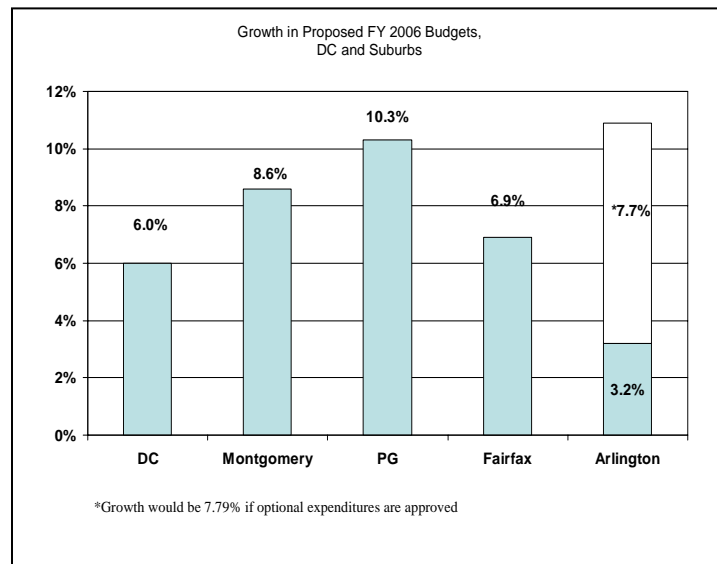


Highlights of the Mayor's Proposed FY 2006 Budget

By Ed Lazere

On March 21, Mayor Williams submitted his proposed budget for fiscal year 2006. The budget proposal comes in the midst of an economic and fiscal boom for the District of Columbia. Strong revenue collections, bolstered by a booming real estate market, allowed the mayor to prepare a budget that includes both service enhancements and tax relief.

- The mayor submitted a “core” local budget of \$4.36 billion. This complies with a requirement set by the DC Council that the FY 2006 budget should be no more than 4.7 percent higher than the FY 2005 budget. The core budget maintains most services and makes no major programmatic reductions, although it also includes a substantial amount of administrative savings.



The growth in the core budget reflects inflation, rising charter school enrollment, and higher costs for the Metro system and special education, among others.

- Projected revenues in FY 2006 exceed the core budget by about \$200 million. The mayor’s budget proposes using that surplus to support \$108 million in service enhancements and \$94 million in tax reductions of \$94 million. This means that the mayor proposes splitting the surplus nearly evenly between tax relief and additional services.
- The enhancements include \$78 million in “community investments” and \$30 million in additional funds for roads and bridges. The community investments are targeted

largely on low and moderate-income residents and include new and expanded job training programs for youth and adults, adult education programs, child care subsidies, new benefits for grandparents and others serving as permanent guardians for related children, and homeless services.

- When the enhancements are included, the budget is \$4.44 billion, or 6.0 percent above the FY 2005 budget. This growth is lower than proposed budget increases in nearly all of the suburban Washington jurisdictions. For example, Montgomery County's budget is slated to grow 8.6 percent, and Fairfax County's propose budget growth is 6.9 percent. (See Figure 1)

In addition, the mayor's budget proposes \$468 million in one-time expenditures supported by drawing from the city's fund balance. The fund balance has grown to \$1.2 billion as a result of surpluses in recent years. The proposed budget would spend \$250 million from the fund balance on capital projects — construction projects such as schools, libraries and recreation centers. Overall funding for capital projects would grow just \$56 million, however, in part because the District would issue less in bonds for capital projects than last year. An additional \$140 million in fund balance would be used to support a one-time accounting expense related to health benefits for retired DC government employees. And \$75 million in fund balance would be used to support one-time operating expenses, including \$48 million for public and charter schools. Some of the one-time funding proposals — such as \$4 million for grants to provide arts programs in low-income neighborhoods — raise concerns because it is not clear how they will be funded in future years.

Tax relief

The proposed budget also includes \$94 million in tax relief. This includes \$41 million in newly proposed tax cuts and \$53 million from further implementation of the 1999 Tax Parity Act. The new tax cuts would focus largely on low-income residents and would make DC's tax system more progressive. The reductions under the Tax Parity Act, by contrast, would provide substantial relief to high-income households and are not progressive.

The \$41 million in newly proposed tax cuts include:

- A \$10 million expansion of the Earned Income Tax Credit for low-income DC workers;
- An increase in the personal exemption — from \$1,370 to \$1,500 — and an increase in the standard deduction — from \$2,000 to \$2,500. These changes would provide \$10 million in relief;
- \$19 million in property tax relief by increasing the homestead deduction from \$38,000 to \$60,000. This would provide \$211 in tax relief to all homeowners. This proposal targets a greater share of relief on low-income homeowners than other leading property tax relief proposals, such as a five percent cap on property tax increases.

