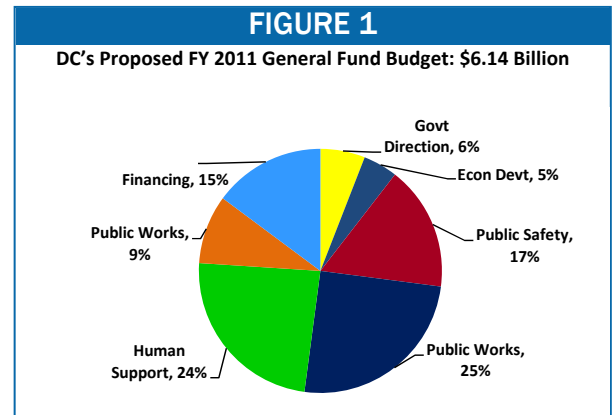


WHAT'S IN THE MAYOR'S FY 2011 BUDGET REQUEST?

On April 1, Mayor Fenty submitted his budget proposal for the FY 2011 budget that starts in October of this year. The proposed general fund budget — the portion supported with local taxes and fees — is \$6.14 billion.¹ When federal funds also are considered, the FY 2010 budget is \$9.5 billion.

The proposed FY 2011 general fund budget is about \$60 million higher than the approved FY 2010 budget, after adjusting for inflation — an increase of less than one percent. (Unless otherwise noted, all figures in this analysis are adjusted for inflation to equal FY 2010 dollars.) Yet this modest boost in local spending is needed to replace federal stimulus dollars that were available for 2010 but will not be in 2011, as well as to address rising expenses in some parts of the budget such as special education. When these are taken into account, funding for most services in the FY 2011 budget is less than the amount available for FY 2010.



The coming year represents the third year the District has faced budget problems caused by the recession, which has reduced the city's revenue collections at a time when a record number of residents are out of work and in need of assistance. DC's revenue collections fell by roughly \$500 million between 2008 and 2009 and have been stagnant since then. Base revenues for 2011 (before considering any proposed increases) are approximately \$100 million lower than in 2010.

This report reviews the key elements of the proposed FY2011 budget. As Mayor Fenty worked to develop a budget proposal, the city faced a substantial gap between expected resources and the costs of city services. This review finds that several steps were taken to address DC's shortfall, including spending reductions, revenue increases, and use of surplus funds in certain budget accounts. Nevertheless, the FY 2011 budget is a lean one; it reflects very few funding increases and a wide array of cuts — including public safety, public works, and social services.

Moreover, the proposed general fund budget for FY 2011 is roughly \$600 million lower than in FY 2008, after adjusting for inflation. The proposed budget for next year keeps in place many cuts that have been made since 2008 — in areas ranging from libraries to child care — in addition to calling for significant additional reductions in services.

This analysis is part of an online "Budget Toolkit" developed each year by the DC Fiscal Policy Institute, which can be found at www.dcfpi.org.

¹ The general fund budget includes the "local funds budget" — programs supported by the general pool of taxes and fees collected by the District — as well as services supported by "special purpose" revenues or "dedicated taxes."

How Would the Budget Change under the Mayor's Proposal for FY 2011?

Mayor Fenty's proposed FY 2011 general fund budget — the portion of the budget supported by local revenue sources — is \$6.14 billion, which represents a 1 percent increase over the \$6.08 billion approved budget for FY 2010 budget, after adjusting for inflation. For two reasons, however, the reality is that the District has fewer resources for most of its programs in FY 2011.

- **Loss of federal stimulus funds.** For 2010, the District was able to use stimulus funds instead of local funds to help maintain some DC programs. With stimulus funds largely running out in FY 2010, the FY 2011 budget includes \$100 million of local funds for public schools and Medicaid to replace federal stimulus funding. Taking that into account, the FY 2011 budget is smaller than the FY 2010 budget.
- **Increased costs in some parts of the budget.** Over the past two years, DC's budget has seen large increases in a number of areas — caseloads for the city's health care programs, enrollment in public and charter schools, and special education — and funding for those areas has risen as a result. In FY 2011 alone, these three parts of the budget will increase by more than \$100 million as a result of caseload growth. In addition, the costs of maintaining government services rise each year due to inflation and other factors.

The District's budget includes more than 80 operating agencies, with budgets ranging from under \$100,000 to more than \$600 million in local funds. These agencies are grouped into seven major functional categories, known as "appropriation titles."

