MURIEL BOWSER
MAYOR

May 3, 2022

The Honorable Phil Mendelson
Chairman, Council of the District of Columbia
1350 Pennsylvania Avenue, NW
Suite 504
Washington, DC 20001

Dear Chairman Mendelson:

As the Council continues to work on the Fiscal Year 2024 Budget, I want to highlight my concerns with several committee proposals that will have material impacts on the respective agencies' abilities to deliver important services to our residents and to support DC's comeback.

Taken as a whole, the committee proposals do not add up to a fiscally responsible budget, do not incorporate any equity analysis, and in some cases, are fiscally irresponsible expansions of recurring entitlement programs paid for with non-recurring budget gimmicks.

The FY 2024 Budget cannot slow down DC's comeback. My FY 2024 budget proposal prioritized investments to catalyze DC's comeback, downtown recovery, and long-term economic growth. As our local and regional economy recovers from the pandemic, we are clearly seeing the ongoing impacts of telework on our commercial real estate sector. Until the District's major employers return to the office, our downtown—the economic engine of DC—will continue to trail other parts of the country and region in its recovery.

The Council committees' proposed changes to these investments—eliminating the K Street Transitway, adding $2 fee to for-hire vehicle rides downtown, eliminating the District's festival fund, cutting $3 million for small business assistance, instituting a $25 million fee on District consumers' energy utility bills—stand in the way of DC's recovery. If we do not maximize investments to grow our population, our jobs, and our tax base to pre-pandemic levels, we will be unable to support the level of programs and services our residents need for the long-term.

The FY 2024 Budget must be fiscally responsible and sustainable. The latest revenue forecast from the Chief Financial Officer showed a four-year decline in revenues driven by a slowdown in the economy and loss of commercial property tax revenue. At the same time, the historic influx of federal stimulus funding is ending and will, in large part, not be available after FY 2024. In short, the days of large surpluses are likely behind us and not returning any time soon.

Indeed, we already know some of the huge challenges we will face next fiscal year: a $250 million WMATA funding cliff (that will continue annually), negotiating new collective bargaining agreements with our labor unions to ensure a well-paid workforce, and the end of federal stimulus funds. The WMATA cliff and labor agreements alone are likely to add close to $2 billion of new costs over FY 2024's financial plan. These are the deeply sobering financial facts that we must confront.

Yet, the Council committees' proposals envision an alternate reality of revenue and funding.

- **Funding new long-term entitlement programs with short-term money and budget gimmicks.** The Council committees propose to create two entitlement programs, costing more than $75 million a year, without dedicated long-term funding. To fund free Metrobus and the Baby Bonds program, the committees instead propose to use paygo capital funding (essentially cash that is used to cover one-time costs, like fixtures, furniture, and equipment, for capital projects that are not eligible for long-term borrowing), which only covers the costs across the *current* financial plan. As these are not long-term recurring sources, the District will need to find new resources to support continuing these programs in future years. This is simply irresponsible budgeting.

  While the programs may be laudable, it is not the time to advance expensive and unfunded entitlements. Many of the District's current priorities – affordable housing, emergency housing, food assistance – took a hit during these tough financial times. Why should we now be creating expensive new programs to advance?

- **Creating new fees and fines to fund pet projects.** My proposed budget included no new taxes or fees on our residents or businesses. The Council committees, however, propose to increase fees on District residents, including a $31 increase to every resident's electricity and natural gas bills (which will increase each year to $46 by 2027) and a $2 fee on every for-hire vehicle ride downtown. Increasing costs for our residents and businesses is the wrong approach at the wrong time.

- **Ignoring residents' concerns by cutting essential funding.** The Council committees propose to eliminate, delay, or reduce several critical transit and economic development projects to generate paygo funds to temporarily cover costly new entitlement programs. But our residents have been clear about their top issues: affordable housing and public safety. In fact, the Council committees' proposed changes *reduce* funding for affordable housing and do not increase investments to improve our public safety ecosystem. Additionally, the Council committees remove more than ***$20 million for state-of-good-repair projects that will eliminate our ability to fix 18 miles of sidewalks and 11 miles of roads in poor condition this summer***. Burying these changes in footnotes and appendices will not hide the impact they will have on our residents.

Cutting $62 million in funding when our DCPS schools are demonstrating strong progress. The Council committees propose redirecting $62 million ($22 million in recurring funds and $40 million in one-time funds) out of DCPS and into individual schools and possibly the Charter sector. While on the surface this may appear as a neutral shift of funds within an agency, our residents should be aware of the significant tradeoffs being made.