- The remaining relief includes a property tax reduction for lower-income homeowners with disabilities, and a provision to allow lower-income homeowners to defer property tax increases.

Unlike the new tax cut proposals, the Tax Parity Act reductions are not progressive. The cuts, which total \$53 million in 2006 and \$117 million per year in 2007 and beyond, would provide far more relief to high-income residents than to low-income residents. For example, the Tax Parity Act would provide \$38 in FY 2006 to a family earning \$25,000 but \$852 to a family earning \$150,000.

The combined effect of the new income tax cut proposals and the Tax Parity Act cuts would provide some targeted relief to lower-income households, but also substantial relief to higher-income households. For a married couple with two children, the income tax cuts in the mayor's budget would mean:

- \$83 in relief for a family earning \$15,000;
- \$566 for a family earning 25,000;
- \$422 for a family earning \$75,000; and
- \$897 for a family earning \$150,000

Table 1

Appropriation Title	FY 2005 Revised	FY 2006 Core*	FY 2006 Community Investments	FY 2006 Total	Change, FY 2005 to FY 2006
Governmental Direction and Support	\$270.8	\$284.1	\$5.1	\$289.2	\$18.4 (6.8%)
Economic Development and Regulation	\$60.0	\$62.8	\$21.1	\$83.9	\$23.8 (39.7%)
Public Safety and Justice	\$769.2	\$798.3	\$4.6	\$802.8	\$4,227 (4.4%)
Public Education	\$1,056.4	\$1,120.0	\$10.9	\$1,130.9	\$74.5 (7.0%)
Human Support Services	\$1,208.2	\$1,237.8	\$24.7	\$1,262.5	\$54.3 (4.5%)
Public Works	\$312.4	\$347.8	\$0	\$347.8	\$35.3 (11.3%)
Financing and Other Uses	\$509.0	\$591.3	\$12.0	\$603.3	\$94.4 (18.5%)

* reflects adjustments for shifts of funding to special funds

Spending Highlights by Program Area

The proposed budget local budget for FY 2006 is \$4.44 billion, or 6.0 percent higher than the revised FY 2005 budget of \$4.19 billion.¹ The District's budget is divided into seven programmatic areas, known as "appropriations titles." As shown in Table 1, growth in spending under the mayor's proposed budget would be spread throughout these seven areas. The increases in the fastest-growing areas reflect a mixture of rising costs for existing services and program enhancements.

- **Economic Development and Regulation.** The local budget for this appropriations title, the smallest program area in the budget, would grow from \$60 million to \$84 million, a 40 percent increase. Nearly all of the increase would come from \$20 million in employment and training programs under the Mayor's "Way to Work" initiative. (This and other enhancements are described in more detail below.)
- **Financing and other.** The increase in this area is \$94 million, or 18.5 percent. It largely reflects a \$25 million increase in debt service on bonds issued for capital construction projects, \$36 million in pay raises for District employees, and a \$25 million technical adjustment related to the way bond costs are reflected in the budget. The pay raises include a \$12 million enhancement to raise salaries for non-union employees and bring their pay closer in line to unionized employees.
- **Public Works.** Spending on public works activities would rise 11 percent, or \$35 million. This primarily stems from a \$24 million (15 percent) increase in the District's funding of the Washington Metro Area Transit Authority, covering an increase in the District's share of the regional subsidy payment, higher costs for capital projects, and expansion of service in the District.

Funding for the other four program areas would rise close to the 6.0 percent growth rate for the overall budget. The smallest budget increases would be in the areas of Public Safety and Human Support Services, both of which would grow less than five percent.

Enhancements in the Proposed Budget

The proposed budget would add \$108 million to expand existing services and fund new ongoing initiatives — \$78 million in so-called "community investments" and \$30 million for bridge and road projects. More than half of these enhancements are targeted on services for low- and moderate-income residents. The major enhancements are as follows: (See Appendix Table I for the full list of enhancements.)

¹ The FY 2006 figure includes the proposed "core budget" and "community investments." The figure does not include one-time projects that would be financed by drawing down the city's fund balance.

Economic Development and Regulation: \$20.4 million

A proposed “Way to Work” initiative would increase local funding for job training programs in the Department of Employment Services by \$20.4 million. The local DOES budget would grow from \$15 million in FY 2005 to \$35 million in FY 2006. The increase would support the following services.

