

**DISTRICT OF COLUMBIA APPROPRIATIONS FOR
FISCAL YEAR 2001**

HEARING
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
UNITED STATES SENATE
ONE HUNDRED SIXTH CONGRESS
SECOND SESSION

ON

H.R. 4942 and 5633/S. 3041

AN ACT MAKING APPROPRIATIONS FOR THE GOVERNMENT OF THE DISTRICT OF COLUMBIA AND OTHER ACTIVITIES CHARGEABLE IN WHOLE OR IN PART AGAINST THE REVENUES OF SAID DISTRICT FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2001, AND FOR OTHER PURPOSES

**Council of the District of Columbia
Financial Responsibility and Management Assistance Authority
Office of the Mayor**

Printed for the use of the Committee on Appropriations



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CONTENTS

TUESDAY, JUNE 13, 2000

	Page
Council of the District of Columbia	1
Financial Responsibility and Management Assistance Authority	1
Office of the Mayor	1
Nondepartmental witness	87

**DISTRICT OF COLUMBIA APPROPRIATIONS
FOR FISCAL YEAR 2001**

TUESDAY, JUNE 13, 2000

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 11:06 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Kay Bailey Hutchison (chairman) presiding.

Present: Senators Hutchison, Kyl, and Durbin.

DISTRICT OF COLUMBIA

OFFICE OF THE MAYOR

STATEMENT OF HON. ANTHONY A. WILLIAMS, MAYOR

COUNCIL OF THE DISTRICT OF COLUMBIA

STATEMENT OF LINDA W. CROPP, CHAIRMAN

**FINANCIAL RESPONSIBILITY AND MANAGEMENT ASSISTANCE
AUTHORITY**

STATEMENT OF DR. ALICE RIVLIN, MEMBER

OPENING STATEMENT OF SENATOR KAY BAILEY HUTCHISON

Senator HUTCHISON. I would like to make a short opening statement, and then we have two other Senators who are going to be late. We are going to start and proceed and then as they come, we will certainly welcome them to take part in the hearing.

I want to welcome our witnesses today, Mayor Williams, Council Chairman Cropp, and Dr. Rivlin. Each of you is playing a critical role in the revitalization of the District of Columbia.

PERCENT OF FEDERAL FUNDS

Today's hearing, of course, focuses on the District's 2001 budget. The Federal Government is providing nearly \$400 million in direct spending for the District and in combination with Federal grants, the U.S. funds 27 percent of the District's budget.

I think there is good news in the District budget. Clearly, the City is headed in the right direction financially. For fiscal year 2001, I am told you are planning to hold a surplus of approximately \$260 million above the 4 percent requirement of \$189 million.

RESERVE

The District is also doing the right thing with the reserve fund, continuing to hold the \$150 million in emergency reserve. There are, I think, some other financial safeguards that should benefit the City, and I hope that we can discuss those as we go through this process.

EDUCATION SPENDING

Education spending, under this budget, will improve dramatically for both the public school system and charter schools. Spending will be on a per-pupil basis so that charter schools are not discriminated against.

TAX CUT

And the District is continuing with its tax cut that was passed last year, reducing property rates and income tax rates, hopefully making the District more competitive with neighboring jurisdictions. I think these are positive developments.

DEBT POLICY

Having said that, I do see some red flags for the future. I believe the District is moving in the wrong direction on debt policy. The City is refinancing its debt, albeit saving on short-term interest costs, but putting itself in debt for a longer term.

The City already has \$3 billion in debt. And it seems to be intent on expanding that debt, planning nearly \$1.6 billion in new debt in the next 5 years.

In 1999 Moody's Investors Service, assessing the District of Columbia, said, "The District's annual debt service burden is projected to remain a heavy 11 to 12 percent of local revenues."

PER CAPITA DEBT

Cities with low debt that receive high bond ratings have per capita debt of approximately \$743 per person. The District's per capita debt ratio is almost \$6,200 per person. As you can see, the District's debt ratio is far beyond what it ought to be.

In looking at the Moody's comments, they say that all of the ratios for the District of Columbia are high when you are looking at its debt from any standpoint.

So I am going to raise the caution flag and say that I think the one thing that the District must do to get on a track to receive a better bond rating is to look at debt principles and a debt policy that is more restrictive rather than less.

I know there are infrastructure needs, but this kind of increasing debt, I think, is the wrong direction. And as we all know, we are going into a higher interest rate market.

RESERVE FUNDS

During the budget debate, there was considerable discussion about the \$150 million reserve fund. I do not believe the fund needs to be cumulative. I do believe, however, that the District

must hold a real reserve each year, and that it must only be spent for real emergencies.

Further, I think dipping into the reserve should be the funding source of last resort, and all other surplus funds should be exhausted before tapping the emergency fund.

I will propose that the reserve be placed in a separate interest-bearing account so that the public and the market watchers will know that the reserve is real and tangible, a rainy day account, and not a bookkeeping entry.

Additionally, if there is a need for unanticipated expenses, which we did see this year, versus genuine emergencies, then I would be open to providing the City with greater flexibility.

UNANTICIPATED NEEDS

Unanticipated needs are those spending items that might arise after the budget process or something required by Federal legislation, perhaps something due to severe weather or even a court order.

Any new flexibility must be accompanied by more established criteria for what is emergency spending and what is simply unanticipated. I believe we must have very certain parameters if we are going to have greater flexibility, which I think we need.

So let me conclude by reiterating that I think the City's overall financial picture is good. I believe that working together, we have been able to make some great progress. And I think we can craft a budget that will even go further to give you needed flexibility but solid financial parameters, so that you will continue to build toward a better bond rating and lower borrowing costs and, of course, a healthier city.

I want to thank all of you for being here and for all you are doing and for the great working relationship that I feel that we have.

Before we begin with your testimony, I just want to remind you that your entire statement will be made part of the record, so that if you can limit your opening statement to 5 minutes or so, we will put your entire statement on the record.

And then I will also say that without objection, the record will remain open until 5 p.m. on Monday, June 19, 2000 for the submission of any additional testimony or responses to questions that members may raise as they come.

As I mentioned, Senator Durbin will be here later, and Senator Kyl, as well, will be here later.

So with that, I would like to recognize Mayor Williams and welcome you here.

STATEMENT OF MAYOR ANTHONY A. WILLIAMS

Mayor WILLIAMS. Thank you, Madam Chairman, and members of the Committee for having us here today to talk about the District of Columbia's fiscal year 2001 budget.

I have submitted my testimony for the record. As I go through it, I will try to give you the highlights to allow the maximum amount of time for my colleagues to submit their testimony and for questions and answers.

This budget builds upon the strong financial recovery we have achieved over recent years. We are going to begin the 2001 budget having met the three financial goals set by Congress.

FOUR CONSECUTIVE BUDGETS

First, we will have balanced four consecutive budgets, those for fiscal year 1997 through fiscal year 2000; second, we will have gained full access to credit markets; and third, we will have established financial reserves totaling over \$400 million.

Now that we have stabilized our finances, I believe the District government has and must necessarily triple its efforts to enhance service delivery for residents and businesses to create the climate for investment that will expand our economy in the long run.

Although we still have much work to do in managing difficult areas such as procurement and street repairs, tree maintenance and infrastructure improvements, we are making tremendous strides every day, and will continue to demonstrate a strong record of steady improvements.

Most important among the improvements supported by the 2001 budget are those that support children. As you know, Senator, our budget flows from something we are calling Neighborhood Action, where we have brought in the faith leadership, business leadership, non-profit leadership and citizens of our city.

Some 3,000 of them gathered in the convention center to talk about a vision for our city. And chief among their goals was supporting children and families and building safe and prosperous neighborhoods.

NEIGHBORHOOD ACTION

And very importantly, our citizens proceeded with Neighborhood Action with the understanding that government itself cannot achieve all these goals, but must act as a reliable partner with the faith community, with our non-profits and, very importantly, with our businesses.

That is why I am proud that the Council has joined with me in a budget that is based on these priorities, including full funding for our schools, because as I said in my State of the District address at Ballou High School, this budget is an education budget.

I believe if we want our city to attract residents, if we want our city to attract businesses that have employees that have children that need a school, we are going to have to improve our schools. So we are committing full funding for the public schools, an increase of \$52 million for next year.

SCHOOL FUNDING

This is the first time in over 20 years that a mayor proposed a budget with a needed level of funding for our schools. And we have balanced the approach of full funding with accountability. We are going to be working with the Council to see that our schools have, not only strength and accountability in terms of a referendum that we are pushing to give more direction and control in our school government's process, but also to give our schools independence

and autonomy in their procurement, in their finance, in their personnel, and we hope as well in their budget year.

With this investment, we hope to provide incentive pay for teachers who go the extra mile to provide funding for something we are calling "Lead Principals," an effort to go out and find 30 of the very best principals in the country to work in our school system.

CHARTER SCHOOLS

As well, and very, very importantly, the budget expands options for public school students and parents. To accommodate increasing enrollment in charter schools, we committed \$77 million next year to continue the reform effort. Currently, charter school enrollments are increasing year to year, but the budgets are based on last year's enrollment.

And I am hoping over the next year to work with members of Congress, Kevin Chavous, the Chair of our Council Committee on Education, the Chair of our Council Community Leaders, to correct this situation, to ensure that all of our schools are funded on a reliable, adequate basis, which I think will save a lot of us time and trouble, and allow us to really get at the appropriate level of oversight and program evaluation.

YOUTH VIOLENCE

This budget also includes a major continued initiative as it relates to youth. We are going to be announcing shortly a major youth violence initiative focused on east of the river, where we have high incidents of youth violence.

I have always believed that a key to this is not only a relationship between the local and the Federal Government, a relationship between our government and the private sector, but very importantly on a competitive basis, in partnership with the sectors that I described, an investment in out-of-school, after-school programs for youth. And so we are continuing in the effort, investing in this budget \$10 million for after-school programs.

TUITION ASSISTANCE

I want to spend a minute and talk about tuition assistance because this is something in which we have been heavily involved with the Congress and with our business leadership.

I am proud that our business leadership for the first time on a regional basis really committed itself to our children in this tuition assistance program and joined with the Congress to make this happen.

We all know that to compete in this global economy, it is imperative for our kids to continue their education beyond the 12th grade. The success of Bill Gates is truly one in a billion. The rest of us need the opportunity to obtain a college degree.

To that end, I thank all the partners who have made this possible. Now, as you may know, the residents of every State in the union have a variety of public institutions to choose from.

Thanks to this tuition assistance grant program in our city, the residents of the District will now have the same choices as residents of other States.

We face many challenges in getting the tuition assistance grant program up and running. We must design and build an administrative process that utilizes the latest technology and must do it even as we administer the program.

This is a costly and painstaking undertaking. It is also important to understand that administrative outlays in the first few years of the program are slightly higher than they should be. That is why I have taken the step of investing District money into the program over and above the monies received from the Federal Government for administration.

We want to study and match the best practices of other State scholarship programs.

An even more difficult challenge lies in letting our population know they have many low-cost, low-tuition choices for educating our children. Unfortunately, our young people have had too few choices for too many years.

Too many of our African-American, Latino and Asian youth have been deprived and have felt alienated rather than assisted and praised. And it has taken a massive public relations effort to let our young people know about this innovative program and convince them that they now do have a choice. They do have an alternative.

We have also stepped in with District resources to pay for this increased outreach. We are pleased at the way our young people have responded. Last week, we received over 300 applications.

We are finding that 95 percent of those who apply are eligible. The current rate of applications gives us great confidence that we will oversubscribe our predicted number of applications.

PELL GRANT PROGRAM

Only 15 percent of the target population applied for the Pell Grant Program in its first year. In the second year, just 35 percent of the potential applicants submitted an application.

We are well on our way to doubling that second year figure in our first year. We are confident that participation in the program will increase in each coming year.

A large proportion of our graduating high school seniors as well as students attending eligible institutions will receive the D.C. Tuition Assistance Grant. Unfortunately, a large group of students, who otherwise would be eligible, have been left out. These are District residents that would be seniors in college this fall.

A cutoff date of January 1, 1998, written into the legislation, results in most seniors being ineligible for the program. I am requesting that Congress reconsider this cutoff.

By moving it back to January 1, 1997, a whole class of students will become eligible. This will give us the ability to have a full cohort of students in the program in its first year.

And I am confident that we have the capacity to administer a full program, including our college seniors this year.

SAFE NEIGHBORHOODS

In the area of safe neighborhoods, another top priority of our city, I will say briefly that in this budget we have committed \$4.4 million to hire 175 more police officers. And I am going to continue to challenge the police, the prosecutors, and the courts to manage

our resources efficiently, and get more out of our officers on the beat where we need them.

GUN BUYBACK PROGRAM

Second, as part of MPD's budget, we will continue our gun buyback program, which collected almost 3,000 guns last year.

Third, we will continue our Capitol Communities Initiative to shut down open air drug markets in our city. We have already seen the benefits of community policing in these neighborhoods. In some cases, crime has gone down over 50 percent.

Fourth, we will mount a coordinated effort to root out the conditions that breed and foster crime in our communities with an anti-graffiti campaign and renovating more abandoned properties.

FIRE DEPARTMENT

In addition to crime fighting, we are going to insist that we support our dedicated firefighters who risk their lives to protect our homes and neighborhoods. This budget invests \$7.5 million to buy new pumper trucks, ladder trucks and rescue vehicles.

You can never take all the risk out of being a firefighter, but you can and should invest in their safety. And that is why this budget commits \$4.3 million to add a fifth firefighter to our fire trucks and a battalion aide, so that no fire team will go into action without the full complement and resources they need.

ECONOMIC DEVELOPMENT

I go into my testimony in what we are doing in economic development, rehabilitating—for example, committing \$21 million over 3 years to demolish more than 1,000 units of vacant and abandoned housing, committing to home ownership, committing to boarding up houses that go toward abating nuisances and stabilizing our neighborhoods; and as well, a commitment in this budget, more than \$7 million to acquire sites to relocate our District agencies in our neighborhoods.

RIGHT SIZE GOVERNMENT

I believe as we right size our government, we can also make our government more accessible to our people, not only, as I will say in a second, through E-government, but making it more accessible out in our neighborhoods, which gets me to the point of government efficiency.

I believe that the long-term salvation, redemption, recovery of our city is not only in the area of expanding our economy in the ways we have suggested, but also very, very importantly in bringing our costs of our government to size.

I think that we have an excellent opportunity here, not only because the economy is going as well as it is, but because while the economy is going well and while we have the advantage of technology, we have the opportunity to take advantage of early buyouts, to take advantage of a fairly high attrition rate, to on a methodical, deliberate basis bring our government down to its right size without the kind of dislocation and displacement that is neces-

sitated when you do things in the midst of a crisis. And we are committed and determined to doing that.

EQUIPMENT FOR PUBLIC WORKS

First, we have invested in the Department of Public Works to move toward a gold standard, we are calling it, of customer service. We have committed \$19 million for more equipment, including 10 garbage trucks, and 20 snow-ready dump trucks, so we can get the trash picked up on time regardless of weather.

IMPROVEMENTS AT DMV

Second, we have increased staffing to reduce waiting times at DMV. I am pleased to say to this Committee and to our public that over the last month since we have made changes in our staffing and in our complement at DMV, with the support of the Council, no one in the inspection station in Southwest has waited over 20 minutes, not one person.

Not one person going to renew their driver's license, renew their registration, has waited over 20 minutes over the last month. And that is definitely progress, as we count it in the District.

TECHNOLOGY IMPROVEMENTS

Third, we have invested \$55 million to improve technology and create a virtual E-government providing a wide range of online services. We are going to be announcing our goal to make the District the best E-government in the country in 2 years. I believe the march toward E-government is another opportunity we have to right size our government again without extraordinary dislocation and displacement of our employees.

MANAGEMENT SUPERVISORY SERVICE

Fourth, we are going to be intensifying the implementation of the management supervisory service, which will establish performance requirements for key managers throughout our government. It will bring real accountability to the bureaucracy and make government more responsive.

RISK MANAGEMENT

Finally, we are going to be working aggressively to improve our risk management. We still have areas of this government that are fantastically dysfunctional. Lives are at risk. Rather than waiting for the newspaper to tell us our marching orders, we need to be proactive and aggressive and get this done ourselves. We are committed to doing that in cooperation with our CFO, our I.G., and our program managers.

HEALTH CARE

Finally, I want to talk about health and the commitment in this budget, \$10 million to build and expand community based doctors' offices accessible to every home in the District.

We believe that we can save money in healthcare by making this healthcare much more proactive and preventative, clinically based,

primary as opposed to intensive in major institutions, in the emergency room.

RIDERS ON APPROPRIATION BILL

As I have stated finally in the area of democracy, the District will, for the fourth straight year, enjoy a budget surplus. And despite this good news and proof that we can govern our city well, there is still the specter of riders to our appropriations bill.

This year, I would hope that we can work with the Congress to allow our citizens to make their own decisions like other officials around the country do on a local level and use this budget and use the strategy that informs this budget to make our national Capital not only a model for children and families, not only a model for safe and prosperous neighborhoods, but a model to show that democracy can work at the epicenter of the free world.

So I want to thank you, Madam Chairman, Senator Kyl and other members of the Committee for having us here today. And I would be happy to answer your questions at the end of the testimony.

Senator HUTCHISON. Thank you, Mayor.
[The statement follows:]

PREPARED STATEMENT OF MAYOR ANTHONY A. WILLIAMS

Chairman Hutchison, Senator Durbin and Members of the Subcommittee, thank you for the opportunity to testify before you today. It is indeed an honor and a privilege to share with the Subcommittee the District of Columbia's fiscal year 2001 budget.

This budget builds upon the strong financial recovery achieved over recent years. The District will begin fiscal year 2001 having met the three financial goals set out by Congress. First, we will have balanced four consecutive budgets (those for fiscal year 1997 through fiscal year 2000), second, we will have gained full access to credit markets, and third, we will have established financial reserves totaling over \$400 million.

Now that we have stabilized our finances, the District government has tripled its efforts to enhance service delivery for residents and businesses. Although we still have much work to do in managing difficult areas such as procurement, and street repairs, and the long lines at the DMV, we are making tremendous strides every day, and will continue to demonstrate a strong track record of steady improvements. Most important among the improvements supported by our fiscal year 2001 budget are those that support our children.

EDUCATION

I am proud that the council approved my budget that was based on citizens' priorities, including full funding for our schools. As I said in my State of the District Address, this budget is an "Education Budget." If we want to attract residents back to our city and ensure a future for our children, then we can settle for nothing less than the best education system of any big city in America. We have a long way to go, but we are making progress.

That's why I am committing to full funding for the public schools—an increase of \$52 million for next year. This is the first time in over twenty years that a Mayor proposed a budget with the needed level of funding for our schools. I have balance the approach of full funding with accountability, which is the only way of ensuring that the funding reaches the classrooms where it belongs.

With this investment, we will offer incentive pay to teachers who go the extra mile and provide another three percent pay raise for them, bringing our teachers' salaries more in line with neighboring jurisdictions because I recognize the vital role they play in our children's lives. The budget also includes funds to expand adult education at UDC, support the Homework Helpers Program and extend library hours.

Even as we make a big investment in education, we also need to hold the school system accountable for those funds. That is why I support a smaller, stronger School

Board of both elected and appointed members. Our citizens will vote on this proposal on June 27th. This is an opportunity to fix what's clearly broken.

This budget also expands options for public school students and parents. To accommodate increased enrollment in charter schools, we committed \$77 million next year to continue the reform effort. Currently, charter school enrollments are increasing year to year, but budgets are based on last year's enrollment. That means there's a one-year lag between increased enrollment and an increased budget. Over the next year, I look forward to working with Members of Congress, our City Council and the community to correct this situation to ensure fair competition. Educating our children is a first step, but we also want them to live in safe communities. That's why the next priority I want to discuss is making our neighborhoods safe.

YOUTH INITIATIVES

We also need to continue our commitment to provide quality activities before school, after school, on the weekends, and in the summers. As part of the Children Investment Trust, I included \$10 million in additional funding to provide programs during these out of school hours when our children are more likely to fall into trouble. Studies show that after-school programs reduce juvenile crime and raise academic performance, and it's time to give them the support they deserve and allow them to grow up and compete in the global economy.

TUITION ASSISTANCE

To compete in this global economy it is imperative for our kids to continue their education beyond the 12th grade. The success of a Bill Gates is truly one in a billion. The rest of us need the opportunity to gain a college degree.

To that end I want to thank the Congress for passing the District of Columbia College Access Act and, through it, appropriating money for the D.C. Tuition Assistance Grant Program. This wonderful new program will give many D.C. residents the opportunity to attend college for the first time.

As you may know, the residents of every state in the union have a variety of low-cost public institutions to choose from. Thanks to the D.C. Tuition Assistance Grant Program, the residents of D.C. will now have the same choices as residents of other states.

We face many challenges in setting up the D.C. Tuition Assistance Grant Program. We must design and build an administrative process that utilizes the latest technology. We must do it even as we administer the program. This is a costly undertaking. It is important to understand that administrative outlays in the first few years of the program will be greater than normal. That is why I have taken the step of investing District money into the program over and above the monies received from the Federal government for administration. We want to study and match the best practices of other state scholarship plans.

An even more difficult challenge lies in letting our population know that now they have many low-cost, low-tuition choices for educating our children. Unfortunately, our young people have had too few choices for too many years. Too many of our African-American, Latino, and Asian youth have been deprived and alienated rather than assisted and praised. It has taken a massive public relations effort to let our young people know about this innovative program and convince them that now they do have a choice. We have also stepped in with District resources to help pay for this outreach.

We are pleased at the way our young people have responded. Last week we received over 300 applications. We are finding that 95 percent of those who apply are eligible. The current rate of applications gives us great confidence that we will oversubscribe our predicted number of applications. Only 15 percent of the target population applied for The Pell Grant Program in its first year. In its second year, just 35 percent of the potential applicants submitted an application. We are well on our way to doubling that second year figure—in our first year. We are confident that participation in the program will increase in each coming year.

A large proportion of our graduating high school seniors as well as students attending eligible institutions will receive the D.C. Tuition Assistance Grant. Unfortunately, a large group of students, who otherwise would be eligible, have been left out. These are the District residents that will be seniors in college this Fall. A cutoff date of January 1, 1998, written into the legislation, results in most seniors being ineligible for the program. I am requesting that the Congress reconsider this cutoff. By moving it back to January 1, 1997, a whole class of students will become eligible. This will give us the ability to have a full cohort of students in the program in its first year. I am confident that we have the capacity to administer a full program, including our college seniors, this year.

SAFE NEIGHBORHOODS

We've made some progress in the past year at reducing crime in our neighborhoods, but I will be the first one to tell you that we've got to do more. We need a budget that supports our men and women in uniform, and empowers citizens to reduce crime in their neighborhoods.

For starters, the District committed \$4.4 million to hire 175 more police officers and I'm going to continue to challenge the police, the prosecutors, and the courts to manage our resources efficiently and get more of our officers on the beat where we need them. Second, as part of MPD's budget, we will continue our gun buyback program, which collected almost 3,000 guns last year. Third, we will continue our Capital Communities initiative to shut down six open-air drug markets. We've already seen the benefits of community policing in those neighborhoods, and I want to take this strategy citywide. Fourth, we will mount a coordinated effort to root out the conditions that breed crime in our communities like an anti-graffiti campaign and renovating more abandoned properties.

In addition to crime fighting, I will also insist that we support our dedicated firefighters who risk their lives to protect our homes and neighborhoods. This budget invests \$7.5 million to buy new pumper trucks, ladder trucks, and rescue trucks. You can never take all the risk out of being a firefighter, but you can and should invest in their safety. That's why this budget commits \$4.3 million to add the fifth firefighter to our fire trucks and a battalion aide, so that no fire team will have to go into action with one arm tied behind their backs.

NEIGHBORHOOD DEVELOPMENT

The next priority of this budget is economic development in our neighborhoods. In this budget, I committed \$21 million over three years to demolish more than 1,000 units of vacant and abandoned housing throughout the city to make way for new homes. This budget also contains funds to hire 24 new housing inspectors to preserve our housing stock as well as an additional \$2 million to support neighborhood cleaning efforts.

Following through on a commitment I made last year, this budget contains more than \$7 million to acquire sites to relocate District agencies to our neighborhoods. These new facilities will also provide retail space and spur neighborhood economic development just like the Reeves Center has done for U Street.

GOVERNMENT EFFICIENCY

I also want to discuss our ongoing effort to improve services for residents. In the last year, we've made real progress, but much more remains to be done.

First, we've invested in the Department of Public Works, to deliver that "gold-standard" of customer service. That is why this budget contains \$19 million for more equipment, including 10 garbage trucks and 20 snow-ready dump trucks so we can get that trash picked up on time.

Second, we have increased staffing to reduce waiting times at DMV. We have made some improvements at DMV, but we also face increased demand because more people are moving to the city.

Third, we invested \$55 million to improve technology and create a virtual "e" government, providing a wide range of on-line government services.

Fourth, we are intensifying the implementation of the Management Supervisory Service, which will establish performance requirements for key managers across the government. MSS brings real accountability to the bureaucracy, and make government more responsive.

Fifth, we are working to improve risk management. We still have areas of this government that are fantastically dysfunctional. Lives are at risk. Instead of constantly reacting to lawsuits and court orders, I want to proactively and systematically look into this government, find the problem areas, and root out the dysfunction before the next crisis comes along. In the process, I believe we will save taxpayers millions of dollars in legal settlement costs.

HEALTH CARE

This budget provides \$10 million to build and expand community-based doctor's offices conveniently accessible to every home in the District. I also have a deep personal conviction that the government has an obligation to protect vulnerable citizens. To that goal, this budget will provide \$1.4 million for 4 new senior wellness centers, expanded home care services, and job opportunities for seniors.

This budget makes important strides in the areas of Lead Poisoning, HIV Tracking, clean water initiatives and full funding the Commission on Mental Health and Child and Family Services to bring receiverships back under my control.

DEMOCRACY

As I have already stated, the District will, for the fourth straight year, enjoy a budget surplus. Despite this good news and proof that we can govern our city well, there is still the specter of anti-democratic riders to the annual D.C. Appropriations bill. This year, we hope the Congress will allow District leaders to make their own decisions, just like other officials around the country make for their citizens. Over 90 percent of this budget is District taxpayer money.

This year, I hope that the Congress will follow the President's lead and choose not impose these unnecessary riders on the DC Appropriations bill.

Thank you for allowing me this opportunity to testify before you today. I will be glad to answer any questions you might have at this point.

Senator HUTCHISON. First, I never did see her myself, but my staff tells me that Delegate Eleanor Holmes Norton is here and if she is, I would like to recognize her great work for the District.

Thank you for being here.

Senator KYL, did you have any kind of statement, or did you just want to participate in questions?

Senator KYL. I just have a couple of questions.

Senator HUTCHISON. All right.

With that then, I will call on Ms. Cropp, our Council Chairman.

STATEMENT OF LINDA W. CROPP

Ms. CROPP. Thank you very much Chairwoman Hutchison, Senator Kyl, members of the Senate Appropriations Subcommittee of the District of Columbia. I am pleased to be here with my colleagues to testify on the District's fiscal year 2001 budget.

Also in the chambers this morning is a Council colleague, David Catania, at-large member to the Council.

Let me fast forward to next year and imagine another oversight hearing, except we will be celebrating that day for the following reasons: We would have balanced our budget for four straight years. We will, again, present to Congress another fiscally sound budget. The Financial Authority would disappear. And I think Dr. Rivlin and the members of the Authority will also be happy about that, because they will not—

Senator HUTCHISON. I think they are celebrating that you will not be here, Dr. Rivlin. How does that make you feel?

Dr. RIVLIN. I think that is right.

Ms. CROPP. And I think she will—

Dr. RIVLIN. And I am glad.

Ms. CROPP. She will join us in that celebration. And that day would be a proud occasion for the District of Columbia government, because this is what we have been striving to accomplish, the Council, the Mayor and the Financial Authority during the past 3 or 4 years to become solvent financially and to end the control period.

In this context, we are pleased and proud to present a good product for fiscal year 2001, a spending package that is fiscally disciplined, prudent and balanced.

It includes more money for schools, police, health care, neighborhoods and a modest tax credit for some 54,000 low-income families.

FISCAL YEAR 2001 BUDGET

In this budget, the Council has set forth several goals for our city. We have joined with the Mayor in doing this, service improvement, fiscal discipline, strategic financial investments. It not only takes us closer to removing the Financial Authority and solvency; this budget continues to invest for the District and its future specifically and strategically in the following priorities: Clean and safe neighborhoods; tax reforms for working families; quality health care; economic and job growth; an effective education system with expanded funding; and improved customer service.

During the past several weeks, the Council has worked diligently to reach agreement with the Mayor on various issues, funding critical needs, addressing freed-up appropriated funds from the reserve carryover—and we thank you very much, Madam Chair, for your help and your support in this particular area—augmenting our revenue, expanding our investing—or investing tobacco funds, to producing a solid financial plan that will meet the needs of our citizens.

In this process, we align the priorities of the Mayor and the Council to produce a budget that will move the City in the right direction and make it a much better place to live.

COUNCIL REPORTS ON BUDGET REQUEST

I submit for the record a copy of the Council's Committee Report on the Budget Request Act, and I ask that it would be made a part of the record.

Senator HUTCHISON. Yes.

Ms. CROPP. In addition, if you have not received it, I will be submitting also, a copy of the Council's legislative agenda that will show you the direction that the Council is going during this legislative period.

Senator HUTCHISON. Yes.

[CLERK'S NOTE.—The Council of the District of Columbia report "Bill 13-640, Fiscal Year 2001 Budget Request Act of 2000", can be found in the District of Columbia's subcommittee files.]

Ms. CROPP. This final budget reflects the Mayor and the Council coming together. The result is a very good budget.

