

Overview

Introduction to the FY 2003 Budget and Financial Plan

The District of Columbia has what is arguably the most complex government in the United States.

In one entity, the District government provides services typically delivered elsewhere by states, counties, cities and special taxing districts. Totalling \$5.7 billion, the FY 2003 Proposed Budget and Financial Plan includes funding for services as diverse as cleaning streets, issuing bonds for affordable multifamily housing, registering voters, licensing motorists, running a lottery, managing a vast multimodal transit system, putting out fires, educating children, protecting the welfare of at-risk youth, and promoting economic development.

Though the Mayor submitted his proposed budget in March and the District Council passed a consensus budget on May 7, 2002, this budget

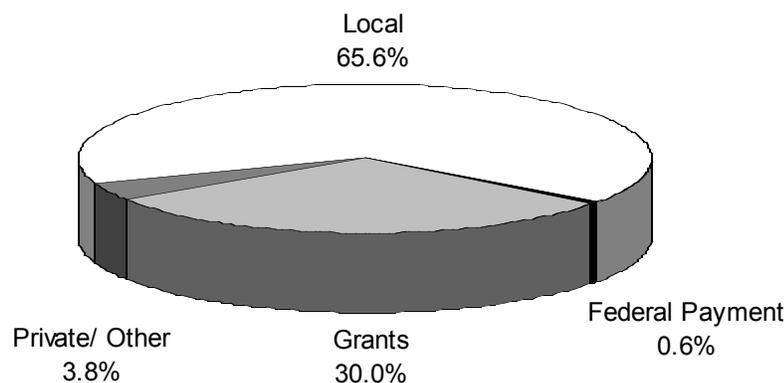
is still considered “proposed” until approved by Congress and signed by the President.

The District’s proposed budget is similar to any budget in that it identifies resources (revenues) and uses (expenditures) to accomplish specific purposes identified in citywide and departmental goals. In addition to these basic elements, the proposed budget includes a financial forecast for the District, the Mayor and City Council’s policy priorities and detailed cost information for programs and activities.

Resources for providing District services come from a variety of sources including local revenue, federal grants, private grants, and other funds (chart 1-1). Local tax revenue accounts for

Chart 1-1

Where the money comes from - Total General Fund FY 2003 \$5.7 Billion



a majority of the resources required to provide services and include common tax sources such as income, property, and sales taxes (chart 1-2). Detailed revenue information, including historical trends, FY 2003 estimates and revenue projection assumptions are included in the revenue overview section of this budget book.

To facilitate policy decisions concerning expenditures and to provide summary information for reporting expenditures, the District's

budget is developed, presented, and executed along several perspectives. These perspectives include funds, appropriation titles, agencies, programs, and expense categories.

As in chart 1-1 expenditures are grouped by the source of funding. The total of these funds is referred to as gross funds. The gross funds budget for FY 2003 is proposed at \$5.7 billion.

For the purposes of appropriating the District's budget, agency budgets are grouped by

Chart 1-2

Where the money comes from - Local General Fund FY 2003 \$3.8 Billion

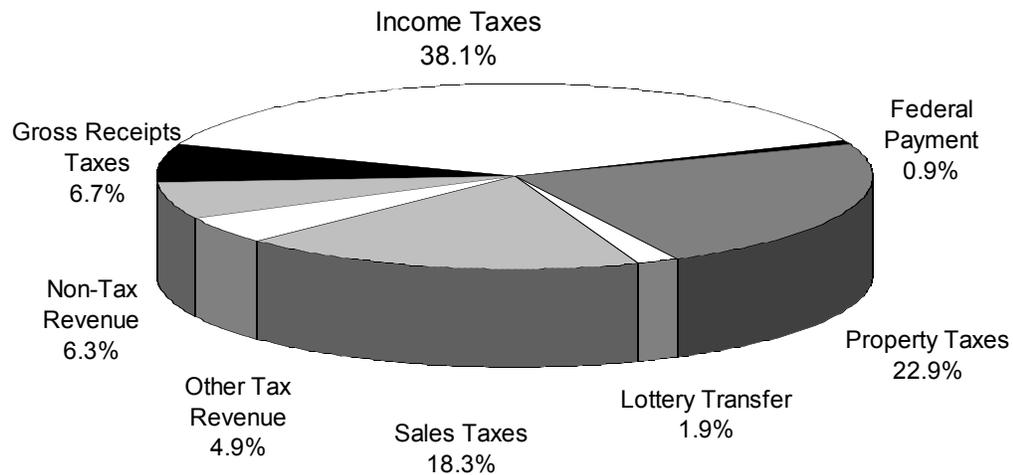


Table 1-1

FY 2003 Total General Fund Expenditures

(Dollars in Thousands)