- \$6.4 million to support 10,000 participants in the summer jobs program and \$2 million to enhancement the Mayor’s Youth Leadership Institute. (Supplemental funding for the summer jobs program was added recently to the FY 2005 budget to serve 10,000 participants this year as well.)
- \$12 million to enhance the District’s pre-apprenticeship program, to create a program providing short-term subsidized jobs, and to create a program for 16-to-24 year olds living in low-income neighborhoods. The budget also proposes spending \$250,000 to enhance enforcement of the “First Source” program which requires businesses receiving District subsidies to hire DC residents for a majority of their jobs.
- In addition to these initiatives, the mayor’s budget would require contractors providing services to the DC government contractors and companies receiving certain economic development subsidies to pay their employees a “living wage.” The proposed living wage level is \$10.50 per hour, or \$9.25 for employees receiving health insurance.

Human Service Programs: \$24.7 million

The proposed budget would add \$24.7 million to programs in the Human Support Services appropriations title. As noted, even with these enhancements, overall funding for these Human Support Services would grow 4.5 percent, slower than the overall budget. The enhancements include.

- \$6.5 million to provide child care subsidies to 1,200 children of low-income working families, in addition to the roughly 17,000 children assisted in FY 2005. This funding is tied to the number of families currently on a waiting list for assistance. It is worth noting that the number of children receiving child care assistance in 2006 — roughly 18,000 — would remain lower than in 2002, when some 24,000 children were in subsidized care.
- \$4 million for homeless services, including \$2.6 million to begin implementation of a recently developed 10-year plan to end homelessness and \$1.5 million for a transitional housing program. This adds to the \$14 million in local funds appropriated for homeless services this year. Funding for these “core” homeless services — including emergency shelter — would be level between FY 2005 and FY 2006, without an inflation adjustment. In addition, it is likely that roughly \$2 million in federal TANF funds that have been devoted to homeless services in recent

years will not be available in FY 2006. This means that if the new funds are not available for emergency shelter, these services would face a reduction in funding.

- \$6.4 million to place abused and neglected children with relatives instead of in foster care. The proposal would greatly increase the cash assistance payments for grandparents and other adults who care for related children.
- \$800,000 for the Department of Health to inspect child care facilities and to increase dental reimbursement rates under Medicaid to encourage more dentists to serve Medicaid recipients.
- \$3.2 million to provide summer recreational programs for 6,000 children through the Department of Parks and Recreation and to support the Boys and Girls Club.
- \$2.5 million increase in funding for the Children and Youth Investment Trust Corporation, from \$5.1 million in FY 2005 to \$7.6 million in FY 2006. CYITC provides grants and support to community groups that provide after-school and summer programs for children.

Education and Literacy: \$11 million

- \$3.6 million to expand workforce development programs at the University of the District of Columbia, including associate degree and continuing education programs.
- \$2.0 million to expand teacher and nursing education programs at UDC and to accredit its business school.
- \$3.4 million through the State Education Office to provide grants to community-based organizations to provide literacy services.
- \$400,000 to increase hours of operation at full-service neighborhood libraries.

Other Community Investments

- \$3.5 million in the office of the Attorney General to enhance child support enforcement activities and to allow recipients of TANF cash assistance to retain \$50 per month in child support payments. (This is part of the Government Direction appropriations title.) Currently, all child support payments to TANF recipients are retained by the District to offset TANF benefit costs.
- \$4 million in the Public Safety appropriations title to allow the Metropolitan Police Department to assume responsibility for police services now provided by the DC Housing Authority. This would result in cost savings for DCHA and would help it address reductions in federal funding. The amount of the federal funding shortfall is unknown at this time, but is expected to be larger than \$4 million.

- \$12 million in “financing and other” to support pay raises for non-union DC government workers employees in an effort to reduce the pay differential between union and non-union employees.

Roads and Bridges: \$30 million

- \$15 million in parking revenue would be used to secure a bond to support bridge and street work along the Anacostia River (described as the “east Washington Traffic Relief” initiative). The bond, totaling roughly \$200 million, would be repaid over 20 years or more using \$15 million in parking revenue each year.
- An additional \$15 million would be provided to support sidewalk and street repairs across the District.

One-time Spending in the FY 2006 Budget

The mayor’s proposed budget would devote \$468 million to a variety of one-time expenditures. These would be supported by funds drawn from the city’s fund balance. The fund balance in effect serves as the District’s savings account. It includes a variety of reserves as well as accumulated budget surpluses from prior years. The District’s fund balance has grown from less than \$200 million in 1998 to \$1.2 billion in FY 2005.