- **Reductions to Elementary and Secondary School Emergency Relief (ESSER) cuts learning acceleration activities and violates our federal agreement.** The Council committees propose to shift recurring local funding needs (such as IMPACT bonuses and attorney's fees) to one-time federal ESSER funds. Not only does this create an unsustainable fiscal cliff for public schools next year, but it also uses ESSER funds for ineligible costs and arbitrarily redirects these funds in violation of the spending plan approved by the U.S. Department of Education. Most importantly, it reduces funding that was already set aside for critical learning acceleration efforts like summer academies and high-dosage tutoring.

- **Changing funding allocations will result in a boon for Ward 3 schools — despite having only 11 percent of the city's at-risk students.** Under the Council committees' revised funding formula, Ward 3 schools, which have 11 percent at-risk students, will receive the highest percentage increase in funding (3.95 percent, or $3 million). In comparison, Ward 8, with 78 percent of students identified as at-risk, will get a 3.91 percent increase. Ward 4 schools (42 percent at-risk students) will see a 3.75 percent increase; Ward 5 schools (55 percent at-risk students) will see a 1.81 percent increase; and Ward 7 (75 percent at-risk students) will see a 3.4-percent increase.

  This is why my administration has raised the alarm about the Schools First model. When we do not have access to unlimited resources, it is clear the Schools First model does not place equity front and center like my administration does. And again, I will reiterate that the Schools First model was rushed through Council and developed without *any* engagement with our school leaders, like our principals. DCPS however, took nearly two years to engage with parents, principals, teachers, advocates, and others to gain feedback and input on school funding models. Our students' first model is the result of that engagement and feedback.

- **Reductions to school supports cuts critical school programs and services.** Much of what the Council committees propose to cut within DCPS provides direct support to schools. It is unlikely schools will be able to make up for the losses of these centrally funded and coordinated programs such as math interventions, school supplies, AP test fees, college and career programing, and classroom aides. In particular, the elimination of classroom aide positions may violate students' Individualized Education Plans (IEPs). Additionally, elimination of the School Technology Accessory budget, used to refresh and replace items like keyboards, headphones, and chargers, will significantly impact DCPS' ability to support critical technology needs for students and teachers.

This utterly inequitable funding model reflects concerns that I, Deputy Mayor Paul Kihn, and Chancellor Louis Ferebee have raised about the Schools First model. Instead of that funding scheme placing a priority on equity and funding for the student, it represents a clumsy and blunt mechanism to put schools—rather than students—first.

Lastly, it is not clear from the Council committee report if funding to increase the at-risk concentration weight for the DC Public Charter Schools (DCPCS) comes from reductions within the DCPS budget. The lack of financial transparency in this report is deeply concerning. While it makes no reductions to the DCPCS budget, it somehow adds $10 million across the financial plan for charter schools. If this is accurate, it represents a stunning shift of funding from DCPS to the charter schools. Clarification of this potentially unprecedented policy change is needed.

Proposed reductions would leave behind residents in Ward 7 and Ward 8. My administration has made increasing investments in Ward 7 and Ward 8 a top priority. It is disappointing to see Council committees scale back these critical investments through delays in the Benning Road streetcar extension (which will also impact critical bridge repair work and federal funding), cutting $10 million for Food Access Fund grants that help eliminate food deserts concentrated in Wards 7 and 8, removing $10 million from the activation of Poplar Point, and cutting $5 million to the St. Elizabeths infrastructure repair projects. Cutting investments to these wards is inequitable and avoidable.

Increasing the rat population by cutting Supercans. It is disappointing to see Council committees propose to eliminate our $3.7 million investment to begin an eight-year replacement of all residential Supercans and recycling bins. Swiping funding for Supercan replacements is the wrong approach to winning our ongoing war on rats.

In the attached document, I provide greater detail on each of these unnecessary reductions or newly created unsustainable entitlement programs. The Council can correct course and focus on the needs of our residents before it takes a first vote on the budget on May 16.

My team and I look forward to continuing to work with Councilmembers on these critical issues facing our city.

Sincerely,

Muriel Bowser
Mayor

cc: Members of the Council of the District of Columbia
Glen Lee, Chief Financial Officer, Office of the Chief Financial Officer

Attachment A: Concerns of Proposed Council Changes, by Committee

Committee of the Whole

The council is making arbitrary, deep, and harmful reductions to our school district of right, at a moment it is demonstrating strong progress. Thanks to our incredible educators, thoughtful investments, and strong leadership, DC public schools (DCPS) have led urban school districts in the following areas:

- Student achievement gains in 4th and 8th grade reading;
- Is one of the top three leaders in 4th and 8th grade math progress;
- In SY21-22, was the only urban school district that held steady on literacy scores on the National Assessment of Educational Progress (NAEP);
- In SY 22-23, improved grades K-8 on-grade-level performance in math by 15%, grades K-2 foundational literacy benchmark proficiency by 12%, and grades 2-10 reading proficiency by 6%; and,
- Grew enrollment and graduated more and more high school students at a time when nearby cities are losing students.