	FY 2002 Approved Budget	FY 2003 Proposed Budget	Change	% Change
Governmental Direction and Support	\$286,138	\$280,136	\$(6,002)	-2.1%
Economic Development and Regulation	230,878	258,539	27,661	2.0%
Public Safety and Justice	633,853	639,892	6,039	1.0%
Public Education System	1,108,665	1,200,201	91,536	8.3%
Human Support Services	1,803,923	2,496,297	692,374	38.4%
Public Works	300,151	324,828	24,677	8.2%
Receiverships	403,868	-	(403,868)	-100.0%
Financing and Other ¹	544,568	514,452	(30,116)	-5.5%
Total	\$5,312,044	\$5,714,345	\$317,305	7.6%

¹ Agency budgets proposed for FY 2003 include the FY 2003 impact of pay raises that were approved prior to Council approval of the budget. For example, they include the FY 2003 effect of the four percent raise granted to many nonunion employees for FY 2001, as well as the 3-year effect of raises for union employees in Comp units 1 and 2 for FY 2001, 2002, and 2003. The estimated costs of raises that had not been approved when Council approved the FY 2003 budget are centrally budgeted in the agency named Workforce Investments within Financing and Other.

common function such as public safety or education. Table 1-1 on the previous page reflects the FY 2003 proposed gross funds expenditures budget by appropriation title. The significant increase in Human Support Services is primarily attributable to the elimination of the receivership programs and the return of these programs to District control and management.

The Local funds budget, the budget supported by locally generated tax revenue, represents 65.6 percent of the gross budget. Table 1-2 depicts the Local funds budget by appropriation title. The largest appropriation titles, Public Education System and Human Support Services, represent 54 percent of the Local funds budget – meaning 54 cents of every tax dollar generated locally is directed to these two functional areas. Within the appropriation titles are the agencies that provide the programs and services. For example, the Public Education System appropri-

ation title includes the D.C. Public Schools, the University of the District of Columbia and Public Charter Schools. The FY 2003 proposed budget includes 99 “agencies” dispersed across the various appropriate titles.

The majority of this budget book is dedicated to providing specific agency and program funding information. Summary tables of funding by agency and fund type are included in appendices of this budget volume.

To provide a context as to the types of expenses incurred to deliver a particular program, information is presented by expense category. Table 1-3 depicts the entire Local funds budget by expense category. These same categories are used by all District agencies. Agency costs by expense category are included in the agency chapter of this budget book.

Expenditures for personal services total \$1.5 billion and represent 39 percent of the local

Table 1-2
FY 2003 Local General Fund Expenditures

(Dollars in Thousands)

	FY 2002 Approved Budget	FY 2003 Proposed Budget	Change	% Change
Governmental Direction and Support	\$229,421	\$225,234	\$(4,187)	-1.8%
Economic Development and Regulation	60,786	64,553	3,767	6.2%
Public Safety and Justice	594,803	620,039	25,236	4.2%
Public Education System	896,994	980,206	83,212	9.3%
Human Support Services	711,072	1,069,630	358,558	50.4%
Public Works	286,334	309,834	23,500	8.2%
Receiverships	250,515	-	(250,515)	-100.0%
Financing and Other ¹	544,568	514,452	(30,116)	-5.5%
Total	\$3,574,493	\$3,783,948	\$209,455	5.9%

¹ Agency budgets proposed for FY 2003 include the FY 2003 impact of pay raises that were approved prior to Council approval of the budget. For example, they include the FY 2003 effect of the four percent raise granted to many nonunion employees for FY 2001, as well as the 3-year effect of raises for union employees in Comp units 1 and 2 for FY 2001, 2002, and 2003. The estimated costs of raises that had not been approved when Council approved the FY 2003 budget are centrally budgeted in the agency named Workforce Investments within Financing and Other.