The proposed budget expenditures from the fund balance would support the following activities:

- \$199 million in capital construction projects, such as school construction or repairs. (In addition, the budget would use \$54 million to cover capital funding obligations from prior years.) When combined with \$341 million in bonds the District plans to issue and other sources, it results in \$583 million in total funding for capital projects. In FY 2005, the District budgeted \$527 million for capital projects, including nearly \$395 million in bonds. This means that funding for capital projects in FY 2006 would be \$56 million higher than the amount budgeted in FY 2005.
- \$138 million to address requirements under new government accounting standards over the reporting of liability for health benefits for DC government retirees.²
- \$76 million in support for various programs on a one-time basis.

Capital Projects

The use of fund balances to support capital projects allows the District to increase funding for construction and infrastructure projects. As shown in Appendix Table III, the proposed FY

² The accounting change resulted in a requirement to address a \$300 million liability for these costs. The proposed FY 2006 budget and financial plan sets aside \$300 million over the next four years to address this obligation.

2006 budget would greatly enhance funding over the FY 2005 level for many agencies, while some agencies would see reductions in capital funding. The largest increases are:

- \$40 million for the Deputy Mayor for Planning and Economic Development. The primary projects are \$15 million for the Arena Stage, \$5 million for the Anacostia Waterfront Initiative, and \$17 million for business redevelopment along selected commercial corridors, such as Georgia Avenue;
- \$22 million for police and fire department facilities;
- \$18 million for Metro;
- \$11 million for the Department of Parks and Recreation;
- \$11 million for the Department of Health, primarily to develop neighborhood-based primary care facilities under the Medical Homes initiative;
- \$9 million for the University of the District of Columbia;
- \$9 million for the Department of Housing and Community Development;
- \$7 million for libraries; and
- \$5 million for the Department of Human Services, primarily to develop housing under the Homeless No More Plan.

The largest reductions in capital funding compared with FY 2005 are in the following areas:

- \$37 million in the Office of Chief Technology Officer;
- \$22 million in the Department of Transportation; and
- \$15 million for DC Public Schools.

One-time Program Funding

Some \$76 million in one-time expenditures would be used to support operating costs in some program areas. Some \$50 million of these funds, described in the budget as “resident dividends,” would go to the DC Public Schools and DC Charter schools, and additional \$12 million would support economic development programs. (See Appendix Table II for a full list of these expenditures by agency.) While this would support a variety of services, the one-time nature of the funding raises several concerns, particularly because it is not clear how or whether these services will be funded after FY 2006.

- Some one-time funds would be used to support existing services. The proposed budget would use \$23 million from the District’s fund balance to meet the charter

school budget in FY 2006. Charter schools are funded under a statutory per-pupil formula that is adjusted annually for inflation. By meeting a portion of the formula-driven funding with one-time funds, the budget potentially creates a shortfall for FY 2007.

- The one-time nature of funding will limit its usefulness in some cases. Most notably, the DC Public Schools would receive \$21 million in one-time funding, and charter schools would receive \$4 million (in addition to the \$23 million noted above). These funds would not be available for any ongoing needs, such as school staff. DCPS eliminated 527 school staff positions this school year, and additional school staff reductions are being contemplated for next year. This reflects, among other things, the fact that the school system has been forced to absorb unbudgeted increases in special education costs, and because annual inflation-adjustments in the per-pupil funding formula have not accommodated negotiated pay increases for teachers and other staff.
- Some one-time funds will support services that have on-going needs. The \$21 million proposed for the school system includes expansion of arts programs and a summer program for rising high school students with low test scores. In another example, the Commission on Arts and Humanities would receive \$3.6 million in one-time funds to fund arts programs for children in low-income neighborhoods. It is not clear whether or how these programs will be funded in FY 2007 and beyond.

Revenues Proposals in the Mayor's FY 2006 Budget Request

The FY 2006 budget submitted by Mayor Williams includes \$94 million in tax reductions. This includes \$41 million in new tax relief proposed by the Mayor — split between income taxes and property taxes — and \$53 million from continued implementation of income tax relief under the 1999 Tax Parity Act. The Tax Parity Act was suspended from 2002 through 2004 as a result of weak economic conditions. The mayor's proposed budget would implement the next of two remaining steps of the Tax Parity Act, and it appears to signal support for ultimately implementing the last step as well.