Table 1 shows that how funding would change for each appropriations title in FY 2011 under the proposed budget. It reveals that funding would fall for each program area other than education, which would increase by 4 percent. Even in the case of education, the increases generally do not reflect new programs or initiatives. Nearly all of the education increase would come from higher special education expenses and continued expansion of public charter schools. Local funding also would grow for DC Public Schools, but this would be offset by a reduction in federal funds.² (A more detailed description of funding changes by appropriations title is included in an appendix.)

² The FY 2011 budget includes several accounting changes that affect the budgets for many agencies. Contracting and human resource functions that had been budgeted in all city agencies in FY 2010 are now included in the budgets for the city's central contracting and personnel agencies. In addition, the FY 2011 budget includes a new centralized agency to reflect DC government rent, utility, and related expenses. Those expenses had been reported in individual agency budgets in FY 2010. To make FY 2011 budget figures comparable with prior-year budgets, this report shifts these fixed costs back to individual agency budgets.

In addition, DCFPI's analysis makes some adjustments to reflect the impact of federal stimulus funding. For example, the FY 2011 budget includes \$37 million in local funding to replace federal Medicaid funds that were provided under the stimulus package in FY2010. Because this does not reflect an expansion of local services, this analysis adds \$37 million to the FY 2010 local budget to make it comparable with FY 2011 figures.

For this reason, the figures reflected in this report may not match figures reported in the FY 2011 budget.

TABLE 1
CHANGE IN DC's GENERAL FUND BUDGET, FY 2010-FY 2011

Appropriations Title	FY 2010 Approved	FY 2011 Proposed	Change, 2010 to 2011
Government Direction	\$379	\$362	-5%
Economic Development	\$329	\$279	-15%
Less Low-Income Agencies*	\$164	\$138	-16%
Public Safety	\$1,035	\$1,008	-3%
Education	\$1,465	\$1,528	4%
Human Support	\$1,469	\$1,458	-1%
Plus other Low-Income Agencies*	\$1,634	1,599	-2%
Public Works	\$587	\$556	-5%
Financing	\$924	\$905	-2%
NOTES: All figures are in millions and adjusted for inflation to equal FY 2011 dollars. These figures include some adjustments to make figures comparable. See footnote 3. * "low income agencies" include Employment Services, Housing and Community Development, Housing Authority Subsidy, and Housing Production Trust Fund.			

The changes reflected in the proposed FY 2011 budget include the following:

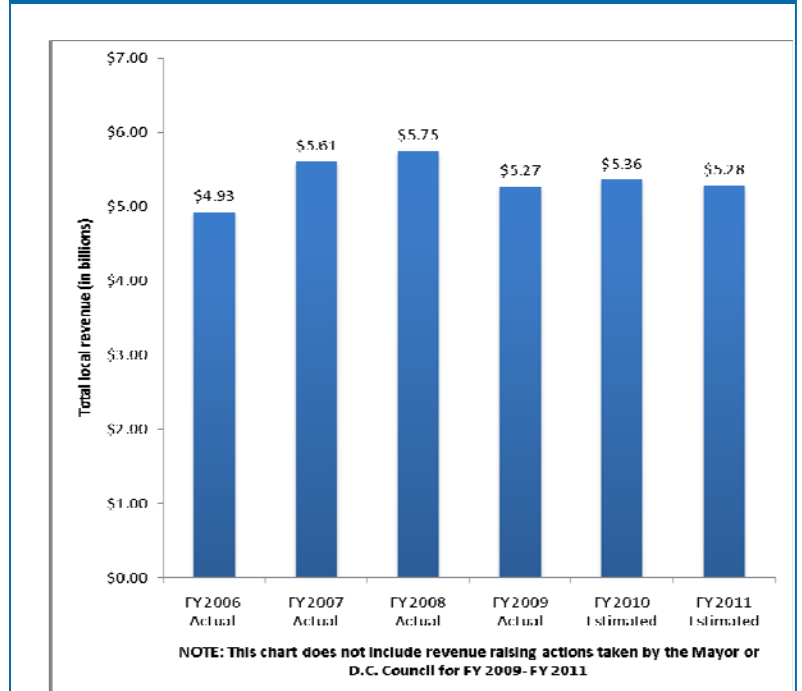
- **Human Services and Health:** Adult education and training would be reduced by \$7 million. Child care vouchers for low-income working families would be cut by \$4 million, and a program to support grandparents caring for their grandchildren would be reduced by \$2 million. The Department of Mental Health's proposed budget represents a 12 percent decrease, including the elimination of 29 direct care positions. Reimbursement rates for a number of Medicaid health services would not be fully increased, which could limit the ability of Medicaid recipients to find providers willing to serve them. The budget also continues a reduction implemented in FY 2010 in Interim Disability Assistance, a cash assistance program for disabled residents. The cuts have reduced the number of participants in half. Finally, the proposed budget would cut \$1 million from the Access to Justice program, which supports civil legal services for low-income residents, such as eviction prevention.
- **Public Safety:** The proposed budget would cut \$9 million from the Metropolitan Police Department, including savings from "maintaining sworn strength," eliminating vacant civilian positions, and reducing or eliminating services such as the pager contract. It also would reduce staffing at the Department of Corrections and cut funding for inmate health care. The budget for the Fire and Emergency Services Department would increase 4 percent in FY 2011, adjusting for inflation.
- **Public Works:** Funding for the Department of Public Works would fall 12 percent, in part by eliminating 57 positions from street and alley cleaning and commercial corridors, 6 positions from the leaf collection program, and 39 positions in services to combat illegal dumping, clean up vacant lots, and support neighborhood clean-ups. Funding for the Department of Transportation also would decline 6 million in its "Infrastructure" program.