We have a path to recover from the pandemic stronger than ever and yet, Council is set to undermine this and cripple a strong-performing agency for the sake of politics.

- **These cuts will have detrimental impacts on our students and our schools.** The proposed Council changes will eliminate classroom aides who support students with IEPs and reduce schools' access to critical audiology, speech, occupational and physical therapy. The proposed reductions will result in a RIF of three filled FTE's, could cause the agency to rescind hiring offers, cut human resource (HR) positions and slow down the hiring of school staff, at a time of national shortages. They will underfund services schools depend on, including swing space transportation and our Period Product Act supplies, put at risk our compliance with the Digital Equity Act, and delay issuing of IMPACT bonuses to teachers. It will hamstring evidence-based learning acceleration initiatives, including summer academies and high-impact tutoring—efforts that focus on students with the greatest needs.

- **Beyond this year, these changes also create serious sustainability challenges and will send DCPS and schools towards a dangerous fiscal cliff**. Council is shifting core educational services over to federal ESSER dollars that are set to expire in FY 2025. This has been done without consideration of the U.S. Department of Education allowability or sustainability in a time of resource volatility. Fiscal experts have warned against this approach repeatedly over the last few years, and it is one that we have carefully budgeted to avoid. Moreover, school budgets for FY 2025 and beyond will be based on this new FY 2024 calculation and will have to increase even further. This proposal does not contemplate the long-term sustainability of this approach or the best use of what increasingly are scarce resources.

- **All these problems have been created in service of a clumsy and blunt mechanism to put schools—rather than students—first**. These proposed cuts will take money away from essential student services to fund schools with lower needs and to fund "phantom" students—despite real needs elsewhere. Of the top 10 schools gaining upwards of $500,000 under the Schools First proposal, 6 have low (<40 percent) at-risk concentration rates and 5 are losing over 5 percent of their students. This includes schools like Deal Middle School (receiving $793,000) despite a 10 percent at-risk population with flat enrollment and Anacostia High School (receiving $639,000) despite a 15 percent decline in student population and already receiving $29,000 per student, one of the highest levels in the city.

At best, these cuts represent a misguided attempt to cut phantom administrative bloat in service of schools. Cuts at this level will surely threaten the success of a school district that has well outperformed its peers by slashing services that schools rely on and lead our system towards a fiscal cliff.

Additionally, setting school budgets based on a single data point (the current FY 2023 budget) rather than the full ecosystem of information, including—of most importance—*the needs of the students projected to show up*, undermines the equity goals of our education system and says to families that a single point in time matters more in determining the resources a school receives rather than the students they will serve. The more years a school's budget is held to what will become an increasingly irrelevant data point, the less our education system demonstrates a commitment to equitable student funding.

This fiscally irresponsible, rushed political posturing is simply not worth the price.

Cutting $3.6 million from OSSE-DOT's FY 2023 budget will impair the agency's ability to pay out bonuses promised to agency staff. The Committee has recommended a $3.6 million one-time FY 2023 reduction to OSSE-DOT, citing salary lapse, underbilling, and under-obligation of fleet management, equipment, and machinery.

While the savings are real, OSSE-DOT had planned to repurpose those funds for the following three areas: (1) attendance incentive bonuses for current bus drivers and attendants, (2) signing bonuses for February 2023 OSSE-DOT hiring fair hires, and (3) funding to increase overtime usage due to current year staffing shortage. These efforts have been critical to OSSE-DOT's hiring and retention strategy of bus drivers and attendants in the current fiscal year. Removal of this funding now will impair the agency's ability to provide timely transportation to students with disabilities and puts the District at serious risk of litigation.

Reducing current resources from the Healthy Schools Fund's will leave the District at greater risk to ensure it can meet its commitments to schools through the end of the fiscal year. The Committee has recommended a one-time $375,000 reduction in FY 2023 to the Healthy Schools Fund, citing salary lapse. The Healthy Schools Fund is funded with a dedicated tax and funding is used to reimburse schools for school meal expenditures and health-related educational programs and resources.

The Office of the State Superintendent of Education (OSSE) recently alerted the Office of Budget and Performance Management of a projected $1.2 million shortfall in the Healthy Schools Fund for FY 2023, based on anticipated meals costs at schools through the end of fiscal year. The reduction removes resources available in the Fund for the agency to address the projected shortfall.

Committee on Transportation and the Environment

Cutting nearly all funding for the K Street Transitway project will end the project and halt important improvements to this vital downtown east-west corridor. The Committee swept $115 million in current capital funds from the K Street Transitway project. The Committee then accepted a transfer from the Committee of the Whole of $115 million in operating funds from paygo and deposited $112.5 million of those funds to fare-free bus.