When the Mayor submitted the budget to us on March 13, he had proposed a local budget of \$3.1 billion, in addition to going into the reserve and tapping tobacco fundings amounting to \$171 million.

While we concurred with the Mayor that the District does need a budget that invests in critical services, educates our youth, funds health programs adequately, and cares for our elderly, our approach to this challenge was decidedly more cautious and even bordered on, as has been said, "of excessive fiscal restraint."

Better yet, we assisted the Mayor, worked together with the Mayor in tackling these problem areas such as our schools, blighted neighborhoods, enhanced health services for the elderly, improved services for the underprivileged children and the mentally retarded within the core budget. And that was extremely important.

Because we thought that these priorities were so important, our solution was to fund the priority areas in our core budget. We sim-

ply could not trust funding these priorities on a one-time windfall source or revenues that could be beyond our control.

We wanted to ensure the citizens that we met that, through direct and reliable funding, their needs were met. We wanted to eliminate the happenstance of underfunding in areas that might later require budget recuts to these programs.

We resisted the tendency to just add on top of existing budgets. We found ways to selectively enhance revenue. We did all of these because as an oversight body, we have a duty not to waste the taxpayers' dollars.

And prior to taking on these responsibilities, the Council and its 10 standing committees devoted many hours with our citizens and spent much time and effort in reviewing the agencies' performances at the budget and oversight hearings.

At the end of the review process, we had conducted a total of 55 public hearings, where appropriate, incorporated the input from our citizens and workforce in putting this budget together.

And that is what government is all about, the Executive proposing, the Legislative Branch working out with oversight hearings, and coming together with a good process.

\$150 MILLION RESERVE

At this point, Madam Chair, we want to thank you again for your action regarding the District's \$150 million reserve. Your clarification that the unspent portion of this fund could be carried over to the next fiscal year has greatly boosted our efforts as we continue to rebuild, strengthen and revitalize this city.

This enables the District to use its reserve like any other government. I have, at the beginning of my testimony, highlighted the Council's philosophy and our oversight of this budget—service improvement, fiscal discipline, strategic financial investments.

Not only did we hold fast to these watchwords as we reviewed the budget, there are additional precautionary steps and insurance policies built into this list of reserve expenditures.

TIERS OF SPENDING RESERVE

In agreeing with the Mayor, the spending of these funds will occur sequentially and be guided by several safeguards. The three tiers of spending: Trigger one includes \$32 million for foster care receivership for the Lashawn receiver. These unspent portions that were carried over will free up local funds carried over and budgeted in the 2001 reserve. Only with certification by the CFO can these funds be spent.

Trigger two has \$37 million targeted for programs for our children, elderly, the Latino population, public safety, just to name a few.

And trigger three contains \$6 million to be allocated to the following: The police department, the Citizens Complaint Review Board, Human Resource Training and Settlement and Judgments.

\$37 MILLION MANAGEMENT REFORM SAVINGS

To safeguard further and to ensure trigger—spending triggers two and three, there are the insurance policies: The Mayor will

achieve a \$37 million management reform savings by downsizing the government as proposed in his budget.

OPERATIONAL IMPROVEMENT SAVINGS

The Mayor will also achieve the \$10 million in operational improvement savings by various methods; outsourcing, managed competition, private-public partnerships; and other savings reductions initially proposed in the Mayor's budget.

CERTIFICATION BY CFO

The CFO will certify the carryover of the fiscal year 2000 reserve, and the CFO will also certify that the collection of the additional revenues in fiscal year 2001 will be achieved. If, and only if, these conditions are met can the CFO certify the availability of funds.

Any balance will be used for "Paygo" capital funds, instead of borrowing it, and if the CFO certifies that the balance is not required to replace funds expended in the fiscal year 2000 reserve.

This journey is not an overnight miracle by any means. We have paid off our accumulated deficits. We have crafted five straight balanced budgets, and we will do no less in the years to come.

We have obtained clean audits in the City's checkbooks since 1997. We continue to receive favorable investment bond ratings. We made legislative reductions in programs and personnel throughout the government. We imposed tight controls on spending.

FULL FUNDING FOR SCHOOLS

We did not neglect our citizens, especially our young people. Schools, for the first time, have received full funding, which includes \$2 million for universal pre-kindergarten. And as many of us know, if we start out on the early side with our young people, that will certainly move them in a stronger position in later years. A cadet program for high school students will be implemented in the police department.

MORE FUNDING FOR PUBLIC WORKS

We invested more money in public works, nuisance property abatement programs to make this city a better place to live. And those are the very basic issues, the quality of life issues that many of our citizens often talk about.

EXODUS FROM CITY SLOWING

I think you will see a reflection of it in our population, in that the exodus from the City seems to be slowing down considerably.

Finally, as you consider our appropriations request, we ask that you support and leave intact this budget, which has been mutually put together by the Council and the Mayor and the Financial Authority, with their approval.

Even though the Financial Authority is still in place—and we thank them so very much for their service and their commitment—we, the elected representatives, felt that this budget should have

been resolved by us. The Council and the Mayor worked together to present this budget.

We cannot wait until year 2001 to celebrate the fruits of our labor, balanced budgets, unqualified audits, better tax collections, tight control on spending and most of all, the end of the control period. However, we intend to be vigilant in our oversight role as we continue to strengthen the financial health of the City.

It is the Council's responsibility, even more so after the control period, to work with the Mayor, to produce responsible good budgets that invest dollars for the District and leave a legacy for future generations.

The Mayor and the Council will continue to have public differences, debates and compromises. That is the nature of government.

More importantly, we, the Mayor and the Council, shall continue to do what is necessary to have a strong financial structure and to improve service delivery.

Thank you.

Senator HUTCHISON. Thank you, Madam Chairman.

[The statement follows:]

PREPARED STATEMENT OF LINDA W. CROPP

Good morning/afternoon, Chairwoman Hutchison and members of the Senate Appropriations Subcommittee on the District of Columbia. I am pleased to be here with my colleagues to testify on the District's fiscal year 2001 budget.

INTRODUCTION

Let me fast forward to next year—imagine another oversight hearing—EXCEPT we will be celebrating that day for the following reasons. We would have balanced our budgets four straight years. We will, again, present to Congress another fiscally sound budget. The Financial Authority would disappear. And that day would be a proud occasion for the District Government because that is what we have been striving to accomplish during the past three years, i.e., to become solvent financially and to end the control period. In this context, we are pleased and proud to present a good product for fiscal year 2001, a spending package that is fiscally disciplined, prudent, and balanced. It includes more money for schools, police, health care, neighborhoods, and a modest tax credit for some 54,000 low-income families.

In this budget, the Council has set forth several goals for our city-service improvement, fiscal discipline, and strategic financial investments. It takes us closer to removing the Financial Authority, but it also continues to invest for the District and its future, specifically and strategically in the following priorities: Clean and safe neighborhoods; Tax reform for working families; Quality health care; Economic and job growth; Effective education system with expanded funding; and Improved customer service.

BUDGET AGREEMENT WITH THE MAYOR

During the past several weeks, the Council has worked diligently to reach agreement with the Mayor on various issues, e.g., funding critical needs, addressing freed-up appropriated funds from the reserve carryover (we thank you for your help on this issue), augmenting our revenue, expending or investing tobacco funds, to producing a solid financial plan that will meet the needs of our citizens. In this process, we aligned the priorities of the Mayor and the Council and produced a budget that will move the city in the right direction and make it a better place to live. (I submit a copy of the Council's committee report on the Budget Request Act and I would ask that it be made part of the record.)

COUNCIL'S REVIEW OF FISCAL YEAR 2001 BUDGET

When the Mayor submitted the budget to us on March 13, he had proposed a local budget of \$3.1 billion in addition to dipping into the reserve and tobacco funds amounting to \$171 million. While we concurred with the Mayor that the District does need a budget that invests in critical services, educates our youth, funds health

programs adequately, and cares for our elderly, our approach to this challenge was decidedly more cautious and, even bordered on “excessive fiscal restraint”. Better yet, we assisted him in tackling those “problem” areas such as our schools, blighted neighborhoods, enhanced health services for the elderly, improved services for the underprivileged, children, and the mentally retarded within the core budget. And let me repeat this . . . within the core budget—and without using the reserve or the tobacco money—the Council did the hard work, scrubbed the numbers, made some tough decisions, and fixed many problems. We cut excessive growth in several administrative areas. We scrutinized the numbers, found savings within the schools transportation budget, and then fully funded the schools. This is in accordance with a suggestion by the Special Master for the special education programs when he testified that more savings could be made in the transportation budget. We gave an estimated \$20 million to address the District’s foster care system by leveraging federal Medicaid dollars for which the District is eligible. Additionally, \$13 million was given to the Corrections Department and \$3 million to the Mental Health Services, just to list a few. Had we not done this, these areas would have been underfunded!

Because we felt that these priorities were so important, our solution was to fund them within the core budget. We simply could not trust funding these priorities by one-time, windfall sources of revenue beyond our control. We wanted to insure that citizen needs were met through direct and reliable funding. We wanted to eliminate the happenstance of underfunding in areas that might later require budget cuts to these programs. We resisted the tendency to just add on top of the existing budget. We found ways to selectively enhance revenue. We did all these because as an oversight body, we have a duty to not waste the taxpayer’s dollars. And prior to taking on these responsibilities of “fixing” the budget, the Council and its ten standing committees devoted many hours of discussion with our citizens and spent much time and effort in reviewing the agencies’ performances at the budget and oversight hearings. At the end of the review process, we had conducted a total of 55 public hearings and, where appropriate, incorporated the input from our citizens and workforce in putting this budget together.

THE FREED-UP APPROPRIATED FUNDS FROM THE RESERVE CARRYOVER

At this point, Madam Chair, we want to thank you again for your benign action regarding the District’s \$150 million reserve. Your clarification that the unspent portion of this fund could be carried over to the next fiscal year has greatly boosted our efforts as we continue to rebuild, strengthen, and revitalize the city. This enables the District to use its reserve like any other governments. I have, at the beginning of my testimony, highlighted the Council’s philosophy in our oversight of this budget, i.e., service improvement, fiscal discipline, and strategic financial investments. Not only did we hold fast to these watchwords as we reviewed the budget, there are additional precautionary steps and “insurance policy” built into this list of reserve expenditures. In agreeing with the Mayor, the spending of these funds will occur sequentially AND be guided by several safeguards (I will elaborate on how fiscally cautious these safeguards are). The three tiers of spending are:

(i) Trigger 1 includes \$32 million for the foster care receiver Lashawn, Commission on Mental Health, DCPS, and the Mayor.¹ The unspent portion from the fiscal year 2000 reserve, when carried over, will free up local funds currently budgeted in the fiscal year 2001 reserve. Only with certification by the CFO, can then these funds be spent.

(ii) Trigger 2 has \$37 million targeted for programs for our children, elderly, the Latino population, and public safety, just to name a few.²

(iii) Trigger 3 contains \$6 million to be allocated to the Police Department, the Citizen Complaint Review Board, the Human Resource Training, and Settlement and Judgements.

To safeguard and further insure the spending Triggers 2 and 3, these are the “insurance policies”:

—The Mayor will achieve the \$37 million in management reform savings by downsizing the government as proposed in his budget;

¹The first trigger spending consists of \$6.3 million for LaShawn Receiver, \$13 million for Commission on Mental Health, \$12 million for DCPS, and \$0.6 million for the Mayor.

²The second trigger spending consists of \$10 million for Children Investment Fund, \$1.5 million for Department of Parks & Recreation, \$1.3 million for Fire & Emergency Medical Services, \$120,000 for Arts & Humanities, \$400,000 for the Public Library, \$574,000 for Aging, \$3.3 million for Housing & Commission Development, \$200,000 for Employment Services, \$2.5 million for UDC, \$4.1 million for Public Works, \$4.2 million for Department of Health, \$1.5 million for Latino Affairs, \$2.5 million for Property Management, and \$5 million for the Cafeteria Plan.

- The Mayor will achieve the \$10 million in operational improvement savings by various methods, i.e., outsourcing, managed competition, public-private partnerships, etc., another savings reduction initially proposed in his budget;
- The CFO will certify the carryover of the fiscal year 2000 reserve funds; and
- The CFO will certify that collection of additional revenues in fiscal year 2001 will be achieved.

If, and only if these conditions are met, can the CFO certify the availability of funds. Any balance will be used for “Paygo” capital funds instead of borrowing, and if the CFO certifies that the balance is not required to replace funds expended in the fiscal year 2000 reserve.

These “insurance policies” are imperative because to the extent which the Mayor cannot achieve the savings, the \$37 million will be used to replace the savings and not on the programs. Previously, this city had fallen into serious financial trouble by spending one-time infusions of money on ongoing programs and services. Since 1997, thanks in part to the Revitalization Plan that transferred, in fiscal year 1998, various costly state-like functions from the District to the federal government and increased the federal Medicaid share from 50 percent to 70 percent, the city has been on the road to fiscal solvency.

This journey is not an overnight miracle by any means. We paid off our accumulated deficits. We crafted five straight balanced budgets and will do no less in years to come. We have obtained “clean” audits in the city’s checkbook since 1997. We continued to receive favorable investment bond rating. We made legislated reductions in programs and personnel throughout the government. We imposed tight controls on spending. We did not neglect our citizens, especially our young people. Schools, for the first time, have received full funding, which includes \$2 million for universal pre-kindergarten. A cadet program for high school students will be implemented in the Police Department. We invested more money in public works and nuisance property abatement programs to make this city a better place to live.

CONCLUSION

Finally, as you consider our appropriations request, we ask that you support and leave intact this budget which has been mutually put together by the Council and the Mayor. Even though the Financial Authority is still in place and we thank them for their service and commitment, we, the elected representatives felt that the budget should be resolved by us. We cannot wait until year 2001 to celebrate the “fruits of our labor”, i.e., balanced budgets, unqualified audits, better tax collections, tight control on spending, and most all, end of the control period. However, we intend to be vigilant in our oversight role as we continue to strengthen the financial health of the city. It is the Council’s responsibility—and even more so after the control period—to work with the Mayor to produce responsible good budgets that invest dollars for the District and leave a legacy for future generations. The Mayor and the Council will continue to have public differences, debates and compromises; that is the nature of government. More importantly, we, the Mayor and Council, shall continue to do what is necessary to have a strong financial structure and improve service delivery.

Senator HUTCHISON. And now the Chairman of the control board. With everyone applauding your exit, I hope that you feel welcome here for your, hopefully, last meeting.

STATEMENT OF DR. ALICE RIVLIN

Dr. RIVLIN. I do, Madam Chairman.

Chairman Cropp has already alluded to the situation that we might be in a year from now when it will, we very much hope, be clear that the control period is about to end on September 30, 2001.

END OF CONTROL PERIOD

But this 2001 budget already represents a milestone for the Authority. It is likely the last year that we will have to approve the budget and appear as participants in the budget process, and we consciously played a lower profile role this year for that reason.

This budget is the result, as the Mayor and Chairman Cropp have pointed out, of direct negotiations between the Council and the Mayor in which we played largely an advisory role.

So by next year, we hope we will be celebrating the end of the Control Period because we will have had four consecutive balanced budgets, the year 2000 being the last one which should be evident by, we hope, February 1, 2001.

For the next 15 months until we actually fade into the sunset, the Authority will work very hard to support the Mayor and the Council in improving the management and the fiscal health of the District of Columbia, and to minimize the chance that the President will have to reactivate the Authority at any time in the near future.

SIX ITEMS NEED ACCOMPLISHING

We believe that there has been much progress over the last several years in the District of Columbia, but that there is still serious work to be done. And I want to mention six priorities that we hope to be working very closely with the Mayor and the Council on accomplishing over the next 15 months.

First, we believe that the budget process, while the outcome was good, revealed that both the Mayor and the Council need to strengthen their budget staffs. The Authority staff helped a good deal behind the scenes this year with the mechanics of getting the budget put together.

The Mayor needs a stronger budget staff, and I know that the new chief financial officer, Natwar Gandhi, is working hard on this.

And the Council does, too. I am not suggesting that they need a Congressional Budget Office, but they need a stronger staff, a kind of mini-Council budget office, to strengthen their ability to assess the impact of the Mayor's plans and to evaluate the proposals of the Council committees.

Second, we all need to work hard to strengthen the financial management and information systems of the District especially, but not exclusively, cash management. The lateness of the 1999 audit revealed serious problems that need to be corrected, and we will be working with our strong new CFO to accomplish this over the next 15 months.

SCHOOL SYSTEM REFORM

Third, the school system reform must be pushed ahead. We were all sorry to lose Ms. Ackerman as superintendent. We need to work together to keep up the momentum of the reforms that she started.

I met yesterday with the advisory committee that we have appointed to help us choose a new superintendent, and they are working diligently on this. The good news is that there are several very good candidates to be considered.

Whoever takes over as interim superintendent will need to take major steps both to improve the management functions of the school system—procurement, payroll, buildings, and other management functions, as well as to continue the progress toward accountability for academic results on which the Mayor has put emphasis.

SCHOOL PROBLEMS—SPECIAL EDUCATION, TRUANCY, WORKING
RELATIONSHIP WITH CHARTER SCHOOLS

And there are at least three really serious problems facing the school system. One is improvement of special education. Another is the reduction of truancy, which is a major problem in the District of Columbia. And the other, I think, is finding a good working relationship between the District of Columbia public schools and the charter schools. We need strong public and public charter schools with a good working relationship with each other.

PUBLIC BENEFIT CORPORATION

Fourth, there is the problem of the Public Benefit Corporation. The audit revealed clearly what many of us knew, that the PBC is not solvent and that its financial management has been disastrous.

The Mayor is proposing new members of the PBC board, and we hope the Council will act on them soon. In the meantime, the Authority is working closely with the Mayor and the Council in a collaborative relationship employing a consultant to help manage the hospital and reform the financial management immediately.

The new board must work very closely with the City to define the role of the Public Benefit Corporation, and to make sure that it is managed efficiently.

UNIVERSITY OF THE DISTRICT

Fifth is the University of the District of Columbia. While tuition assistance is a wonderful program for our D.C. students, we also need a strong, well-managed public university right here in the District of Columbia.

Again, this year's audit revealed serious problems in the financial management of UDC. We have new board leadership there, too. We will work closely with them, with the Mayor and with the Council to define the role of UDC and to strengthen and build its usefulness to the District of Columbia.

ECONOMIC DEVELOPMENT

And finally, we will all be working extremely hard on economic development. This is a high priority of the Mayor and the Council, and is the key to the future fiscal health the District of Columbia.

This budget is a very good start in the right direction. We support it fully, and we are glad it is the last one that we will have to approve.

Thank you.

Senator HUTCHISON. Thank you, Dr. Rivlin.

[The statement follows:]

PREPARED STATEMENT OF ALICE M. RIVLIN

Madame Chairman and Members of the Subcommittee: On behalf of my colleagues at the District of Columbia Financial Responsibility and Management Assistance Authority ("Authority"), I am pleased to present testimony on the fiscal year 2001 District of Columbia Financial Plan and Budget ("Budget"). I am delighted to represent the Authority on this panel with Mayor Williams, and Council Chair Cropp.

This budget is the product of a consensus process. The process also reflects the Authority's effort to restore increasing levels of responsibility for this government's operations to local institutions. The fiscal year 2001 submission is the product of direct negotiations between the Mayor and the Council and reflects their shared vision of the future of this government and the community it serves. Confidence in the elected leadership of the District of Columbia continues to grow. As a result, the Authority's role in developing the fiscal year 2001 Budget, although important, has been principally advisory.

Under Public Law 104-8, this is likely to be the last Budget for the District of Columbia that this Authority will have to approve and send to Congress. We anticipate that the Comprehensive Annual Financial Report for fiscal year 2000, scheduled to be completed and delivered in February 2001, will indicate an operating surplus for the District.

If so, that report will mark the fourth such operating surplus in a row. There have been no borrowings issued by the Authority, there are no borrowings to repay to the U.S. Treasury, and the District has regained access to the capital markets on reasonable terms and conditions. The statutory prerequisites for the Authority to begin its transition out of the control period are falling into place.

The statute is clear that fiscal year 2001 is a Control Year, and the Authority is statutorily prohibited from suspending its activities during a Control Year, i.e., until September 30, 2001. However, our review of the 2002 Budget will be just that—review, not approval. The Authority suspends its activities if the statute is met. However, if any of the principal conditions that led to the financial crisis in 1995 recur, legislative action to re-activate the Authority is not necessary. The President can do so simply by appointing new members.

When the Authority was created in April of 1995 by an Act of Congress to assist the District in restoring financial solvency and improving management the District was: unable to pay its employees or its contractors; running a significant operating deficit; carrying a large accumulated deficit; and relying on the U.S. Treasury as the only source of funds. The District's ordinary services, such as motor vehicle inspections and building permits, were difficult to obtain, and the District could not sell its bonds at market rates.

Five years later, the District is in much better shape, and the Authority's statutory role, as well as its relationship with the local elected leadership, has evolved.

Many of the suggestions for management improvements recommended earlier in the control period are being implemented across many local government agencies. For example, at the Department of Consumer and Regulatory Affairs, businesses and homeowners are able to obtain and pay for building permits electronically. Broad financial successes include collecting substantially more in tax revenue than in previous years and turning projected deficits into surpluses in fiscal year 1997, fiscal year 1998 and fiscal year 1999.

Some of the best news for citizens is that the District's accounting practices for business tax receivables are much improved, and there is now a telephone information center to improve public outreach and communications with the Office of Tax and Revenue. Taxpayers in the District were issued tax refunds within 15 days during the 1999 tax-filing period.

The days of an accumulated fund deficit are behind the District. That deficit drained reserves, hindered access to capital markets and adversely burdened the lives of every citizen and visitor to the nation's capital. As a result of turning its fiscal house around, the city and its citizens now enjoy an investment grade bond rating.

Ensuring that the District institutionalizes adequate financial management systems is a prerequisite for future fiscal stability. Although delayed, the District of Columbia fiscal year 1999 Comprehensive Annual Financial Report and Audit showed that the District is in sound financial health. Ending fiscal year 1999 with a substantial surplus, the District's General Fund balance grew by \$85 million to over \$198 million. The District used an additional \$35 million of its surplus to reduce its debt burden.

The delay in completing the financial report is troubling. More important are the problems that working through this process revealed. These serious problems must be addressed. The District's executive branch agencies, especially the Office of the Chief Financial Officer (OCFO), have much work to do to ensure that the books will be closed accurately and on time next year. The challenges involve a commitment to staff training, information system remediation, and strong management leadership.

The OCFO must manage a process that fulfills a commitment to frequent reconciliation of the District's bank statements and cash—a significant challenge. The Authority is providing active support to this on-going effort involving the OCFO, the

Office of the Mayor, the Council and the leadership of all other major District agencies. The solutions require strong central leadership, but they must be addressed throughout the decentralized financial management system.

As you may know, the Authority on June 7, 2000 confirmed the nomination of Dr. Natwar M. Gandhi to fill the position of Chief Financial Officer of the District of Columbia. The Chief Financial Officer is a critical position that is within, yet independent of, the District Government. Dr. Gandhi is highly qualified to fill this vital position with 30 years of broad experience, in both the private and public sectors.

He has diverse management experience leading and supervising large organizations and projects in business, academic and government settings. The Authority looks forward to working with him.

Fiscal discipline is the first step toward a stable city in which both residents and visitors can be assured of receiving high quality public services. The fiscal year 2001 Budget is another important step along the path the District has traveled since 1995.

The fiscal year 2001 Budget, which also includes out-year projections for fiscal year 2002 to 2004, shows a modest growth in total revenues and expenditures. The budget for fiscal year 2001 has revenues of \$4.871 billion and expenditures of \$4.867 billion, a modest surplus. It also reflects significant tax cuts geared to stimulate the District's economy.

The plan foresees an accumulated fund balance of \$260 to \$270 million. In fact, the fiscal year 2001 Budget will also benefit from the anticipated budget surplus in the current fiscal year of an estimated \$57 million. Mayor Williams and Chairman Cropp will speak to the budget in more detail, but I would like to highlight certain areas of the budget that may be of particular interest.

As you know, Section 148 of the General Provisions of the fiscal year 2000 Appropriations Act requires that the District budget a \$150 million reserve at the beginning of each fiscal year. This budget and financial plan provides sufficient budget authority to ensure that the statutory reserve requirement is fulfilled for fiscal year 2001. Madame Chairman, Section 148 has been the source of some confusion. Your assistance in clarifying Congressional intent with respect to both the funding for the reserve and its uses has been welcome. The Appropriations process will provide an opportunity to explore these alternative concepts of the reserve fund.

The tobacco settlement proceeds are expected to yield significant revenues. Those payments, however, are not guaranteed future sources of revenue, and therefore should not be used to support general governmental operations. The District is wisely segregating these proceeds, expected to range up to \$61 million over several years, from its general fund. The District will establish a non-lapsing independent trust fund to manage these resources. This measure will ensure that the District does not become too reliant upon an uncertain revenue stream to support vital general government operations and services.

Reforming the District's tax system in order to provide balance and equity has been a high priority for local elected leadership. The District began this effort with the fiscal year 2000 Budget, which included significant tax reductions and restructuring. The fiscal year 2001 Budget continues these efforts with a plan to enact an earned income tax credit for low income working families valued at approximately \$3.9 million in taxes.

Madame Chairman, as you know, the fiscal year 2000 Budget for the District of Columbia Public School System was the result of a compromise intended to balance the funding requirements for children throughout the system, including those attending public charter schools. Actual attendance for both traditional and charter public schools increased in the current year. The number of charter school students is projected to increase from approximately 7,000 this year to nearly 12,000 students for fiscal year 2001.

As you also know, the District has made significant progress in eliminating the backlog of student assessments needed to determine eligibility for special education services. Reducing the backlog has resulted in a higher number of placements for children requiring special education services in the current year. These two factors alone resulted in a major shortfall in education funding for fiscal year 2000.

Fully funding schools is a critically important commitment for fiscal year 2001. Mayor Williams and the Council made difficult choices in a mutual effort to ensure that the budget before the Subcommittee fully funds educational services for all students in fiscal year 2001.

Before concluding, Madame Chairman, it is important to raise the question of the structural challenges to the District Government. The District has benefited from the Revitalization Act, as well as the economic expansion. It will also continue to benefit from the fact that a heavy concentration of services and public sector employment in this region can provide marginal insulation from the worst effects of

an economic downturn. However, persistent structural deficiencies will continue to imperil this community's fiscal health until they are adequately addressed.

A significant number of District residents, for example, remain eligible and entitled to public assistance, despite the record length of the national economic expansion. Those numbers, along with program costs, will only grow in a downturn.

Another clear concern is the District's exceptionally narrow tax base. Appropriate efforts to reduce the tax burden on residents and to compete with regional rivals for business development opportunities are beginning. These important initiatives must be balanced, however, against the necessity for generating sufficient revenues to support public services.

Economic development is one answer, and it is among the District's highest priorities. Economic development is also a priority for the Congress, as made clear from its support of the Infrastructure Fund and the National Capital Revitalization Corporation. The Authority believes that a strong, growing economy in the District is essential, not only to the fiscal health of the city, but to the economic prosperity of the whole Washington region.

Many of the District's structural deficiencies are the result of its unique relationship with the national government and with surrounding jurisdictions. As the Authority begins to work with the Congress to enact the fiscal year 2001 Budget, the transition to local governance also continues.

Before it phases out its activities, the Authority plans to develop and to share with local elected leaders, the public and the Congress recommendations for structural reform.

As noted earlier, the role of the Authority has evolved, and its membership has also changed. In closing, it is appropriate that individual contributions by those who have participated in this process be recognized. There have been many. Among them is my predecessor, Andrew F. Brimmer, and his colleagues who volunteered their time and energy when confidence in local governmental institutions was at its lowest ebb. My colleagues on the current Authority Board, Constance B. Newman, Robert P. Watkins, Eugene Kinlow, and Darius Mans, have been unswervingly committed, hard working, and helpful to this community and its elected and appointed leadership. We greatly regret that reassignment at the World Bank has made it necessary for Dr. Mans to resign from the Authority effective July 1, 2000. He has made extraordinary contributions to our work and will be greatly missed.

Your personal interest, Madame Chairman, in securing the District's financial health has been an important factor in the vastly improved evaluation of the District's creditworthiness.

In partnership with Mayor Williams, Chairman Cropp, and the Council, the Authority has worked very hard to fulfill a commitment to ensure a timely return to local governance. There is plentiful evidence of a sense of renewal, including the rebounding residential real estate market and downtown construction activity. The best evidence, however, is the heightened attention to educating this city's children.

The Authority appreciates the cooperation and support provided by the Appropriations Committee since the fiscal year 2000 budget was enacted. Approval of the fiscal year 2001 Budget and Financial Plan will also aid in maintaining financial stability, further improvement in the delivery of public services, and the return of normal governance. We look forward to working with the Congress in the weeks ahead to secure passage of this budget.

In conclusion, Madame Chair, much progress has been made in Washington. The fiscal health of the District has improved. Delivery of primary services is also improved. However, there is much work still to be done before the citizens receive modern, efficient government. The Authority's work during the next, and I add, our last year of activity, will be to support the Mayor and the Council in making further progress in the District. Chief among the issues that must still be addressed is the effort to expand the District's economic foundation. Without a broad economic base on which to build, this city cannot sustain its recovery, and will begin to suffer financial peril. I strongly urge you and your colleagues in the Senate, and the House of Representatives to assist the City's elected leadership with the necessary resources and support to continue the revitalization of this great City.

This concludes my testimony, Madame Chairman. I will be happy to respond to any questions.

FINANCIAL MANAGEMENT POLICIES

Senator HUTCHISON. I was very interested in your six points. The one point I am going to ask you to look at in addition to the points you have raised is: Particularly, I think, in the next year you could

be very helpful on the financial management policies, which you mentioned is an area that needs attention—

Dr. RIVLIN. Yes.