- **Education:** As noted, funding for public charter schools and special education would increase. Local funding also would grow for DC Public Schools, but this would be offset by a reduction in federal funds.
- **Other:** Funding for DC Public Libraries and the Department of parks and Recreation will remain flat from FY 2010, even though both agencies are expected to open new locations in FY 2011. The proposed budget also would cut \$12 million from a Neighborhood Investment Fund that is intended to support improvement projects in 12 selected neighborhoods.

The impact of the recession on DC's finances is even clearer when the FY 2011 budget is compared with 2008, the last year before the recession.

As noted, the District's tax collections fell sharply between 2008 and 2009. Excluding changes in tax policy, total tax collections fell nearly \$500 million that year. And tax collections have been stagnant since then. (See Figure 2.)

**FIGURE 2
DC REVENUE COLLECTIONS FELL SHARPLY AFTER 2008**

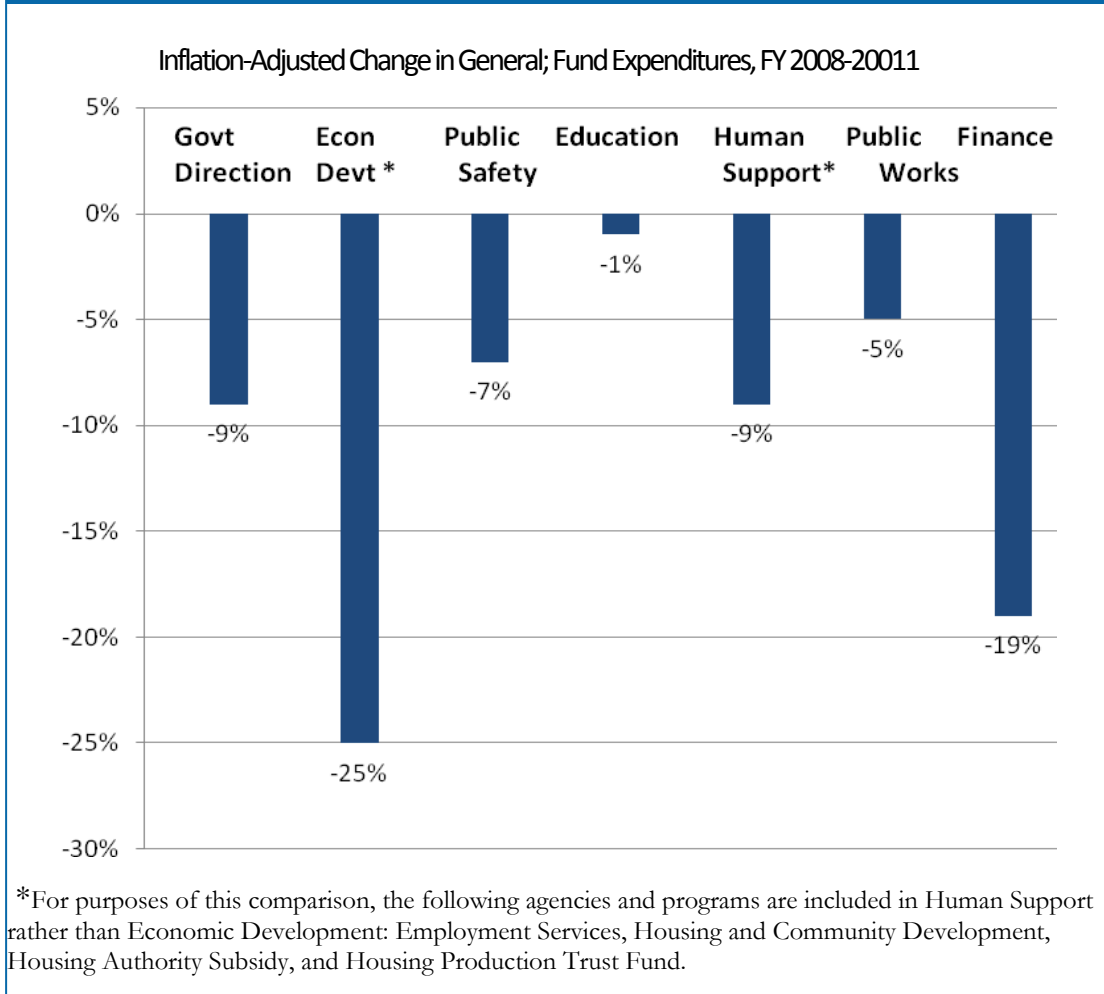


As a result of the drop in revenues, the proposed general fund budget for FY 2011 is \$600 million lower than in FY 2008, after adjusting for inflation, and includes significant reductions in all appropriations titles. (See Figure 3)

Beyond new cuts described above, the FY 2011 budget also would keep in place many cuts that have been made since 2008, such as:

- **Affordable Housing:** Support for DC's affordable housing programs under the proposed FY 2011 budget would be one third lower (\$42 million) than in FY2008. This includes cuts to all major housing programs, including first-time homebuyer assistance, rent subsidies, and the Housing Production Trust Fund
- **Child Care:** Proposed funding for DC's child care programs in FY 2011 is nearly one-fifth lower than in FY 2008, and the number of children served has fallen.
- **Recreation:** The proposed FY 2011 budget for the Department of Parks and Recreation is one-fourth lower than in FY 2008

**FIGURE 3
DC' BUDGET HAS DECLINED SIGNIFICANTLY SINCE 2008**



- **Social Service Centers:** The proposed FY 2011 budget includes a reduction of 16 eligibility determination workers for nutrition, cash assistance, and health care programs. In FY 2009 and FY 2010, 99 eligibility determination services positions were eliminated and two service centers were closed, at the same time that DC's TANF (welfare to work) caseload was increasing by 11 percent. The reductions in staff and service centers resulted in clients often waiting days to submit paperwork or have their applications processed.

Steps Taken to Balance the FY 2011 Budget