The sweep of funds will end the K Street Transitway project and will not leave DDOT with sufficient resources to revisit designs or implement any intermediate projects on this major east-west corridor project. The corridor is in serious need of an upgrade as current configuration could negatively impact efforts to attract new residents and businesses to downtown. Additionally, the transitway project was one of the key initiatives in WMATA's Better Bus Network Redesign project. Eliminating the project may result in WMATA having to spend significant time and money on revising their project. Lastly, K Street is one of the District's high injury network corridors and the proposed sweep leaves no funding for any traffic safety improvements to this corridor.

The delay of the Benning Road Reconstruction and Streetcar extension project will jeopardize the Ward 7 Streetcar extension, federal grant funding, bridge rehabilitation and bicycle and pedestrian safety improvements as well as delay needed procurement of new Streetcar vehicles. The Committee has proposed delaying funding for the Benning Road Reconstruction and Streetcar Extension by four years, from FY 2024-2026 out to FY 2028-2029.

The delay casts serious doubt on the future of the Streetcar extension. The project contains a scope of work beyond Streetcar work, including two bridge rehabs and one bridge replacement; an interchange modification to DC-295; streetscape improvements to Benning Road (which is a high injury network corridor); and improved bicycle and pedestrian facilities.

In addition, the delay in project funding puts at risk a $15 million federal RAISE grant recently awarded to complete the project based on its original timeline. Finally, the District is actively procuring vehicles for the Benning Extension. Delaying funding for this portion of the project would delay the procurement of these vehicles, which will cost more for the same vehicles when funds finally become available four years from now.

The capital budget sweeps $20 million in local paving funds in FY 2023, jeopardizing paving work planned for this fiscal year and exposing DDOT to contractor and pedestrian and motorist claims. The Committee has proposed sweeping $20 million in current balances across the eight Ward-based street paving projects in FY 2023. The Committee erroneously states that "efficiencies" can be gained by combining the Ward-based projects yet that reflects a lack of understanding about how DDOT operates the paving program.

This cut would reduce DDOT's FY 2023 road repaving by eleven miles and sidewalk repaving by eighteen miles, for a total of 29 miles less of state-of-good-repair progress. DDOT currently develops its paving plans based on assessed need and allocates resources accordingly. DDOT is not spending paving resources on paving that is not below a minimum quality threshold, so there are no excess funds available to sweep. Further, DDOT deploys its contractors geographically, so they cover the entire District over the year. Pulling the balance of resources at this point in the fiscal year means certain wards are finished and others will not have most of their sidewalks (Wards 2, 3, and 4) or roads (Wards 2, 6, and 7), in poor condition, repaved.

The cut will also result in increased maintenance costs. Cutting investments in state of good repair does not erase the issue but shifts the problem to the maintenance budget which is not sufficiently funded to meet this new need. The reduction also creates several concerns for the contractor as they have built out capacity (with equipment and people) to meet the originally budgeted resources. If DDOT reduces the program by $20 million during paving season, they may be vulnerable to a claim from the contractor. DDOT was poised to use these funds to exercise an option period on its paving contract. If the funds are not available, the contract will be terminated and DDOT will be forced to start a new procurement in FY 2024.

In addition to contractor claims, the cut exposes the District to more claims and liability from pedestrians and motorists for damage to their vehicles. Finally, DDOT staff and overhead costs are tied to the available balances within their projects. The swept funding may put projects into deficit once DDOT gets into the height of the paving season.

Restoring the Eastern Market–L'Enfant Plaza Circulator route for only one year presents challenges for contract negotiations and will require more than $100 million in additional capital investment to house the Circulator's all-electric bus fleet. The Committee added $3.5 million in one-time funds to continue operating the Eastern Market–L'Enfant Plaza (EM-LP) Circulator route.

However, the Circulator contract with RAPTDEV has a 5-year option period and requires a consistent source of funding for all included routes that will enable DDOT to stick to the current 5-year option period. This allows the agency to forecast consistent budget costs without extreme shifts in year-to-year labor, contracting, or maintenance costs. The one-time funding source identified for the EM-LP route places the entire contract at risk for costly renegotiations with the current contractor every year.

Most significantly, the additional buses for this route will require building a second storage and charging facility since the fleet needed to serve that route would not be able to fit at the planned South Capitol Street facility. The District would need to add back the Claybrick Road garage capital project to accommodate the full electric fleet for all four routes. The garage is projected to cost more than $100 million.

The increase in fees on electric and gas usage to fund the Sustainable Energy Trust Fund will raise the average residents' utility bills by $31 a year when inflation has driven up prices by a record 9.2 percent over the last twelve months. The Committee has proposed increases in fees for gas and electric bills for residential and commercial customers. These increases start at $2.62

per month per household in FY 2024 ($31 annually) and increase to about $3.80 per household per month by FY 2027 ($46 annually).