Senator HUTCHISON [continuing]. And the debt policy.

Dr. RIVLIN. Debt policy, yes.

Senator HUTCHISON. I see no cloud on the horizon for the District except the debt situation, and so that is something I would highlight.

Mayor Williams.

DEBT POLICY

Mayor WILLIAMS. I am not sure that we are—and I could get for you, Senator, the exact figures. I know that as part of last year's budget, we restructured a lot of debt to take the top off this huge debt mountain. And you are right, to reduce some short-term costs, we have got longer term burden.

TOBACCO FUNDS

But I think there is a clear consensus between the Mayor and the Council, and I believe the board as well, that we should take our tobacco funds, the stream of the tobacco payments, securitize these tobacco payments, and in the first instance use the securitized funds. In other words, we are paying for this by the stream of tobacco money, not revenue from District taxpayers—take this chunk of money, to use a technical phrase, and pay down a huge amount of District debt. And I have not heard anyone talking about it.

I certainly am not contemplating using that increased capacity to borrow more, but using that reduced debt service to make a balance between investments in our future and programs for our people. So I think that is very good fiscal discipline.

Senator HUTCHISON. Well, the only concern I have about the proposal as I understand it, to securitize the tobacco payments, is that you are planning to do it 100 percent.

I would be skeptical of securitizing 100 percent. I think some States and some cities will do maybe 25 percent anticipation of that revenue stream, but 100 percent, I think could get you out on a limb.

So I hope, as you are going down the road, you might look at something less than 100 percent and just be cautious, because a number of States are already beginning to see a lowering of the estimates on that over the long term, because tobacco smoking is going down.

Dr. RIVLIN. Excuse me. Is that not a reason for the securitization though? It is a take-the-money-now, rather than take the chance that the tobacco companies will continue making profits.

Senator HUTCHISON. Are you talking about taking the money now, or are you talking about borrowing against the anticipated revenue?

Dr. RIVLIN. No. I am—

Mayor WILLIAMS. Well, the company would take the risk. I mean, we essentially would get a reduced or present value amount; and whoever has done the securitization, it is up to them to work with the tobacco companies and get this stream of payments.

Dr. RIVLIN. It is shifting the risk off the District of Columbia.

Ms. CROPP. One of the reasons that New York, for example, only did about 25 percent was because the amount of tobacco dollars that they would receive was much greater than what the District would receive. In fact, it would probably flood the market and would not have enabled them to get that much money back, because it would just be too much out there at one time.

But in doing this, it would really reduce the risk for the District of Columbia. If, in fact, we did not then use the tobacco dollars to pay down the debt, it would then cost us more, because then it would not be tax-free. And doing it this way, you get some tax benefits from it, from dealing with it this way.

Now, whether or not we pay down the debt, even if we securitize, is a decision that we would make, but it is more beneficial for us to make it, because it would cost us less money because of the tax credits that we would get.

But this reduces the risk for us. When we looked into this issue, for example, many financial advisers have felt that the securitization was the best approach to go.

And one of the reasons was that by not securitizing, what we would in essence be doing is putting all of our dollars into tobacco. And very few people at this point would take all of their investment money and put every penny of their investment money into tobacco.

By securitizing it, it gives us an opportunity to put the money into a more diversified portfolio, whatever we decide that it is going to be.

And in addition to that, by getting the money up front, we tend to get the present value of the dollars that would be available to us; and then taking the present value of it, investing so that, in future years, it would still be more.

So after looking at it, it really took an awful lot to look at this issue and try to decide which approach would be better, but I think that the tobacco companies, as we sit here right now, are trying to figure out approaches and ways to keep cities and States from getting these dollars.

They do not want to give the dollars out, and whether it is more off-shore or whatever, they may try to keep us from getting it. And by us doing the securitization, it seems to me that it is less risk for us. It is better for us to get in here early than for other people to come in later.

Senator HUTCHISON. I would like to see more on this to determine the risk factor and what you would be giving up. And I will ask to perhaps meet with the chief financial officer on that issue as well.

I am going to call on Senator Kyl. I have a number of questions, but I plan to stay for those, so why do I not call on you? And then I will follow up.

Senator KYL. Thank you very much, Madam Chairman. I have three issues really.

CHARTER SCHOOLS

First of all, Dr. Rivlin, one of the six items you mentioned was the need for a strong working relationship between the traditional

and charter schools; and I noted in the Mayor's testimony the commitment of the \$77 million for charter schools, which I applaud. I think that is very important for both the traditional and the charter schools.

But to what do you refer when you recommend a more close working relationship? Why is that important? What are you talking about?

Dr. RIVLIN. Well, I think, over the last couple of years, a rather adversarial relationship has developed between the charter schools and the D.C. public schools.

It has been partly a tone question, but it has been very real and very worrisome and I think the fault was on both sides, that the public school system, not surprisingly, saw the charters as a threat. And the charters believed that the public school system was trying to keep them from flourishing.

I believe that there is a strong mutual interest in both systems flourishing, and that there can be, not only a good friendly relationship without taking potshots at each other, but actual cooperation in the use of some kinds of facilities or special kinds of things that can be dealt with on a mutual basis.

Senator KYL. Good. I agree with you. And I think that is so important. In Arizona, we have about a third of the charter schools in the country. We have really led in that. And where there has been cooperation, it has been mutually beneficial.

For example, one of our largest school districts, public school districts, was losing a lot of students to charter schools. The superintendent began visiting those charter schools to try to figure out what they were doing right and what he was doing wrong.

And there were some things which he could adapt to the more traditional schools, which he did, and began publicly advertising for students to come back to the traditional schools, and many of them did.

And the competition, though friendly, aided both. I hope that that kind of relationship and synergy continues to exist. I applaud the Mayor for making that kind of commitment.

BRIANNA BLACKMOND

Mayor, I think everyone in this room and the City was outraged and just disappointed and distressed at the death of young Brianna Blackmond. I noted that last year, we appropriated \$5 million to the District for a program for adoptive incentives for foster children. I am pleased to see the Administration included another \$5 million in the program for this year.

\$5 MILLION FOR ADOPTIONS

You have taken a special interest in this, I understand, not only in this case but in foster care generally. I wonder if you could tell the Committee how the \$5 million has been spent and how you would anticipate working that program this year.

Mayor WILLIAMS. I can get you the exact details as a follow up, Senator, but in general what we are trying to do is reduce the number of children in foster care in the District by increasing the number of adoptions, as well as increase the number of children

who are cared for within our borders as opposed to outside of the City, because both numbers are very, very high.

And we have got a situation right now where we have 1,000 youth in foster care who are essentially teenagers, and as they graduate to youths—a kind of perverse term—from foster care, unless something is done, they will not have a home.

So our first order of business was to leverage these dollars to remove as many barriers as possible to expedite, however possible, within the government the process of adoption, so that families knew that this was a priority. They knew that there was going to be the outreach. They knew that there was going to be the assistance from the government so that they were able to adopt these children.

ADOPTIONS

I am pleased to report—I do not have the exact figure before me. But I am pleased to report that because of these efforts, for example, working with the Council's Office to remove some of the regulatory thicket is just one example that the number of adoptions actually is beginning to go up. And we hope to accelerate that.

[The information follows:]

LETTER FROM THE SUBCOMMITTEE ON THE ADOPTION INCENTIVES PLAN

FEBRUARY 24, 2000.

The Honorable ANTHONY WILLIAMS,
Mayor,
District of Columbia, Washington, DC.

DEAR MAYOR WILLIAMS: Enclosed for your review and approval is a proposal for the use of federal adoption incentive funds for the District of Columbia that has been developed at your request by the Mayor's Advisory Committee on Permanent Homes for Children.

BACKGROUND

As part of the consolidated Appropriations Act of 2000, the Congress authorized a federal payment for incentives for adoption of children in the District of Columbia. As outlined in the conference report:

- The Act authorizes a one-time federal payment of \$5 million to create incentives to promote adoption.
- Funds under this authorization must be used by September 30, 2001.
- A program must be established by the Mayor and the District Council and approved by the Appropriations Committees of House and Senate.
- The funds may be used for tax credits to offset costs incurred by individuals in adopting (requires legislation).
- The funds may be used to provide for health care needs of such children (requires legislation).

At its December meeting, the Mayor's Advisory Committee on Permanent Homes for Children established a subcommittee composed of Toni Oliver, Judith Meltzer, Mae Best, Phyllis Langston, Gwen Menefee and Liz Siegel and asked them to propose a plan for use of the federal funds.

The Committee has gathered ideas on adoption needs and resources from others in the community; reviewed ideas for adoption incentives from other Jurisdictions, and researched the feasibility and costs of proposals that surfaced. A draft plan was shared with the full Advisory Committee in early January and comments and suggestions for change were solicited. The Committee reviewed all written and verbal comments and revised the plan accordingly.

PROVOSAL SUMMARY

As a result of this work, the Committee is proposing that the federal adoption funds be focused on the overarching goal of providing loving and permanent homes

for the District's children in the District of Columbia. The overall plan for the incentive funds is targeted toward five measurable outcomes:

Outcome # 1.—Increase the number of families in the District of Columbia who are willing and able to adopt children currently in the District's foster care system.

Outcome # 2.—Decrease the disruption rate for adoptions of children with special physical or emotional needs.

Outcome # 3.—Increase the rate of adoption of teens in foster care whose permanency plan is adoption.

Outcome # 4.—Increase the rate of adoption for sibling groups in foster care whose permanency plan is adoption.

Outcome # 5.—Achieve compliance with the outcomes for permanency for children specified by the federal government under the Adoption and Safe Families Act (ASFA).

The proposal which follows includes four interrelated initiatives that together total \$5 million to be spent between now and September 30, 2001. The majority of funds would be contracted out to private organizations to conduct the work. The four initiatives include:

—Creation of a Flexible Fund to support adoptions of sibling groups and other hard to place children.

—Establishment of a Scholarship Fund to support transition to independence for adopted teens.

—Creation of an Adoption Resource Center(s) and Post-Adoption Services Capacity.

—Enhancement of recruitment and support of District foster and adoptive families.

A fuller description of each of the proposed initiatives and estimated costs based on two years of implementation is presented in the attached proposal.

PLAN FOR MANAGEMENT AND OVERSIGHT OF THE ADOPTION INCENTIVE PLAN

The Committee proposes that overall management of the initiative will be the responsibility of the Deputy Mayor for Children's Services but that day to day coordination and implementation of the adoption incentive initiatives be assigned to the Child and Family Services Administration which is the agency responsible under District law for the work associated with providing permanent homes for children who are in the custody of the District of Columbia because of parental abuse or neglect. Several of the initiatives would involve one or more contracts with private organizations to carry out the work. CFSA would be accountable to the Deputy Mayor for Children and Families for reporting, evaluation and fiscal accountability on each initiative. General oversight of the Adoptive Incentive Plan would also be provided by a standing subcommittee of the Mayor's Advisory Committee on Permanent Homes for Children. Regular reports would be made to the Committee on progress in meeting measurable objectives. In addition, the plan includes a provision for a small amount of funds to be set-aside for an external evaluation of the effectiveness of the proposed adoption incentive initiative. A contract would be let with an independent external evaluator to design and conduct necessary data collection and evaluative studies under the direction of the Mayor's Committee and/or the Deputy Mayor for Children's Services.

NEXT STEPS

Under the terms of the authorizing legislation, the plan for the use of these funds must be approved by the Mayor and the District Council and then approved by the Appropriations Committees of the House and the Senate. We are hopeful that you will approve the proposed plan and take the lead in forwarding it to the District Council for their approval. Members of the Mayor's Advisory Committee would be glad to assist your staff in making any necessary presentations on the proposals in order to secure Council approval.

Once District Council approval is obtained, the Advisory Committee would again be willing to work with you and your staff in presenting the plans to the Congressional Appropriations Committees in hopes that their quick approval can be obtained.

On behalf of the Mayor's Committee, we hope that the work necessary to translate this proposal to reality can occur expeditiously. There are far too many waiting children in the District of Columbia. We stand ready to assist you in any way possible.

Sincerely,

MAE BEST,
PHYLLIS LANGSTON,
GWENDOLYN MENEFFEE,

JUDITH MELTZER,
 TONI OLIVER,
 ELIZABETH SIEGEL,
Subcommittee on the Adoption Incentives Plan.

PROPOSAL FOR USE OF THE FEDERAL ADOPTION INCENTIVE FUNDS

BACKGROUND

As part of the consolidated Appropriations Act of 2000, the Congress authorized a federal payment for incentives for the adoption of children in the District of Columbia. The Act authorizes a one-time federal payment for \$5 million to create incentives to promote adoption. As outlined in the conference report, a program for the use of these funds must be established by the Mayor and the District Council and approved by the Appropriations Committees of the House and the Senate. The funds under this authorization must be used by Sept. 30, 2001.

In authorizing this fund, the Congress was responding to the large numbers of children in foster care in the District of Columbia with a permanency goal of adoption. As of December 31, 1999, approximately one-third of the District's 3,000 children in foster care were not expected to return home and had a permanency goal of adoption. While many of these children are likely to be adopted by their foster parents, there are hundreds of children for whom families need to be identified and supported to pursue adoption. The District of Columbia has demonstrated its commitment to improving the lives of children through adoption and has increased the numbers of adoption of children in foster care by 191 percent from 1995 to 1999. A record number of 250 adoptions were finalized in 1999; this is a good start but much more remains to be accomplished.

In designing a plan for the use of the federal adoption incentive funds, a subcommittee of the Mayor's Advisory Committee on Permanent Homes for Children sought input from many in the community and researched innovative ideas from the region and around the country. The goal was to design a series of initiatives that would pilot-test new approaches to address issues that have been barriers to adoption and to focus these funds in a way that will achieve measurable outcomes.

The overarching goal of the attached proposal is to provide loving and permanent homes for children in the District of Columbia. The Plan is designed to achieve the following five measurable outcomes:

Outcome #1.—Increase the number of families in the District of Columbia who are willing and able to adopt children currently in the District's foster care system.

Outcome #2.—Decrease the disruption rate for adoptions of children with special physical or emotional needs.

Outcome #3.—Increase the rate of adoption of teens in foster care whose permanency plan is adoption.

Outcome #4.—Increase the rate of adoption for sibling groups in foster care whose permanency plan is adoption.

Outcome #5.—Achieve compliance with the outcomes for permanency for children specified by the federal government under the Adoption and Safe Families Act (ASFA).

The proposal includes four interrelated initiatives:

- Creation of a Flexible Fund to support adoptions of sibling groups and other hard to place children.
- Establishment of a Scholarship Fund to support transition to independence for adopted teens.
- Creation of an Adoption Resource Center(s) and Post-Adoption Services Capacity.
- Enhancement of recruitment and support of District foster and adoptive families.

Each of the proposed initiatives' and estimated costs based on two years of implementation is presented below.

PROPOSED PLAN

Creation of a Flexible fund to support adoptions of sibling groups and other hard to place children.

Problem addressed.—Many parents who would be willing and are capable of becoming adopted parents are discouraged from doing so because of their inability to meet certain requirements related to physical space, conditions in their home, or the need for accommodations or special equipment for children with handicaps or large sibling groups. Access to a funding source for some of these needs would provide a significant incentive toward adoption.

Proposal.—A flexible fund would be established which could be accessed by families interested in adoption in order to provide needed funding and/or resources for a range of activities/items necessary to become an adoptive parent. The kinds of things eligible for reimbursement/payment through this fund would include:

- home renovations to accommodate wheelchairs or other special needs of children;
- assistance in lead paint abatement when the presence of lead paint is an obstacle to approval of the adoptive home;
- assistance in paying the cost of FBI finger-printing necessary for approval as an adoptive parent;
- equipment to care for disabled children (e.g., beds, durable medical equipment (and specialized items not covered by other public programs);
- assistance to needy families who have uncovered costs related to mental health care for children with special needs. Funds would be administered only to families with demonstrated financial need according to a sliding scale;
- purchase of a wheelchair equipped van to enable adoptive parent(s) to accept children with physical handicaps;
- assistance with home renovations, down payments or purchase of homes to allow families to adopt large sibling groups. Consideration will be given to purchase of homes for sibling groups of five or more;
- assistance with miscellaneous expenses in accordance with a plan approved by the agency to promote the ability and willingness of parents to adopt children with special needs or large sibling groups;
- other approved expenses to promote adoption and avoid disruptions for which no other funding source exists.

Families would be eligible for funds from this account if they have applied and are approved to be adoptive parents and have adoptions finalized after January 2000. Funds from the flexible fund account will be authorized only for things not available without cost in the community and not routinely covered by the existing adoption subsidy program. Funds will be used primarily for one-time expenditures for things that are a clear barrier to adoption. The funds would be placed in an interest-bearing account.

Estimated Cost.—\$1.7 million (\$850,000 per year for 2 years).

Establishment of a Scholarship fund to support transition to independence for adopted teens.

Problem.—One of the major barriers to adoption of school age and teenage children is the lack of resources for adoptive parents to support education and training of a transition to independence.

Proposal.—A scholarship fund would be established which could be accessed by adoptive families for post high school education and training for their adopted children upon presentation of documentation of acceptance at a Junior College, university or post-secondary occupational or training school, adoptive families would be eligible to receive a scholarship of up to \$8,000 per year for a high school graduate going to college and up to \$3,000 per year for high school graduates entering post-secondary training. This fund could be established by placing an earmarked amount per child in an interest earning account at the time of the child's adoption. The scholarship fund would be administered through a private non-profit organization.

Estimated Cost.—The fund would be established initially with \$1.5 million in an interest bearing account. Cost assumptions are based on granting up to 130 scholarships for two years. Interest generated by the fund and additional fundraising would occur to stabilize the fund for the future.

Creation of an Adoption Resource Center(s) and Post-Adoption Services Capacity.

Problem.—One barrier to adoption is the fear of prospective adoptive parents that they will not be supported when and if problems arise. Experience around the country has shown that the development of adequate post-adoption support resources is a significant incentive to adoption.

Proposal.—Funds would be used to establish a private Adoptive Family Resource Support Center in the District of Columbia to provide ongoing information, education and support to adoptive families. Some of the activities to be carried out by the resource center will include: operation of a hotline for questions, information and referral; development and dissemination of an information and referral directory of services and supports in the metropolitan area; creation and operation of a resource lending library for adoptive parents and children; conduct of training programs developed in concert with adoptive parents to meet their needs; development and assistance to adoptive parent support groups, etc., and therapeutic services related to adoption. The Support Center would also have funds to provide scholarships

for adoptive children and families to participate in training provided by national or regional support groups or associations.

The Committee proposes that an RFP be developed outlining the Adoption Resource and Support activities that are desired and that an organization be funded to develop those activities for the District, either by creating a single resource center or by developing and coordinating programming that could be made available through or in cooperation with the neighborhood family support centers proposed in the Mayor's Safe Passages initiative.

As an adjunct to the Support Center(s), it is also proposed that a small portion of the funds be allocated to CFSA to enhance their post-adoption services capacity and to enable their staff to link families with the Resource Center and other adoptive support opportunities family conferences, training, etc.).

Estimated Cost.—\$900,000 million (Resource Center \$775,000 for 2 years and \$125,000 for CFSA post-adoption support activities for families).

Enhancement of Recruitment and Support of Foster and Adoptive Families

Problem.—The majority of adoptive families begin as foster parents. Expanding the pool of adoptive families means expanding the recruitment and support of foster parents as well as doing more community and neighborhood recruitment of adoptive families. CFSA has been hampered in its efforts to expand its recruitment and support activities by a lack of funds to support the start that is doing recruitment and to enable CFSA to use foster and adoptive parents as team members in the recruitment process.

Proposal.—Funds would be used to contract with community organizations and providers to assist in adoptive home recruitment. Part of the incentive plan also involves providing funds to support critical staff enhancements and activities within the Adoptions Unit of CFSA. Funds would be made available to provide for additional capacity both within CFSA and in other organizations to expand after hour's recruitment activities and to make it possible for foster and adoptive parents to serve as co-leaders in training. As part of the enhanced recruitment effort, incentive funds would be used to pay for:

- adoptive parents to serve as co-leaders in pre-service training;
- food for parents attending training sessions;
- child care for adoptive parents attending training sessions;
- inviting furnishings and decorations for the rooms where adoptive parent training is held;
- additional supplies for adoptive home recruitment including a video recorder and cameras, printing of brochures, displays for literature and banners for use at recruitment events and an equipped mobile van which can be taken to a wide range of community events to promote becoming foster and adoptive parents;
- the preparation of Life Books for all adoptive children;
- transportation funds for visitation between prospective adoptive families and children when interstate adoptions are planned;
- expenses associated with participation in adoption exchanges.

Estimated Cost.—\$700,000 (\$350,000 per year).

MANAGEMENT AND OVERSIGHT OF ADOPTION INCENTIVE PLAN

Overall management of the Adoption Incentive Plan would rest with the Deputy Mayor for Children's Services. Day to day coordination and implementation of the adoption incentive initiatives will be assigned to the Child and Family Services Administration which is the agency District law for the work associated with providing permanent homes for children who are in the custody of the District of Columbia because of parental abuse or neglect. Several of the initiatives would involve one or more contracts with private organizations to carry out the work. CFSA would be accountable to the Deputy Mayor for Children and Families for reporting, evaluation and fiscal accountability on each initiative.

General oversight of the Adoptive Incentive Plan would also be provided by a standing subcommittee of the Mayor's Advisory Committee on Permanent Homes for Children. Regular reports would be made to the Committee on progress in meeting measurable objectives.

In addition, the plan includes a provision for a small amount of funds (\$200,000) to be set-aside for an external evaluation of the effectiveness of the proposed adoption incentive initiatives. A contract would be let with an independent external evaluator to design and conduct necessary data collection and evaluative studies under the direction of the Mayor's Committee and/or the Deputy Mayor for Children's Services.

Beginning in fiscal year 2002, the Mayor must prepare and submit a budget that identifies the amount of the savings of debt service arising from the repayment of

indebtedness to the District of Columbia in connection with the sale of the District's rights in and to the Settlement Agreement to the District of Columbia Tobacco Settlement Financing Corporation.

The requirement for a competitive bid for the selection of the Corporation's underwriter and bond counsel will have a positive fiscal impact as it will require that the Corporation's underwriter and bond counsel are chosen on the basis of lowest evaluated price.

TITLE XXXVIII.—ADOPTION VOUCHER PROGRAM AND FUND

SEC. 3801. SHORT TITLE.

This title may be cited as the "Adoption Voucher Fund Act of 2000".

SEC. 3802. LEGISLATIVE FINDINGS.

(a) The long term needs of District of Columbia children who are in foster care are not being served. Although the Adoption and Safe Families Amendment Act of 2000 shortens the time in which children may remain in foster care, many of these children require additional assistance in order to be adopted.

(b) The financial costs associated with maintaining the 3,000 foster children are high. In addition to the monthly payments to foster parents, the Child and Family Services Agency must supervise and staff each case, the Superior Court of the District of Columbia must pay attorneys and judges to review each case, and the Office of Corporation Counsel must staff and review each case.

(c) Even more critical are the tragic human costs associated with allowing children to languish in foster care. The most recent study on the fate of foster children who "age out" of the child welfare system without finding a permanent home found that 12 to 18 months after they left foster care, just half were employed, one-third were receiving public assistance, one-fifth of the girls had given birth, and more than one-quarter of the boys had been incarcerated.

(d) Many of the children in foster care have foster parents desirous of adopting them but are unable to do so because of the costs associated with adoption.

(e) Providing these foster parents with a one-time financial assistance package in the form of vouchers would facilitate adoptions. Financial assistance would consist of vouchers to cover the costs of the necessary homestudies, compilation of information on the foster children's backgrounds and special needs, and attorneys' fees.

(f) The Congress has appropriated, in the District of Columbia Appropriations Act, 2000 a \$5 million payment, to remain available until September 30, 2001, to the District of Columbia to create incentives to promote the adoption of children in the District's foster care system.

SEC. 3803. DEFINITIONS.

For the purpose of this title, the term:

(1) "Attorneys' fees" means the legal costs and expenses which are directly related to the adoption of a foster child or foster children.

(2) "Foster care" means 24 hour substitute care for children placed away from their parents or guardians for whom the Child and Family Services Agency has placement care and responsibility.

(3) "Foster child" and "foster children" mean a child, or children, who comes under the jurisdiction of the Superior Court of the District of Columbia pursuant to section 2320 of Title 16 of the District of Columbia Code or whose parents' rights have been relinquished pursuant to section 6 of An Act to regulate the placing of children in family homes, and other purposes.

(4) "Foster parent" means an individual with whom a foster child is legally placed,

(5) "Homestudy" means the "investigation, report and recommendation" required by section 307 of Title 16 of the District of Columbia Code.

(6) "Related sibling group" means a group of siblings with at least one parent in common, residing together in the home of a foster parent.

SEC. 3804. ESTABLISHMENT OF THE ADOPTION INCENTIVE PROGRAM; PURPOSE.

There is established the Adoption Incentive Program ("Program"). The purpose of the Program is to provide foster parents with access to a one-time financial assistance package to assist them with the expenses associated with attorneys' fees and the homestudy relating to the adoption of a foster child, subject to the availability of funds in the Adoption Voucher Fund.

SEC. 3805. ESTABLISHMENT OF THE ADOPTION VOUCHER FUND.

(a) There is established the Adoption Voucher Fund ("Fund"). The Fund shall be comprised of \$2 million of the \$5 million appropriated in the District of Columbia

Appropriations Act, 2000, approved November 29, 1999 (Public Law No. 106-113; 113 Stat. 1501), and additional funds in their entirety which Congress may appropriate from time to time for the purpose of providing incentives for foster parents to adopt District children.

(b) Monies in the Fund shall be used only for the payment of homestudies and attorneys' fees, as well as any administrative costs directly associated with the implementation of this title. The Fund shall be the sole source of payments under the Program.

SEC. 3806. BENEFITS.

(a) A foster parent may receive the following:

(1) A voucher for the payment of \$1,500 for a homestudy for each foster child or related sibling group; and

(2) A voucher for the payment of \$5,000 for attorneys' fees for each foster child or related sibling group; provided that, the voucher may only be applied to attorney's fees charged at an hourly rate of not more than \$125 per hour and related expenses billed at actual cost.

(b) Nothing in this act shall be construed to create an entitlement to financial assistance for the adoption of a foster child, or foster children, if no funds remain available in the Adoption Voucher Fund.

(c) Vouchers issued pursuant to this section shall be in addition to, and may not limit the amount of money available to a foster parent under section 3 of an Act to provide for the care of dependent children in the District of Columbia and to create a board of childrens' guardians.

SEC. 3807. ADMINISTRATION OF THE ADOPTION INCENTIVE PROGRAM AND THE ADOPTION VOUCHER FUND.

(a) The Child and Family Services Agency ("CFSA") shall administer the Program and the Fund. CFSA shall:

(1) Within 180 days of the effective date of this legislation identify children whose permanency plans are adoption, for as long as funds are available from the Fund;

(2) Obtain a document signed by the foster parents stating their intent to adopt within 180 days of identifying the children pursuant to paragraph (1) of this subsection; and

(3) Upon obtaining the signed document required by paragraph (2) of this subsection, immediately provide a voucher for attorneys' fees and a voucher for the homestudy to the foster parent.

(b) Vouchers issued pursuant to this section shall contain a statement describing the benefits to the adopting foster parents under the program, as well as the terms and conditions for the use of the vouchers.

(c) Adopting foster parents shall present the vouchers to their attorney and licensed agency hired to perform the homestudy.

(d) An attorney hired by a foster parent shall submit a voucher for attorneys' fees with his or her first bill to CFSA, which shall set up an account with a \$5,000 balance. Thereafter, the attorney shall submit his or her bills quarterly to CFSA. CFSA shall pay the attorney within 30 days with funds from the account.

(e) The licensed agency hired to perform the homestudy shall submit its bill and the voucher for the homestudy to CFSA after the homestudy is complete for payment within 30 days.

SEC. 3808. FISCAL IMPACT STATEMENT.

The Adoption Voucher Fund, which is subject to the availability of appropriations, shall be comprised of \$2 million of the \$5 million appropriated in the District of Columbia Appropriations Act for Fiscal Year 2000 as a Federal payment available until September 30, 2001, for incentives to promote the adoption of children in the District's foster care system in accordance with legislation enacted by the Council. The remaining \$3 million will fund the proposed Mayor's Advisory Committee on Permanent Homes for Children for use of the Federal Adoption Incentives Funds. Furthermore, the proposed Budget Request Act for Fiscal Year 2001 contains a request for \$5,000,000 for the same purpose to be available until September 20, 2002.

TIMELINES FOR ADOPTION INCENTIVE PLAN EXPENDITURES

INITIATIVE # 1: CREATION OF A FLEXIBLE FUND TO SUPPORT ADOPTION OF SIBLING GROUPS AND OTHER HARD TO PLACE CHILDREN (\$1.5 MILLION)

By August 15, 2000

Identify private non-profit organization to operate flexible fund.

Develop guidelines for eligible individuals.
 Develop parameters for allowable expenditures from fund.
 Develop protocols for accessing individual payments for families from flexible fund.

By September 1, 2000

Grant \$1.5 million to designated organization administering flexible fund for expenditure between September 1, 2000 and September 30, 2001.

INITIATIVE #2: ESTABLISHMENT OF A SCHOLARSHIP FUND TO SUPPORT TRANSITION TO INDEPENDENCE FOR ADOPTED TEENS (\$1.6 MILLION)

By September 15, 2000

Identify organization to administer scholarship fund.
 Grant \$1.6 million to organization administering scholarship fund to be placed in interest bearing account and subsequently allocated to interest bearing individual scholarship accounts for identified children.
 Establish eligibility guidelines for receipt of scholarship.

By September 30, 2000

Establish interest-bearing account for scholarship funds.
 Announce and publicize scholarship fund availability for all prospective adoptive parents and parents in process and filing for adoption as of January 1, 2000.