The new proposals would provide *progressive* tax relief, because they would target a large share of the tax reductions on low- and moderate income residents. The income tax reductions under the Tax Parity Act, on the other hand, are not progressive. The cuts, which would reach \$117 million per year in 2007 if the last step is implemented, would provide far more relief to high-income residents than to low-income residents.

Income Tax Relief Proposals

The mayor's budget proposes \$72 million in income tax relief for FY 2006 — \$19 million in new tax reductions and \$53 million from continuation of the Tax Parity Act. The cuts include:

- An expansion of the DC Earned Income Tax Credit. The EITC is a credit for low- and moderate-income working families, particularly those with children. The DC

EITC currently equals 25 percent of the federal EITC.³ The mayor’s budget would expand the EITC to 50 percent of the federal credit for some current EITC recipients — working families with children and incomes of roughly \$18,000 and \$34,000.

The maximum benefit from the EITC expansion would be about \$500. The expansion would not provide relief to working households with earning below \$18,000, as the current EITC does.⁴ The budget also would extend EITC benefits to non-custodial parents paying full child support obligations who otherwise are not eligible for the EITC.

- An increase in the DC personal exemption from \$1,370 to \$1,500. This is a deduction from gross income for each household member. DC’s personal exemption has been set at \$1,370 since 1991. A separate bill, introduced by Council member Catania, would raise DC’s personal exemption to match the federal level, which is now \$3,100.
- An increase in the DC standard deduction from \$2,000 to \$2,500. The standard deduction is for households that do not have sufficient deductions to itemize. Some 60 percent of DC households claim the standard deduction, and nearly all have incomes under \$50,000. DC’s standard deduction has not been adjusted since 1987. The bill introduced by Council member Catania also would raise the DC standard deduction to match the federal deduction amounts. In 2004, these are \$9,700 for a married couple, \$7,150 for a single-parent household, and \$4,850 for a single person.
- The proposed Tax Parity Act cuts would lower the District’s three tax rates, and it would expand the income range for the District’s middle income tax rate. The rate, which now applies to taxable income between \$10,000 and \$30,000, would apply to income between \$10,000 and \$40,000. (See Table 2)

Table 2

DC Income Tax Rates and Brackets, Current and As Proposed in the Mayor’s FY 2006 Budget Request			
Current Rates and Brackets		2006 Budget Proposal	
Under \$10,000	5.0%	\$Under \$10,000	4.5%
\$10,000 to \$30,000	7.5%	\$10,000 to \$40,000	7.0%
Above \$30,000	9.0%	Above \$40,000	8.7%

³ For more information, see DC Fiscal Policy Institute, *The District Earned Income Tax Credit: Helping Working Families Escape Poverty* (<http://www.dcfpi.org/11-4-02tax.htm>).

⁴ Both the federal EITC and the DC EITC are *refundable*, which means that families receive the credit as a refund if the EITC amount exceeds their tax liability. This aspect is critical to ensuring that low-income working families receive the full benefit of the EITC. The new proposal in the 2006 budget would add a non-refundable EITC benefit of up to 25 percent of the federal credit. This means that households that have some tax liability after the current EITC is considered would get added relief from the new non-refundable credit. But working families that currently have no tax liability after the EITC is considered, those with earnings below \$18,000, would not benefit from the new credit.

Combined Impact of Cuts in 2006 Budget

Table 3 shows the effect of the income tax reductions in the proposed FY 2006 budget on households at different income levels. It shows that they would provide relief to all households subject to the income tax, including some targeted relief to low-income households as a result of the EITC expansion. The tax cuts resulting from the Tax Parity Act, however, would provide the greatest relief to higher-income households. The offsetting impact of the Tax Parity Act means that the overall tax package is not progressive, outside of the EITC.

- As noted, the EITC expansion would provide targeted relief to households with income between roughly \$18,000 and \$34,000. The benefit would be \$400 for a family with two children and earnings of \$25,000.
- The increase in the standard deduction and personal exemption would provide modest relief— \$45 to \$71— for households at all income levels. Because the benefit for lower-income households is as high as or higher than the benefit for higher-income households, the relief is greater as a share of income for low-income households.
- Tax reductions from the Tax Parity Act range from as little \$38 for a family of four and \$15,000 in earnings — or slightly more than full-time work at the minimum wage — to \$852 for a family with \$150,000 in earnings. The reductions for high-income households are also higher as a share of income than the relief that lower-income households would receive.⁵

Table 3 shows that the combined tax cuts would be larger in dollar terms for high-income households than for low-income households. As a percentage of income, the tax reductions would be roughly the same for all households other than those benefiting from the EITC expansion. This means that the full effect of the proposed income tax reductions by and large would not be progressive.