The $25 million increase (or $133 million across four years) in new fees are costs that will be directly borne by all households, regardless of income and come at a time when inflation has driven up prices for electricity and natural gas by more than 9 percent over the last twelve months. As the Council is aware, it is my firm belief that making it more expensive to live in DC is not the key to supporting our comeback. I also have concerns about the disproportionate impact this will have on low-income residents.

Elimination of the BSA subtitle to delay the implementation of our Building Energy Performance Standards (BEPS) requirements eliminates time building owners and occupants need to adjust to the new vacancy levels they are experiencing. The proposed subtitle I submitted with the FY 2024 budget would slide back compliance to our building energy performance standards (BEPS) by three years. In doing so, it would allow building owners and building occupants more time to adjust to new vacancy levels within commercial and public buildings.

It is no secret that the pandemic has altered our working, shopping, and dining habits. As such, the owners and occupants need more time to develop realistic projections of what occupancy and commerce will be like. The Committee has cited that 80 percent of eligible building owners have already submitted plans to DOEE. What the Committee has failed to mention, however, is that the remaining 20 percent of those building owners who have yet to submit plans are disproportionately located in Wards 7 and 8. Further, many government buildings would need to be retrofit to comply with standards, which is another financial obligation the District would have to bear in a year in which our budget is incredibly tight and our financial plan for future years looks similar.

Committee on Business and Economic Development

Reducing the Food Access Fund will prevent applicants from receiving awards they have already applied for to reduce food deserts which are concentrated in Ward 7 and Ward 8. The Committee has proposed a one-time $7 million reduction in FY 2023 to the Food Access Fund. The committee has also recommended a recurring $3 million reduction in FY 2024, but my proposed budget does not include funds for the Food Access Fund after FY 2024.

The District was set to release conditional award notices this month for applicants to this fund. As a result of these cuts, DMPED will have to cancel the current Notice of Funding Availability (NOFA) for the Food Access Fund, meaning that there will be no opportunities for the Food Access Fund to support new food access points. The remaining funds in FY 2023 and FY 2024 would be reserved for a grocery store at Capitol Gateway, existing grant agreements, and personnel costs. Approximately 6-8 new projects were anticipated to be able to be supported by this additional funding.

Eliminating the Festival Fund will limit support for events to promote neighborhood vibrancy throughout the District. The Committee has recommended eliminating my proposed one-time $1.5 million enhancement in FY 2024 for the Festival Fund

This festival fund is an important Comeback tool because it offset costs for community organizations to host events in DC. Given the high demand for this program, eliminating this enhancement would stifle the comeback of our Downtown and other neighborhoods throughout the District.

Eliminating the one-time enhancement for Great Streets will limit growth opportunities for small businesses. The Committee has recommended eliminating my proposed one-time $3 million enhancement in FY 2024 for Great Streets and Small Business Fund.

My proposed budget provided $10 million for the Great Streets and Small Business initiative in FY 2024. This is an appropriate level of assistance for small businesses to support the District's comeback, within budget constraints. An even lower level of investment will mean less growth opportunities for small businesses, including equity-impact enterprises, and less vitality for our commercial corridors.

Reducing Tax Abatements for Affordable Housing in High-Needs Areas (HANTA) will limit our ability to meet or produce 12,000 new affordable housing units by 2025. The Committee has recommended reducing available abatements from $6 million to $5 million starting in FY 2025.

Lowering available abatements to $5 million would limit our ability to produce enough new affordable housing by planning area to meet our affordable housing goals by 2025. Anticipated abatements needed for projects that have already applied for HANTA currently exceed the $4 million current budget.

Committee on Executive Administration and Labor

Eliminating new dedicated funding for employee recruitment and retention will make it harder for DC government to maintain staffing levels and deliver programs and services. The Committee has proposed eliminating a new, centralized fund to support agencies in recruiting and retaining employees for hard-to-fill positions. The Committee asserted that DCHR has sufficient existing resources to meet the recruitment and retention needs of hard-to-fill positions across government, which is not accurate.

With the budget uncertainty we face, the sacrifices agencies are already making in this difficult budget year, a regional job market that remains highly competitive, and continued worker shortages at a national level for important positions like social workers and 911 call takers, it is critical that we find smart, targeted ways to maintain critical staffing levels. I am disappointed—and our employees and residents will be disappointed—that the Council is considering taking away a tool with such potential to help our agencies fill critical posts.