By October 1, 2000

Begin establishing individual scholarship accounts for identified children.

INITIATIVE #3: CREATION OF AN ADOPTION RESOURCE CENTER AND POST-ADOPTION SERVICES CAPACITY (\$1 MILLION)

Adoption Support Center (\$775,000)

By August 1, 2000

Develop and issue RFP for District of Columbia Adoption Resource Center (2 year grant @ \$375,000 for Year 1 and \$400,000 for Year 2 = \$775,000) with proposals due by September 1, 2000.

Between September 1, 2000 and September 20, 2000

Review proposals and select contractor for Post Adoption Resource Center.

By September 30, 2000

Sign contract with provider for one year with renewable second year. All funds to be contracted by September 30, 2001.
 Post-Adoption Services (\$225,000)

By August 1, 2000

CFSA to develop specific budget plan for use of \$225,000 to enhance Post-Adoption Services.

By October 1, 2000

Allocate additional funds to CFSA budget for use in accordance with plan developed by CFSA and approved by the Deputy Mayor for Children, Youth and Families.

INITIATIVE #4: ENHANCEMENT OF ADOPTIVE HOME RECRUITMENT AND SUPPORT OF FOSTER AND ADOPTIVE FAMILIES (\$900,000)

By August 1, 2000

CFSA to develop specific budget plan for use of \$750,000 in additional funds to enhance neighborhood based adoptive home recruitment and support. Funds could be used for additional staff for evening and weekend recruitment; contracted neighborhood based recruiters and trainers to implement Family to Family program; stipends for foster parents to serve as co-leaders in preservices training; child care for parents involved in training; additional supplies (brochures, videos, a mobile van, etc.). For recruitment and training; preparation of life books for all adoptive children; contracted home studies; transportation expenses for visitation between children and adoptive parents and expenses associated with participation in adoption exchanges.

By October 1, 2000

Allocate additional funds to CFSA budget for use in accordance with plan developed by CFSA and approved by the Deputy Mayor for Children, Youth and Families.

By September 1, 2000

Deputy Mayor for Children, Youth and Families to hire one staff person to provide full-time staff assistance to Mayor's Committee on Permanent Homes for Children and to coordinate and oversee all activities funded through the Adoption Incentive Plan (\$150,000 allocated for salary, benefits and administrative costs).

IDEAS FOR EXPENDITURE OF ADDITIONAL \$5 MILLION IN ADOPTION/PERMANENCY INCENTIVE FUNDS

Initiative #1.—Provide funds for planning, design and initial implementation of an innovative supported community providing permanent homes for children in large sibling groups who are separated from their families because of abuse and neglect. (\$2 million)

Building on the experiences of models of children's villages that have been established in other parts of the country, the District wants to invest in the development of a similar model for the District which would provide safe, loving and permanent homes for very large sibling groups who are currently in out of home care because of abuse and neglect and who have been unable to be reunited with their birth families. For many of these children in large sibling groups, the current system has been unsuccessful in permanently placing them with relatives or in adoptive homes that can accommodate all siblings together. Many of these children are isolated from their sibling with the younger children living in foster families and the older ones in group homes or other congregate care facilities.

The concept is to seed the construction or renovation of single family homes in a designated safe community that can reunite these children with their siblings and place them in the permanent care of relatives (who would be willing and able to care for them if adequate housing and supports were available) or with trained two parent families who would commit to raising these sibling groups as part of a permanent family until they are grown and self-sufficient. Caregivers would be well trained and supported, both financially and with ongoing supervision and services. Funds available through this initiative would be matched with private Foundation and other District funds to establish a village of approximately 10 families living in a close-knit neighborhood of single family homes. Services and supports to the families and children would be provided within the context of the neighborhood and community in which the homes are located. Planning for this work would begin by October 1, 2000 with the expectation that the community could be operational by December 31, 2001.

Initiative #2.—Establishment of Scholarship Fund for post-high school education, vocational or life skills training for all children who will exit the foster care system with a goal of independent living. (\$1 million)

Funds would be used to expand the scholarship program currently being developed as an incentive for all children being adopted through the foster care system to allow a similar scholarship for each child who leaves the foster care system at age 18 or 21 with a goal of independent living. The scholarship fund would be administered through a non-profit organization and would provide a grant of between \$3,000–\$8,000 per year/per child for additional education or training in order to help them make a successful transition to adulthood as they leave the foster care system.

Initiative #3.—Improve the capacity of the legal system to move children toward permanency through Adoption (\$1.5 million)

Additional attorneys are urgently needed within the District's Office of Corporation Counsel to adequately implement the Federal Adoption and Safe Families Act and to assure that timely and effective legal action is taken to move children toward permanency through adoption and/or legal guardianship. These funds would enable the Office of Corporation Counsel to immediately hire ___ and ___ additional attorneys and ___ paralegals who would be devoted exclusively to the child abuse and neglect caseload.

Initiative #4.—Expand the capacity of the District's Safe Shores Children's Advocacy Center to end the fragmentation in the current response of the Metropolitan Police Department, the Child and Family Services Administration, the U.S. Attorney's Office and the Office of Corporation Counsel to children who have experienced child abuse and neglect. (\$500,000)

These funds would be used to leverage other federal and private contributions to support the development of an integrated response that would end the current bifurcation of abuse and neglect in the District of Columbia.

Senator KYL. I appreciate that. I think that that is an area where a performance-based audit should be possible. And because everyone is committed to the object or to the goal, I think it would

be very useful for us to track that and to see how well we have done as a result of the application of these funds, because it could call for greater support in the future if, in fact, the efforts work.

DEBT ISSUE

And finally, Ms. Cropp, I think along with everyone else, I have continued to watch the debt issue that the Chairman has already talked to you about.

D.C. GENERAL

D.C. General is, of course, the District's sole general hospital and is run by the D.C. Health and Hospital Public Benefit Corporation. GAO is, as you know, investigating whether the District violated Federal law by making a \$2.2-million-a-month loan to PBC.

LOANS TO PBC

My information is that PBC has not returned any of the \$65.7 million in District cash that it borrowed in two and a half years. Can you tell us what the District is doing to get repayment on those loans made to the PBC?

Ms. CROPP. No, I cannot at this time, but I can submit that information for the record. I am not certain. No, I cannot at this time.

CONSULT FOR OVERSIGHT OF PBC

Senator KYL. I noted that this spring the District recommended using \$60,000 of reserve funds to hire an independent consultant to assist the Council in its oversight of PBC regarding the provision of medical services to uninsured District residents. Do you know anything about that recommendation?

Ms. CROPP. I do. Actually, there is a collaborative that is being formed with signatories being the Chair of the Council, the Mayor, the Chair of the Financial Authority and the Chair of the PBC board. It is an outgrowth of the Health Commission that the Mayor and the Council had formed to look at healthcare issues in the District of Columbia.

FINANCIAL STATUS OF PBC

One of the things that came out of it was that we were very unclear as to the financial status of the PBC. We had great concern about the numbers that were there.

Rather than rely totally on the figures that came out of the PBC, we wanted to get an independent view of the financial structure, the clinical structure and other areas of concern from the Public Benefit Corporation.

We were going to get an outside group to look at it, Cambio. They have done Georgetown Hospital. They also did Greater Southeast Hospital.

Senator KYL. If I could just interrupt. I mean, you do not need the \$60,000 consultant to know that you are not getting money repaid.

Ms. CROPP. Part of the problem was that we could not get figures that we could embrace totally. And we needed to have an outside review to get the information.

Senator KYL. You know how much you are owed, though. I mean, you understand how much money you are owed—

Ms. CROPP. Yes.

Senator KYL [continuing]. How much you loaned. What is it that—

Ms. CROPP. But we still do not know all of the figures—we still do not know everything that is within the hospital. We do not know what all of the revenue is that comes into the hospital. We are not certain of what—

Senator KYL. So if I could just interrupt again, is the purpose for this, then, to better understand how you can recover the money?

Ms. CROPP. How to recover the money, and also how to make sure that the hospital is functioning appropriately, financially and also clinically.

We want to go beyond just that financial aspect. We want to make sure that the hospital is—perhaps there are some things that the hospital is doing that they may not have to do in the future.

For example, the hospital does do about 75 percent of the trauma in the City. The rest of the hospitals cannot absorb that. But perhaps in the area of pediatrics, perhaps other hospitals can absorb that, and we can look at restructuring some of the things that the hospital does currently.

So we want to take a broad picture of the healthcare delivery that the hospital is providing and take into consideration its financial status, its clinical structure and other areas to make sure that it is really functioning appropriately.

Senator KYL. I think that is a very important thing to do and would hope that you could share those results with the Committee.

Okay. Thank you, Madam Chairman.

Senator HUTCHISON. Thank you. Do you need a little more time, before—

Senator KYL. Thank you, but no.

Senator HUTCHISON. Thank you, Senator Kyl.

I will call on my ranking member, Senator Durbin.

Senator DURBIN. Thank you very much, Senator Hutchison. I apologize for being late. We had a meeting in my office about the restoration of some air service to a city in Illinois, and you can understand why I felt I had to be there for that.

But I wanted to be here, especially today to first thank the panel which is assembled, Dr. Rivlin, whom I worked with years ago when I was a member of the House Budget Committee; and Ms. Cropp—though we do not know one another personally I find you on cable TV every night when I get back home so I know that you are actively involved in the government of the District of Columbia—and especially to Mayor Williams, whom I have known since he first went to work for the Department of Agriculture.

And I was acquainted with your professional background and have been extremely impressed by your leadership in the District of Columbia. You have restored hope and faith on Capitol Hill among many of us that our Capitol City, our Nation's Capitol can be a source of great pride for many years to come. And I salute you for that. It is a very daunting challenge. And I think you have risen to it. And I want to continue to help you to do just that.

I note here and my staff has told me that your overall budget is in the range of \$5.3 billion, but the Federal contribution is in the range of some \$400 million, if I am not mistaken, roughly, the direct part, which gives us at least some perspective in terms of the tail on the dog that is the subject of this hearing.

My personal philosophy has been that you are a government entitled to rule your jurisdiction, because you were elected to that post. I believe in that democratic process.

I have resisted efforts throughout my Congressional career when would-be mayors on Capitol Hill wanted to second-guess the leadership of the District of Columbia.

And many times, I thought that that leadership was just dead wrong. I still felt they were entitled to make their mistakes. That is what democracy is all about. And I continue to feel that way.

TAX CUT

I think that we can be helpful and should be helpful to the District of Columbia because of its importance to all of us who call it a second home, and to the nation.

Having said that, when I step back and take a look at the District of Columbia, there is one thing that continues to trouble me and I am afraid is getting worse, and that is the situation where your proposed D.C. tax cut is growing in size.

Am I correct in the information that I have that the D.C. tax cut this year will amount to some \$125 million?

Mayor WILLIAMS. That is roughly correct, Senator.

Senator DURBIN. So if I understand that, it basically means that about 30 percent of all the money that we are talking about appropriating to you is going to be given away to the residents of the District of Columbia in a tax cut?

Mayor WILLIAMS. I am not sure of the exact percentage, but I think the consensus of leadership is that we need a balance between program investment, investment in human services capital, and some investment in tax reform and parity, that all of them have to come, you know, in combination, that there is a level and, with respect to our local home rule, we battled it out and, we came to the agreement we came to. It may be a pig, but it is our pig.

Senator DURBIN. It is your decision to make.

Mayor WILLIAMS. Right.

Senator DURBIN. And you have, with your City Council, have made that decision.

I will tell you that it is difficult for me to sit here and to look at these numbers that are going to grow to over \$200 million in the next couple of years and realize that half the money we are sending to the District of Columbia you will turn around and give away to the residents.

Now, that might be a great idea—in fact, it is a great political idea for those who are in public office.

But those of us who have observed the District of Columbia find it difficult to understand how the City Council can ignore the shortcomings in your educational system, the shortcomings when it comes to public safety, the shortcomings when it comes to public health, and decide that, instead, this money is not necessary. It is to be given away to residents.

I will tell you the people I have spoken to who live in the District of Columbia, who would much rather have safer streets and better schools and clean up of a lot of the areas that are blighted in this District than to receive \$50 or \$100 in a tax cut.

It is a wonderful political exercise with some who believe that that is the key, is to keep giving money back to the people.

MEETING BASIC OBLIGATIONS

But if the District is not meeting its most basic obligations in terms of protecting the people of the District and providing a good education for their kids, I think it is indefensible.

And as that number grows, as your tax cut grows, I think your call on the Federal Government for more and more money becomes less convincing. You obviously do not need it. If you can give it away, you do not need it.

And this year, 30 percent of what you are asking for in direct payments from the Federal Government you clearly do not need, because you are going to turn around and give it back in terms of tax cuts.

I asked in the course of last year's appropriation bill for a report card from the District to see how you are doing. We had the Casey Foundation evaluation about kids in the District. And I really believe that you, Mayor, are on the right track.

I see what you are doing in terms of setting performance goals and having people stand up and say, "I am going to try to put so many more people in drug rehab. We are going to try to do so much in health clinics." All of these things make a lot of sense to me.

And I would like to have, if you can, your analysis of the progress you are making and the obstacles you are running into in providing those basic services to address the needs of children in the District of Columbia.

Mayor WILLIAMS. Well, thank you, Senator. But I think any person would say that they might like to try to bring our city to, you know, what is—I will put it this way, for our city to realize its full promise and potential and to successfully work its way through this recovery, to me it really is a balance between bringing our government to its right size, investing in our equipment, our plan, and our people. And in sharing that, we have got a robust, prosperous economy.

Certainly, there are always questions of balance and there are questions of degree, but I think that there is a role in there. And I think that American citizens have an interest in seeing that the businesses and the taxpayers in the City are on some kind of parity with taxpayers everywhere else because we are our Nation's Capital, and right now we are really at, for a lot of different reasons, historically and otherwise, somewhat of a disadvantage.

And so anything we can do to right that balance, I think, is going in the right track. Again, we may have our differences in degree or magnitude.

Speaking of children, our emphasis on children flows from our neighborhood summary, where I say this over and over again and people groan, but we had 3,000 people at the convention center. These were all regular citizens. They were not bused in. They were not my political cronies. They were just regular folks.

STRATEGIC PLAN FOR CITY

We had folks from every quadrant of the City, every ward of the City, old folks, young folks, black folks, white folks; everybody was there. And these folks sat there. They spent over 7 hours of their time on a Saturday in developing a vision, strategic plan for the City.

Their top two priorities—because we used a lot of electronic gadgetry, their top two priorities were restore, refurbish our neighborhoods, support our children and families. Those were the top two goals.

So a lot of this budget flow and emphasis on children flows out of that. And I give you two areas where we want to really put a special emphasis on children.

Number one is I am going to be calling together a group of citizens and work with the Council and the Authority and ask the group of citizens—a small number so it is manageable, work with a consultant, work with staff, work with our inspector general, and go into our delivery system, if you want to call it that to be kind, for our children, and tell me what we are doing wrong, where we need to improve, where we need to fix things, where we need to refurbish, blow up, rehabilitate the process, because right now in many, many ways, particularly as it relates not just to youth services in general but to juvenile justice, we are not doing the job.

Senator DURBIN. May I ask a specific question?

Mayor WILLIAMS. Yes.

Senator DURBIN. Last year I compared the District of Columbia to states in terms of performance for children, and some said, "That is not fair. Compare the District of Columbia to cities, not to States, because of the unique governance here."

DISTRICT COMPARED TO OTHER CITIES

And so, we took a look at that particular issue, the top 50 cities in the United States, and compared the District of Columbia's statistics when it comes to children and poverty. And, Mayor, when it comes down to the health, in particular health services for children and for pregnant women, the District of Columbia ranked dead last again.

In a city where the City Council has decided, "There is too much money; we are going to give it back," you have a situation where the District of Columbia ranks 50th out of 50 cities on the percent of total births to mothers receiving late or no prenatal care.

And you and I both know that is a recipe for disaster. Mothers without prenatal care are kids who are going to give birth to children with a world of problems, expensive problems, for a lifetime. This is in a city that has decided "We are going to give away a tax cut, 30 percent of the money we get from the federal government," and you rank dead last in the 50 cities.

Would this be a radical idea? Could you go to the D.C. City Council and perhaps bring that to their attention, and maybe suggest to them that a few more prenatal clinics and a few less dollars being given away in tax cuts might be in the best interest of residents who come 3,000 strong and tell you that strong families is one of the top two priorities in their mind?

Ms. CROPP. Senator, I would like to also have an opportunity to make some comments.

Senator DURBIN. Sure, of course.

Ms. CROPP. Let me beg to differ somewhat with your suggestion that the dollars that the Federal Government is giving to the District of Columbia that the City is using to deal with the tax cut.

We are using local revenue, not Federal dollars, first of all. Although the Federal dollars are a part of the revitalization plan that came about because of the change in the Federal payment that would go to the District of Columbia.

The Council—and I would like to share with you our legislative agenda, and perhaps also there is a need for us to get together and talk a little off line about some of the things that the Council has done.

We have worked extremely hard to provide better health care, and expanded to look at approaches where we could improve education—

Senator DURBIN. May I ask you a question?

Ms. CROPP [continuing]. For our citizens in the District of Columbia.

BIRTHS

Senator DURBIN. Do you disagree with the conclusions that the District of Columbia is in the worst shape of the top 50 cities in America when it comes to births to mothers without prenatal care, ranks 49th out of 50 in low-birth weight babies, ranks 49th out of 50 in percent of pre-term babies? Do you say this is a crisis?

Ms. CROPP. I may not be able to argue with that, but there are other things that we have to do. We have to look at the whole picture. And part of looking at the whole picture is looking at approaches and ways to help our economy and revenue to grow in the future, because the Federal Government is not going to continue to give us dollars.

TAX RATE

We are going to have to figure out other approaches. Let me just share this one statistic with you, for example. The District's lowest tax rate of 6 percent for our lowest income people, those individuals who make \$0 to \$10,000, is higher than the wealthiest people pay in the State of Virginia, right next door. The people who make under \$10,000 pay more taxes than the wealthiest of people pay in Virginia.

We, in the District, because of where we are and how we are surrounded by much wealthier States who do not have the problems of an urban city—when you were saying earlier about not comparing the District to States, why? Because like any other urban city in this country, we have a population that is older, that is sicker, and that is poorer.

In addition to that, we are further penalized by the fact that we do not have the wealthier suburban areas to help offset the costs of the District.

Senator DURBIN. Let me—

Ms. CROPP. Sixty-two percent of the people who work for the District of Columbia government—62 percent who work for the government, live outside of the District of Columbia.

So we have to come up with better approaches and different ways to help our economy grow. Tax parity is one when our surrounding jurisdictions are bringing in—when their taxes are so much lower. At the same time, we are challenged, and I think we are meeting that challenge, to meet the needs of our people who need more.

Senator DURBIN. We disagree, and we are bound to disagree because I have made my point on this last year. And I did not realize the Chairman had not asked questions. And I want to just wrap this up.

PRENATAL CARE

But let me give you this analogy: If you know that the failure of the District of Columbia to have appropriate prenatal care for mothers results in the birth of low-birth weight children who are bound to have additional medical expenses and problems for a lifetime—and we can certainly document everything I have just said to be true in the District of Columbia—and you insist, instead, on focusing on giving tax cuts with money instead of building prenatal centers for these mothers for their health care, the only analogy I can think of is someone who has just bought new draperies for their home, and enjoys it very much, did not have enough money to fix the roof, and the water is coming in.

Those children will cost you, the District, the taxpayers, and America, a fortune because we did not make the investment in their lives early enough.

And the District of Columbia, for all the progress it has made, still has in many areas, deficiencies which require some enlightened thinking.

And I think the City Council is just off base when it takes 30 percent of the Federal funds and gives it away, saying, “We cannot think of a thing we can do in the District of Columbia with \$125 million except to give it back.”

Well, anybody who is a family of a victim of a drive-by shooting can think of something that could have been done in terms of police protection.

People who are worried about the test scores of kids coming out of D.C. schools can think of something.

And the mothers of these children who are holding these babies who have a lifetime of problems ahead of them, can think of something.

Ms. CROPP. And the Council has, and I think our budget reflects that we have.

Senator DURBIN. Well, unfortunately, the progress is too slow as far as I am concerned.

Ms. CROPP. Well, I will agree with that. We have found a point of agreement. It is much slower than what I think it ought to be.

Senator DURBIN. I would ask the Chairman, Senator Hutchison, for unanimous consent that the remaining questions I have be submitted for the record.

Senator HUTCHISON. Without objection.

Senator DURBIN. Thank you very much. Thank you.

Senator HUTCHISON. I have several questions, but I just want to make one other point. I think Chairman Cropp was very good in representing the Council views and looking at the place where you sit, and the competition around the District of Columbia for residence.

TAX REVENUES GOING UP

I have looked at the projections with the tax cuts that were put in place last year. The projections are that the revenue will go up because you are encouraging people to stay in the District and move back into the District. And so, in fact, the tax revenues are going up, not down.

I think they have responded quite correctly to looking at where they sit and doing the best that they can to make this city a place that people want to live.

I do not disagree with your points on the things that have not been done. I think we should all work for improving prenatal health care, but I do not think it is the tax cut that is keeping us from doing that.

I think you are bringing people in. So we have, you know, two ways of looking at this. But in that instance, I think they are on the right track, and let us just work together to try to improve the situation that you mentioned.

MARIJUANA POSSESSION LAW

Let me ask you a couple of questions. Earlier in the year, the Council considered strengthening the City's marijuana possession laws. The U.S. Attorney has expressed concern that the District's lax laws on the point are fostering new criminal gangs in the District that have been selling this drug.

I want to ask you if the City is still considering strengthening its marijuana possession laws, or how are you addressing the issue that has been addressed by the U.S. Attorney?

Ms. CROPP. If I may get that information back to you, Senator—we are looking at all of our laws and trying to strengthen them. I do not want to put something on the record that is not totally accurate. If I can get that information as to what we are doing specifically with the marijuana laws, I would get it back to you.

Senator HUTCHISON. Okay. Is it something that is being considered by the Council ongoing, the strengthening of those laws?

Ms. CROPP. Yes, it is, and the Council will—I have just been informed that we will take action on it before recess. So, before July, you will get information on that.

[The information follows:]

REPORT ON DISTRICT'S MARIJUANA POSSESSION LAWS

Purpose of the Bill

The purpose of Bill 13-240 is to deter marijuana trafficking and the violence surrounding marijuana trafficking by amending the District of Columbia Uniform Controlled Substances Act of 1981 to include marijuana as a Schedule III controlled substance. This bill will make the manufacture, distribution and possession with intent to distribute marijuana a five-year felony, except that the first conviction for the manufacture, distribution or possession with intent to distribute ½ pound or less of marijuana will remain a misdemeanor if the person has not previously been

convicted of manufacturing, distributing or possession with intent to distribute a controlled substance or an attempt to do so.

In addition, this change will permit pretrial detention under D.C. Code § 23-1322 of persons charged with the manufacture, distribution or possession with intent to distribute marijuana because these offenses will fall within the definition of “dangerous crime” under D.C. Code § 23-1331; the bill will subject persons convicted of the manufacture, distribution and possession with intent to distribute marijuana while armed to increased penalties under D.C. Code § 22-3202 because these offenses will fall within the definition of “dangerous crime” under D.C. Code § 22-3201; and it will subject persons to enhanced penalties upon conviction of such offenses as distribution of marijuana to a minor under D.C. Code § 33-546 and distribution or possession with intent to distribute marijuana within a drug free zone, that is, within 1,000 feet of educational institutions, day care centers, recreational facilities and libraries under D.C. Code § 33-547.1.

It also brings the District of Columbia into conformity with laws in all fifty states which make distribution of at least some, if not all, quantities of marijuana a felony. As a result, the bill will reduce the probability that people from other jurisdictions will enter the District of Columbia to sell marijuana.

Chronology of actions taken by the Council of the District of Columbia

May 4, 1999—Bill 13-240, the “Distribution of Marijuana Amendment Act of 1999,” was introduced by Councilmembers Brazil and Jarvis and was referred to the Committee on the Judiciary.

January 13, 2000—The Judiciary Committee held a roundtable on Bill 13-240. (Testimonies from public witnesses available on request).

May 10, 2000—The Judiciary Committee held a public hearing on Bill 13-240. (Testimonies from public witnesses available on request).

May 25, 2000—The Judiciary Committee held a mark-up and discussion of Bill 13-240. Committee print of Bill 13-240 attached.

A BILL 13-240

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To amend the District of Columbia Uniform Controlled Substances Act of 1981 to include marijuana as a Schedule III controlled substance in order to make the manufacture, distribution and possession with intent to distribute marijuana a five-year felony, except for the first conviction for the manufacture, distribution or possession with intent to distribute ½ pound or less of marijuana which will remain a misdemeanor if the person has not previously been convicted of the manufacture, distribution or possession with intent to distribute a controlled substance or an attempt to do so; and to amend section 1(g) of An Act To control the possession, sale, transfer, and use of pistols and other dangerous weapons in the District of Columbia by amending the definition of dangerous crime to include offenses punishable by imprisonment for less than one year.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the “Distribution of Marijuana Amendment Act of 2000”.

SEC. 2. The District of Columbia Uniform Controlled Substances Act of 1981, effective August 5, 1981, (D.C. Law 4-29; D.C. Code § 33-501 et seq.), is amended as follows:

(a) Section 208(a) (D.C. Code § 33-518(a)) is amended as follows:

- (1) Paragraph (4)(H) is amended by striking the word “and” at the end.
- (2) Paragraph (5)(BB) is amended by striking the period and inserting the phrase “; and” in its place.

(3) A new paragraph (6) is added to read as follows:
“(6) Cannabis.”

(b) Section 212(2) (D.C. Code § 33-522(2)) is repealed.

(c) Section 231(a)(2)(B) (D.C. Code § 33-541(a)(2)(B)) is amended by striking the phrase “both”, and inserting the phrase “both; except that upon conviction of manufacturing, distributing or possessing with intent to distribute ½ pound or less of marijuana, a person who has not previously been convicted of manufacturing, distributing or possessing with intent to distribute a controlled substance or attempting to manufacture, distribute, or possess with intent to distribute a controlled substance may be imprisoned for not more than 180 days or fined not more than \$5,000 or both.” in its place.

SEC. 3. Section 1(g) of An Act To control the possession, sale, transfer, and use of pistols and other dangerous weapons in the District of Columbia, to provide penalties, to prescribe rules of evidence, and for other purposes, approved July 8, 1932

(47 Stat. 650; D.C. Code § 22-3201(g)), is amended by striking the phrase “, if the offense is punishable by imprisonment for less than 1 year”.

SEC. 4. Fiscal impact statement.

The Council adopts the fiscal impact statement in the committee report as the final impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Code § 1-233(c)(3)).

SEC. 5. Effective date.

This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council of the District of Columbia to override the veto), approval by the Financial Responsibility and Management Assistance Authority as provided in § 203(a) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995, approved April 17, 1995 (109 Stat. 116); D.C. Code § 47.392.3(a), a 60-day period of Congressional review as provided in section 602(c)(2) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Code § 1-233(c)(2)), and publication in the District of Columbia Register.

COMMERCIAL REVITALIZATION PROGRAM

Senator HUTCHISON. Thank you. In the fiscal year 2000 appropriations bill, we included \$5 million for the Mayor, in consultation with the Council, to provide offsets against local taxes for commercial revitalization programs in enterprise zones and low and moderate income areas of the District.

The purpose of this was to try to get property renovated, cleaned up, and perhaps bring new investment in that would create a safer environment. Could you give me a progress report on whether you have been able to use any of this incentive for the purpose that I have stated?

Mayor WILLIAMS. I can get you in writing, Senator, the detailed follow up as I did—I know, based on our conversation we had earlier this year, as a matter of fact, when I visited the International Convention of Shopping Centers with a member of the Council. Now for the second year in a row, there is a growing and strong interest now in investing in our city.

As I suggested to you earlier, we have talked to major retailers who we are actively negotiating with to come to our city, provide jobs for our residents, shopping opportunities for our citizens.

And part of our incentive package is exactly this \$5 million. I can get you detailed information on that. So it is working, and it is part of our arsenal that we are using to negotiate with these investors. We hope to, as a matter of fact, have some major announcements—I would like them to be last week, but very soon.

Senator HUTCHISON. Have you continued into the next budget year an added amount for this purpose, or have you continued to build on the \$5 million?

Mayor WILLIAMS. I know that we have continued a robust effort to include incentives for investments and incentives for employing our residents, you know, industrial revenue bond financing, the whole package, again, of tools in these enterprise zones that we want to use for investors because I think you were exactly right on the money. It is a real incentive we can offer.

Senator HUTCHISON. I would like a report just to see that.

[The information follows:]

DISTRICT OF COLUMBIA—COMMERCIAL REVITALIZATION PROGRAM

OVERVIEW OF POLICY AND PROGRAM GOALS

A primary goal of the Mayor's economic development strategy is to stimulate increased commerce, capital investment and employment growth within District of Columbia neighborhoods by reducing the total tax burden borne by our domestic enterprises. To help implement this policy, the Mayor established the DC Commercial Revitalization Program (CRP), which offers temporary tax relief to developers, manufacturers, building owners, tenants and other taxpayers (Taxpayers) that acquire, construct, rehabilitate, lease, and operate commercial facilities situated within designated areas of the District.

Eligible Taxpayers may qualify for forgiveness of transfer taxes, the abatement of real property and sales tax liability, and the award of employment tax credits in connection with the development of retail facilities in priority development areas, including the DC Enterprise Zone and other designated low and moderate income neighborhoods characterized by a dearth of retail goods and services and related employment opportunities. Business Improvement Districts (BIDs), business guilds, alliances and other collaboratives that sponsor commercial development in under served communities by contributing supplemental tax payments or special assessments also may be eligible for CRP assistance.