As Mayor Fenty began developing a budget proposals for FY 2011, the District faced a gap of roughly \$500 million between projected revenues and the cost of maintaining current services. The FY 2011 budget reflects a number of actions to address the shortfall.

- **Use of Federal Stimulus Funds:** While much of the stimulus funding was limited to FY 2010, the District has some remaining stimulus funds, and it will receive roughly \$112million in

new stimulus funds in FY 2011 for DC's Medicaid program. Most of this (\$75 million) will come from actions taken by Congress this year to extend Medicaid assistance to states and DC.

- **Restructuring the City's Debt:** The DC Chief Financial Officer has taken steps to refinance a portion of the city's debt. This will reduce payments in the near-term for principal and interest on bonds the city issues to support capital construction projects, though it also will increase payments modestly over the long-term. The savings will be realized starting in the current year and total \$60 million in FY 2011.
- **DC Government Staff Reductions and Salary Freezes:** The FY 2011 budget includes savings that will result from eliminating nearly 400 government positions, according to a mayoral press release, adding to staff reductions from previous years. Employment by the District government would total 28,200 in FY 2011, down from 31,900 in FY 2008. Beyond staff reductions, the proposed budget also would freeze salaries for DC government employees, saving \$20 million.
- **New Revenues:** Mayor Fenty's proposed FY 2011 budget includes about \$100 million in additional revenues to help address the city's sharp drop in revenue collections. Roughly one-third of the new revenue would come from traffic and parking fees and fines. Another third would come from new levies on health care providers, mainly a one percent fee on hospital patient charges. The other new revenues include increases in business fees – such as a fee when steel plates need to be placed in streets – and an increase in a fee applied to phone bills that is used to support 911 services. (These are discussed in more detail below.)
- **Tapping Surpluses in Special Funds:** The District budget includes hundreds of “special purpose” accounts — often referred to as “O-type” funds — that are financed by fees, fines, assessments, or reimbursements, and are dedicated to certain purposes. One example is the Home Purchase Assistance Program (HPAP), which provides low- and no-interest loans to help low-income first-time homebuyers, and it is financed in part through the repayments of the loans granted by the program. In recent years, many of these funds have built up surpluses. The proposed FY 2011 budget would draw nearly \$100 million from special accounts and use these funds to cover general budget expenses.