Committee on Facilities and Family Services

The Committee has proposed a 20 percent reduction to the DGS capital budget in FY 2024—more than any other agency in District government. The Committee has proposed an $8 million reduction in the $38 million FY 2024 capital budget I proposed for DGS. This amounts to more than a 20 percent cut. No other agency in government is facing such a significant decrease in capital funding. Most notably, this includes a 50 percent reduction in FY 2024 to the facility condition assessments that DGS uses to plan and prioritize facility renovations; complete elimination of DGS's fleet vehicle replacement budget in FY 2024; and a $2 million reduction to planned heating, cooling, and electrical upgrades at the DC General Campus serving the DC Jail. Most of the funding reduced from these projects is being earmarked for the purchase of land for a new—but so far unplanned and unfunded—library in Ward 4.

It is concerning to me that the Committee responsible for overseeing District facilities would slow DGS's work in these important areas:

- **$1 million from Facility Condition Assessments.** Although seemingly small, this reduction will set DGS back in its multi-year plan of making sure that every District-owned facility that needs a condition assessment is able to get one. Specifically, with this level of funding, DGS will only be able to perform about forty assessments in FY 2024, compared to the 80 that I proposed. Only the schools and recreational facilities that are legally required to be assessed under the PACE Act will be assessed. No other public facilities, including fire stations, police stations, and recreation and other community facilities not specifically named in the PACE Act, will be assessed. This means that DGS will lack a key tool in identifying and prioritizing capital repair and renovation needs of District facilities.

  Furthermore, the Committee asserted that DGS could use funding from its Critical Systems Replacement and Energy Retrofitting capital projects to conduct condition assessments. However, the funding that has already been allocated to Critical Systems Replacement is desperately needed to replace failing boilers at numerous school facilities, and all the funding in Energy Retrofitting (plus much more that is currently unbudgeted) will be needed to comply with the Building Energy Performance Standards (BEPS) that the Committee on Transportation and the Environment is proposing to reinstate in the Budget Support Act. Lastly, as the Committee notes, facility condition assessments are not eligible uses of long-term financing, which is the only funding source currently available in either of the projects identified as alternative sources of funding.

- **$1.1 million from DGS Fleet Replacement.** This reduction will eliminate the DGS fleet replacement budget in FY 2024 and as a result, DGS will need to stop purchasing vehicles in FY 2024. Despite the Committee's assertions, there are many vehicles beyond their useful life that need to be replaced, and many vehicles and pieces of equipment that the agency currently lacks. DGS is among the top agencies in terms of fleet size, and yet will be the only agency without dedicated capital funding for fleet in FY 2024.

- **$2 million from DC General Campus Renovations.** This funding is needed to complete work that is already planned and ready to go. The $2 million newly added this year to this project reflects updated estimates necessary to complete the project as planned. This includes replacing the aging and failing boilers at the central steam plant, which is currently the sole provider of steam for heat and hot water to the DC Jail. This will require the installation of temporary boilers to ensure continuity of services while new boilers are installed at the jail and five other buildings on the campus. Slowing this project down will put the operation of the DC Jail and other occupied buildings on the campus at risk of boiler failures, which would impact living conditions of residents at the jail and occupants of the other buildings.

Intentionally creating budget shortfalls on projects that are actively underway to fund projects that have still not been planned or funded is not responsible and I urge the Council to reconsider.

Cutting overtime by half in DGS's Facilities Maintenance Division will halt the agency's ability to fill the positions the Council is trying to fund with the cut. The Committee reduced the overtime budget for the DGS Facilities Maintenance Division by $1.9 million, or about 50 percent. The intent was to use the funding to allow DGS to fill seventeen existing vacant positions.

This reduction will have the unintended consequence of freezing all hiring at DGS starting on day one of FY 2024. Cutting the DGS overtime budget by $1.9 million will create an almost-immediate spending pressure in the agency and trigger a hiring freeze by the OCFO. Although the Committee is trying to support filling more positions at the agency, which I wholeheartedly support, it will unfortunately do the opposite and hamstring DGS's ability to hire not only these positions, but many other important vacancies the agency may have at the start of the fiscal year.

Committee on Health

Cutting case management services by half reduces the Department of Behavioral Health's (DBH) ability to serve highly vulnerable populations and will reduce the District's ability to respond to their specialized needs. My FY 2024 budget proposed $1.7 million a year in new funding to support expanded case management services at our Department of Behavioral Health that would support residents living in scattered site housing who are experiencing mental health crises. The Committee proposed reducing this new investment by half.

The Committee used as its justification that a case management vendor is not in place for these services. However, a vendor cannot be selected until the FY 2024 budget is approved. That does not mean that we will not be able to get such a vendor in place by the start of FY 2024. What this reduction will mean is that DBH will only be able to serve far fewer clients than is needed based on calls for service.

Cutting senior dental services by half for residents will reduce senior residents from accessing critical oral health services. I am proud that my proposed FY 2024 budget once again provided $550,000 to support free dental services for our seniors, However, the Committee has proposed cutting this funding by more than half, saying that enough seniors are not taking advantage of the program.