PROGRAM AUTHORITY AND ADMINISTRATION

Section 168(a) of the District of Columbia Appropriations Act of 2000 authorizes the transfer from the District of Columbia Financial Responsibility and Management Assistance Authority (Authority) to the District of Columbia the sum of \$5,000,000 to help neutralize the fiscal impact of tax concessions allocated to stimulate increased business activity in selected neighborhoods. CRP funds are derived from interest earnings on investments held by the Authority on behalf of the District government. CRP is administered by the Office of the Deputy Mayor for Planning and Economic Development (DMED). Program funds are used in conjunction with other economic development tools employed by DMED to leverage public and private dollars invested in priority development areas. Available District and federal resources include Community Development Block Grants, Economic Development Administration grants, Brownfields loans, grants and credits, enterprise zone tax incentives, private activity bonds and tax increment bonds. It is anticipated that CRP funds also will be used in conjunction with credit and financial support provided from funds held in the Revenue Bond Program Fee Account authorized under DC Code Section 47-340 et seq.

PRIORITIES

Projects situated at or in close proximity to sites that will house the District's "Government Centers" offices receive priority consideration for CRP assistance. These planned Centers are located within the DC Enterprise Zone and other low and moderate income neighborhoods traditionally under served by commercial developers and retailers. By providing inducements for retail businesses to co-locate with these government service operations, the District intends to capitalize on the momentum already generated by recently completed Metro Rail Stations at these retail and transportation hubs. Priority retail services include, by way of illustration only:

- Self-service retail establishments (independently owned or part of a corporation that operates a chain of retail establishments under the same trade name) that meet the requirements of the DC Supermarket Tax Exemption Act of 2000;
- Restaurants that provide on-site table service and eating facilities; movie theaters and playhouses;
- Manufacturing facilities; wholesale and discount clothing and dry goods stores;
- Boutiques, bookstores, coffee shops and other stores featuring specialty items;
- Communications software development facilities and other technology research and development incubators, tourism and entertainment facilities.

DEVELOPMENT AND FINANCING PLAN

Each CRP Project plans shall include description of the Taxpayer(s) to whom the benefit is to be awarded; the nature and amount of assistance to be provided; and the public purpose benefits that will result from the project. The plan also shall describe zoning, environmental, historic preservation and site control issues, if any, proposed land uses, site development and construction plans, and project renderings (see Exhibit A).

Each eligible project must meet three or more of the following public purpose objectives:

1. Increase the availability of consumer goods, services or business activities that have not generally been available to residents within the proposed project area;
2. Enhance the value and appearance of commercial facilities;
3. Expand the District's real property or sales tax base;
4. Increase the employment of residents within the project's service area; and
5. Expand economic opportunities for District-certified businesses.

For projects involving the acquisition of an existing facility, the Taxpayer must incur within a 24 month period substantial rehabilitation expenditures of not less than 15 percent of the dollar value of the CRP award.

PROJECT FEASIBILITY

A prospective CRP-assisted project must meet reasonable standards of commercial viability as determined by the Office of the Deputy Mayor for Planning and Economic Development in consultation with the District's financial advisors. This determination generally will be based on the results of a 10 year pro forma income and expense schedule and feasibility study conducted by recognized experts which shall include a description of nature and terms of equity, loans, grants, contracts and federal credits to be committed to the project. With respect to proposed projects not eligible for tax relief under any existing District law, the Office of the Chief Financial Officer will conduct a fiscal impact analysis to determine the amount of tax relief (and available CRP funds), if any, that reasonably should be allocated to support the proposed project.

PENDING COMMERCIAL REVITALIZATION PROJECTS

(PROJECTED COMMITMENT DATES ¹)

Proposed sites and projects currently under review include:

Columbia Heights Grocery and Retail Development (1st Quarter Fiscal Year 2001)

Forgiveness of transfer taxes and abatement of real property taxes in connection with acquiring, constructing, redeveloping and operating a full-service supermarket, abutting retail stores and entertainment facility.

Waiver of real property tax liability in connection with supplemental taxes or special assessments incurred to support the reconstruction of building facades and the provision of supplemental municipal services within the project area.

Georgia Avenue Neighborhood Revitalization Strategy Area (3rd Quarter Fiscal Year 2001)

Forgiveness of transfer taxes and abatement of real property tax liability incurred in connection with the acquisition, construction, rehabilitation and redevelopment of 50,000 square foot or larger commercial facility owned and operated by national retailer within the designated Neighborhood Strategy Area.

Waiver of real property tax liability in connection with supplemental taxes or special assessments incurred to support the reconstruction of building facades and the provision of supplemental municipal services within the project area.

Brentwood/Rhode Island Avenue Shopping Center (2nd Quarter Fiscal Year 2001)

Real property tax abatement in connection with development of commercial parking facility to accommodate new shopping center.

Waiver of real property tax liability in connection with supplemental taxes or special assessments incurred to support the reconstruction of building facades and the provision of supplemental municipal services within the project area.

Camp Sims Grocery and Retail Development (2nd Quarter Fiscal Year 2001)

Forgiveness of transfer taxes and abatement of real property tax liability in connection with the acquisition, construction, redevelopment and operation of a full service supermarket, multi-screen movie theater, and retail stores.

Waiver of real property tax liability in connection with supplemental taxes or special assessments incurred to support the reconstruction of building facades and the provision of supplemental municipal services within the project area.

¹Commitment dates subject to completion of land assembly, negotiation of final business terms, and approval by the DC Financial Responsibility and Management Assistance Authority and Congress of "Supermarket Tax Exemption Act of 2000" DC Act 13-365, which was adopted by the Council of the District of Columbia on June 12, 2000.

EXHIBIT A

COMMERCIAL REVITALIZATION PROGRAM

PROJECT SUBMISSION AND REVIEW CHECKLIST

Requests for CRP benefits shall not receive final approval unless the project meets all applicable regulatory requirements and the benefited taxpayers completes, executes and delivers to the District certain agreements and certificates regarding its planned contracting, employment and human rights practices. Taxpayers must contact the appropriate agency representatives. Documents that must be submitted as part of the assistance request are listed below.

- List of Principals and Officers
- Name, Address of Registered Agent
- Most Recent Annual Report
- 3 Yrs Federal/State Tax Returns
- Certificate of Good Standing
- Description of Pending Litigation
- Site Plans, Location Maps, Project Renderings
- Feasibility-Fiscal Impact Study
- Funding Sources and Uses
- List of District-owned Properties
- Tax Certification Affidavit
- Non-Discrimination Certificate
- Equal Employment Opportunity Policy Statement
- Assurance of Equal Employment Opportunity Compliance
- First Source Employment Agreement
- MOU Certification Affidavit

GOVERNMENT OF THE DISTRICT OF COLUMBIA



OFFICE OF THE DEPUTY MAYOR FOR PLANNING AND ECONOMIC DEVELOPMENT

REQUEST FOR FINANCIAL ASSISTANCE, TAX CONCESSIONS

A. APPLICANT INFORMATION

1. Business Name, Address, Telephone/FAX # ,E-Mail

2. Taxpayer ID # _____ Business Type (SIC Code) _____

3. Name, Title, Address, Tel-FAX #, e-mail of Legal Representative

4. Attach Applicant's latest Annual Report; 3 years audited financial statements and federal-District tax returns, and executed "DC Tax Certification Affidavit".

5. Identify pending legal complaints against Applicant, its principals and officers.

6. Describe pending regulatory non-compliance notices, complaints or unresolved non-compliance citations.

7. Attach Certificate of Good Standing.

8. Describe pending legal complaints against the District that have been filed by or on behalf of the Applicant, its principals or officers.

9. Describe each occasion in which Applicant, or any of its principals or officers defaulted on a loan or other agreement with a District government office, agency or department?

10. List dates of bankruptcy filings by each principal and officer of the Applicant. (Include name of filer and company, date(s) and type(s) of filings)

II. NATURE AND AMOUNT OF REQUEST

1. Grant (construction/training)\$ _____ Training-employment credits \$ _____

Tax Concessions: Real Property \$ _____ Personal Property \$ _____ Transfer \$ _____

Sales-Use \$ _____ Franchise \$ _____ Other \$ _____

2. Attach narrative description of project to be assisted. (Note purposes and estimated dollar value of concessions, closing, construction, relocation dates.

3. Project Address/Census Tract/Ward/Lot and Square: _____

- 4. Type of zoning approval required: _____ Does Applicant control the site _____
- 5. List all sources and amounts of equity, loans, grants, federal credits other non-District financial commitments:

Sources	Amount	Uses	Commitment Date
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
Total	_____	_____	_____

III. PUBLIC PURPOSE BENEFITS

1. Employment

	Total DC Residents	Average Wage/Sal.	Est. Residents after 3yrs	e
Managerial	_____	_____	_____	_____
Admin	_____	_____	_____	_____
Technical	_____	_____	_____	_____
Support	_____	_____	_____	_____
Full Time	_____	_____	_____	_____
Temporary	_____	_____	_____	_____

2. Direct DC Tax Revenue Generated by Applicant

	Current Taxes	Upon Completion	3yrs after Project Completion
Real Property	_____	_____	_____
Sales-Use	_____	_____	_____
Personal Prop	_____	_____	_____
Transfer	_____	_____	_____
Franchise	_____	_____	_____
Unempl'mt	_____	_____	_____
Other	_____	_____	_____

- 3. Attach executed "First Source Employment Agreement" and "Certificate Evidencing Intent to Enter into Memorandum of Understanding".
- 4. Attach projections of cash flow and tax revenue, showing when the amount of tax revenue generated by the Applicant will exceed the dollar value of requested assistance.
- 5. Describe other public benefits of the project, the Applicant's contributions to the community, and the special merits of the proposed undertaking that justify public assistance.

By my signature below, I hereby attest that (a) I have been duly authorized to act as legal representative of the Applicant; (b) the foregoing information is accurate and true to the best of my knowledge and belief; (c) I have investigated necessary papers and books of the Applicant; and (d) I have ascertained the truthfulness and accuracy of those representations of which I have no personal knowledge.

SIGNATURE AND TITLE OF AUTHORIZED OFFICIAL _____ DATE _____

SUMMARY OF COMMERCIAL REVITALIZATION PROGRAM PLANS

Columbia Heights Grocery and Retail Development

Abatement of recordation and/or real property taxes up to maximum aggregate of \$1,500,000 of liability in connection with the acquiring, constructing, redeveloping and operation of a full-service supermarket, abutting retail stores and entertainment facility.

Georgia Avenue Corridor Neighborhood Revitalization Strategy Area

Abatement of recordation taxes and/or real property tax liability in a maximum aggregate amount of \$500,000 of liability incurred in connection with the acquisition, construction, rehabilitation and redevelopment of 50,000 square foot or larger facilities owned and operated by national retailer within the designated NRSA.

Camp Sims Grocery and Retail Development

Abatement of recordation and/or real property taxes up to maximum aggregate of \$1,500,000 of liability in connection with the acquisition, construction, redevelopment and operation of a full-service supermarket, multi-screen movie theater, and retail stores.

New York Avenue Gateway Commercial Development

Partial reimbursement of up to \$1,000,000 of assessments paid by businesses situated with the proposed New York Avenue Special Assessment for purposes of financing metro-rail station and related improvements and stimulating increased commercial investment within the boundaries of the district.

North of Massachusetts (NOMA) Technology Incubator

Five year abatement of up to \$500,000 of real property liability incurred in connection with acquiring, constructing, rehabilitating, furnishing, equipping and operating facilities dedicated to information technology and related businesses within the designated area.

DISTRICT OF COLUMBIA COMMERCIAL REVITALIZATION PROGRAM

PROJECT	FEDERAL-LOCAL TARGET AREA	FEDERAL AUTHORIZATION	ESTIMATED CRP ALLOCATION	PROJECTED 5 YR AN'L TAX EXPENDITURE
Camp Sims Grocery/Retail (Prop. Tax Abatement)	Enterprise Zone	Revitalization Act	\$1,500,000	\$300,000
Columbia Heights Grocery/Retail (Prop. Tax Abatement)	Enterprise Zone	Revitalization Act TIF Act	\$1,500,000	\$300,000
Georgia Avenue Corridor Retail (Prop. Tax Abatement)	Neighborhood Revitalization Strategy Area	CDBG and TIF Act	\$500,000	\$100,000
New York Avenue (Special Assessment Rebate)	Enterprise Zone	Revitalization Act	\$1,000,000	\$200,000
NOMA Technology Incubator (Prop. Tax Abatement)	Enterprise Zone	Revitalization Act	\$500,000	\$100,000

Mayor WILLIAMS. Right.
 Senator HUTCHISON. That was seed money.
 Mayor WILLIAMS. Right.

RESERVE FUNDS

Senator HUTCHISON. And if you are now taking it on to a new level, I think that is very good.

Dr. Rivlin, in last year's appropriations bill, we had language governing the reserve fund and the conditions on the use of the reserve fund. It stated that the funds would only be spent according to criteria established by the chief financial officer and approved by

the Mayor, the Council, and the Control Board. Have those financial criteria for spending from the reserve fund been established?

Dr. RIVLIN. Yes, they were established, and they were, in fact, stated I believe in last year's Budget Support Act. But I think in attempting to implement those criteria, we ran into the difference in conception that the District had of the uses of the reserve fund and that you had as a more restrictive definition, so that not all of the uses which fell within our set of criteria were—did you think were entirely appropriate. So if you remember, we went back and forth on that.

Senator HUTCHISON. We did, and I think we came to the right conclusion, and I think we worked it out in the right way.

EXPENDITURES OF RESERVE FUND

But my question was if there are a set of financial policies for the expenditures of the reserve fund that have been put forward by the chief financial officer and approved by the Mayor, the Council, and the Control Board, not the criteria that were in the law, but a set of procedures on financial policy.

Dr. RIVLIN. Well, we had a set of criteria which we agreed on, but we were operating, at that time, on a different conception of the reserve fund. We thought it had to be appropriated every year and, therefore, that we had to have a new \$150 million every year.

And, therefore, it seemed reasonable to us that over the year, as the year progressed, we had not had dire emergencies on which to spend this, that it could be spent for other useful purposes which did not obligate the District to continuing expenditures. That did seem appropriate, consistent with our reading of the law that the funds could not carry over but had to be reappropriated the next year.

And as you know, we have had discussions this year with you about a different conception of the reserve fund, where the funds would carry over; and that changes the game essentially. It means that much stricter criteria are appropriate for a true rainy day fund that carries over from one year to the next.

Senator HUTCHISON. Well, let me just say that I think we have gotten through this year by communicating and talking about what our views were. I would hope that we can work together on some language in this year's bill that would be more clear on the use of the emergency fund.

INTEREST BEARING FUND

I do think it needs to be a real fund, interest bearing, set aside, and then provide more flexibility in a contingency fund because I think that was a point you made, Dr. Rivlin, that there are certain expenditures that come up, but there is no authorization for spending the money on the contingency that is necessary. So I want to provide clear parameters on the reserve fund, make it a real fund that everyone can see.

CONTINGENCY EXPENDITURES

And then, more flexibility in the surplus area so that there can be contingency expenditures because I think it is important that

you have flexibility because you do have unanticipated matters. I also think it is important that you have the ability to spend surplus first, contingency second, and reserve as a last resort.

I think if we can work together to clarify these, I think it will give you the flexibility you need to respond to the things that arise that were not anticipated, and also give the comfort level that there is a good, solid emergency fund that is not touched except in a very extreme circumstance.

And so I think we will be looking to work with you as we go down the road; and also, I think, have in place financial policies because as we look to the control board going out, I think it is important that we have financial policies that everyone agrees are the right ones as we make that transition, so that there is something we can look at and measure each year against. And that is the financial policies that would be put in place.

I really have a goal for making the District one of the best-run cities in America. I think the rating can go up significantly, and I think we are on the right track to do that.

CONTROL BOARD

I just want to make sure that we have policies in place as the control board goes out, that the Mayor, and the Council, with the advice of the control board and the chief financial officer, agree to; and that you agree that these are the right policies for the City. Then there will be a measurement so that you will know if you are getting off the mark. And there will be a way for you to, I think, go forward to your own management needs without the control board in place.

ADDITIONAL COMMITTEE QUESTIONS

So, we will be working on those things together, I hope, in the next few months. I appreciate where we are. I think if we are going to the goal line, we are on the 10-yard line right now. I just want to put it over and have everything in very solid shape as we look next year for two people sitting at this table instead of three.

[The following questions were not asked at the hearing, but were submitted to the District for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO THE COUNCIL OF THE DISTRICT OF COLUMBIA

QUESTION SUBMITTED BY SENATOR JON KYL

REPAYMENT ON LOANS

Question. With respect to District of Columbia funds that have been advanced or "loaned" to the Health and Hospitals Public Benefit Corporation (PBC), what provisions have been made to recover these funds from the PBC.

Answer. I must report that there is virtually no likelihood these funds will be recovered. Past practice was to advance the PBC cash against the anticipated receipt of accounts receivable for services rendered. However, these accounts receivable were never collected in the amounts necessary to cover cash amounts advanced by the District. For fiscal year 1998 and fiscal year 1999 a total of \$41.3 million in cash advanced to PBC will be written off as uncollectable in the District's fiscal year 2000 Comprehensive Audited Financial Report (CAFR). We expect to write off approximately \$67.3 million in fiscal year 2000 cash advances which will also be reported in the fiscal year 2000 CAFR.

I have ended the practice of making such cash advances and have notified the Mayor, the City Council and the PBC Board that all funds provided by the District to the PBC must come through the appropriations process. We are also taking other

steps to improve the financial management of the PBC including the consolidation and management of all bank accounts.

QUESTIONS SUBMITTED TO THE OFFICE OF THE MAYOR

QUESTIONS SUBMITTED BY SENATOR KAY BAILEY HUTCHISON

Question. What percentage of the District's Fiscal Year 2001 budget is devoted to new spending programs? Please provide the Subcommittee with a written analysis of these new programs and the corresponding costs.

Answer. Approximately 6 percent of the fiscal year 2001 budget is devoted to spending programs.

<i>Appropriation title</i>	<i>New programs</i>
Governmental Direction and Support	\$28,496,866
Economic Development and Regulation	25,146,178
Public Safety and Justice	20,578,746
Public Education	170,618,697
Human Support Services	30,870,050
Public Works	10,876,049
	<hr/>
Total	286,586,586

Question. Please provide the Subcommittee with a written analysis of these new programs and the corresponding costs.

Answer. The information pertains to the operating budget and does not include new capital projects.

<i>Advisory Neighborhood Commissions (DX0):</i>	
Advisory Neighborhood Commission support	\$50,000
Establishment of the Office of Advisory Neighborhood Commissions	75,000
	<hr/>
Total	125,000

<i>Office of the Mayor (AA0):</i> The agency is targeted to receive funds pending certification. The Chief Financial Officer will make these funds available upon certification for the District of Columbia	621,000
	<hr/> <hr/>

<i>Citywide Call Center (CW0):</i> This creates an independent entity to manage citizen and customer inquires of the District government. This will allow the District to address the majority of residents' needs through one main number and telephone contact. If citizen's concerns are not addressed at first call, then staff can assure the transfer of calls to the correct agency. In fiscal year 2001, the Citywide Call Center is funded by other District agencies through the intra-District funding process	1,958,785
	<hr/> <hr/>

<i>Office of the City Administrator (AE0):</i>	
Funding for the Operational Improvements Division (OID), Risk Management, and Neighborhood Services	2,772,143

Increases in federal grant programs and grant management support	7,628,821
Total	<u>10,400,964</u>
Office of Personnel (BE0): An increase for the Employee Assistance Program contract	<u>368,000</u>
Human Resources Development (HD0): The agency has been targeted to receive \$1,042,000, and 9 FTEs to improve the professional and technological skills of D.C. Government employees by offering Customer Service Training, Advanced Computer Training and other development course work through the Skills Development Institute. The Chief Financial Officer will make these funds available upon certification for the District of Columbia	<u>1,042,000</u>
Office of the Chief Technology Officer (TO0): The transfer of the SHARE services from the Office of the Chief Financial Officer	3,612,162
This will facilitate centralization of technology support, enhance performance, service delivery, and management throughout the District. OCTO will: (1) implement a District-wide e Government system, a process whereby District agencies can take advantage of the tremendous opportunities which e-commerce makes possible; (2) implement a full internet program providing information access to the public via the Internet; (3) coordinate District wide web-based activities; and (4) define and implement technologies for revenue enhancement, productivity improvement, and cost reduction	<u>4,426,000</u>
Total	<u>7,680,162</u>
Office of Property Management (AM0): The agency has been targeted to receive an additional \$2,500,000, and 7 FIFEs from funds pending certification. These additional funds are for costs to support the Omnibus Real Property Asset Management to allow OPM to perform routine maintenance and other legally required tasks on surplus District owned properties before their disposal. This will also fund the marketing of the available properties to facilitate their sale. The Chief Financial Officer will make these funds available upon certification for the District of Columbia	<u>2,500,000</u>
Office of the Inspector General (AD0): Expansion of a Medicaid Fraud Unit. The Mayor has authorized the OIG to submit an application for a federal grant that would provide seventy-five percent of the operating cost for this initiative. Such an application has been completed and submitted. The goals of the Medicaid Fraud Unit will be to prosecute Medicaid fraud, recover monies lost due to false claims, and investigate patient abuse. This request represents the required twenty-five percent local matching amount	1,371,955
Support of 21 FTEs needed to enhance the agency's audit, inspection, and investigative functions. This request will give the OIG a new level of audit, investigative, and inspections and evaluations coverage throughout the District government. This additional coverage will meet demands that have been placed on the OIG by District leadership. District managers are now faced with risk/management challenges relating to the Mayor's strategic initiatives such as making government work, economic development, and building healthy neighborhoods. In addition, Congress has passed legislation requiring the OIG to audit the District of Columbia Highway Trust Fund. This responsibility was previously with the General Accounting Office	1,349,000

An increase in other services and charges for costs associated with the Comprehensive Annual Financial Report (CAFR)	1,190,000
Total	3,800,955
Grand Total Governmental Direction and Support	28,496,866

Business Services and Economic Development (EB0):

11 planners and eight revitalization and zoning planners: The Neighborhood Action initiative will develop annual strategic plans for each neighborhood cluster that will guide the development of a citywide strategic plan and the allocation of public resources. The revitalization planners will manage complex revitalization studies in many areas throughout the District to promote development and investment in underserved and underutilized neighborhoods and areas. Zoning planners will work on zoning cases to strengthen land use management and provide analysis to support decisions made by the Zoning Commission and the Board of Zoning Adjustment	548,000
Supports the following initiatives: (1) providing technical assistance in the operation of the District's contract compliance system; (2) enforcement of the "Equal Opportunity for Local, Small and Disadvantaged Business Enterprises Act of 1998"; (3) enforcement of the "Blanket Order Blitz Increased Opportunity for Local, Small and Disadvantaged Business Enterprises Emergency Amendment Act of 1999"; (4) supporting the Penn-Branch Mall Business Resource Center; and (5) promoting and marketing the agency's initiatives	203,200
D.C. Marketing Center. This initiative expands funding for the D.C. Marketing Center and supports the agency's internal marketing efforts. Internally, the agency plans to produce and mail marketing materials, develop internet-based strategies for marketing the District and responding rapidly to inquiries and a media campaign to advertise the opportunities for business development in the District	560,000
Heritage Tourism to foster heritage tourism in the District and links it with the economic development of the District and its neighborhoods. Heritage tourism is travel directed toward experiencing the arts, heritage, and special character of a place	150,000
Transfer of the Historic Preservation Review Board from the Department of Consumer and Regulatory Affairs, including nine FTEs	768,081
Transfer of the Industrial Revenue Bond program from the Office of the Chief Financial Officer, which includes seven FTEs. The Industrial Revenue Bond Program supports the implementation of the EZ bond initiative, the public school infrastructure development act, the maintenance of a clearinghouse on local and federal tax incentive, and several other initiatives	1,096,426
Total	3,325,707

Office of Zoning (BJ0):

Funding of the introductory phase of a zoning database system to provide agency information and access to zoning documents	145,000
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Funding for the development, distribution and maintenance of Phase II of the electronic zoning maps that will result in the agency processing 20 percent more applications; establishing a web site for zoning information; conducting community outreach seminars	225,000
Total	370,000

Department of Housing and Community Development (DB0): The agency has been targeted to receive five FTEs and program support from funds pending certification, for the Land Disposition and Asset Management Unit, the Homestead Housing Preservation Program, and the Main Street Program. The Chief Financial Officer will make these funds available upon certification for the District of Columbia	3,296,000
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Department of Employment Services (CF0):	
Increases and new federal grants from the US Department of Labor for:	
(a) Metro Tech Project: Partnership with VA, MD, and D.C. to help relieve the identified distress of high tech labor shortage in the D.C. metropolitan area. The consortium will develop joint policies, collaborative mechanisms, and common objectives to address the needs of displaced workers.	
(b) Youth Opportunity Initiative Grant: A system that established high standards for student achievements and prepares all youth for advanced education, training, and high quality careers. Six focus groups comprised of employers, youth, educators, service providers, and other community members will review issues of self-sufficiency, supportive services, and personal development.	
(c) Adult Training (Title II) and Youth Training (Title III): The grants support programs that prepare youth and adults facing serious barriers to employment for participation in the labor force by providing job training and other services that will result in increased employment and earnings, increase educational and occupational skills, and decreased welfare dependency.	
(d) Dislocated Workers Program (EDWA), the Adult Training Programs (Title 11), Youth Training (Title IIB & IIC, Dislocated Workers Program (EDWA), new Metro Tech Project, and new Youth Opportunity Initiative Grant	15,920,000
The agency is targeted to receive additional funding for the First Source Hiring program. The Chief Financial Officer will make these funds available upon certification for the District of Columbia	200,000
Total	16,120,000

Department of Consumer and Regulatory Affairs (CR0): 24 FTEs were added to the local budget to support the agency's programs for Neighborhood Stabilization and Nuisance Abatement Program	818,000
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Office of Banking and Financial Institutions (BIO):	
To accommodate an increase in workload and the hiring of 6 FTEs to support the agency's initiative to strengthen and enforce the District's Banking Laws	316,471

The Local budget of authority funding, including 5 FTEs were transferred to Other Funds resulting in no Local budget authority for the Office of Banking and Financial Institutions	900,000
Total	<u>1,216,471</u>
Grand Total Economic Development and Regulation	<u>25,146,178</u>
Metropolitan Police Department (FA0):	
The agency will receive funding for the Photo Red Light contract and the implementation of a Cadet Program	2,900,000
The agency will implement a Cadet Program to expand the pool of local recruits for MPD	1,400,000
During fiscal year 2001, the MPD will receive the Universal Hiring Grant—Community Oriented Policing Services (COPS), a federal grant, which funds 200 additional MPD officers and requires the District to provide a local match	5,000,000
The District will implement an E-911 service fee to partially offset the cost of providing E-911 service in the District	3,900,000
Total	<u>13,200,000</u>
Fire and Emergency Medical Services Department (FB0):	
During fiscal year 2001, the agency will reinstate Fire Battalion Chief Aides (33 FTEs)	1,163,000
Additionally, the agency will add a fifth person (88 FTEs) on ladder truck companies	3,200,000
The agency is funded for additional debt service costs associated with the large number of replacement fire apparatus procured and delivered in fiscal year 2000 and fiscal year 2001. The agency has been targeted to receive an additional \$1,293,000 from funds pending certification for these obligations. These additional funds are for the Administrative Division. The Chief Financial Officer will make these funds available upon certification for the District of Columbia	1,293,000
Total	<u>5,656,000</u>
District of Columbia National Guard (FK0): Beginning in fiscal year 2001, the agency budget reflects an increase from the transfer of 13 FTEs and corresponding funding from the Department of Defense to federal funds within the District's budget for Facility Operations Maintenance Assistance (FOMA) positions	506,275
Office of the Chief Medical Examiner (FX0): Beginning in fiscal year 2001, the Office of the Chief Medical Examiner is reflected as an independent agency. This agency was formerly part of the Department of Health. There are no programmatic changes, only an organizational location change	1,216,471
Grand Total Public Safety and Justice	<u>20,578,746</u>
District of Columbia Public Schools (GA0):	
The proposed federal grant budget increases over the fiscal year 2000 approved budget for:	
(a) Class Size Reduction	5,623,076
(b) Impact Aid	397,529
(c) 21st Century Community Learning Centers	1,788,094
(d) Refugee Children School Impact	249,849
(e) Advanced Placement Fee Payment Program	181,275
(f) Teachers and Personnel Grants	238,022
(g) Emotionally Disturbed	835,476
(h) Development and Implementation grants	142,889
(i) Training for All Teachers grants	157,867
(j) Other grants and unspecified grants	5,662,870

(k) Increase in projected Medicaid reimbursements for transportation of special education students	
Uniform Per Pupil funding formula increase	27,872,449
Award from Bell Atlantic to wire schools for internet services	1,389,531
Food services transfer federal grant from the U.S. Department of Agriculture	31,014,553
The agency is targeted to receive additional funds for Special Education non-public tuition payments. The Chief Financial Officer will make these funds available upon certification for the District of Columbia	12,079,000
Total	87,632,480
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State Education Office (GD0): Fiscal year 2001 is the first year of operation of the State Education Office (SEO). Its operating budget accommodates start-up costs and one-time expenditures. A plan, which will be developed in fiscal year 2001 by the State Education Officer, will guide the transfer of those state functions and other duties designated from transfer to the SEO	1,679,000
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Public Charter Schools (GC0): The increase consists of accommodation of the fiscal year 2000 audited enrollment numbers and forecasted enrollment for the expansion of existing public charter schools (PCS) and projected enrollment for newly established PCS. The two chartering authorities have granted provisional approval for eight (8) new charters in fiscal year 2001 (school year 2000-2001)	77,115,217
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University of the District of Columbia (GF0):	
Expansion of The Saturday Academy, a pre-college program designed to increase the number of minority students enrolling in college in science, mathematics, engineering, and technology disciplines	442,000
A programmatic increase for the Excel-Adult Education Program is a collaboration between the Excel Automotive Training Program and the University's School of Engineering, to provide a mechanism for the upward transition of Excel participants into accredited college level course work and degree programs	1,069,000
A programmatic increase targeted towards: funds for additional faculty, equipment, and educational resource materials for the Teacher Education and Speech and Language Pathology programs; and a feasibility study on the establishment of a University satellite facility in the East of the River section of the District of Columbia	1,129,000
Total	2,640,000
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District of Columbia Public Library (CE0):	
Minor repairs for 8 of the 26 library branches; meet costs associated with the Homework Helpers program; and expansion of the Reach Out And Read (ROAR) program	555,496
Purchase more books for branch libraries. The proposed fiscal year 2001 budget would expand the ROAR program, which currently provides literacy-building services to young children in family childcare homes, to include additional childcare facilities, schools, homeless shelters, and other social services providers	476,504

