, I would like to publicly share that, when I accepted the important role as the Interim Director of DLCP, I made a commitment to listen to all feedback from sister-agencies, stakeholders and the public to do my best in setting a strong foundation and propelling this agency forward. My personal background as an immigrant and daughter of small business owner means I certainly understand the challenges and concerns that our small business community faces, such as language barriers, limited financial resources, or lack of understanding and skill in navigating through the bureaucratic processes. By remembering my own experiences, listening to the community that we serve, and understanding their experiences, needs, concerns, and motivations, we partnered with our sister agencies and accomplished various initiatives to support District residents. As a result, we are increasing economic opportunities for all.

Additionally, DLCP is committed to improving racial equity by protecting vulnerable populations across all Wards by licensing and regulating businesses and professionals, and providing a pathway to the middle class by helping entrepreneurs navigate the licensing process and connecting them with available resources to make their dreams a reality.

DC's Comeback, Downtown Recovery, and Long-Term Economic Growth

Business Portal

From a high-level overview of the Mayor's proposed FY24 budget for DLCP, the agency will continue to perform various licensing and consumer protection functions such as issuing business licenses, occupational and professional licenses, special events permits and vending licenses; registering corporations; investigating consumer protection complaints and conducting mediations; and inspecting weights and measures devices. In hearing the challenges that residents face in operating a business in the District, DLCP—in partnership with Office of Chief Technology Officer (OCTO)—successfully launched the DC Business Licensing Portal to improve the ease of doing business in the District. The D.C. Business Licensing Portal at beta.business.dc.gov is a single place to start or maintain the customer's business with to-do checklists, estimated time of processing, estimated costs, and a personal dashboard to track progress and keep things organized. This portal prevents customers from having to navigate multiple agencies' websites to learn about licensing and compliance requirements, estimated costs and processing timelines. In addition to this one-stop-shop portal, DLCP also has Ward-Based Account Managers to help customers address the issues they face within DLCP's purview.

Street Vending Series

Additionally, to help more small business owners get licensed for street and sidewalk

vending, DLCP has partnered with the various offices within the Mayor's Office of Community Affairs to launch the Street and Sidewalk Vending Series. The series include workshops that are tailored for the various communities interested in obtaining vending licenses to give everyone equal access to street and sidewalk vending opportunities. In addition to explaining DLCP's licensing requirements, we also include information from DC Health and the District Department of Transportation, so all the necessary information is available in one place.

Ensuring Integrity and Transparency

To ensure transparency and improve public access, DLCP has a public-facing dashboard with quantifiable metrics so that the public can understand how the new agency is achieving its mission. The dashboard, which is located on DLCP's website at dlcp.dc.gov, provides key information for the public to see the real-time number of activities, such as business licenses, enforcement activities and numbers of Notices of Infractions being issued, and customer service performance levels.

Pathways to the Middle Class

The Mayor's commitment in increasing the median household income of Black residents by \$25,000 is a goal that we support, because reaching the middle class provides economic stability for families for years to come. Therefore, DLCP is actively increasing opportunities for residents to participate in professional trades, including starting a small business or obtaining an occupational or professional license.

Small Businesses Resource Center (SBRC)

In providing all residents with the opportunity to economically thrive, DLCP is increasing the share of minority-owned businesses. The agency's Small Business Resource Center will increase group workshops and one-on-one sessions on how to start and maintain a

business and other educational and outreach activities to all Wards, especially highly populated minority communities. SBRC offers free one-on-one sessions and business educational group workshops, where staff provide a “Concierge” like service and connect them with resources they may need such as grants or free legal assistance from non-profit organizations.

Occupational and Professional Licensing

Although starting a small business is a great pathway toward achieving middle-class status, there are other ways of reaching this goal, such as through Occupational and Professional Licensing. This also stimulates the local economy by ensuring that there is an adequate number of appropriately licensed professionals in the community to meet the District’s needs. As such, DLCP is streamlining the occupational and professional license processes while improving internal controls and ensuring licensing integrity; enhancing the licensing system; working with the boards and commissions within our purview to remove burdensome barriers for licensing; and increasing outreach and education to existing and potential professionals.

Short-Term Rental Incomes

In addition to the previously mentioned opportunities for increasing household incomes, many homeowners are earning additional income by participating in the short-term rental market by renting spare bedrooms or homes. As of March 24, 2023, DLCP has 2,725 active STR licenses, 2,045 of which are short-term rentals and 730 are vacation rentals. These STR opportunities address financial needs by having paid-house guests on short-term basis.

Safety and Life Outcomes of Residents

Short-Term Rental Housing Compliance and Licensing

Moving on to addressing our role in protecting the safety and life outcomes of residents, we are also actively improving the ways we operate to meet market demands and progressions.