I disagree with this approach. We need to do more to make sure every eligible senior in our city knows about this opportunity, rather than cut funding and limit the number of people who can benefit. Seniors without adequate financial resources often avoid visiting the dentist due to costs. As residents age dental care is an essential prerequisite for overall health. Approximately 48 percent of low-income seniors visit the dentist for dental services, compared to 88 percent for high-income seniors. This investment promotes health equity by engaging seniors and providing them access to comprehensive dental care.

Committee on Housing

The Committee in charge of affordable housing reduces funding for affordable housing—a top concern of all DC residents. The Committee reduced funding for the Home Purchase Assistance Program (HPAP) by $4 million and eliminated all funding for the Heirs Property Assistance program. Instead, the Committee authorizes the use of the Housing Production Trust Fund (HPTF) for these purposes.

My proposed budget provided $2 million for the Heirs Property Assistance program, as well as $500,000 for a communications plan for the program. My proposed budget also provided $30 million for the Home Purchase Assistance Program (HPAP). Authorizing the use of HPTF funds in lieu of $2 million for Heirs Property Assistance and $4 million for HPAP is asking us to choose between advancing Black Homeownership and producing enough affordable housing units in the District. Further, excluding the Heirs Property Assistance communication plan from the HPTF authorization will limit the extent that District residents take advantage of the program.

I have been steadfast in my administration to both increase the Housing Production Trust Fund and maintain it for its created use—affordable housing production and preservation. The move by the Committee creates a new precedent to rely on HPTF for all affordable housing needs—reversing the hard work since 2015 to create a robust set of independent tools to address the affordable housing needs of residents across the entire continuum of need.

I urge the Council to strike the BSA subtitle that modifies the HPTF's uses and restore funding to these critical affordable housing tools.

Introduction of a part of the "DC Housing Authority Accountability Amendment Act of 2023" would subject an agency with limited funds to significant penalties at a time when it is devoting significant resources to address living conditions at all public housing units. A function of this subtitle would subject the D.C. Housing Authority (DCHA) to the District's central consumer protection law on the same terms of landlords in matters arising after December 19, 2016. I am deeply concerned about further reducing resources for our Housing Authority.

DCHA is embarking on an ambitious plan to rehabilitate units during a time in which construction and labor costs are soaring due to exigent economic circumstances. Allowing current and former residents the ability to sue DCHA and recoup substantial sums of money in damages would require DCHA to divert funding from rehabilitative initiatives to a litigation and damages fund. Forcing DCHA to prepare for potential litigation will delay their rehabilitation timeline and limit the resources they can dedicate to that initiative.

Committee on the Judiciary and Public Safety

Reversing the planned sunset of the Criminal Code Reform Commission will divert funds from important public safety priorities to a commission that has already completed its mission. The Committee reversed the provision to sunset the Criminal Code Reform Commission but did not fully fund the agency.

The DC Criminal Code Reform Commission ("CCRC") was established in 2016 to provide recommendations to the Council and Mayor about revising the District's criminal code. The commission has fulfilled its mandate and completed its charge. Additionally, the commission, as established, does not have an effective role for the mayor and does not represent the interests of all District citizens. Therefore, in a time where the District must be increasingly cognizant of where funds are being allocated, it would not be in the District's best interest to allocate funds to the CCRC since it has completed its work. I urge the Council to reject its funding and associated BSA subtitle.

Reducing the Capital Guardian Youth ChalleNGe Academy Maintenance Fund will severely limit resources for a critical program that serves a youth violence prevention and intervention program. The Committee eliminated all recurring funding for the ChalleNGe Academy Maintenance Fund and reduced the one-time enhancement for the ChalleNGe Academy Maintenance Fund by over $100,000.

My proposed budget provided a one-time enhancement in FY 2024 of $250,000 to supplement $131,239 in recurring funds for the ChalleNGe Academy Maintenance Fund. Reducing the ChalleNGe Academy Maintenance Fund would only leave $147,028 for the fund, severely limiting resources for preventative maintenance for a residential program that serves at-risk youth to reduce and prevent youth violence, which already has a backlog of. The agency currently has a backlog of maintenance needs, and these additional funds are necessary to ensure that youth can be housed safely at the Academy facility.

Reducing hiring capacity will limit the District's Public Safety agencies from fully staffing existing initiatives or enacting current hiring plans, including cuts to some of the District's most hard-to-fill positions. The Committee reduced $1.1 million in available personnel services funds among two critical Public Safety and Justice agencies: the Office of Neighborhood Safety and Engagement (ONSE) and the Office of Unified Communications (OUC).