Revenue Issues in the FY 2011 Budget

Mayor Fenty's proposed FY 2011 budget includes about \$100 million in additional revenues to help address the city's sharp drop in revenue collections. The key revenue proposals include the following:

Traffic and Parking: The FY 2011 budget would raise \$34 million through increased traffic and parking fees and fines, the second year in a row for increases in this area.

- **\$28 million - Traffic Fines:** The budget would authorize the increase of 71 different fines for motor vehicle moving infractions.

- **\$3.6 million - parking meter rates:** Meters that currently charge \$0.75 per hour would be increased to \$1 per hour, and meters in some high-demand areas would be raised from \$2 per hour to \$3.
- **\$2.3 million – Other:** Residential parking permits are proposed to be raised from \$15 to \$25. The District’s current fee is lower than fees charged in Arlington County and Montgomery County. Alexandria charges \$15 for the first vehicle registered at an address, \$20 for the second, and \$50 for the third. The budget also proposes to charge a fine when cars are towed out of rush-hour lanes

Health-Related Taxes and

Assessment: The FY 2011 budget would raise \$34 million through new or increased levies on health providers.

- **\$25 million – 1 percent assessment on patient revenue for hospitals:** The proposed budget would create a 1 percent charge on net patient revenue for hospitals.
- **\$8.6 million – Impose DC’s 2 percent insurance premium tax on HMOs for Medicaid receipts:** The District currently levies a 2 percent tax on health insurance premiums, except managed care organizations that provide Medicaid services. The new proposal would subject these providers to the 2 percent tax and use the new revenue within the Medicaid program, which would generate \$20 million in new federal Medicaid matching funds.

TABLE 2 REVENUE INCREASES IN THE PROPOSED FY 2011 BUDGET	
	Amount (In \$ Millions)
Traffic and Parking	
Traffic Fines	\$28.0
Parking Meters	\$3.6
Residential Parking Permits	\$1.2
Other	\$2.3
Health Care	
1% Fee on Hospital Patient Revenue	\$25.3
2% premium tax applied to Medicaid HMOs	\$8.6
Business Fees	
Steel Plate Fee	\$3.1
Technology Fee on Building Permits	\$2.7
Other	\$3.8
E-911 Fee Increase	\$7.1
Miscellaneous Taxes and Fees	\$4.0
EITC Reduction	\$1.0
High-Tech Tax Incentive Reduction	\$1.3
Hospital and Medical Services Community Reinvestment	\$5.0
Tax on Intermediate Care Facilities	\$1.7

Business Fees: The budget would raise \$ 10 million by establishing some new business fees and increasing others. This includes \$3 million from a new fee businesses would pay when work on DC streets requires temporary use of steel plates, and an additional \$3 million from increases building permit and corporate registration fees to pay for “enhanced technological capabilities.”

E-911 Fee Increase: Mayor Fenty’s proposed budget would raise \$7 million from a 39-cent increase in a monthly fee applied to phone bills that is used to supports 911 services. The fee applies to phone lines and cell phones held by businesses, residents, and the federal government.

Earned Income Tax Credit Reduction: The proposed budget would reduce by \$1 million the DC EITC, a tax credit for low-income workers. The District's Earned Income Tax Credit boosts take-home pay by providing tax relief and, in many cases, refunds to low-income workers, especially those with children. Nearly 50,000 households receive this credit. Under current law, DC's EITC is set at 40 percent of the federal EITC. This proposal would reduce the credit to 39 percent of the federal credit.

This would represent the second year in a row that the proposed budget would make tax changes that have the effect of increasing taxes paid by low-income working residents. The FY 2010 budget eliminated annual inflation increases in several deductions that largely benefit low-and moderate – income families — the standard deduction, personal exemption in the income tax and the property tax homestead deduction.

The immediate impact of these changes is relatively modest — a maximum of about \$50 for a DC family with children. Nevertheless, these tax increases are significant for several reasons. First, they reduce the after-tax income of residents who already face challenges meeting their basic needs. Second, they reflect changes to sound tax policies. The EITC is widely regarded as successful in creating incentives to work and reducing poverty among working families, and adjusting tax benefits for inflation is considered important so that they do not lose their value over time.³ Finally, the FY 2010 budget nor the FY 2011 budget include no tax increases targeted on higher income families. Given that DC's overall tax system results in lower-income families paying a greater share of income in taxes than higher income families do, steps that increase taxes further on lower-income families are not advisable.