Table 1-3

FY 2003 Local General Fund Expenditures (By Category)

(Dollars in Thousands)

	FY 2002 Approved Budget	FY 2003 Proposed Budget	Change	% Change
Continuing Full Time Pay	\$1,100,585	\$1,170,216	\$69,631	6.3%
Regular Pay - Other	65,028	80,246	15,218	23.4%
Additional Gross Pay	53,167	46,582	(6,585)	-12.4%
Fringe Benefits	166,946	183,072	16,127	9.7%
<i>Personal Services</i>	<i>1,385,726</i>	<i>1,480,116</i>	<i>94,390</i>	<i>6.8%</i>
Supplies and Materials	130,829	37,339	(93,489)	-71.5%
Energy, Comm., and Bldg. Rentals	41,530	58,173	16,643	40.1%
Telephone, Telegraph, Telegram, Etc.	16,424	20,892	4,469	27.2%
Rentals - Land and Structures	66,024	71,439	5,416	8.2%
Janitorial Services	5,211	4,073	(1,138)	-21.8%
Security Services	15,086	13,680	(1,407)	-9.3%
Other Services and Charges	119,898	126,432	6,535	5.3%
Contractual Services - Other	236,625	368,558	131,933	55.8%
Subsidies and Transfers	1,218,544	1,231,287	12,744	1.0%
Equipment & Equipment Rental	36,725	40,334	3,610	9.8%
Debt Service	301,873	331,626	29,753	9.9%
<i>Nonpersonal Services</i>	<i>2,188,769</i>	<i>2,303,834</i>	<i>115,068</i>	<i>5.3%</i>
Total	\$3,574,493	\$3,783,948	\$209,455	5.9%

funds budget. This funding will support 26,846 full-time equivalent (FTE) positions, an increase of 524 FTEs, or 1.9 percent, from the FY 2002 approved FTE level of 26,322 FTEs. Including all fringe benefit costs, but excluding expenditures for extra compensation (overtime, shift differential), the average FTE for FY 2003 will cost \$53,398.

Appendix M provides the local funds FTE levels for FY 2001, FY 2002 and FY 2003 for each agency, while appendix N provides the gross funds FTE levels for the same period. The summary that follows describes the major changes in local funds FTEs for FY 2003.

Table 1-4
FY 2003 FTEs, by Appropriation Title (Local Funds)

	FY 2002 Approved Budget	FY 2003 Proposed Budget	Change	% Change
Governmental Direction and Support	2,327	2,367	40	1.7%
Economic Development and Regulation	544	538	-6	-1.1%
Public Safety and Justice	7,170	7,379	209	2.9%
Public Education System	10,817	10,818	1	0.0%
Human Support Services ¹	1,923	4,280	2,357	122.6%
Public Works	1,517	1,454	-63	-4.1%
Receiverships ¹	2,024	0	-2,024	-100.0%
Financing and Other	0	0	0	0%
Total	26,322	26,836	514	1.9%

¹ FTEs previously included in the Receiverships appropriation title are included in the Human Support Services appropriation title to reflect the return to District control from court-ordered receivership.

Table 1-5
Major FTE Changes (Local Funds)

Agency	FTE Change from FY 2002	Primary Reason for Change
Department of Human Services	121	<ul style="list-style-type: none"> • 70 FTEs associated with the Jerry M. Consent Decree • 69 FTEs associated with the Evan's Exit Plan • 16 FTEs eliminated associated with several management initiatives • 2 FTEs eliminated for the OCFO consolidation
Department of Corrections	93	<ul style="list-style-type: none"> • 66 FTEs for additional correctional officers at the jail based on independent staffing analysis • 16 FTEs for additional facilities maintenance staff • 12 FTEs to support health services, external; confinement/monitoring, and unit case management • 1 FTE eliminated for the OCFO consolidation
Child and Family Agency	88	<ul style="list-style-type: none"> • 28 FTEs for CFSA's financial responsibility for Court Social Services Services Personnel • 20 FTEs for compliance with group home licensing requirements • 40 FTEs for compliance with Modified FINAL Order staffing requirements
Fire and Emergency Medical Services	86	<ul style="list-style-type: none"> • 40 FTEs for paramedic positions previously funded through PBC • 26 FTEs for a dedicated Hazmat unit • 10 FTEs for the apparatus maintenance program • 8 FTEs for IT maintenance and operations • 3 FTEs for additional Fire Inspectors per ward • 1 FTE eliminated for the OCFO consolidation
Department of Parks and Recreation	79	<ul style="list-style-type: none"> • 68 FTEs for the summer operational program previously funded by DHS • 12 FTEs for the capital impact on operating costs at three newly renovated recreation centers • 1 FTE eliminated for the OCFO consolidation
Department of Health	33	<ul style="list-style-type: none"> • 27 FTEs for agency CFO operations to align FTE authority with existing personal services budget authority established in FY 2002 • 10 FTEs for Tobacco Control Program • 4 FTEs eliminated for other management initiatives
Other	24	This variance presents a net impact of many FTE changes, some increases and some decreases across all the District agencies not detailed above (please see appendices M and N as well as the agency chapter chapters for additional information on FTE changes)
Total FTE Change	524	