This reduction will increase the vacancy savings rate of each agency well beyond the rates recommended by the Office of the Chief Financial Officer (OCFO) and will limit agencies' ability to hire positions critical to the safety and wellbeing of District residents, including 5 FTEs in the Office of Neighborhood Safety and Engagement and 7 FTEs in the Office of Unified Communication. I consistently hear from residents and Councilmembers the need to fill critical vacancies at these agencies and the proposed changes will make it difficult to fill these hard-to-fill positions like violence interrupters and 911 call takers.

Committee on Public Works and Operations

A $2 fee on for-hire vehicle rides in and out of downtown stands in the way of DC's comeback. This subtitle institutes a $2 congestion charge on digital dispatch companies for rides coming in and out of downtown between 7:00 a.m. and 7:00 p.m. This subtitle will undermine the District's ability to attract people back into the office, just as we are promoting a return to in-person work to fill office buildings and to recreate a lively community downtown. Additionally, this subtitle will disproportionately impact residents who already live downtown. The goal is to create and sustain a thriving Downtown D.C. With this additional charge in place and without focused investments, the city will face long-term effects for many years to come. This subtitle is ill-guided and will do more harm than good. Now is not the time to implement revenue raising practices, especially to a location within the city that is still struggling to recover.

The reallocation of 80 percent of DPW's overtime budget will create pressures in the Solid Waste Management division. The Committee proposed reallocating $4.8 million (approximately 80 percent) of DPW's overtime budget to fund fifty-two vacant positions.

However, most overtime usage at DPW is in the solid waste management division that has thirteen (13) mandatory overtime events each year to maintain trash collection and keep the transfer station open around holidays. Most of the vacant positions added back by the Committee are for parking enforcement which does not rely heavily on overtime. The result will be a spending pressure early in the fiscal year that will cause the agency to have to stop hiring these critical positions.

Eliminating funding for the Residential Supercan Replacement Program will delay efforts to respond to residents' calls for functioning trash cans and more effective rodent control. The Committee eliminated the $3.4 million I proposed in my FY 2024 budget to begin replacing residents' Supercan trash cans on an eight-year cycle.

More residents request replacements of their Supercans than we can pay for with existing funding dedicated to this purpose. This new investment was designed to finally put us on track to create a regular replacement schedule that would ensure more residents had properly functioning trash cans, which is one of the key tools we have in controlling the city's rodent population.

The $2.1 million reduction in Local, non-ARPA funds at DFHV will result in 25,000 fewer trips through Transport DC, not DC School Connect, as intended by the Committee. The Committee recommended a recurring reduction of $2.1 million in Local, non-ARPA funds to DFHV's budget. This was based on the understanding that my budget included an increase in Local non-ARPA funds for DC School Connect, however this did not occur.

If the reduction to Local funds is sustained, then DFHV will have to cut the Transport DC program by half, equating to more than 25,000 trips the program will no longer be able to provide.

The Clean Curbs Pilot Program Act of 2023 will present operational challenges for DPW, and delay pick up times on pilot blocks. The Committee has proposed adding $1.4 million to pilot a new program by which DPW-serviced households would no longer have individual trash pick-ups, but instead will use community waste bins shared by multiple households. The pilot would occur at three locations: the 3000 block of Sherman Avenue, NW; the 1700 block of U Street, N.; and the 3300 block of 17th Street, NW.

The pilot will present operational challenges to DPW**.** Because of the opt-in model, DPW will still need to pick up the cans for households not participating in the program. The pilot will also affect street sweeping on the blocks. It may also encourage illegal dumping from those who do not have a combination to the locked bin, as well as attract rodents.

Committee on Recreation, Libraries, and Youth Affairs

The addition of $5 million in capital funding in FY 2024 to acquire land for a new Ward 4 Library goes against the recommendation of the DCPL Board of Trustees to not add any new libraries currently. In addition, the proposed BSA subtitle restricts the Executive on planning for Shepherd Park Library's modernization. My proposed FY 2024-FY 2029 capital budget included $25 million for a new Ward 4 library to begin construction in FY 2027. The project would replace, modernize, or rebuild onsite the current Shepherd Park Library. The Committee has proposed adding $5 million to this project in FY 2024 to acquire property on or near Kennedy Street for an altogether new library, in addition to the existing Shepherd Park Library. Further, through the Budget Support Act, the Committee has proposed restricting the Executive from replacing the Shepherd Park Library and stipulates that no capital funding for this project can be used until a new property is acquired. By taking this action, the Committee usurps the legal authority of the DCPL Board of Trustees who are responsible for the oversight and management of the library system.

The DCPL Board of Trustees has urged the Council not to add any new libraries to the city's portfolio given the funding and staffing required to operate new libraries. The Board instead urges the Council to prioritize modernizing and replacing existing libraries. DCPL already has capital funding to replace and expand the four smallest libraries in the District, which will soon require additional funding to operate. In addition, the BSA subtitle restricts DCPL's ability to plan the future of Ward 4 libraries in a way that considers the realities of available budgetary resources.