Reduction in High-Technology Incentives: One notable revenue change is a reduction in tax incentives for high-technology companies that open in the District – the NET 2000 incentives. Under NET 2000, some high-technology companies receive a 5-year abatement of corporate income taxes. After that period, eligible businesses pay corporate taxes at a rate below the District's standard tax rate. The incentive package also includes a sales tax exemption for certain purchase and certain sales, as well as tax credits tied to the number of employees hired.

The Mayor's proposal would scale back the corporate tax reductions for new applicants for NET 2000 benefits. This would save the District \$1.3 million in 2011.

While this set of incentives — which now costs the District roughly \$6 million per year — is intended to boost high-tech employment in the city, a 2008 analysis by the DC Fiscal Policy Institute suggests that this package has not had a notable effect. High-tech employment did not grow faster than overall employment in DC in the 2000s, and DC's high-tech employment did not grow faster than in the suburbs.⁴

This change is significant because it reflects an effort to review the city's tax incentive programs and to modify those that are costly and/or ineffective. The District offers a number of tax

³ For more information, see DC Fiscal Policy Institute, [DC's Earned Income Tax Credit Supports Families Across the District](#), 2008, and [Tax and Revenue Issues in the FY 2011 Budget](#), 2009.

⁴ DC Fiscal Policy Institute, [DC's High-Tech Tax Incentives Are Not Working: Proposal to Expand Tax Breaks for High-Technology Businesses Has Little Merit](#), 2008.

incentives, and like in many states, there is little ongoing review of the cost-effectiveness of the incentives. (A new “Tax Expenditure Budget” for the District highlights the city’s various tax exemptions, exclusions, and credits.⁵) Such reviews can be an important way to improve tax systems and raise revenues to address the fiscal crisis resulting from the recession.

⁵ Office of the DC Chief Financial Officer, [*District of Columbia Tax Expenditure Report*](#), 2010.

APPENDIX

Summary of FY 2011 Funding Changes by Appropriations Title

NOTE: The FY 2011 budget includes several accounting changes that affect the budgets for many agencies. Contracting and human resource functions that had been budgeted in all city agencies in FY 2010 are now included in the budgets for the city's central contracting and personnel agencies. In addition, the FY 2011 budget includes a new centralized agency to reflect DC government rent, utility, and related expenses. Those expenses had been reported in individual agency budgets in FY 2010. To make FY 2011 budget figures comparable with prior-year budgets, this report shifts these fixed costs back to individual agency budgets.

In addition, DCFPI's analysis makes some adjustments to reflect the impact of federal stimulus funding. For example, the FY 2011 budget includes \$37 million in local funding to replace federal Medicaid funds that were provided under the stimulus package in FY2010. Because this does not reflect an expansion of local services, this analysis adds \$37 million to the FY 2010 local budget to make it comparable with FY 2011 figures.

For this reason, the figures reflected in this report may not match figures reported in the FY 2011 budget.

Government Direction and Support: The proposed FY 2011 general fund budget for Government Direction and Support agencies is \$478 million. This appropriation title includes funding for the DC Council, the office of the Mayor, and the City Administrator, as well as the Attorney General and Chief Financial Officer's Office.

The proposed FY 2011 budget appears to reflect a significant increase from FY 2010, when the approved budget for these agencies was \$379 million. However, this change entirely reflects several accounting changes in the FY 2011 budget. Contracting and human resource functions that had been budgeted in all city agencies in FY 2010 are now included in the budgets for the city's central contracting and personnel agencies. In addition, the FY 2011 includes a new centralized agency to reflect DC government rent, utility, and related expenses, when those expenses had been reported in individual agency budgets in FY 2010.

When adjustments for these and other shifts are made, the FY 2011 budget for Government Direction and Support is \$362 million. This is \$18 million, or 5 percent lower than the approved FY 2010 budget, after adjusting for inflation.

The FY 2011 budget includes a \$1.6 million — 4 percent — increase in the Office of the Chief Technology Officer, reflecting a variety of increases. The proposed budget would eliminate 30 positions from the Office of the Chief Financial Officer and reduce its budget by \$11 million (7.5 percent). The proposed budget for the Office of the Attorney General is \$4 million, or 6 percent lower than the FY 2010 budget, including a \$1 million cut in the Access to Justice program, which provides community-level legal services for low-income residents, in addition to eliminating vacant positions.