- A family earning \$15,000 would receive \$83 in tax relief, about 0.55 percent of income.
- A family earning \$25,000 would receive \$566 in tax relief, or 2.26 percent of income. The relatively large tax cut for this family stems almost entirely from the EITC.
- A family earning \$75,000 would receive \$443 in tax relief — 0.56 percent of income.
- A family earning \$150,000 would receive \$897 in tax relief — 0.6 percent of income.

⁵ This pattern would continue if the Tax Parity Act were fully implemented after 2006. Under full implementation, the Tax Parity Act would provide \$75 in tax relief, compared with current tax rates, to a family earning \$15,000 but \$1,873 to a family earning \$200,000.

Table 3

Estimated Impact of Proposed FY 2006 Income Tax Proposals On a Married Couple with Two Children*					
Income	Tax Parity Act	Standard deduction/ Personal Exemption	EITC	Total	Total as Percent of Income
\$15,000	\$38	\$45	0	\$83	0.55%
\$25,000	88	71	\$407	566	2.26
\$75,000	386	36	0	422	0.56
\$150,000	852	45	0	897	0.60

* The chart reflects estimated impact on a hypothetical family.

Property Tax Reductions

The mayor's budget includes \$22 million in property tax relief to address the impact of rising property assessments on DC homeowners. The new proposals build on property tax relief provisions enacted in 2004, which included an increase in the Homestead Deduction from \$30,000 to \$38,000 and a 12 percent cap on annual tax increases.

Together, the new proposals would provide relief to all homeowners, but the greatest relief would be targeted on low-income homeowners who are likely to face the greatest hardship from rising property tax bills.

- The budget would increase the Homestead Deduction from \$38,000 to \$60,000. This accounts for \$19 of the \$22 million in proposed property tax relief. This would provide a \$211 tax reduction for all homeowners, which means that the relief as a percentage of a home value would be greatest for owners of homes with the lowest assessments. For a home with a taxable assessment of \$200,000, for example, the additional homestead deduction would represent more than a 10 percent tax reduction. For a home with a taxable assessment of \$500,000 the relief would be 4.4 percent of the tax bill.
- The increase in the homestead deduction is more progressive than other leading property tax relief proposals, including a proposed five percent cap on annual tax increases. The homestead deduction generally would provide greater relief than the average benefit of the five percent cap for homes under \$500,000. The homestead deduction increase would provide less relief than the average benefit of the five percent cap to homes worth more than \$500,000. (See Table 4)

Table 4

Impact of Proposed Homestead Deduction Increase And 5% Property Tax Cap, by Home Value		
	Homestead Deduction Increase	Average Benefit Of 5% Cap*
Under \$250,000	\$211	\$44
\$250,000 tp \$500,000	\$211	\$98
\$500,000 to \$750,000	\$211	\$209
\$750,000 or more	\$211	\$425

* based on DCPFI analysis of DC property assessment database

- The budget also proposes to allow homeowners with incomes under \$50,000 to defer increases in their property tax — above this year's tax level — until the home is sold. The deferral would be limited to 25 percent of the home's value.
- The mayor's budget would provide a 50 percent tax reduction to homeowners with a disability and income under \$50,000. This is similar to the existing 50 percent property tax break for senior citizens with under \$100,000 in income.

Appendix I

**FY 2006 Mayor's Budget Request
Community Investments by Agency**

* in thousands (\$000s)

Appropriation Title	FY 2006 Community Investments	Description
Governmental Direction and Support		
Office of the Secretary	503	<ul style="list-style-type: none"> • 347K to the Office of records to fill positions and purchase equipment. • 156K to the Office of Documents to fill positions and purchase equipment.
Office of the Attorney General	4,292	<ul style="list-style-type: none"> • 2 mil to fund the Child Support Enforcement Program. • 1.475 mil to provide rebates for child support payments to TANF families. • 817K to fund the Public Safety Program.
Office of the Inspector General	300	<ul style="list-style-type: none"> • 300K to provide staffing for the Accountability, Control and Compliance Program.
<i>Subtotal: Governmental Direction & Support</i>	5,095	
Economic Development and Regulation		
Department of Employment Services	20,400	<ul style="list-style-type: none"> • 6.4 mil for the Passport-to-Work Summer Youth Employment Program. • 2 mil for the Mayor's Youth Leadership Institute. • 8.95 mil to create a Transitional Employment Program and to expand existing pre-apprenticeship opportunities. • 2.9 mil for a year-round out-of-school program for youth ages 16 – 24. • 150K for the First Source Employment Agreement Program.
Department of Consumer and Regulatory Affairs	670	<ul style="list-style-type: none"> • 670 K to implement the Center for Innovation and Reform (CIR) customer service recommendations.
<i>Subtotal: Economic Development and Regulation</i>	21,070	
Public Safety and Justice		
Metropolitan Police Department	4,003	<ul style="list-style-type: none"> • 4.003 mil for assuming responsibility for police services from DCHA.
National Guard	54	<ul style="list-style-type: none"> • 54K for a new Youth Program Director.
Unified Center	499	<ul style="list-style-type: none"> • 499K to civilianize telephone reporting, transcription, and synchronized operations command units.
<i>Subtotal: Public Safety and Justice</i>	4,556	
Public Education		
State Education Office	4,836	<ul style="list-style-type: none"> • 750K to enhance marketing efforts for the Summer Food Service Program. • 3.375 mil for community based orgs that provide literacy services. • 711K to provide additional LEAP scholarships.