The agency is targeted to receive additional from funds pending certification for the Humanities Council at the Libraries and to purchase more books for branch libraries. The Chief Financial Officer will make these funds available upon certification for the District of Columbia	400,000
Total	<u>1,432,000</u>
Commission on the Arts and Humanities (BX0): The agency is targeted to receive additional funds pending certification for the Arts in Education Program for Youth. The Chief Financial Officer will make these funds available upon certification for the District of Columbia	
	120,000
Grand Total Public Education System	<u>170,618,697</u>
Department of Health (HC0):	
The agency is targeted to receive the funding for additional health inspectors and Storm Water Permit compliance from funds pending certification. The Chief Financial Officer will make these funds available upon certification for the District of Columbia:	
(a) Additional Health inspectors in Environmental Health Administration to conduct environmental, food, health, and safety inspections	1,000,000
(b) Storm Water Permit. This allows the agency to comply with federal law and enforce the storm water permit certified on January 6, 2000. Non-compliance with this activity would be in violation of the Clean Water Act. Violation of this act, according to the agency will result in fines of up to \$50,000 a day	1,000,000
Acceleration of the program to determine the Total Daily Maximum Load (TDML) for various pollutants within the District's rivers. Two field biologists, two laboratory chemists, and equipment necessary to perform this function will be hired. DOH will complete this analysis for D.C. water bodies by fiscal year 2005 rather than fiscal year 2011 based on the current schedule	900,000
Total	<u>2,900,000</u>
Department of Parks and Recreation (HA0):	
To expand the hours of operation, provide more programs to a diverse population, and enhance and improve the maintenance of parks and facilities	2,335,050
The agency is targeted to receive 23 FTEs from funds pending certification, to expand the hours of operation at its recreation facilities. The Chief Financial Officer will make these funds available upon certification for the District of Columbia	1,511,000
Total	<u>3,846,050</u>
D.C. Office on Aging (BY0):	
Increase to provide Stipends for Senior Citizens Employment Program. This program will provide senior citizens a stipend to serve in part-time positions throughout the District. It is also assumed that the seniors would be placed in the Offices of the Mayor, City Administrator, Superior Court, the Department of Consumer and Regulatory Affairs, and any other office where their talent, skills, and interests are used in a meaningful way	100,000
Home Care Services for Senior Citizens to help senior citizens stay in their homes with assistance from homemakers, visiting nurses, and aides, to include support for 60 residents with Alzheimer's disease who continue to live alone	350,000

Comprehensive Wellness program for Senior Citizens to prevent chronic debilitating diseases that affect the aging population. It is anticipated that 500 seniors will benefit from this program further. The program will require 10 FTEs in the areas of wellness, nutrition, counseling, physical fitness and other major wellness programs	300,000
The agency is targeted to receive funds pending certification to fund the Caregiver Support Institute to link seniors with information and education. The Chief Financial Officer will make these funds available upon certification for the District of Columbia	574,000
Total	1,224,000
<hr style="border-top: 1px solid black;"/>	
Public Benefit Corporation Subsidy (JC0): The proposed budget includes an increase to fund the D.C. Public Schools Health Program to be derived from <\$874,000> in savings from efficiencies in operations. This program provides nursing services at selected D.C. Public School sites for students in need of medical services	1,100,000
<hr style="border-top: 1px solid black;"/>	
Office of Human Rights (HM0): To hire additional human rights investigators. In fiscal year 2001, significant improvements will be made in the Mediation Program to further reduce pending litigation caseload providing more speedy relief to victims of illegal discrimination. The agency will continue its partnership with the United States Equal Employment Opportunity Commission (EEOC) to further enhance the operation of the office. Additionally, the agency will enter into a new partnership with the United States Department of Housing and Urban Development (HUD) to better address and combat illegal housing discrimination	300,000
<hr style="border-top: 1px solid black;"/>	
Office on Latino Affairs (BZ0): For the Latino Community Education Program	1,000,000

For the Latin America Youth Center	500,000
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The Chief Financial Officer will make these funds available upon certification for the District of Columbia	1,500,000
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Brownfield Remediation (BR0): A federal payment is earmarked for the assessment and remediation of Poplar Point in Southeast Washington, D.C. The District of Columbia Brownfields Program (D.C.BFP) will administer Brownfield Remediation within the Department of Health (DOH). D.C.BFP activities include collecting environmental, tax, and title information on potential sites to develop a marketable database of Brownfield sites	10,000,000
	<hr/> <hr/>
Children and Youth Investment Fund (JY0): The entire amount will be transferred to the Children and Youth Investment Trust Corporation, which will then disburse funds to community-based organizations that provide services to children, youth, and their families. The budget does not include any funds for personal services or administrative overhead, and it includes no FTEs. The Chief Financial Officer will make these funds available upon certification for the District of Columbia	10,000,000
	<hr/> <hr/>
Grand Total Human Support Services	30,870,050
	<hr/> <hr/>
Department of Public Works (KA0):	
Neighborhood Cleaning Program. This program will allow the Department of Public Works to increase street and alley cleaning and to provide new equipment. Much of the equipment at the Department is at the end of its useful life, which results in constant repairs and consequent scheduling problems. The agency states that through this program (1) Alternative Side of the Street sweeping schedules will be met on a routine basis and (2) Alley cleaning would become more frequent and predictable. The agency predicts that although the total cost of the District's street and alley cleaning program would rise, unit costs would decrease dramatically due to increased efficiencies and productivity. The agency also states that with more frequent and comprehensive service provided, alleys would be cleaned three times more often	1,409,049
Anti-graffiti Program. This program will provide the District with a viable graffiti program. Graffiti has become an increasingly visible problem. Not only is graffiti unsightly, but it reduces property values, discourages economic development and often is a precursor to crime and further neighborhood decline	600,000
Solid Waste Transfer Site Selection Advisory Panel. This is will allow the panel to complete its work in the selection of a new trash transfer site that will be environmentally safe for the surrounding community	100,000
Tree Trimming. This program will enhance the city's capacity to maintain its trees. This funding will allow for the trimming of 5,000 additional trees	1,000,000

The agency is targeted to receive funds pending certification for the Neighborhood Cleaning program. The purpose of this program will provide for significant additional improvements in neighborhood cleanliness. The Chief Financial Officer will make these funds available upon certification for the District of Columbia	1,500,000
Total	4,609,049

Department of Motor Vehicles (KV0):

The local budget to supports the agency initiative to reduce wait time for adjudication and registration and to expand access to services at the Department of Motor Vehicles (DMV). In fiscal year 2001, DMV is proposing a realignment to improve efficiency and effectiveness of operations within the agency and improve service to District residents	1,176,000
The agency is targeted to receive funds pending certification to further reduce wait time at the two inspection stations. The Chief Financial Officer will make these funds available upon certification for the District of Columbia	1,000,000
Total	2,176,000

D.C. Taxicab Commission (TC0): The agency is targeted to receive funds pending certification for establishing a revolving fund to provide loans to taxicab drivers for security installation. The Chief Financial Officer will make these funds available upon certification for the District of Columbia

1,550,000

Washington Metropolitan Area Transit Author (KE0):

An increase to fund the opening of the Green Line in Southeast D.C. along with restoration of several bus lines within the District	1,441,000
An increase for the implementation of Metrorail's late night closing at 2 a.m. on the weekends	1,100,000
Total	2,541,000

Grand Total Public Works 10,876,049.

Question. How many uniformed police officers does the District of Columbia employ?

Answer. The Metropolitan Police Department (MPD) has a fiscal year 2001 authorized strength of 3,800 officers. On June 8, 2000, the MPD's on-board strength is 3,590 police officers.

Question. Of this number, how many are assigned to patrolling the District's streets and neighborhoods?

Answer. Of that number there are 2,481 officers involved in District Operations as well as 669 involved in citywide anti-crime measures. In addition there are 190 police recruits in the Academy (attached is the complete staffing level assignment).

Question. Has the District taken steps to establish a business improvement district in the area of the proposed new Metro station at the intersections of New York and Florida Avenues, Northeast?

Answer. Businesses in the area of the proposed new Metro station intend to create a Business Improvement District (BID) by the completion of the project in 2004. When businesses submit a BID proposal, the District will promulgate legislation to establish the BID.

Question. Please explain to the Subcommittee the source of private funds that will constitute a one-third financial Contribution towards the total anticipated costs of this project.

Answer. The District is awaiting receipt of its consultant's economic impact study before negotiating the final terms (including the amount and structure) of the private contribution to the project. The District expects to complete these negotiations by Friday, June 30, 2000.

Question. Please provide the Subcommittee with a detailed total project cost breakdown for the proposed New York Avenue Metro station.

Answer. The total for the proposed New York Avenue Metro station is \$84,000,000. The cost breakdown is as follows:

Preliminary Engineering	\$3,000,000
Real Estate	4,000,000
Utilities	1,250,000
Systemwide	19,000,000
Fare Collection Equipment	2,750,000
Design/Construction	37,000,000
WMATA Proj. Management	7,500,000
Subtotal	74,500,000
Insurance (8 percent)	4,800,000
Contingency (7 percent)	4,700,000
Total Expenditures	84,000,000

Question. The Fiscal Year 2000 Appropriations Act for the District of Columbia, Public Law 106-113, contained \$5,000,000 in Federal funding for the District to develop a program for adoption incentives for foster children. Please provide a complete accounting on the use of these funds. Please provide a detailed project description for the adoption incentives program developed by the District with the funds Congress appropriated.

Answer. The Mayor submitted a plan (attached) to the City Council that targeted four areas of adoption incentives. The Mayor's plan would:

(1) Create a flexible fund to support adoptions of siblings and other hard to place children that would include home renovations to accommodate wheelchair access and other special needs

(2) Create an adoption resource center and post-adoption services to provide ongoing support and education for new foster parents.

(3) Provide funds to enhance the current Children and Family Services Administration recruitment efforts.

(4) Establish a scholarship fund to support transition to independence for adopted teens for high school as well as post-secondary education.

The Council has chosen to split the money and spend \$3 million on provisions in the Mayor's plan and \$2 million on a voucher program to pay lawyers and conduct home studies.

Question. The District's fiscal year 2000 approved budget included \$7,000,000 in management reform productivity savings, and the fiscal year 2001 budget includes a projected \$37,000,000 in productivity savings for fiscal year 2001. Please provide a complete accounting, including project and program descriptions, and the associated savings of each for the \$7,000,000 in fiscal year 2000 savings.

Answer. We have already saved approximately \$1.0 million as a result of an audit of unused telephone lines and unnecessary service options this year. We project achieving additional productivity savings by recouping Medicaid reimbursements that the D.C. Public Schools Special Education division has historically failed to pursue and through better management of disability claims throughout District government agencies. Further savings will come from cell phone account management, energy savings and one-time revenue from vehicles identified for disposition in the District-wide Fleet Management initiative launched in June 2000.

Question. The District's fiscal year 2000 Appropriations Act included an appropriation of \$18,000,000 in Control Board interest funds for the District to use for managed competition. Please provide the Subcommittee with a detailed accounting of how these funds have been spent.

Answer. The appropriation totaling \$18,000,000 has not been expended to date. The funds will cover retirement incentive payments to those District employees who elect to retire under this retirement incentive program by July 14, 2000.

Question. Please provide the Subcommittee with a detailed breakdown of any and all severance payments, by position, paid to District employees pursuant to Section 157 of the Fiscal Year 2000 D.C. Appropriations Act.

Answer. The breakdown of severance payments paid to District employees pursuant to Section 157 will be available after July 14, 2000. The breakdown will be provided to the Subcommittee soon thereafter.

Question. Please provide the Subcommittee with a copy of the managed competition plan agreed to by the Mayor and District Council pursuant to Section 157.

Answer. The managed competition plan is currently being negotiated with collective bargaining unit representatives. This plan will be submitted to the Subcommittee upon its execution.

Question. The District's budget proposal for fiscal year 2001 itemizes \$10,000,000 in operational improvement savings. Please provide the Subcommittee with a list of any and all programs you have identified for operational improvement savings, along with the amounts of operational improvement savings anticipated for each.

Please provide a complete projected accounting of the \$37,000,000 anticipated management reform productivity savings for fiscal year 2001.

Answer. The Williams Administration is committed to making the District government more efficient. To that end, we have taken steps to ensure that savings targets projected for fiscal year 2001 are both realized and recurring. The Office of the City Administrator is developing a plan to track and secure the \$47 million in productivity savings projected for fiscal year 2001 so savings will begin to be captured at the outset of the fiscal year. The largest source of these savings will be a workforce reduction of up to 1,000 employees through the elimination of long-standing funded vacancies and attrition through regular and early retirement during fiscal year 2000. While there will be expenses associated with achieving these workforce reductions during fiscal year 2000, the projected fiscal year 2001 savings are up to \$37 million. Additional areas targeted for savings include better management of disability claims; additional Medicaid reimbursements the District has historically failed to pursue; eliminating unused telephone lines and extra service options on active lines; and cellphone account management.

DISTRICT OF COLUMBIA, *June 6, 2000.*

Hon. LINDA CROPP,
Chairman, Council of the District of Columbia, Washington, DC.

DEAR CHAIRMAN CROPP: I request that Title XXXVIII of the Fiscal Year 2001 Budget Support Act of 2000 (Bill 13-679) be amended to reflect the recommendations made by the Mayor's Advisory Council on Permanent Homes for Children. Congress, through the Appropriations Act of 2000, authorized a federal payment for incentives for the adoption of children in the District of Columbia. The Act provides for a one-time payment of \$5 million to support this objective. The recommendations, which I support were made by the Mayor's Advisory Council on Permanent Homes for Children in consultation with numerous adoption advocacy groups throughout the District. The amendment being moved by Council Member Allen this morning at the Legislative Meeting reflects these recommendations. A copy of the recommendations is enclosed.

Sincerely,

ANTHONY A. WILLIAMS,
Mayor.

FEBRUARY 24, 2000.

Hon. ANTHONY WILLIAMS,
Mayor of the District of Columbia, Washington, DC.

DEAR MAYOR WILLIAMS: Enclosed for your review and approval is a proposal for the use of federal adoption incentive funds for the District of Columbia that has been developed at your request by the Mayor's Advisory Committee on Permanent Homes for Children.

BACKGROUND

As part of the consolidated Appropriations Act of 2000, the Congress authorized a federal payment for incentives for adoption of children in the District of Columbia. As outlined in the conference report:

- The Act authorizes a one-time federal payment of \$5 million to create incentives to promote adoption.
- Funds under this authorization must be used by September 30, 2001.
- A program must be established by the Mayor and the District Council and approved by the Appropriations Committees of House and Senate.
- The funds may be used for tax credits to offset costs incurred by individuals in adopting (requires legislation).
- The funds may be used to provide for health care needs of such children (requires legislation).

At its December meeting, the Mayor's Advisory Committee on Permanent Homes for Children established a subcommittee composed of Toni Oliver, Judith Meltzer, Mae Best, Phyllis Langston, Gwen Menefee and Liz Siegel and asked them to propose a plan for use of the federal funds.

The Committee has gathered ideas on adoption needs and resources from others in the community; reviewed ideas for adoption incentives from other jurisdictions, and researched the feasibility and costs of proposals that surfaced. A draft plan was shared with the full Advisory Committee in early January and comments and sug-

gestions for change were solicited. The Committee reviewed all written and verbal comments and revised the plan accordingly.

PROPOSAL SUMMARY

As a result of this work, the Committee is proposing that the federal adoption funds be focused on the overarching goal of providing loving and permanent homes for the District's children in the District of Columbia. The overall plan for the incentive funds is targeted toward five measurable outcomes:

Outcome 1.—Increase the number of families in the District of Columbia who are willing and able to adopt children currently in the District's foster care system.

Outcome 2.—Decrease the disruption rate for adoptions of children with special physical or emotional needs.

Outcome 3.—Increase the rate of adoption of teens in foster care whose permanency plan is adoption.

Outcome 4.—Increase the rate of adoption for sibling groups in foster care whose permanency plan is adoption.

Outcome 5.—Achieve compliance with the outcomes for permanency for children specified by the federal government under the Adoption and Safe Families Act (ASFA).

The proposal which follows includes four interrelated initiatives that together total \$5 million to be spent between now and September 30, 2001. The majority of funds would be contracted out to private organizations to conduct the work. The four initiatives include:

1. Creation of a Flexible Fund to support adoptions of sibling groups and other hard to place children.

2. Establishment of a Scholarship Fund to support transition to independence for adopted teens.

3. Creation of an Adoption Resource Center(s) and Post-Adoption Services Capacity.

4. Enhancement of recruitment and support of District foster and adoptive families.

A fuller description of each of the proposed initiatives and estimated costs based on two years of implementation is presented in the attached proposal.

PLAN FOR MANAGEMENT AND OVERSIGHT OF THE ADOPTION INCENTIVE PLAN

The Committee proposes that overall management of the initiative will be the responsibility of the Deputy Mayor for Children's Services but that day to day coordination and implementation of the adoption incentive initiatives be assigned to the Child and Family Services Administration which is the agency responsible under District law for the work associated with providing permanent homes for children who are in the custody of the District of Columbia because of parental abuse or neglect. Several of the initiatives would involve one or more contracts with private organizations to carry out the work. CFSA would be accountable to the Deputy Mayor for Children and Families for reporting, evaluation and fiscal accountability on each initiative. General oversight of the Adoptive Incentive Plan would also be provided by a standing subcommittee of the Mayor's Advisory Committee on Permanent Homes for Children. Regular reports would be made to the Committee on progress in meeting measurable objectives. In addition, the plan includes a provision for a small amount of funds to be set-aside for an external evaluation of the effectiveness of the proposed adoption incentive initiatives. A contract would be let with an independent external evaluator to design and conduct necessary data collection and evaluative studies under the direction of the Mayor's Committee and/or the Deputy Mayor for Children's Services.

NEXT STEPS

Under the terms of the authorizing legislation, the plan for the use of these funds must be approved by the Mayor and the District Council and then approved by the Appropriations Committees of the House and the Senate. We are hopeful that you will approve the proposed plan and take the lead in forwarding it to the District Council for their approval. Members of the Mayor's Advisory Committee would be glad to assist your staff in making any necessary presentations on the proposals in order to secure Council approval.

Once District Council approval is obtained, the Advisory Committee would again be willing to work with you and your staff in presenting the plans to the Congressional Appropriations Committees in hopes that their quick approval can be obtained.

On behalf of the Mayor's Committee, we hope that the work necessary to translate this proposal to reality can occur expeditiously. There are far too many waiting children in the District of Columbia. We stand ready to assist you in any way possible.
Sincerely,

MAE BEST,
PHYLLIS LANGSTON,
GWENDOLYN MENEFEER,
JUDITH MELTZER,
TONI OLIVER,
ELIZABETH SIEGEL,

Subcommittee on the Adoption Incentives Plan.

PROPOSAL TO THE MAYOR'S ADVISORY COMMITTEE ON PERMANENT HOMES FOR CHILDREN ON A PLAN FOR USE OF THE FEDERAL ADOPTION INCENTIVES FUNDS

BACKGROUND

As part of the consolidated Appropriations Act of 2000, the Congress authorized a federal payment for incentives for adoption of children in the District of Columbia. As outlined in the conference report:

- The Act authorizes a federal payment for \$5 million to create incentives to promote adoption.
- Funds under this authorization must be used by September 30, 2001.
- A program must be established by the Mayor and the District Council and approved by the Appropriations Committees of House and Senate.
- The funds may be used for tax credits to offset costs incurred by individuals in adopting (requires legislation).
- The funds may be used to provide for health care needs of such children (requires legislation).

At its December meeting, the Mayor's Advisory Committee on Permanent Homes for Children established a subcommittee composed of Toni Oliver, Judith Meltzer, Mae Best, Phyllis Langston, Gwen Menefee and Liz Siegel and asked them to propose a plan for use of the federal funds.

The Committee has met three times in the last month to brainstorm ideas, review ideas for adoption incentives from other jurisdictions and gather information on adoption needs and resources from others in the community.

After considerable work and refinement, the Committee is proposing that the program for use of the funds include four initiatives that together total \$5 million to be spent between now and September 30, 2001. The four initiatives include:

1. Creation of a Flexible fund to support adoptions of sibling groups and other hard to place children.
2. Establishment of a Scholarship fund to support transition to independence for adopted teens.
3. Creation of an Adoption Resource Center(s) and Post-Adoption Services Capacity
4. Enhancement of CFSA Recruitment and Support of District Foster and Adoptive Families

Each of the proposed initiatives and estimated costs based on two years of implementation is presented below.

PROPOSED PLAN

1. Creation of a Flexible fund to support adoptions of sibling groups and other hard to place children

Problem addressed.—Many parents who would be willing and are capable of becoming adopted parents are discouraged from doing so because of their inability to meet certain requirements related to physical space, conditions in their home, or the need for accommodations or special equipment for children with handicaps or large sibling groups. Access to a funding source for some of these needs would provide a significant incentive toward adoption.

Proposal.—A flexible fund would be established which could be accessed by families interested in adoption in order to provide needed funding and/or resources for a range of activities/items necessary to become an adoptive parent. The kinds of things eligible for reimbursement/payment through this fund would include:

- home renovations to accommodate wheelchairs or other special needs of children;
- assistance in lead paint abatement when the presence of lead paint is an obstacle to approval of the adoptive home;

- assistance in paying the cost of FBI fingerprinting necessary for approval as an adoptive parent;
- equipment to care for disabled children (e.g., beds, durable medical, equipment (and specialized items not covered by other public programs);
- assistance to needy families who have uncovered costs related to mental health care for children with special needs. Funds would be administered only to families with demonstrated financial need according to a sliding scale;
- purchase of a wheelchair equipped van to enable adoptive parent(s) to accept children with physical handicaps;
- assistance with home renovations, down payments or purchase of homes to allow families to adopt large sibling groups. Consideration will be given to purchase of homes for sibling groups of five or more;
- assistance with miscellaneous expenses in accordance with a plan approved by the agency to promote the ability and willingness of parents to adopt children with special needs or large sibling groups;
- other approved expenses to promote adoption for which no other funding source exists.

Estimated Cost.—\$1.5 million (\$750,000 per year for 2 years).

2. *Establishment of a Scholarship fund to support transition to independence for adopted teens*

Problem.—One of the major barriers to adoption of school age and teenage children is the lack of resources for adoptive parents to support education and training of children as a transition to independence.

Proposal.—A scholarship fund would be established which could be accessed by adoptive families for post high school education and training for their adopted children. Upon presentation of documentation of acceptance at a Junior College, university or postsecondary occupational or training school, adoptive families would be eligible to receive a scholarship of up to \$8,000 per year for a high school graduate going to college and up to \$3,000 per year for high school graduates entering postsecondary training. This fund could be established by placing an earmarked amount per child in an interest earning account at the time of the child's adoption. The scholarship fund would be administered through a private non-profit organization.

Estimated Cost.—The fund would be established initially with \$1.6 million in an interest bearing account. Cost assumptions are based on granting up to 130 scholarships per year for two years. Interest generated by the fund and additional fund raising would occur to stabilize the fund for the future.

3. *Creation of an Adoption Resource Center(s) and Post-Adoption Services Capacity*

Problem.—One barrier to adoption is the fear of prospective adoptive parents that they will not be supported when and if problems arise. Experience around the country has shown that the development of adequate post-adoption support resources is a significant incentive to adoption.

Proposal.—Funds would be used to establish a private Adoptive Family Resource Support Center in the District of Columbia to provide ongoing information, education and support to adoptive families. Some of the activities to be carried out by the resource center will include: operation of a hot line for questions, information and referral; development and dissemination of and information and referral directory of services and supports in the metropolitan area; creation and operation of a resource lending library for adoptive parents and children; conduct of training programs developed in concert with adoptive parents to meet their needs; development and assistance to adoptive parent support groups, etc., and therapeutic services related to adoption. The Support Center would also have funds to provide scholarships for adoptive children and families to participate in training provided by national or regional support groups or associations.

The Committee proposes that an RFP be developed outlining the Adoption Resource and Support activities that are desired and that an organization be funded to develop those activities for the District, either by creating a single resource center or by developing and coordinating programming that could be made available through neighborhood family support centers proposed in the Mayor's Safe Passages initiative.

As an adjunct to the Support Center(s), it is also proposed that a small portion of the funds be allocated to CFSA to enhance their post-adoption services capacity and to enable their staff to link families with the Resource Center and other adoptive support opportunities (e.g., family conferences, training, etc.).

Estimated Cost.—\$1 million (Resource Center \$775,000 for 2 years and \$225,000 for CFSA post-adoption support activities for families).

4. *Enhancement of CFSA Recruitment and Support of Foster and Adoptive Families*

Problem.—The majority of adoptive families begin as foster parents. Expanding the pool of adoptive families means expanding the recruitment and support of foster parents as well as doing more community and neighborhood recruitment of adoptive families. CFSA has been hampered in its efforts to expand its recruitment and support activities by a lack of funds to support the staff who are doing recruitment and to enable CFSA to use foster and adoptive parents as team members in the recruitment process.

Proposal.—Part of the incentive plan involves providing funds to support critical staff enhancements and activities within the Adoptions Unit of CFSA. Funds would be made available to provide for additional CFSA capacity to expand after hour's recruitment activities and to make it possible for foster and adoptive parents to serve as co-leaders in training. As part of the enhanced recruitment effort, incentive funds would be used to pay for:

- adoptive parents to serve as co-leaders in pre-service training;
- food for parents attending training sessions;
- child care for adoptive parents attending training sessions;
- inviting furnishings and decorations for the rooms where adoptive parent training is held;
- additional supplies for adoptive home recruitment including a video recorder and cameras, printing of brochures, displays for literature and banners for use at recruitment events and an equipped mobile van which can be taken to a wide range of community events to promote becoming foster and adoptive parents;
- the preparation of Life Books for all adoptive children;
- transportation funds for visitation between prospective adoptive families and children when interstate adoptions are planned;
- expenses associated with participation in adoption exchanges.

Estimated Cost.—\$900,000 (\$450,000 per year).

MANAGEMENT AND OVERSIGHT OF ADOPTION INCENTIVE PLAN

The sub-committee proposes that oversight responsibility for the Adoption Incentives Plan be placed in the Mayor's Office and that the Advisory Committee on Permanent Homes for Children play an ongoing role in accountability, assessing the effectiveness of the proposed initiatives once implemented. The Mayor's Office would assign responsibility for day-to-day implementation of the programs to appropriate District agencies, most likely CFSA, with requirements for reporting, evaluation and fiscal accountability.

Efforts would begin simultaneously to seek private and other funding to sustain successful initiatives beyond the two years of this federal funding opportunity.

NEXT STEPS AND PROPOSED TIME FRAMES

- Presentation of Draft to Committee—January 6, 2000
- Comments back to Committee—January 14, 2000
- Revised Proposal to Mayor—January 21, 2000
- Final Plan to Mayor's Committee on Permanent Homes for Children—February 3, 2000
- Mayor Transmits Plan to District Council for approval—February 14, 2000
- Mayor and Council jointly transmit approved District Plan to Congress for approval—February 28, 2000
- Implementation Begins—April 1, 2000

AMENDMENT TO THE BILL 13-679, THE FISCAL YEAR 2001 BUDGET SUPPORT ACT OF 2000

Sec. 1. Change the name of title XXXVIII to the "Approval of Adoption Incentives Plan of 2000."

Sec. 2. Delete sections 3801 through 3808.

Sec. 3. Insert the following:

Sec. 3801. This title may be cited as the "Approval of Adoption Incentives Plan of 2000."

Sec. 3802. The Council hereby approves the Proposal to the Mayor's Advisory Committee on Permanent Homes for Children on a Plan for Use of the Federal Adoption Incentives Funds.

Sec. 3803. The Proposal includes four initiatives:

1. Creation of a flexible fund to support adoptions of sibling groups and other hard to place children.

- 2. Establishment of a scholarship fund to support transition to independence for adopted teens.
- 3. Creation of an Adoption Resource Center and post-adoption services capacity.
- 4. Enhancement of CFSA recruitment and support of District foster and adoptive families.

AMENDMENT 2

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

DATE: June 6, 2000
 Amendment offered by Councilmember Sandra C. Allen
 To: Bill No 13-679

Version:

Introduced	
Committee Print	
First Reading	
Amended First Reading	
Engrossed	X
Enrolled	
Unidentified	

Title XXXVIII Page 132
 Line 17—Add Section 3803.1 This section may be cited as the “Approval of Adoption Incentives Plan of 2000.”