Note: Please see the individual agency budget chapter for additional information on FTE changes.

Why does the District of Columbia prepare a budget?

The budget is developed not only to align resources with priorities, but more importantly to provide a structured environment for funding and policy priorities. The District's budget is presented from various perspectives, including the source of funding (taxes, grants, bond proceeds), broad categories of programs (public safety, education), and types of expenditures (personnel costs, utility expenses and capital equipment). These differing perspectives of the budget facilitate the policy and resource allocation decisions of the District Council.

The budget is also developed to comply with Council Resolution 14-290 - "Fiscal Year 2003 Budget Submission Requirements Resolution of 2001." Resolution 14-290 includes the requirements for how to present the budget, what to include as supplemental information and the date of budget presentation.

Who decides what is in the budget?

The budget process is inclusive, with many opportunities for interested parties to contribute to the formulation of the FY 2003 budget for the District of Columbia (chart 1-3). Ultimately, the budget reflects the consensus priorities of the Mayor and the Council. As described in the following section, every party influenced by the budget has an opportunity to participate and comment on the proposed budget for FY 2003.

Chart 1-4
Strategic Management Cycle

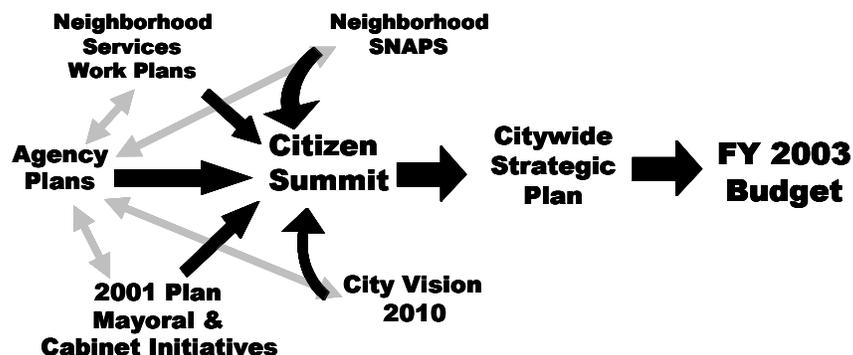


How and when is the budget prepared?

Budget development and budget execution are an integral part of the District's Strategic Management Cycle. At any point in this cycle, the District government is concerned with three fiscal years, the previous fiscal year program performance and financial reporting, the current year budget execution and the subsequent year's budget development.

The strategic management cycle is the framework for managing the District government. The cycle integrates and coordinates the District's planning, budgeting and performance management activities. The FY 2003 Proposed Budget and Financial Plan is the culmination of months of strategic planning at the neighborhood, agency and citywide level. Chart 1-3 shows the

Chart 1-3
District of Columbia Strategic Planning Processes



various planning activities that influenced the development of the Mayor's proposed budget.

Strategic Neighborhood Action Plans (SNAPs) and the citywide strategic plan are available from the Office of Neighborhood Action while agency strategic plans are available from the specific agency or the Office of the City Administrator. To ensure that the results of these planning activities and priorities are reflected in the proposed budget, the budget process is developed to coincide with the planning processes. Specific initiatives are highlighted within the individual agency budget chapters to address issues highlighted in the SNAPs and the citywide strategic plan.

How is the budget adjusted?

The District's budget is very complex and is adjusted as appropriate to address changing priorities, emergency spending needs and other administrative actions.