Appropriation Title	FY 2006 Community Investments	Description
University of the District of Columbia	5,651	<ul style="list-style-type: none"> • 644K to expand the nursing program. • 785K to meet business school accreditation standards. • 3.597 mil to expand workforce development programs. • 70K to meet increased demand for Criminal Justice majors. • 555K to meet high demand for teachers, increase coordination with DCPS, and attain full accreditation.
Public Library	400	<ul style="list-style-type: none"> • 400K to increase operating hours from 40 to 52 at full-service neighborhood libraries.
<i>Subtotal: Public Education</i>	10,887	
Human Support Services		
Department of Human Services	11,791	<ul style="list-style-type: none"> • 1.187 mil for mandatory SSI Maintenance of Effort payments. • 1.514 mil to replicate the transitional housing program at Valley Place. • 2.555 mil for the Homeless No More Plan. • 6.535 mil to provide child care to families on the waiting list.
Child and Family Services	6,393	<ul style="list-style-type: none"> • 6.393 mil to expand guardianship benefits.
Department of Health	800	<ul style="list-style-type: none"> • 350K to fund additional child care facility inspectors. • 450K to increase reimbursement rates for dentists.
Department of Parks and Recreation	3,200	<ul style="list-style-type: none"> • 2.7 mil to fund summer programs. • 500K to support the Boys and Girls Club.
Children and Youth Investment Collaborative	2,500	<ul style="list-style-type: none"> • 2.5 mil for Youth Group Development.
<i>Subtotal: Human Support Services</i>	24,700	
Financing and Other Uses		
Workforce Investments	12,000	<ul style="list-style-type: none"> • 12 mil to fund pay increases for non-union employees and eliminate pay gap between union and non-union employees.
<i>Subtotal: Financing and Other Uses</i>	12,000	
Total	78,300	

Appendix II

**FY 2006 Mayor's Budget Request
Resident Dividends by Agency**

* in thousands (\$000s)

Appropriation Title	FY2006 Resident Dividends	Description
Governmental Direction and Support		
Office of the City Administrator	550	<ul style="list-style-type: none"> • 550K to provide consulting services for the Health Insurance Portability and Accountability Act.
Office of Contracts and Procurement	688	<ul style="list-style-type: none"> • 688K to provide training in core contracting subjects.
Board of Elections and Ethics	100	<ul style="list-style-type: none"> • 100K to pay poll workers.
Office of the Attorney General	425	<ul style="list-style-type: none"> • 425K to update the ProLaw application and train staff on the update.
Office of the Chief Financial Officer	900	<ul style="list-style-type: none"> • 600K to fund new hardware and software for the Information Technology program. • 300K to fund expert witnesses and consultants for the Tax Administration program.
<i>Subtotal: Governmental Direction and Support</i>	2,663	
Economic Development and Regulation		
Deputy Mayor for Planning and Economic Development	8,555	<ul style="list-style-type: none"> • 5 mil for general operations of the Anacostia Waterfront Corp. • 660K for operating costs at the DC Marketing Center. • 400K in gap funding for the Taste of DC festival. • 100K for marketing and materials for the Cherry Blossom Festival. • 120K for the Greater Washington Initiative. • 1.35 mil for the New Communities Initiative. • 800K for the Major Corridors Initiative. • 125K for the completion of work by the Housing Task Force.
Office of Zoning	50	<ul style="list-style-type: none"> • 50K to fund a comprehensive review of zoning regulations.
Commission of the Arts and Humanities	3,670	<ul style="list-style-type: none"> • 2.715 mil to fund the Arts and Culture Investment Program. • 50K to fund the Public Art Initiative Program. • 905K to fund the Arts and Learning Outreach Initiative.
<i>Subtotal: Economic Development and Regulation</i>	12,275	
Public Safety and Justice		
Department of Corrections	100	<ul style="list-style-type: none"> • 100K to lease 21 vehicles.
Office of the Chief Medical Examiner	200	<ul style="list-style-type: none"> • 200K to fund toxicology lab equipment.
<i>Subtotal: Public Safety and Justice</i>	300	
Public Education		
DC Public Schools	21,000	<ul style="list-style-type: none"> • 21 mil to identify and vet state standards for all content areas, purchase curricula, and provide professional development for teachers; provide 77 schools with art and/or music programs; purchase an