Therefore, requiring homeowners to be licensed short-term hosts on the STR platform ensures the safety of homeowners and their guests because they must comply with certain requirements such as occupancy limitations, unobstructed egress from the rental property, having working smoke and carbon monoxide detectors, and having a portable fire extinguisher.

Consumer Protection Unit

Next, I would like to bring attention to DLCP's Office of Enforcement, which is responsible for investigating and enforcing non-compliant business activities, including licensing, vending and special events, and weights and measures. The Office of Enforcement includes the Consumer Protection Unit (CPU), consisting of a team of investigators who are dedicated to enforcing District regulations in many areas, including unfair and deceptive trade practices, unlicensed business operations, unlicensed rentals, home improvement services and warranty claims, trash noise complaints, gas-powered leaf blower prohibition, and the ban on flavored tobacco and electronic smoking devices within a quarter mile of middle and high schools. In FY24 proposed budget, we have included an increase of three Investigators to ensure licensing compliance.

Flavored Tobacco

To promote the public health, welfare and safety of the District's most vulnerable populations, especially school-aged children, DLCP took prompt action to implement the Flavored Tobacco Product Prohibition Amendment Act of 2021 that took effect on October 1, 2022. DLCP has been actively conducting on-site compliance checks of licensed cigarette retail businesses and issuing Notices of Infraction (NOIs) for those in violation of the law. Since October 1, 2022, the CPU team completed its initial compliance checks and education outreach of more than 800 cigarette retailers. As of March 24, 2023, we have re-visited more than 192

cigarette retailers located within a quarter mile of middle or high schools and issued 27 NOIs by our Enforcement Unit. We have also created a public-facing E-Cigarette Enforcement Map that is on the DLCP website. This map shows the geolocation of the businesses located within a quarter mile of a middle or high school that are prohibited from selling electronic smoking devices and flavored tobacco.

Mobile Food Pilot program

Consumer protection for DLCP does not stop at regulatory and licensing activities. In actively addressing the needs of residents by eliminating key amenity gaps such as food and housing across all neighborhoods, DLCP is working to pilot a Mobile Food Vending Program in Wards 7 and 8 that will provide access to fresh produce for residents. A healthy life begins with the opportunity for healthy food choices, which is why we are committed to finding creative ways to reduce the shortages of basic needs across the city. In FY24, we are working on expanding this pilot program by partnering with organizations to ensure equity and increase access to healthy food choices throughout the city.

Core Government Services

Customer Service

As proud as I am of all the improved programs and services that DLCP has delivered in less than six months of its inception, we continue to provide excellent service to our customers, with better and more efficient systems. To further ensure consistent progress and improvements, the Mayor has made significant investments in critical IT systems and infrastructure. One example is the IT modernization capital project. For FY24, there is a proposed a one-time enhancement of \$1.4 million to support operating impact of capital. This will cover license maintenance of the new Occupational and Professional Licensing system and technical support

and maintenance of the Application Programming Interface (API). This enhancement will improve the customer experience for our stakeholders and reduce agency staff's process timeframes for new and renewal applications as well as further improve the agency's internal controls, quality assurance and compliance. Lastly, the API helps to facilitate communications between systems to ensure data and information exchange promptly to support agency as well as inter-agency operations.

Supporting and Empowering Staff

Although the pandemic has forced all of us to pivot in our professional and personal capacities, I am proud of DLCP's continued successes in achieving Key Performance Indicator (KPI) goals and achieving high level customer service ratings. My more-than-two-decades of professional experiences in the private and public sectors have led me to believe that teamwork makes the dream work. Accordingly, DLCP makes serious investments in its personnel budget through its hiring and training of our staff, who report to work every day to serve our residents. Despite budgetary limitation, the FY24 budget includes over \$387,000 toward training and professional development, a dedicated training coordinator, and culture change activities. This investment will be crucial as we continue to build a solid team of professionals to serve our city by implementing more improvements to make the agency more public-facing, efficient, responsive, and competent in its assigned functions.

Closing

Madam Chair, as you have heard in my testimony at the agency's Performance Oversight Hearing on February 22, 2023, and today, as a brand-new agency, DLCP continues to work tirelessly. I am very pleased with what we have achieved thus far, and am confident that DLCP can and will continue to make progress and become one of the District's most successful

agencies.

Lastly, I encourage the Council to fully fund the Mayor's proposed FY24 budget for DLCP to support our efforts to strengthen the District's economic recovery and provide a pathway toward the middle-class. I look forward to continuing to work with the Council and the public to move DLCP forward. Thank you for the opportunity to testify on behalf of the agency and I look forward to answering any questions you may have.