The movement of funding between appropriation titles is called a budget transfer, while movement of funding between agencies within an appropriation title or between expenditure categories within a specific agency is called a reprogramming. Adjustments to federal grants, intra-District, and Other type fund are called budget modifications. To increase or decrease the overall appropriation level for the District's budget during the fiscal year, a supplemental budget request is submitted by the Mayor to the District Council for approval. After approval by the Council, the supplemental budget request is sent to Congress for approval.

All adjustments to the budget are governed by legislation and guidelines established by the Council and the Congress. Please contact the Office of Budget and Planning for detailed information concerning budget adjustments.

What are the budget volumes?

The budget is presented in multiple volumes and multiple media to assist in the decision making process, to facilitate the inclusiveness of the process, and to communicate the results of the budget deliberations. The FY 2003 Proposed Budget and Financial Plan is presented in the following volumes:

FY 2003 Proposed Budget and Financial Plan

The FY 2003 Proposed Budget and Financial Plan includes a comprehensive presentation of policy, financial, and programmatic information. Strategic goal information for each agency and performance information are also included. Please see the Readers Guide section of this volume for a legend for the types of information presented for each agency.

FY 2003 Operating Appendices

This includes detailed financial schedules for the agencies and their component units. It also includes information on positions, funding sources, and expenditure categories.

FY 2003 - FY 2008 Capital Appendices

The capital appendices provide detailed information on existing and new capital improvement projects, including project completion schedules, funding sources location and project descriptions.

FY 2003 - 2008 Proposed Highway Trust Fund

The Highway Trust Fund provides details on the District's planned expenditures to maintain the District's transportation infrastructure, including streets, highways, and traffic signals. The trust fund is managed by the District's Department of Transportation in accordance with requirements of the Federal Highway Administration.

What other documents support the budget process?

District of Columbia Citywide Strategic Plan

The citywide strategic plan articulates the priorities of the citizens of the District of Columbia as presented at the Citizen Summit II on October 6, 2001. It also includes the proposed actions and initiatives of District agencies to address these priorities. This document is produced by the Office of Neighborhood Action within the Office of the Mayor.

Where can I get additional information on the budget?

For more information on the FY 2003 Proposed Budget and Financial Plan, please contact:

Office of Budget and Planning
1350 Pennsylvania Ave. NW, Suite 229
Washington DC 20004
(202) 727-6324
www.cfo.dc.gov

Hardcopies of all volumes are available for review at each of the District's public libraries. For library locations and hours, please visit: www.dclibrary.org/branches/index.html

How and when the budget is prepared

Neighborhood Planning

Summer 2000 – September 2001

Beginning in the summer of 2000, the Office of Neighborhood Action initiated strategic planning in the 39 area clusters (neighborhoods) of the District. The results of these Strategic Neighboring Action Plans (SNAPs) provide invaluable information and insight as to the priorities of the various neighborhoods of the District.

Budget Guidance

August – October 2001

The FY 2003 budget process began with the Office of Budget and Planning (OBP), which distributes the FY 2003 budget manual containing guidelines to agencies for developing their budget request.

Citizen Summit II

October 6, 2001

On October 6, 2001, the Mayor hosted Citizen Summit II at the Washington Convention to seek citizen advice on the draft Citywide strategic plan.

Agency Budget Request Development

October – December 2001

Taking into consideration the draft citywide strategic plan, the SNAPs, and following the budget guidance from OBP, agencies developed their FY 2003 budget request and program enhancements.

Budget Analysis

December 2001 – January 2002

OBP reviewed agency budget requests for adherence to guidelines, identified opportunities for efficiencies and incorporated revised economic data.

Budget Presentation

January 2002 – March 2002

OBP provided the Mayor with the baseline budget and program enhancements requested by the agencies. Final budget priorities were determined, and the FY 2003 proposed budget was finalized.

Budget Consensus Process

The consensus process is the period when the Council, citizens, interested parties and the Mayor come to agreement on FY 2003 spending priorities. The District is legislatively required to develop and adopt a balanced budget.

March 20 – April 19, 2002

Public hearings on the FY 2003 proposed budget

April 22 – April 26, 2002

Council begins revising, or marking up, the Mayor's proposed budget

May 7, 2002

Council approves the FY 2003 Budget and Financial Plan

June 4, 2002

The FY 2003 Approved Budget and Financial Plan is submitted to Congress