Finally, the FY 2011 budget proposes eliminating the Public Employee Relations Board and the Office of Employee Appeals and would fold them into the Office of Administrative Hearings. The PERB resolves labor-management disputes between the District government and the unions representing DC employees, and the Office of Employee Appeals resolves appeals filed by DC government employees. However, the budget for the Office of Administrative Hearings would not be increased by the full amount of the PERB and OEA reductions, which has raised some concerns that these functions may suffer as a result

Economic Development and Regulation: Local funds for Economic Development and Regulation are down 15 percent in FY 2011, after adjusting for inflation, falling from \$329 million in FY 2010 to \$279 million in FY 2011. This appropriation title includes funding for the Department and Housing and Community Development (DHCD), the Deputy Mayor for Planning and Economic Development (DMPED), the Department of Employment Services (DOES) and the Department of Consumer and Regulatory Affairs (DCRA), among others.

While most agencies would see decreases in funding in FY 2011, there are a few proposed modest increases. The Housing Production Trust Fund will receive \$22 million in FY 2011, an increase of \$1 million from FY 2010 which reflects growth in DC's deed taxes that are dedicated to the Trust Fund. While funding for DHCD in FY 2011 is roughly the same as in FY 2010, some programs would be reduced. For example, total funding for the Home Purchase Assistance Program (HPAP), a program that helps low-income first-time home buyers — would be cut 15 percent in FY 2011, falling from \$20 million in FY 2010 to \$17 million in FY 2011.

The budget for the Board of Real Property Assessments and Appeals (BRPAA) would increase 12 percent, rising from \$700,000 in FY 2010 to \$800,000 in FY 2011 to support the addition of a real estate analyst to help handle the large increase in appeals that have come to BRPAA in the economic downturn.

Other agencies within this appropriation title, however, would face large decreases in FY 2011. The largest cut is to the Department of Employment Services (DOES) whose funding would fall 18 percent. The cuts include elimination of a \$4.6 million adult job training program funded for the first time in FY 2011, a reduction to the year-round youth employment program and a reduction in DC's apprenticeship program.

Funding for DMPED would fall 46 percent drop in FY 2011, from \$34 million in FY 2010 to \$18 million in FY 2011. Much of the decrease would come from cutting \$12 million from the Neighborhood Investment Fund. NIF funds also were reduced in FY 2010 to help balance the budget.

The Mayor's budget would cut the budget for the Office of the Tenant Advocate (OTA) by more than half, from \$3.6 million in FY 2010 to \$1.6 million in FY 2011. OTA provides legal assistance to tenant groups, provides education on tenants' rights, and engages in policy advocacy on behalf of tenants.

Public Safety and Justice: The proposed FY 2011 general fund budget for public safety functions is \$1.01 billion and includes the Metropolitan Police Department (MPD), Fire and Emergency Services, and the Department of Corrections. The local public safety budget is proposed to fall by \$26 million, or 3 percent from the FY 2010 budget, after adjusting for inflation. MPD's budget is

proposed to fall by \$16 million, which represents a 3 percent decline from FY 2010 level. It includes savings from “maintaining sworn strength,” eliminating vacant civilian positions, and reducing or eliminating services such as the pager contract. The proposed budget calls for a 9 percent, or \$12 million reduction in the Department of Corrections, including staffing reductions, reductions to the healthcare contract for inmates, and reducing pharmacy expenses. The budget also includes a \$1.5 million cut in the Office of Victims Services, due to expected lower court fees that fund this agency.

The proposed FY 2011 budget calls for a 4 percent increase in funding for the Fire and Emergency Services Department, which largely reflects salary and fringe benefit increases. The budget also proposes transferring responsibility for monitoring fire hydrants to the DC Water and Sewer Authority. Another agency slated for a funding increase is the Unified Communications Center, which would get a 28 percent (\$12 million) increase, mainly to upgrade its radio system for first responders.

Finally, the FY 2011 budget proposes eliminating a number of administrative agencies – such as the Public Employee Relations Board and the Office of Employee Appeals – and folding them into the Office of Administrative Hearings. However, the increase in funding for the Office of Administrative hearings is smaller than the combined funding level for the agencies that it is absorbing. The Fenty administration is hoping this consolidation will lead to greater efficiency and savings, but some have raised concerns that these functions may suffer as a result of the reduced funding.

Education: The proposed general fund budget for education in FY 2011 is \$1.5 billion. This is 4 percent or \$64 million higher than the approved FY 2010 budget, after adjusting for inflation and accounting for the increase in local funds needed to replace expiring stimulus funds. The DC Public Schools and DC Public Charter Schools’ budgets include a 2 percent increase in the per-pupil funding formula. Despite the increase to the funding formula, total funding for DCPS — including federal and local funds — would decline, and funding provided directly to local schools will be held constant at FY 2010 levels. DCPS also plans to implement additional central office cuts, including a \$12 million cut to personnel that could involve employee furloughs and staff reductions. The Mayor’s budget also proposes large increases in special education tuition (19 percent adjusting for inflation) and transportation (14 percent) from FY 2010.