Add section 3803.1 “The Council hereby approves the proposal of the Mayor’s Advisory Committee on Permanent Homes for Children plan for use of \$3 million of the District of Columbia Appropriations Act of 2000 to fund the Adoption Incentives Plan of 2000. At least half of this \$3 million shall be used to establish an Adoption Assistance Fund to provide needed funding for a range of items including, but not limited to, assistance with home renovations, down payments or purchase of homes to allow parents to adopt large sibling groups or special needs children, assistance in lead paint abatement when the presence of lead paint is an obstacle to approval of the adoptive home, and assistance to needy families who have uncovered costs related to mental health care for children with special needs. The remainder of these funds shall be used to fund the following three initiatives:

- 1. Establishment of a scholarship fund to support transition to independence for adopted teens.
- 2. Creation of an Adoption Resource Center and post-adoption services capacity.
- 3. Enhancement of CFSA recruitment and support of District foster and adoptive families.

Rationale: This amendment will allow \$3 million of the \$5 million appropriated to the District of Columbia Appropriations Act of 2000 to fund the proposal of the Mayor’s Advisory Committee on Permanent Homes for Children to use the Federal Adoption Incentives Funds. \$2 million will also be available to fund the “Adoption Voucher Fund Act of 2000.

QUESTIONS SUBMITTED BY SENATOR RICHARD J. DURBIN

Question. I would appreciate hearing your reaction to the Casey Foundation findings and how your “Safe Passages” agenda and proposed spending plan for children, youth, and families and health would help to address the specific needs reflected in the report findings.

Answer. From the beginning of the Williams administration, children have been a top priority. Mayor Williams’ Safe Passages Initiative represents the administration’s primary vehicle for tackling the negative outcomes that impact the quality of life, safety, health, and wellbeing of children in the District. Safe Passages has five main goals:

- 1. All children are ready to learn.
- 2. All children are succeeding in school.
- 3. All youth are developed into productive adults.
- 4. All children and their families are healthy.
- 5. Youth and youth violence is reduced, particularly in school settings.

In the past year, we have experienced significant declines in the areas of infant mortality and teen birth rates, the latter of which has earned the District a federal bonus of \$20 million for its efforts at lowering births to teens. Still, much remains to be done to tackle many of the seemingly intractable issues that beset children and youth in the District.

The Williams administration has implemented strategic initiatives to support each of the Safe Passages goals. To support Goal 1, more than 30 percent of our TANF funding is devoted to providing age-appropriate child development opportunities for infants, toddlers and school children. For Goal 2, the administration provided full funding to DCPS schools in order to improve educational opportunities for District schoolchildren. Goal 3, targets the positive development of our young people, and the administration has launched its largest Summer Youth Employment program to date, and expanded career internships and year-round job opportunities for eligible students. Goal 4 seeks to ensure that all children and their families are healthy, and the administration has worked aggressively to expand health coverage for children and expectant mothers. Goal 5, targeting youth on youth violence, has led to the development of a Juvenile Justice Commission to advise the Mayor on policy options and best practices for continuing to decrease the rate of juvenile crime, while exploring the most effective options for ensuring accountability with a focus on prevention and rehabilitation.

Additionally, the Mayor developed the Children and Youth Investment Trust Corporation, a public-private non-profit organization, designed to provide financial support for community-based programs providing out-of-school time programs for children and youth in the District. First year funding for the Trust Corporation totaled \$12 million.

Question. What has been accomplished in the last year to improve the quality managers in District agencies, especially those serving children?

Answer. The administration has implemented a government-wide performance management system to set standards and monitor performance among agency managers. All agency directors, senior agency staff, and Executive Office of the Mayor Excepted Service personnel are required to develop and adhere to individual performance plans that govern performance and evaluation. Furthermore, the Management Support Services (MSS) program has been implemented that transfers former non-union career service managers into the MSS system thus making them 'at will' employees. The MSS program provides for salary enhancements to former career service managers in exchange for their agreement to enter into performance contracts with clearly defined goals and evaluation standards. These efforts impact all government agencies, including managers in the human service agencies.

Question. Child and family services (including foster care) and mental health are in receivership and beyond your direct control. Are you prepared to take on the management challenges of these agencies?

Answer. The operations of both the Child and Family Services Agency (CFSA) and the Commission on Mental Health Services (CMHS) are in federal court imposed receivership. The District of Columbia will be prepared to assume control over the operations of both agencies during the transition process back to our government. Pursuant to court order, the first agency to transition back to our control is the Commission on Mental Health Services. We are currently working collaboratively with the Transitional Receiver, and other key stakeholders, on comprehensive transition planning. A manager who will work closely with all impacted agencies and members of my executive staff is coordinating the planning and implementation. The transition planning includes a cross-agency analysis and is based on an incremental approach to the transition process. It is our expectation that this transition process will form the template for a transition model that can be replicated, at least in part, at the time CFSA transitions back to government control.

Question. How would you propose to improve management in District schools?

Answer. As you know, in the District a disproportionate level of funding goes to transportation and placement of special needs students in private programs and transportation. The city has made some strides in recent years, but we still face a budget that is far out of line with reasonable costs and a program that leaves many parents and students ill-served. We must do much better. A solid, thoughtful approach to this requires people on the Board who can grapple with these tough questions and look to other jurisdictions for best practices. The Board of Education must develop precise goals and performance standards for special education reform, and then hold the Superintendent accountable for achieving them. Clearly, one of the profound problems is that the administrative apparatus—contracting, procurement, personnel, and financial management—to guide the program is broken. I expect the Board will provide sufficient oversight of these support systems, as well as proceed with immediate programmatic improvements that will ensure that students are well-served. Over the long term, we must continue ensuring that special needs students are placed in appropriate environments while transitioning as many students as is feasible to programs administered by DCPS and DC charter schools.

Question. Mayor Williams, Chairman Cropp, and Dr. Rivlin, what is the status of the proposal to provide authority to the Mayor to appoint school board members?

Answer. The referendum was held in late June and approved by the voters.

Question. How can we align authority and responsibility for District schools? Right now it is hard to say who is responsible. Is it the Control Board? Is it the School Board? The Council? The Mayor? Who takes credit or blame for progress or the lack of progress? Now that Mrs. Ackerman is departing it is even more clear that we need some continuity of responsibility. How are we going to get it?

Answer. One of the perpetual challenges for the school system has been a diffuse accountability structure. I am confident that the new Board of Education proposal will ameliorate the situation. Ultimate responsibility for the school system remains with the Board of Education, which will be transformed into a policymaking body removed from the micromanagement that created havoc in the school governance structure. The Council still had budgetary and oversight responsibilities. The executive branch must also be a key partner, offering assistance and encouragement to the Board and Superintendent. Indeed, a number of executive agencies provide critical support to the school system. I have instructed my whole cabinet to do whatever they can to meet the needs of the school leadership.

Question. On April 8, the Washington Post reported that student enrollment has declined from about 79,000 students in 1996 to 71,000 this year. During that period, the school budget has increased from \$600 million to \$717 million. Next year, enrollment is projected to drop to about 658,000 while school spending under the budget requested by D.C. Mayor Anthony A. Williams will increase by \$100 million. Can you explain this decline in enrollment/increase in spending phenomenon?

Answer. For several years schools were underfunded. The budget adopted for fiscal year 2001 provides no more funds than schools would receive under the "per pupil funding formula." In previous years the Mayor and Council had underfunded schools, forcing DCPS leadership to divert funds from priority areas such as academic programs to costs associated with legal mandates for other programs, including special education. I believe that the current funding level is in-line with other urban jurisdictions, and I will be working with the Board of Education and Superintendent to ensure that these funds result in meaningful improvements for our children.

Question. Mayor Williams, if D.C. schools aren't equipped to deliver the special education services to the students needing them, when will they be? What will it take? Is the reported \$30,000 per student tuition the District of Columbia currently spends to educate D.C. special education students in private or out of State educational settings accurate? What's being done to reduce the costs of educating these students outside the DCPS system?

Answer. On average, I believe that this estimate of \$30,000 is correct. The cost per student for special education varies considerably depending on the child's Individualized Education Plan (IEP), so sometimes this number is much more and sometimes much less.

DCPS has outlined a multi-part strategy to address this concern. First, they are developing new programs, including a city-wide inclusion program at Hardy and Taft Schools and new early childhood programs at 20 other schools. Second, they have indicated that they are better monitoring non-public schools and enforcing residency verification to get non-eligible students off of the rolls. Finally, they are aggressively seeking means to reduce transportation costs.

As I suggested, these are proposed strategies and I will be looking for the Board of Education to track how these approaches are working. I also know that our new Superintendent is committed to needed reform and will be unveiling more aggressive strategies for reducing these costs, this fall. His office proposed, just this week, a plan to offer parents the option of transporting their children in exchange for a stipend, at less than what it costs the District per student. This may only be an option for certain parents, and its viability needs to be evaluated further, but it will at least serve as a stopgap until more sophisticated measures are developed shortly. I will be looking to our Superintendent for leadership on this issue in the near and the long term.

Question. Last year, Mayor Williams and Chairman Cropp, you both mentioned the criminal justice coordinating committee. What do you each feel are the major accomplishments of this committee over the last year?

Answer. I would list the major accomplishments as follows:

Development of CJCC team scorecards with goals and milestones in an effort to increase accountability.

Creation of a process baselining program that defines activities and identifies the drivers that contribute to police officer overtime in court. From these information sources initiatives were developed to reduce the identified tasks which most contribute to excessive officer time in court. The following represent several core initiatives: 1. Metropolitan Police Department/Office of Corporation Counsel Papering Re-

form Project; 2. Diversion Analysis; 3. Court Scheduling/Case Processing Reforms; 4. Data Analysis of Officer Involvement in Trial Proceedings.

Creation of the Drug Team in early Spring, 2000 whose main priority is offering drug treatment and drug testing to all persons within the justice system who are in need. Key components include: 1. Pilot program currently in three PSAs; 2. Developed baseline of eight populations targeted (i.e. parolees, probationers, and pre-trial defendants); 3. Development and supply of non-sanctions based treatment slots; 4. Implementation of performance measures for each population; 5. Began actual drug testing in pilot area; 6. Secured and funded outside research organization to evaluate efficacy.

Creation of the Geo-Mapping Project as a concerted effort to support the PSA program in identifying hot-spots, parolee and probationer residencies, poverty statistics, and other relevant public safety and community initiatives. Highlights include: 1. Supplied the Metropolitan Police Department (MPD) with resources to expand and enhance existing GIS capabilities; 2. Catalogued all geocoded data elements and sources; 3. Developed plan for centralizing all relevant geocoded data within (MPD); 4. Procured and supplied to MPD a master index of geocoded data; 5. Produced specs and supplied data for geomaps to support the Drug Team initiative; 6. Implemented automated data transfers from other agencies of geocoded database; 7. Established structure, missions & goals for Information Technology Activities Committee.

Creation of the Pre-Trial Services Sub-Committee in response to inadequate supervision of detainees in halfway houses and work release programs. Program goals focus on improving the management of pre-trial offenders and minimizing risk to the community while protecting defendants' rights. Areas of concentration include:

Halfway Houses:

1. Secured no cost technical assistance and contractor support through the National Institute for Corrections;
2. Implemented immediate improvements in the response to abscondances;
3. Decreased time period to secure arrest warrants for "Walk-aways" from 7 days to less than 24 hours;
4. Conducted an operational audit using American Correctional Association standards;
5. Reassessed halfway houses to determine continuity and effectiveness of operational reforms;
6. Development of the District-wide Escape Monitoring System.

Pre-Trial Risk Assessment Instruments:

1. Developed tools for measuring risk to the community;
2. Developed tools for measuring risk of flight for each pretrial defendant;
3. Collected risk assessment instruments from other jurisdictions;
4. Convened focus group to develop new assessment tool;
5. Target for full implementation of the Pre-Trial Risk Assessment Tool, January 2001.

Alternative Sanctions:

1. Completed preliminary research on alternative sanctions through best practices in other jurisdictions;
2. Formed focus group to investigate and present recommendations.

Fingerprinting & positive identification

1. Identified fingerprinting as a critical issue in the reform effort;
2. Researched thirteen other jurisdictions to identify best practices;
3. Outlined needed reforms;
4. Developed adult baseline of DC fingerprinting practices;
5. Developed comparative model for fingerprinting;
6. Recommended that adult fingerprinting be expanded to eight additional charges;
7. Analyzed juveniles separately;
8. Concluded that major characteristics of DC's juvenile finger printing and information management are in the line with other jurisdictions.

Development and implementation of information technology activities focusing on the ability to access and share information about offenders and their cases. The following projects and initiatives represent a first time success within the justice community in overcoming the technology integration problems that have persisted within the District for decades.

1. Established governance structure, documented a mission and goals for ITAC and working groups;

2. Secured federal funding for integration project;
3. Hired information technical liaison officer;
4. Reviewed & approved web-enabled model for DC integrated justice information system;
5. Established CJCC/ITAC internet site;
6. Identified and completed five fast track projects;

“JUSTIS System” Program

Secured contractor support and developed and defined infrastructure vision for the Justice Integration System (JUSTIS). JUSTIS is an Internet-based “middleware” solution that allows local and federal justice agencies to share data without having to modify their existing legacy systems. Activities include(d):

1. Developed JUSTIS Access standards & procedures;
2. Secured technical oversight for the system;
3. Development of privacy and security standards;
4. Analyzed current practices over forty-five states RE: Tracking Numbers and implemented best practices;
5. Criminal History Record Information System in development.

Assisted in the development of the Youth Violence Initiative to reduce youth violence throughout the city while identifying and attacking the drivers that predispose our youth to failure and dangerous circumstances. This is a relatively new initiative still in development. The CJCC has been asked to play primarily a support function within this initiative. Activities include:

1. Supported the Youth Violence Intervention Team;
2. Numerous data collection activities and projects as directed including the collection of raw data on all violent crimes in DC;
3. Support for the Mayor’s Blue Ribbon Commission on Juvenile Justice by providing staff resources for best practices information, and current process baselining.

Question. Mayor Williams, in your March 6, 2000 “State of the District” address, you stated that a major reason more officers are not patrolling the streets is: “Because every day, more than 500 police officers are stuck down at the courthouse, waiting for hours—even days at a time—to testify in a hearing that may or may not be held.” Is this an issue the criminal justice coordinating committee has addressed? With what outcome?

Answer. The Criminal Justice Coordinating Council’s ongoing (CJCC) “Caseflow Management” project has as one of its primary goals to address persistent problems with police overtime and police time off the streets. This project has involved both data analysis designed to understand the factors driving the problem and uncover areas for targeted solutions and the development of concrete recommendations to reduce police overtime and time in court.

Analyses conducted included the following:

- Study of officer time spent in court. Analysis revealed that 90 percent of officer time is related to four proceedings: (1) trial (48.6 percent); (2) papering (14.9 percent); (3) grand jury (13.0 percent); and (4) witness conferences (12.3 percent); and
- Study of current diversion programs that can reduce caseloads; and
- Study of court statistics on time between milestone events (final results to be completed in September 2000).

System Improvements:

- Developed new process flow for papering citation cases without requiring an officer to appear for a papering interview;
- Secured buy-in for a pilot program in MPD’s Central Regional Operation Center for a more efficient papering process; and
- Currently assessing three technology options for automated paperwork exchanges.

Other potential arenas for improvement include:

- Developed proposal for pilot community court in Ward 7 or 8;
- Completed best practices study of differentiated case management (DCM) systems across the country.

Question. Mr. Mayor, several articles ran in the press last year criticizing the docket and scheduling management of the District Courts. The Congress provides funding for the District Courts. Do you have any recommendations for the Congress to urge on the courts?

Answer. We will soon be in a position to make sound, data-guided recommendations regarding case scheduling in District of Columbia Superior Court. Superior Courts has been cooperative in working with the CJCC in providing access to data that will help improve the court’s case management system. Recently, reports began to be produced providing both historical and current data on case management. We

now have monthly reports that include: Caseloads by court calendar; Statistics on the time between every major case processing event; Average “age” of pending case-loads; and Rates of continuances, dismissals, and other dispositions.

These reports will serve as invaluable management tools; careful analysis will enable us to identify process bottlenecks and areas for improvement.

Question. In your budget, you state that the District spends \$8.9 million on overtime costs to pay Metropolitan Police (MPD) Officers to testify in court. You argue that the U.S. Attorney’s Office requires officers to be present from 10:00 a.m. each day and to stay throughout the day until they testify. You state that MPD estimates that overtime would be cut in half if they were allowed to wear beepers and respond when alerted. Is this an issue the criminal justice coordinating committee has addressed? Is there something Congress could do to foster greater efficiency and cost effectiveness in MPD court testimony?

Answer. Metropolitan Police Department (MPD) proposed the use of beepers as an innovative solution to the problem of police time in court. Since that idea was proposed MPD looked into the issue and found limitations to the solution. First, even if an off-duty officer were allowed to wear a beeper and therefore not be present at court until he or she was needed to testify, that individual would be entitled to receive overtime pay for the entire time he or she was on-call. Second, for officers who are on call, having to respond to beeper calls would present significant operational problems and potentially conflict with their enforcement duties. As stated in prior answers, MPD and the Administration are looking at other opportunities to reduce officer time in court.

Question. When Chief Ramsey came to Washington two years ago, he found that over 75 percent of the telephones in the D.C. Police Department were rotary? What progress in facilities and equipment have you made over the last year and what does the District fiscal year 2001 budget provide? Training has been a problem in the police department. I understand that recently only 200 of the 3,800 police were trained in sobriety testing. Has that improved? What does the proposed District budget provide for these training programs?

Answer. When Chief Ramsey arrived in Washington, DC in 1998, he determined that over 75 percent of the MPDC telephones were rotary-style. Presently, 100 percent of MPDC’s telephones are touch-tone.

The Impaired Driver Support Unit of the Forensic Sciences Division conducts field sobriety testing procedures. This testing has been offered in two stages: the initial Standard Field Sobriety Testing (SFST) training, which was conducted in Calendar Years 1999 and 2000 for 74 members; and the second stage, the Breath Test for Alcohol Training (BTAT), which includes the use of the Intoxilizer breath-testing equipment, that was conducted for 68 members during CY 1999 and 2000. Since 1995, a total of 605 members have been trained, including 317 members for SFST and 288 members for BTAT training. These figures are further delineated as follows (as of August 9, 2000):

Calendar Year	Number of Classes	SFST Trainees	BTAT Trainees	Total Trainees
1995	1	28	28	56
1996	8	104	105	209
1997	3	26	25	51
1998	4	85	62	147
1999	3	50	52	102
2000	1	24	16	40

Question. Last year you reported that the criminal justice coordinating committee was targeting six drug markets in the city, starting last summer. Last year, Congress added \$1 million in federal funds earmarked for this project. What are the results of this special, targeted effort?

Answer. Metropolitan Police Department, not the Criminal Justice Coordinating Committee (CJCC), targeted six drug markets in the city as part of its Capitol Communities program. The results of this effort are summarized below:

- In Districts Five and Seven, significant advances were made. A partnership between MPD and the community resulted in the transfer of an abandoned building used for drug activity to the community. The building was rehabilitated and transformed into a community center. This success story was presented at a national forum at the Policing for Prevention (PFP) Conference in San Diego.
- In Districts One, Three, Four, and Six, the major strategy has been focused law enforcement. This strategy has resulted in many arrests, trash clean ups, towed

abandoned cars, and boarded up abandoned houses. Initially the Capital Community areas included a two or three block area. Because of the success of focused law enforcement, the drug problems have been displaced or scattered. This displacement required an expansion of focused law enforcement and the Capital Community areas and surrounding blocks. The success of the Capital Community initiatives resulted in many residents lobbying for their communities to be next to receive exposure to the Partnerships for Problem Solving (PPS) process.

Question. Based on reports we have received, it appears that since July 1999, the number of slots available is up 21 percent. The number of people screened is up 48 percent since July 1999. The number of people on the waiting list down 15 percent since October 1999. There was also a 16 percent increase in the discharges of healthy patients. Those on waiting lists now only include methadone patients. What is the current waiting time for city-assisted indigent drug treatment in the District? How large is the backlog? What does your proposed budget do to attack this problem?

Answer. The Addiction Prevention and Recovery Administration (APRA) has increased slots from 3,055 as of July 1999 to a current census capacity of 3,154 (as of 8/21/00). However, by the close of fiscal year 2000, it is anticipated that APRA will increase capacity by an additional 956 (over the current 3,154 slots), thus increasing the total treatment capacity to 4,110 slots. This represents a cumulative increase of 1,055 slots between fiscal year 1999 and fiscal year 2000. This will constitute a 25.67 percent increase in slots between the two years.

6,825 patients were screened by APRA in fiscal year 1999 (as of July 1999). Between August 1999 and August 2000, the numbers of screens have increased by 8,337 additional patients. Therefore, 1,512 more patients have been screened in fiscal year 2000 as of July 2000 than were screened in fiscal year 1999 as of July 1999. This represents an 18.14 percent increase in screenings since July 1999.

There were 481 patients on the waiting list in October 1999. There are 255 patients on the waiting list as of August 21, 2000. This represents a 46.9 percent decrease in the level of the waiting list that is only for methadone treatment. There are no other waiting lists.

“Healthy patients” is not a criterion in the discharge data collected by APRA. The most comparable variable in the data collected is “completed treatment” and “transfer”. There were 2,729 patients discharged in these categories in fiscal year 1999 and APRA projects that 3,111 will be discharged in these categories in fiscal year 2000 (based on current trends). The increase in “completed treatment” and “transfer” discharge categories in fiscal year 2000 over fiscal year 1999 is anticipated to be 382 (12.28 percent) patients.

It is correct that those on the waiting list now include methadone patients. There is a 6-month waiting time for comprehensive methadone treatment slots. There is no waiting time for other modalities. There are 255 persons waiting for methadone treatment. It is anticipated that this waiting list will be eliminated with the opening of a 410-slot methadone program scheduled for the end of August 2000.

Question. Please outline and explain your goals and accomplishments for District drug treatment and prevention programs.

Answer.

TREATMENT

Service type	Fiscal year—	
	1999 Accomplishments	2000 Projected accomplishments
General Treatment Goals:		
Intake Screenings	8,189	9,736
Inpatient Treatment	538	582
Medical Detoxification	2,370	3,204
Outpatient/Methadone	1,417	1,910
Outpatient/Non-Methadone	2,734	3,365

Accomplishments for fiscal year 1999:

Opened the 100-slot Umoja abstinence program.

Implemented the Interim methadone maintenance program to expand methadone treatment capacity by 150 slots.

Increased the medical detoxification unit capacity by 15 beds.

Increased outpatient abstinence slots at the Adams Morgan Abstinence Center (AMAC) by 100 slots.

Increased the New Risings Day Treatment program for women by 12 slots.

Increased outpatient abstinence capacity at the Shaw Abstinence Program (SAP) by 60 slots.

Awarded a contract for 160 slots of outpatient treatment for Latinos to the Andromeda Transcultural Center.

Increased slots for outpatient capacity for Latinos through sub-grants with La Clinica Del Pueblo (25 slots), Latin American Youth Center (50 slots) and Whitman-Walker Clinic/Office of Latino Services (30 slots).

Awarded a contract to RAP, Inc. for eighty-seven 120-day residential beds.

Increased capacity in the Supervised Living Program for women and their children by 6 slots.

Awarded a contract to Deep Run, Inc. for 24 youth residential beds.

Developed and implemented, through an MOU with the DC Jail, a 120-slot prerelease treatment readiness and discharge planning program.

Accomplishments for fiscal year 2000:

In the process of transferring residential treatment services to a community-based system.

Enhanced and expanded medical detoxification services.

Improved the Central Intake Division to reduce waiting time for assessment and referral, improve the intake process.

In the process of expanding community-based, residential treatment services through public/private partnerships.

Implement a uniform contracts and grants monitoring system agency-wide; and Other Drug (ATOD) first use.

Expanded methadone treatment by 410 slots.

Expanded dually diagnosed treatment by 150 slots.

Implemented provisional application and review process for certifying all ATOD treatment providers.

In the process of implementing a Hepatitis A, B and C prevalence study of the APRA patient population.

A comprehensive implementable Drug Strategy for the District of Columbia is under development, the goal of which is to reduce the number of addicted persons by 25,000, and the annual addiction related cost to the city by \$300,000,000.00 by 2005.

PREVENTION

Accomplishments for fiscal year 1999:

APRA provided Outreach services to 128,251 District residents (73,060 Adults, 55,191 youth and 26,389 Latinos) and distributed 513,000 pieces of literature.

Completed and Distributed a Social Indicators of Substance Abuse in the District of Columbia.

Awarded nine mini-grants to community-based, faith-based or grass roots organizations to provide summer cultural and educational prevention programs to more than 200 high-risk District of Columbia youth.

Funded four one-year Science-based Prevention Demonstration projects, which will reach 100 youth.

Receipt of the State Incentive Grant (SIG) from the Center from Substance Abuse Prevention (CSAP). The city will receive \$6 million over a three-year period, 85 percent of which will be awarded to community-based organizations to implement science-based prevention efforts.

Established a primary prevention program for 50 Latino youth.

Provided Science-based prevention to the State Incentive Grant (SIG) Advisory Board; CBOs and general Public; Prevention and Treatment providers, and SIG Subgrant Applicants.

Provided training to 102 DCPS Nurse on how to use curriculum (Learning to Live Drug Free—U.S. Department of Education). This is a curriculum model for prevention on general substance abuse prevention education, and will ensure substance abuse prevention education in all DCPS.

Operated four alcohol, tobacco and other drug (ATOD) abuse prevention centers in key wards of the city (Wards 1, 2, 7 and 8).

Provided Outreach Activities to include: (a) Support of the SafeNight Program; (b) Participation in health fairs around the city; and (c) Participation in the BET Teen Summit.

Established a Mentoring and Tutoring program for District youth in Ward 8.

Established an APRA Youth Advisory Council.

Expanded Prevention programs in D.C. Public and Charter Schools.

Expanded the in-school program from 30 to 40 schools to include 10 Public Charter Schools.

Conducted an alternative program for truants from DCPS.

Established Drug Abuse Resistance Education (DARE) programs in 14 DCPS.

Established a Senior Citizens Substance Abuse Prevention Initiative.

Conducted a Ministerial Institute.

Conducted the 5th Annual Prevention Awareness Day.

Conducted First Annual Youth Festival.

PSAs were published in the Washington Post, City Paper, Latino News. PSAs aired on various AM Radio stations in both English and Spanish.

Established and supported collaboration with several community-based and private nonprofit agencies and organizations.

Accomplishments for fiscal year 2000

Conduct tobacco compliance checks of 3300 District vendors.

Conduct Household Survey on Substance Abuse.

Institute an ATOD Prevention Public Awareness Campaign

Establish a District of Columbia Substance Abuse Prevention Epidemiology Work Group.

Establish an Evaluation Grant for prevention programs.

Establish a Community Volunteers Program.

Develop a Substance Abuse and HIV/AIDS Prevention Curriculum with AHA and DCPS for DCPS teachers, students and parents.

Establish a Faith-based ATOD Initiative.

Conduct Alcohol Awareness Campaign in DCPS and DC Charter School.

Conduct a Tobacco Prevention and Education Campaign in DCPS.

Develop a media campaign to educate vendors on D.C. Law 8-262 which prohibits the sale of tobacco products to minors.

Award twenty science-based prevention program grants (SIG).

Award a Demonstration ATOD Youth Prevention Grant for mentally challenged.

Award a Demonstration ATOD Youth Prevention Grant for Asian/Pacific Islanders.

Award five \$50,000 mini-grants on ATOD prevention.

Conduct the Second Annual Youth Festival.

Conduct a Citywide Drug Summit.

Establish prevention programs in collaboration with the MPD.

Conduct a citywide Drug Summit on Prevention Best Practices.

Provide scholarships for youth to attend COG Prevention Program.

Contract out prevention centers located in Wards 1, 2, 7, and 8.

Establish a prevention center for Latino youth.

Safe Passages Initiatives.

Implement an alcohol, tobacco and other drugs (ATOD) community-based prevention strategy aimed at reducing ATOD uses among District of Columbia youth by establishing four prevention centers.

In collaboration with the Department of Consumer and Regulatory Affairs and other community partners will reduce the number of retailers who sell tobacco products to minors in the District of Columbia to 20 percent by September 30, 2000.

Implement an ATOD Prevention program in 40 D.C. Public and Charter Schools to reach youth.

DC Consortium on School Health/Education and Community Awareness Initiative.

Provide 2 trainings and professional development sessions for school staff and families to enhance the ability to identify and intervene for children at risk for behavioral health issues.

Strengthening Families Initiative.

Building and Sustaining Healthy Neighborhoods Initiative.

Question. Last year, Chairman Cropp, you and the Mayor mentioned nuisance properties as a major problem area for drug control efforts. What progress has been made over the last year? How many nuisance properties have you identified? How many have been demolished, sealed off, or otherwise cleaned up? How many have been condemned or foreclosed so they can be put to better public use or sold for a higher economic use?

Answer. Significant progress has been made over the last year in addressing nuisance properties: As of August 17, 2000 196 properties have been condemned. 1,250 have been cleaned and barricaded, a significant increase over the previous year, 174 units have been demolished and an additional 200 units are in the pipeline to be demolished before December 2000. In addition, \$248,000 in liens have been collected and have imposed fines of over \$953,000.

Question. Could you furnish a list of publicly- and privately-held nuisance properties and indicate any action taken?

Answer. As you are aware, nuisance is the result of an activity or combination of activities. The abatement of the nuisance activity involves one or more agencies and often a combination of agencies e.g. Police and Public Works, DCRA and Fire Department, etc. We are in the process of installing a computerized database that will provide the capability to catalogue and cross-reference the nuisance properties. This effort is happening as we speak with some agencies having completed and populated databases and other agencies are still in the process of getting the system installed. The whole system is expected to be operational within six months.

Question. Last year, Mr. Mayor, you reported last year that the city received bids from a number of firms to convert 300 units of abandoned housing because the real estate market is strong. One year later, on how many of those 300 units has construction been started or completed? How long does this process take? Are there ways you can speed up making these units available for homeownership?