Appropriation Title	FY2006 Resident Dividends	Description
		automated textbook/library management system; provide supplemental reading and math services to the After Care For All program; support an Effective Schools Initiative; implement a mandatory Summer Bridge program for all 9 th and 10 th grade students who are not proficient in reading and math; enhance AP and IB programs; raise graduation requirements; create a new Office of Parent and Community Services to align all parent outreach staff and efforts; recruit teachers; and establish a Principal Leadership Program.
State Education Office		•
DC Public Charter Schools	27,200	• Use of resident dividends are not specified.
University of the District of Columbia	964	• 964K to acquire more library materials.
Public Library	532	<ul style="list-style-type: none"> • 400K to acquire more library materials. • 42K to enhance the budget for large-print materials. • 60K to renovate the current Adaptive Services Division space. • 30K to replace outdated and damaged computers at MLK and Southwest.
<i>Subtotal: Public Education</i>	49,696	
Human Support Services		
Department of Mental Health	2,535	• 2.535 mil to replace a federal grant that provided mental health services to foster care children.
Department of Health	511	• 511K to fund the Medical Homes Leadership program.
Department of Parks and Recreation	750	• 750K to operate the Langston-Carter and Ft. Dupont recreation centers.
<i>Subtotal: Human Support Services</i>	3,796	
Financing and Other Uses		
Workforce Investments	2,000	• 2 mil to fund the military pay differential.
Non-Departmental	2,000	<ul style="list-style-type: none"> • 1 mil for the DC Vote Initiative. • 1 mil for computers for DCPS.
Pay-Go Capital	252,700	• 252.7 mil to finance, develop, and implement improvement projects.
Retiree Health Contribution	138,000	• 138 mil for health insurance for retirees.
<i>Subtotal: Financing and Other Uses</i>	394,700	
Total	486,266	

Appendix III

**District of Columbia Capital Funds by Agency
FY 2005 – FY 2006**

* in thousands (\$000s)

Agency Name	FY 2005	FY 2006	Change FY '05-'06	
			\$	%
City Administrator	4,000	2,500	-1,500	-37.5
Property Management	48,600	51,000	2,400	4.9
Chief Financial Officer	5,200	6,500	1,300	25
Planning	4,000	1,500	-2,500	-62.5
Commission on Arts and Humanities	1,100	1,700	600	54.5
Aging	1,300	2,580	1,280	98.4
Attorney General for DC	3,500	2,200	-1,300	-37.1
Public Library	1,700	8,800	7,100	417.6
Consumer and Regulatory Affairs	800	0	-800	-100
Housing and Community Development	1,600	10,400	8,800	550
Deputy Mayor for Planning and Econ. Dev.	13,000	53,500	40,500	3115
Metropolitan Police Department	18,600	34,200	15,600	83.8
Fire and Emergency Medical Services Department	20,600	26,500	5,900	28.6
Department of Corrections	5,000	3,500	-1,500	-30
Office of Administrative Hearings	100	0	-100	100
Chief Medical Examiner	4,900	2,300	-2,600	-53
Public Schools	174,900	159,100	-15,800	-9
University of the District of Columbia	1,800	11,000	9,200	511
Parks and Recreation	19,700	30,900	11,200	56.8
Health	6,300	17,100	10,800	171
Human Services	6,400	11,800	5,400	84.3
Transportation	24,800	3,000	-21,800	-87.9
Metropolitan Area Transit Authority	42,800	61,000	18,200	42.5
Public Works	12,600	15,200	2,600	20.6
Motor Vehicles	6,800	4,300	-2,500	-36.7
Mental Health	10,900	12,500	1,600	14.6
Chief Technology Officer	86,500	51,000	-35,500	-41
Youth Rehabilitation Services	0	4,500	4,500	0
Total Expenditures	527,500	588,580	61,080	