The Office of the State Superintendent of Education’s budget will be reduced by 6 percent or \$8 million in the FY 2011 budget, including a \$4 million cut to child care vouchers for low-income families. The Office of Public Education Facilities Modernization, which renovates and maintains DC Public Schools, will see its general fund budget decrease by \$4 million or 12 percent. Part of the savings from OPEFM will come from reducing preventative maintenance on energy systems to below manufacturer-approved levels. DC Public Libraries essentially will be flat funded, even with the planned addition of six new libraries in FY 2011.

Human Support Services: The proposed FY 2011 general fund budget for human support services is \$1.46 billion, an increase of \$9 million or 1 percent from FY 2010, after adjusting for inflation. Four human service agencies would see their general fund budgets increase in FY 2011: unemployment compensation, disability compensation, the Department of Youth Rehabilitation Services, and the Department of Healthcare Finance. The other twelve human services agencies —

including the Department of Human Services, the Department of Parks and Recreation, and the Department of Disability Services — would see their budgets decrease or remain flat from FY 2010.

The Department of Mental Health’s proposed budget represents a 13 percent decrease and includes the elimination of 29 direct care positions. The budget for the Department of Human Services includes cuts to Interim Disability Assistance, a cash assistance program for residents with disabilities and to the “general cash assistance” program for low-income residents who are caring for unrelated children. Within the Child and family Services Administration, a program to support grandparents caring for their grandchildren would be reduced by \$2 million, and a program that provides “rapid housing” to various groups of vulnerable residents would be eliminated. Funding for the Department of Parks and Recreation would remain flat from FY 2010 levels, including roughly \$4 million in cuts to help support a similar amount needed for new rec centers and summer programming. Many of the smaller agencies, such as the Children Youth Investment Trust Corporation and the Office of Latino Affairs, would see large cuts to their budgets in FY 2011. For example, the Mayor has proposed eliminating a third of CYITC’s budget and reducing the Office of Latino Affairs’ budget by 43 percent.

Public Works: The proposed FY 2011 general fund budget for public works is \$556 million, a decrease of \$32 million or 5 percent from FY 2010, after adjusting for inflation. This appropriations title includes the Department of Public Works (DPW), the Department of Transportation (DOT), the Department of Motor Vehicles (DMV), the District Department of the Environment (DDOE), the Washington Metropolitan Area Transit Authority (WMATA) and School Transit Subsidies (subsidized public transportation for K-12 students).

Funding for the Department of Public Works would fall 12 percent, from \$127 million in FY 2010 to \$111 million in FY 2011. This includes eliminating 57 positions from street and alley cleaning and commercial corridors, 6 positions from the leaf collection program, 39 positions in SWEEP, and 19 administrative and financial positions. Also, household hazardous waste collection would be reduced from once a week to once a month and small BID trash pick-up service would be eliminated.

Funding for the Department of Transportation also would decline, falling 7 percent from \$104 million in FY 2010 to \$97 million in FY 2011. This mostly reflects a \$ 6 million unspecified cut in DDOT’s “Infrastructure” program. It is unclear how that will impact services. An additional \$1.2 million would be added to expand service on the Circulator bus. Proposed funding for the District Department of the Environment (DDOE) would fall 10 percent, from \$58 million in FY 2010 to \$52 million in FY 2011. Reductions in funding include eliminating 5 positions and covering the costs of some energy assistance funds with federal dollars instead of local dollars.

Funding for both the WMATA transit commission and the WMATA subsidy would be flat for FY 2011. Lastly, the School Transit Subsidy funding is down 21 percent, falling from \$7.7 million in FY 2010 to \$6 million for FY 2011. With a Metro fare increase and higher enrollment levels expected at schools, it’s unclear at this point how the cut in funding will not affect services.

Financing: The proposed FY 2011 general fund budget for finance functions is \$905 million, a decrease of \$18 million or 2 percent from FY 2010, after adjusting for inflation. The most significant change is a \$59 million reduction in payments on the city’s long-term debt — typically general obligation

bonds used to support construction projects — resulting from restructuring a portion of the city’s debt. (This also will produce savings in FY 2010). The restructuring will result in lengthening the time it takes to pay off this debt, but the refinancing also resulted in lower interest rates, so that the overall long-term effect is just a modest increase in debt expenses. Other key changes in the Financing appropriations title include substantial increases in funds needed to repay funds borrowed for economic development projects, and an increase in funds transferred to DC’s convention center fund and highway trust fund. The latter two increases result from a growth in tax collections for the taxes devoted to these funds.