Answer. Through the Department of Housing and Community Development Homestead program, 47 units have been completed, 127 units are under construction, 161 units have been transferred with construction expected to begin within 45 days, and 167 additional units will be sold by Sept. 30, 2000.

Question. Mayor Williams, the consensus budget provides \$21.3 million to convert over 1,000 units. You originally had \$22.0 million. Why was the \$700 thousand cut? Where did it go?

Answer. The modest reduction in funding was the result of budget negotiations in which additional funds were allocated to specific projects and there was a small overall decrease in total capital expenditures done in the name of fiscal conservatism.

Question. What progress has been made on straightening out the mess with management of halfway houses? For correctional halfway houses and group homes for the mentally retarded, what progress have you made in the last year to get rid of under performing contractors? How many contractors have been decertified? How have you assured that their replacements are going to meet performance standards?

Answer.

DHS/MRDDA

The Department of Human Services/Mental Retardation and Developmental Disabilities Administration (MRDDA) has not initiated any actions to terminate any contracts within the last year. MRDDA has been more aggressively monitoring providers of services and has recently developed a plan of correction involving five group homes being operated by one provider. Also, MRDDA has conducted several competency-based trainings for providers of services to improve the delivery of the service and is continuing to schedule ongoing training.

The District of Columbia has also passed the Procurement Practices Human Care Agreement Amendment Act of 2000. This law amends the District of Columbia Procurement Practices Act of 1985 and allows for the District to obtain assurances during a pre-qualification process that the vendor is qualified to deliver the service and is a responsible bidder for the particular service.

Child and Family Services Agency

In the Child and Family Services Agency, the agency currently utilizes only 2 providers for housing MR/DD children. The providers are Ward and Ward Mental Health Services, operated by Dr. Ruth Ward, and Community Multi-Systems, operated by Constance Reese. Ward and Ward houses 12 children in 3 home-like settings with 4 children each.

These children are not ambulatory. There is another facility to house 4 ambulatory school-age children. Additionally, they have apartments for 2 old MR/DD teens up to age 21, and 1 MR/DD teen mother.

CMS has four facilities, three of which house four adolescents each. One of the four homes serves six females. Their program monitor, Ms. Carolyn Gregory, monitors these programs at least monthly. Each facility is visited monthly and unscheduled spot checks are frequent. If there are particularly unusual incidents occurring or community complaints, Ms. Gregory goes out more often. Unscheduled fire drills are conducted monthly to ensure the safety of the residents. Physical plant defi-

iciencies are promptly documented and the facilities are given deadlines to complete repairs. These providers have the lowest incidence of physical plant deficiencies, among all of the agency's providers.

Both CMS and Ward and Ward have excellent reputations for running clean facilities. Staff conducts bed checks on the non-ambulatory children to ensure that they are dry, that the beds are dry, and that there are no signs of diaper rash or bed sores. Staff also checks medications to ensure that they are being administered correctly and that the records are accurate and match physician orders. Record reviews are also done to ensure that any special needs the children have are met.

CFSA's primary concern is with the insufficient number of MR/DD homes to meet the growing need, especially for higher functioning clients who still function at levels too low to comfortably fit into a traditional group home with children of normal intelligence.

Youth Services Administration

YSA's Contract Monitoring /Quality Assurance Unit.—YSA's Contract Monitoring/Quality Assurance Unit is responsible for monitoring all contractual and YSA operated group/shelter home facilities, which currently numbers sixteen. This Unit's staff was recently expanded from two to four, in February 2000.

Inspection Practices.—YSA's Contract Monitoring/Quality Assurance Unit conducts announced quarterly inspections of all YSA contracted group/shelter homes. These quarterly inspections began in 1997. Each announced quarterly inspections entails a health and safety review, and a review of each group/shelter home's program components.

Health and Safety each quarter.—YSA monitoring each group/shelter home facility to ensure it meets all fire, health and safety requirements, per the American Public Health Association Standards, Building Occupancy Codes, District of Columbia Manual of Regulations, National Fire Prevention Association codes, OSHA Standards, and ACA Standards.

In addition to announced inspections, at least one unannounced inspection is conducted for each group/shelter home each quarter. Unannounced inspection may be limited in focus to as one area of operation, or up to and including all program components, and/or facility area (fire, health, and safety). Unannounced inspections may occur at any hour.

Inspection Findings.—Facilities that fail to meet all Health and Safety and Program Component requirements are classified as Greenline, Yellowlines or Redline. The YSA Contract Monitoring/Quality Assurance Unit provides the respective facility with a written notification of its deficiencies and the resulting classification. The facility is required to submit a Corrective Action Plan within a specified timeframe.

Greenline requires immediate attention, and continued monitoring every thirty days. A Corrective Action Plan is required in writing within 72 hours of classification notice.

Yellowline requires monitoring every 90 days. A Corrective Action Plan is required in writing within 14 days of classification notice.

Redline requires monitoring every 90 days. A Corrective Action Plan is required in writing within 30 days of classification notice.

Failure to comply with the policies and provision outlined for each classification may, upon review, result in an elevation of that status. Failure to comply with the Greenline status policies and provision may result in the termination of the contract.

Re-Inspections.—A re-inspection is scheduled at the completion of an announced quarterly inspection, and upon receipt of a Corrective Action Plan, or for a facility that has received classification. A re-inspection is generally unannounced, but may be a scheduled event. The focus of the re-inspection is correction of deficient areas. Once the deficient areas are corrected the facility continues to be monitored on a monthly basis until quarterly inspection.

Meetings.—YSA's Contract Monitoring/Quality Assurance Unit conducts monthly meeting with the Group/Shelter Home Administrators. Relevant issues are discussed, including unusual incidents, changes in YSA policies and procedures, upcoming inspections and training and technical assistance.

YSA's Administrator and Deputy Administrator meet on a quarterly basis with the owners of the group/shelter homes. Relevant issues, such as changes in YSA policies and procedures, are discussed.

Training and Technical Assistance.—YSA's Contract Monitoring/Quality Assurance Unit provides training and technical assistance to call contracted group/shelter home staff. Multiple are scheduled to allow all group/shelter home staff to attend while ensuring adequate coverage at each facility. Training covers a variety of

issues, including health and safety issues, YSA policies, and adolescent development and parenting issues.

Problem Facilities Closed.—On April 16, 1999 Lamont Shelter, by the Bureau of Rehabilitation, was due to structural deficiencies. After receiving a “Notice to Cure Performance Deficiencies . . .” the Bureau of Rehabilitation corrected the stated deficiencies. YSA and the office of the Fire Marshall conducted new inspection and YSA agreed to release the Bureau of Rehabilitation from the Notice of Cure on May 26, 1999. The facility was reopened.

Question. Do you believe this plan (budget document submitted to Congress) addresses the concerns raised by GAO and will enable you to comply with the law (two levels of performance, titles of officials)?

Answer. The fiscal year 2001 Proposed Operating Budget and Financial Plan represents an important advance in implementing a performance management system that will hold agency directors accountable, drive lasting change in District agencies and provide the level of service and quality of life that District residents demand and deserve. Each budget chapter of agencies that are under the authority of the Mayor includes performance goals and measures drawn from agency directors’ performance contracts. Senior managers accountable for achieving each objective are identified by title as required by the Federal Payment Reauthorization Act of 1994 (Public Law 103–373).

However, the performance goals do not include two levels of performance. As noted in our response to the GAO report, the District advocates eliminating the requirement for two levels of performance for each goal or objective. I outlined the District’s position on this issue in a June 26 letter to Senators Voinovich, Durbin and Hutchison and Representatives Istook, Davis, Moran and Holmes-Norton and my staff have prepared a proposed amendment to effect this change.

In directing agencies to set performance measures, I emphasized establishing ambitious yet attainable targets. If the existing agency performance targets are labeled superior performance, we invite agencies to pull back from their ambitious targets and to only seek to achieve acceptable performance levels; performance less than the commitments the agencies and I have made to the District’s residents.

Furthermore, the requirement is inconsistent with performance reporting requirements for Federal agencies established under the Results Act. Finally, in researching the origins of the provision, U.S. Senate staff discovered that the requirement is an artifact of a proposed personnel law that required two levels of performance for senior managers in District government. The personnel proposals were never enacted but the requirement remained for agency level reporting. For all of these reasons, I advocate eliminating the requirement for two levels of performance.

Question. Is the current statutory deadline problematic? How would a legislative change to reconcile the submission date requirement help facilitate your intent to treat the annual budget as the plan required under Public Law 103–373?

Answer. Any plan of performance commitments is only meaningful when linked to the budget process. While performance management and budgeting have not been linked in the past, the Williams Administration began to link them with the preparation of the fiscal year 2000 budget in January 1999. Modifying the submission timeframes will help strengthen this linkage in future budget and performance plan submissions.

The congressional performance plan submission date of March 1 only precedes the March 15 deadline for submission of the Mayor’s budget to the Council of the District of Columbia by two weeks. We would like to request that an initial District performance plan be due to Congress concurrent with the budget submission to Council and a final District performance plan be due to Congress with the submission of the District’s Proposed Operating Budget and Financial Plan no later than June 15. This is consistent with the requirement for Federal agencies to submit an initial performance plan with their budget request and a revised performance plan subsequent to the transmittal of the President’s budget to Congress.

Question. Are you satisfied with this report as a first effort? Will this report form an adequate basis for comparison in future years? Are you fully committed to this process? Have you been working with the General Accounting Office to improve this report in future years? Does this match your concepts of performance management?

Answer. The District’s first annual performance report is a significant step forward in establishing the District’s performance management system, but we have substantial work remaining. GAO’s assessment was limited to the extent to which the District of Columbia 1999 Yearend Management Report addressed objectives established by the District of Columbia Financial Responsibility and Management Assistance Authority (“the Authority”). Many of the areas of “non-compliance” GAO noted were driven by what the Authority’s fiscal year 1999 performance plan contained and lacked: objectives not adopted by the Williams’ administration, single

levels of performance targets, no reference to District government activities subject to court orders.

The District of Columbia 1999 Year-end Management Report addresses the performance objectives set by the Williams Administration in its first year and agencies' success in meeting those objectives. In setting the objectives for the District, I asked agency directors with developing both short-term action agendas and long-term strategic plans. While many directors drew on initiatives within their agency's section of the Authority's Plan, they were free to develop wholly new strategic plans and most did. Moreover, our emphasis was on identifying and reporting against fewer, more meaningful performance measures that truly reflected our strategic direction, rather than dozens and dozens of performance measures established in a prior administration, many of which did little to gauge how well our government was performing.

Future year-end reports will present results by the Williams administration against plans and objectives established by the Williams administration, allowing for long-term comparisons of results to indicate progress on our initiatives. In addition, we have incorporated several of the GAO's recommendations in the fiscal year 2001 Performance Plan and the working outline for the fiscal year 2000 Performance Report due to Congress in March 2001. As noted above, the fiscal year 2001 Operating Budget and Financial Plan already incorporates the titles of the senior managers accountable for individual objectives in agency strategic plans, and future year-end reports will continue to include that information. GAO also worked with attorneys in the District's Office of the Corporation Counsel to identify 12 major civil actions concerning the activities of the District government during fiscal year 1999 that fulfill the requirement to report on the status of civil actions. The District will report on the status of those lawsuits and court orders in the fiscal year 2000 Performance Report and future year-end reports. Finally, we will enhance our reporting format by displaying both historical performance data and targets for those objectives that continue over several years. The presentation of major objectives, the identification of the senior managers accountable for achieving those objectives and the display of performance data over time are all in line with my approach to performance management.

- Define the goals and inform the public what they are;
- Give agency leadership the resources and support needed to meet the goals;
- Establish a system to hold them accountable at the end of the day.

Question. Last year, you mentioned your weekly meeting with your agencies—you called it your "supply line meeting". What are some examples of the "barriers" you mentioned that your "supply line meeting" participants have identified and removed over the last year?

Answer. Among the supply line issues that agency directors and senior managers have identified as the highest priorities to address are personnel reforms and the District's entire acquisition process. We have made great progress in implementing long-standing personnel reforms including the performance management systems for agency directors, the launch of the Management Supervisory Service and the institution of a performance management program for managers, supervisors and exempted service personnel. During fiscal year 2001, we will begin to expand the use of the performance management program beyond senior and middle management and will include its implementation with unionized personnel among the issues to be discussed in ongoing collective bargaining negotiations.

Procurement is still a major problem, but we are making advances. We have begun to implement a purchase card to handle micro-purchases in the District government, and we expect virtually all of the major District agencies to be using the purchase cards by October 1, 2000. This should take much of the small purchase volume out of the system and allow procurement staff to focus on larger acquisitions. Moreover, the District recently engaged a procurement expert from the Internal Revenue Service to review the entire acquisition process, and his report offered both short-term solutions that we can use to jump start the process and long-term strategies. We recognize that serious problems remain in procurement, but we are committed to acting sooner, rather than later.

Question. You also mentioned giving incentives to managers. What progress have you made in this area over the last year?

Answer. As we focus on holding managers accountable for their performance, our strategy is to recognize and reward excellent performance, while taking appropriate action in other instances where managers are not able to do their jobs. Incentives for agency directors will be tied to their performance against the commitments outlined in their agency strategic plan and their performance contract with the Mayor. My deputy mayors and I have completed mid-year evaluations of each agency director with a performance contract to assess how each director is meeting his or her

performance objectives. Directors were to identify new priorities that have arisen during the year and to establish action plans to ensure that initiatives that are off-track are completed by year-end. At year-end, we will evaluate directors on how well they met their objectives and will reward exceptional performance and will address poor performance accordingly.

The Management Supervisory Service (MSS), authorized by Council in 1998, also provides performance incentives to senior and middle managers. Letters inviting approximately 1,100 non-unionized managers and supervisors to become members of this new at-will, merit-based senior service went out the second week in August. The Office of Personnel will have official figures on MSS enrollment available by September, but preliminary data indicates nearly 90 percent of managers and supervisors invited to enroll in MSS have done so.

Question. You touted the supply line meeting as the forum in which you could assure that the District would not lose available federal grant monies. Has the supply line meeting improved the Districts grantsmanship over the last year?

Answer. The Office of Grants Management and Development and the Office of Budget and Planning have developed a reporting system for agencies to track each Federal Grant award, the appropriated amount in the current fiscal year, expenditures and obligations to-date, and any potential lapses during the current year. Agency reports through July 2000 have just been received and OBP and OGMD staff are analyzing the data. Agencies with potential lapses are to provide revised spending plans through the end of the fiscal year illustrating what portion of available funds they will and will not be able to spend.

Question. Your budget includes \$13 million for a "Management Supervisory Service". How is this \$13 million going to be used? Will it be used for bonuses under a pay for performance or gainsharing program?

Answer. The \$13 million budgeted to implement the Management Supervisor Service will not be used for bonus pay or as part of a gainsharing program.

The MSS program is designed to create a new cadre of managers that ultimately increases accountability in the government workforce. The \$13 million will be used to offer salary increases to approximately 1,100 supervisory and management employees. In exchange for accepting the salary increase of approximately 10 percent, managers and supervisors who join the MSS program will forfeit their civil service protections and serve at the pleasure of the mayor.

Question. Please give an update on your Partnerships for Problem Solving (PPS) Initiative pilot program which you expanded from 6 to 14 of the 83 Police Service Areas (PSAs) in the city. What are some of the specific problems targeted by some of these pilot PSAs and some of the accomplishments over the last year? What is your assessment of the PPS Initiative?

Answer. Partnerships for Problem Solving (PPS) is MPD's initiative to train police, community volunteers and other agency representatives citywide to advance neighborhood partnerships that address local crime and disorder problems. The program employs a five-step problem-solving model, which ensures that democratic and inclusive strategies and tactics are planned and carried out by participating partners.

—Currently 34 PSAs, including Capital Community PSAs (described in 7A) are engaged in the PPS process.

—An estimated 1,825 community volunteers and other agency representatives have received PPS training on various topics.

In PSA 110 accomplishments include the following: law enforcement partners canvassed neighborhoods door-to-door to ascertain public housing residents' needs; neighborhood watch signs have been erected; security patrols are more frequent and visible; community clean-ups have taken place; and a panel of high-ranking public officials convened to address legislation that will impact drug activity in the area.

In PSA 301 accomplishments include the following: establishment of a strong partnership among the community, police, and City Councilman Jim Graham; Drug Free Zone signs were erected; new trash containers were placed in the area; and pedestrian crosswalks were newly painted.

In PSA 206 accomplishments include the following: increased inspection of bars to ensure compliance with all D.C. codes; additional rodent abatement measures; improved parking enforcement; and development of a consortium of D.C. universities that are working on the issue of underage drinking and its impact on students.

Question. Policing for Prevention is a related community policing initiative we have heard about from the MPD, including a program to enter a partnership with the Court Services and Offender Supervision Agency to improve case management of people in the community on probation and to prevent recidivism. What is your assessment of Policing for Prevention?

Answer. The Administration is excited and optimistic about the potential of Policing for Prevention Program, which includes MPD partnerships with Court Services and Offender Supervision Agency (CSOSA) designed to reduce crime among repeat offenders, thereby increasing public safety. A total of 12 PSA teams have received training during the pilot period; an additional 18 PSAs will enter partnerships this fall. Key elements of the partnerships include the following:

- Law enforcement is enhanced by information sharing at regular meetings and joint police/parole officer visits to high-risk offenders;
- Needed resources, such as drug testing, including employment services and life skills training, are targeted and directed to high-risk offenders; and
- Neighborhood partnerships and problem-solving efforts are bolstered by collaborative outreach efforts to residents, other city agencies, or community stakeholders to develop networks to solve crime and disorder problems.

Question. Some health care advocates said they were disappointed the council and mayor did not boost spending on health programs for low-income residents. Mayor Williams, Chairman Cropp, what is your reaction to this concern?

Answer. Expanding and enhancing the city's network of community-based health care providers. These "medical homes" will emphasize primary care services but will also include access to the diagnostic, specialty care and inpatient services our residents need to return to good health, should they become ill. These facilities will serve both insured and uninsured individuals in environments that are welcoming to individuals of varied cultural and ethnic backgrounds.

Extending Medicaid coverage to adults without dependent children with incomes up to 50 percent of the federal poverty level. This is part of a phased plan which will ultimately extend Medicaid to District residents up to 200 percent of poverty.

Extending health insurance coverage for uninsured immigrant children who do not qualify for Medicaid and providing free or discounted prescriptions to individuals without drug coverage benefits who can not afford to purchase necessary medicines.

Providing senior wellness services to aid older adults, especially low income individuals, to lead healthy and independent lives.

Most importantly, nearly a third of the funds under the Mayor's plan would support tobacco control and health promotion efforts. The programs envisioned under these efforts will focus on youth, the poor and ethnic communities who comprise a large portion of the city's tobacco users.

These efforts, together with other health initiatives being implemented in the District, form the basis of the Mayor's health care reform plans and will result in major improvements in the health status of our residents.

QUESTIONS SUBMITTED TO THE FINANCIAL RESPONSIBILITY AND MANAGEMENT
ASSISTANCE AUTHORITY

QUESTIONS SUBMITTED BY SENATOR KAY BAILEY HUTCHISON

Question. Please provide the Subcommittee with a copy of the criteria established by the Chief Financial Officer and approved by the Mayor, District Council and Control Board pursuant to Section 148 of Public Law 106-113, the District of Columbia Appropriations Act for Fiscal Year 2000.

Answer. The Chief Financial Officer adhered to the criteria established in Section 148, paragraphs (B) and (C), of Public Law 106-113, and established no additional criteria pursuant to this Section of the Act. In July 1999, before Public Law 106-113 was enacted, the District Council, the Mayor, and the Financial Authority approved the Fiscal Year 2000 Budget Support Act (D.C. Act 13-111) which contained criteria for using the Reserve Fund. On September 29, 1999, the Chief Financial Officer ("CFO") distributed a memorandum (attached) to all agency chief financial officers that listed the Budget Support Act criteria. Again referring to those criteria, on January 24, 2000, the CFO distributed instructions to agency directors and agency CFOs along with a template for requesting reserve funds. (attached). On February 14, 2000, the CFO reported to the Mayor on those requests (attached).

Question. In response to recent reports that the District has failed to claim \$40,000,000 to \$80,000,000 in Medicaid reimbursements over the past four years, please answer the following questions:

Answer. If the District were collecting the Medicaid reimbursements to which it is entitled, how much would that reduce the District taxpayers' responsibility for special education costs?

What is the District doing to remedy this serious mismanagement problem?

Answer. Reported estimates that, \$80 million in additional Medicaid reimbursements is potentially available to the District of Columbia Public Schools ("DCPS") for medically necessary special education costs are based upon overly optimistic assumptions. In fiscal year 1999, DCPS collected \$4.6 million in Medicaid reimbursements for medical services provided to special education students. The fiscal year 2001 budget for the public schools assumes additional Medicaid reimbursements of \$12 million. The highest gross estimate of the health services that are potentially reimbursable by the District Medicaid Program ranges up to \$40 million.

This upper limit estimate is based upon unverified assumptions. The amount assumes that 65 percent of the special education private tuition and related transportation costs are covered services under the Medicaid Program. These and similar estimates assume that eligible collateral therapies are provided three days a week with the result that transportation costs are recoverable for 60 percent of the time. These estimates also reflect optimistic assumptions with respect to student attendance,

A District interagency task force (District Medical Assistance Administration (Medicaid), DCPS and the City Administrator) is working to improve the DCPS capacity to obtain appropriate reimbursement from the Medicaid program for covered services with the aim of achieving the fiscal year 2001 budget goals. The objective is to maximize the Medicaid reimbursement given current rates and current information.

A longer-term objective to maximize Medicaid reimbursements requires the periodic cost analysis required to revise payment rates that must be approved by the federal Department of Health and Human Services ("DHHS"). Future claims will be based on those rates. Under appropriate circumstances, claims already submitted based on obsolete rates will be recycled via the standard cost settlement process. At present transportation costs are reported at the route level. The need to maximize student level reporting will ensure that all claims submitted to Medicaid are valid. Similarly, non-public treatment providers must provide/maintain adequate claims or claims history information in order to substantiate a reimbursable claim submitted to the Medicaid Program,

The current rate for transporting special education students is \$13 per trip, but the actual cost is approximately \$50-\$60 per trip. Setting rates for residential and nonresidential treatment for the students is especially complex because vendors provide a wide range of services. The services and costs must be classified so that the average rates for a class of services adequately compensate providers for services rendered as set by federal guidelines.

CONCLUSION OF HEARING

Senator HUTCHISON. Did you have anything further?

With that then, unless you had any further comments, the meeting will be recessed.

Mayor WILLIAMS. Thank you, Senator.

Ms. CROPP. Thank you very much.

Dr. RIVLIN. Thank you.

[Whereupon, at 12:32 p.m., Tuesday, June 13, the hearing was concluded, the subcommittee was recessed, to reconvene subject to the call of the Chair.]

DISTRICT OF COLUMBIA APPROPRIATIONS FOR FISCAL YEAR 2001

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

NONDEPARTMENTAL WITNESS

[CLERK'S NOTE.—At the direction of the subcommittee chairman, the following statement received by the subcommittee is made part of the hearing record on the Fiscal Year 2001 District of Columbia Appropriations Act.]

PREPARED STATEMENT OF PAUL STRAUSS

Chairman Hutchison, Senator Kyl, and Senator Durbin: Thank you for the opportunity to submit testimony for the record. I am Paul Strauss, Shadow Senator for the District of Columbia, and I would like to set out my reasons for fully supporting the proposed fiscal year 2001 budget submitted jointly by Mayor Williams, the District of Columbia Council, and the Financial Control Board.

Before I begin, though, I would like to describe briefly for the record exactly what a "Shadow Senator" is. The position of Shadow United States Senator is not unique to the District of Columbia. From the earliest days of our existence as a country, areas desiring statehood elected Shadow Senators—12 in all—prior to their admission as States. All but one of the twelve were eventually seated as full Senators when statehood was achieved. My role as the District's elected U.S. Senator is to be an advocate on issues of importance to the citizens of the District of Columbia that are before the Senate. It is in that role that I provide testimony in support of the District's proposed budget.

Let me point out some aspects of this budget that are of special interest to my constituents. First, the proposed budget includes funding initiatives to begin implementing the City-Wide Strategic Plan for unity of purpose and democracy. That Plan includes strong pursuit of voting rights for citizens of the District, to ensure that our needs are represented and served as well as those of all other Americans. The Plan incorporates citizens' desires about neighborhood action planning. It provides improved access to public information about government programs and services. Finally, the Plan will improve the capacity of Advisory Neighborhood Commissions to represent citizen interests.

This proposed budget also includes investment in government management tools and technology that will enhance oversight ability and bring more badly-needed accountability to many programs. For example, there is a proposed increase in funding for the Office of Inspector General, which will allow substantially expanded audit and evaluation activities. And there is proposed new investment in the City Administrator's office to enhance the Office's ability to direct and coordinate agency activities.

In addition, the proposed budget includes increased funding for key human services programs, such as mental retardation and developmental disabilities services, addiction prevention and recovery services, and HIV/AIDS programs.

There are significant proposed increases in program budgets that address crime victims' rights, law enforcement needs, violence against women. Local funding will be used to establish new risk management programs.

Higher education also sees an increase in this proposed budget, with funding for the University of the District of Columbia to expand speech-language pathology and teacher education programs, adult education, and the Saturday Academy. The last

program cited is designed to increase the number of minority students enrolling in college in science, math, engineering, and other technical fields.

Good public libraries are a key resource for well-educated citizens. They are essential in communities where people are gaining knowledge and skills for new jobs but where citizens do not have the resources to invest in books, computers and other materials individually. This proposed budget expands funding for District libraries, so that computer literacy programs can continue and traditional literacy programs can be expanded. The libraries will also stay open during more accessible periods.

There are many other examples I can cite of proposed budget increases that will benefit District citizens. But there is another more important point to be made, too.

The budget before you is the product of cooperation between the Mayor's office, the City Council, and the Financial Control Board. It is another step forward in the District's progress toward a budget set and administered solely by government officials elected by District citizens. This budget has been agreed upon by every organization participating in this process. It is a product of difficult decisions and equitable compromises—a budget that balances economic development, progress toward tax parity with other jurisdictions, and providing much-needed social services. With this in mind, I urge the Congress not to make any significant changes or impose any controversial riders to this proposed budget. It is the budget proposed by the city, for the city. As it is, this budget provides the city with adequate funds for education, health care, public works, and all the fundamentals of urban life that are so essential to my constituents. With that in mind, I hope that this committee approves this budget as it stands, with the intention of doing everything in its power to shepherd this bill through the Congress intact.

LIST OF WITNESSES, COMMUNICATIONS, AND PREPARED STATEMENTS

	Page
Cropp, Linda W., Chairman, Council of the District of Columbia, District of Columbia	1
Prepared statement	16
Statement of	12
Durbin, Hon. Richard J., U.S. Senator from Illinois, questions submitted by	70
Hutchison, Hon. Kay Bailey, U.S. Senator from Texas:	
Opening statement of	1
Questions submitted by	54, 84
Kyl, Hon. Jon, U.S. Senator from Arizona, question submitted by	53
Rivlin, Dr. Alice, Member, Financial Responsibility and Management Assistance Authority, District of Columbia	1
Prepared statement	20
Statement of	18
Strauss, Paul	87
Subcommittee on the Adoption Incentives Plan, letter from	27
Williams, Hon. Anthony A., Mayor, Office of the Mayor, District of Columbia	1
Prepared statement	9
Statement of	3

SUBJECT INDEX

DISTRICT OF COLUMBIA

COUNCIL OF THE DISTRICT OF COLUMBIA

	Page
Additional committee questions	53
Births	41
Budget:	
Agreement with the Mayor	16
Fiscal year 2001	13
Council's review of	16
Request, Council reports on	13
CFO, certification by	15
D.C. general	36
Debt:	
Issue	36
Per capita	2
Policy	2
District compared to other cities	40
Education spending	2
Exodus from city slowing	15
Federal funds, percent of	1
Loans, repayment on	53
Management reform savings, \$37 million	14
Marijuana possession law	43
Operational improvement savings	15
PBC:	
Consult for oversight of	36
Financial status of	36
Loans to	36
Prenatal care	42
Public works, more funding for	15
Reserve	2
Carryover, the freed-up appropriated funds from the	17
Funds	2
\$150 million	14
Tiers of spending	14
Schools, full funding for	15
Tax:	
Cut	2
Rate	41
Revenues going up	43
Unanticipated needs	3
FINANCIAL RESPONSIBILITY AND MANAGEMENT ASSISTANCE AUTHORITY	
Accomplishing, six items need	19
Additional committee questions	84
Adoptions	27
Charter schools	25
Contingency expenditures	52
Control:	
Board	53
Period, end of	18
Economic development	20

	Page
Financial management policies	23
Interest bearing fund	52
Public Benefit Corporation	20
Reserve fund	51
Expenditures of	52
School problems—special education, truancy, working relationship with charter schools	20
School system reform	19
Tobacco funds	24
University of the District	20

OFFICE OF THE MAYOR

Additional committee questions	54
Adoptions, \$5 million for	26
Appropriation bill, riders on	9
Basic obligations, meeting	39
Brianna Blackmond	26
Budgets, four consecutive	4
Charter schools	5
City, strategic plan for	40
Commercial revitalization program	45
Debt policy	24
Democracy	12
DMV, improvements at	8
Economic development	7
Education	9
Fire department	7
Government:	
Efficiency	11
Right size	7
Gun buyback program	7
Health care	8, 11
Management supervisory service	8
Neighborhood:	
Action	4
Development	11
Pell Grant Program	6
Public works, equipment for	8
Risk management	8
Safe neighborhoods.....	6, 11
School funding	4
Tax cut	38
Technology improvements	8
Tuition assistance.....	5, 10
Youth:	
Initiatives	10
Violence	5