



## **A CITIZEN'S GUIDE TO THE DC BUDGET**

March 2013

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## Introduction

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Drivers' licenses. Cash assistance for families in need. Trash collection. Financing for affordable housing. Teachers, police officers and firefighters. Library books.

All are made possible in the District of Columbia through one thing: The city's annual budget.

Certainly a budget that provides this wide a range of goods and services is a bit complicated. DC's budget totals \$9.4 billion<sup>1</sup>, and it funds more than 80 agencies performing services from recycling pickup to recreation to rental housing assistance. But in some basic ways, the city's budget is a lot like your own.

In deciding how to spend your money, you determine your priorities. Top of the list for many people are shelter, food and transportation, but you may choose among various options where you live, what you eat and how you travel. So you want to examine your income, or in city budget lingo—revenue—to figure out how much money you have. Then given the choices you made, you review the expenses you pay every day, month or year—items such as rent or a mortgage, utilities, food, and insurance.

Are they exactly equal? Probably not!

If you have more money than your current expenditures, you might be able to pay for some additions without any sacrifice or build up your savings. But if you calculate these expenses will cost more than you will earn, you have to make some choices. Perhaps you should cut expenses, such as saving money by exercising outdoors instead of inside a gym or by eating out less. Or maybe you'll decide to increase the amount of revenue you bring in, by working overtime or trying to find a higher-paying job. Another option might be to shift expenses from one area to another. For example, next year you might decide to buy a new suit using money you saved by brown-bagging your lunch instead of buying it every day.

Sometimes unexpected events happen—say, a car repair or a hospital visit—and you'll need to spend additional money. If your situation is an emergency, you might decide to tap into savings you've put aside for a “rainy day.” How much money should you save for such unanticipated events? And when you borrow from your savings, when and how do you pay it back?

If you've faced these kind of questions, then you already understand some of the basics of the DC budget and how it is developed. Whether it's your income or the city's, there is never enough to purchase everything you want, so choices about spending priorities and revenues need to be made each year.

This guide will help you better understand DC's budget. We will explain where DC gets its money, how it spends its money and what happens when there's no more money left or there's a surplus. We'll outline the process for putting the budget together every year. And we'll give you ideas on how you can — and should! — get involved in the process.

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<sup>1</sup> Enterprise funds, which include some dedicated taxes and user fees to quasi-government agencies such as DC Water, are not included as part of the overall DC budget for this guide.

## How DC Slices Up the Budget Pie

First, we'll show you the big picture and take a look at how DC's financial resources are allocated on a macro level. The DC budget is divided into seven general categories. (See Figure 1.)

You'll notice a few things right away. For fiscal year (FY) 2013, the approved DC budget was about \$9.4 billion. This includes money raised locally as well as federal dollars.

The biggest slice of the pie goes to programs related to health and human support services. DC is not unlike many states in this regard. This sector of the government includes many programs that keep residents safe and healthy, the most costly being health care programs that serve more than one-third of DC residents. Other services target at-risk youth, veterans, and the elderly. This sector also includes the Department of Parks and Recreation. It is a big slice, but it includes many programs vital to helping our vulnerable neighbors from falling into worse circumstances for themselves and their family members.

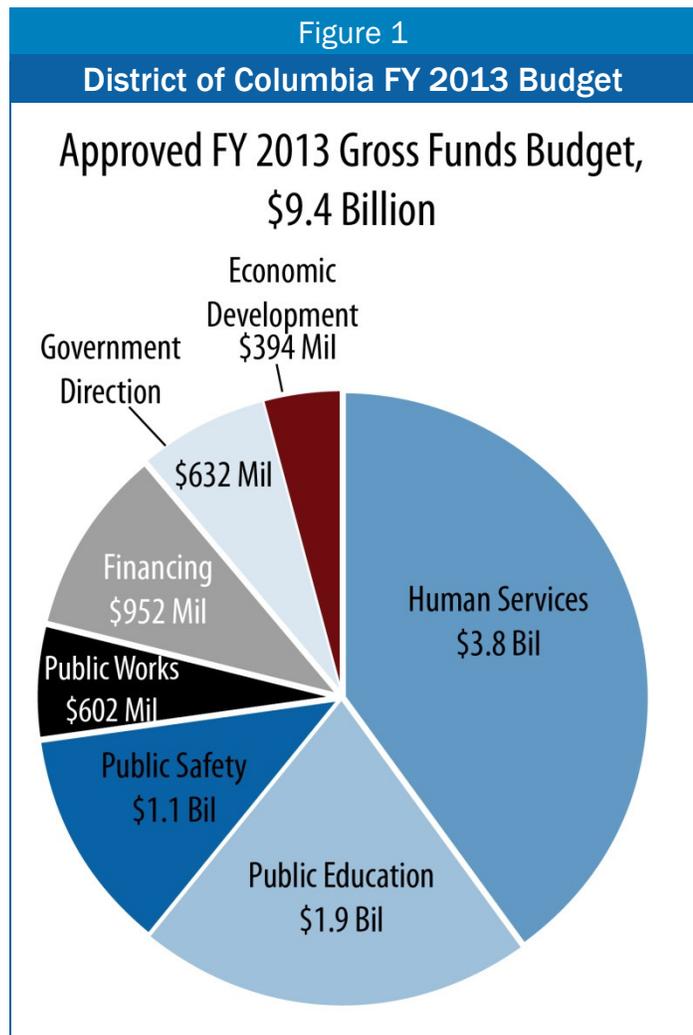
The two next biggest clusters? Public education and public safety.

Public education includes the city's traditional public schools and its public charter schools, as well as private school tuition for students who have special education needs that the public schools are not able to meet. The DC Public Library system also is included in this category.

Public safety is another sector that is highly visible to residents. This includes the Metropolitan Police Department and the Fire and Emergency Medical Services Department, among others.

It's not unusual that these three areas take a big chunk out of DC's budget. It is true in most other communities as well.

The Financing section of the DC budget includes debt service payments on large capital projects such as schools and streetcars. It also includes other funds such as the cash reserve. The Economic Development cluster includes funding for affordable housing, workforce development and



economic development and planning. It includes agencies such as the Department of Housing and Community Development, the Department of Employment Services and the Office of Zoning and the Office of Planning.

Public Works includes trash collection and transportation and motor vehicles and includes such agencies as the Department of Public Works and Department of Transportation. Government Direction and Support includes many of the agencies that help manage, run and support the general operations of the government including the Office of the Mayor, the DC Council, the Chief Financial Officer and the Office of the Chief Technology Officer.

Greater detail of each cluster is provided in the Appendix A

## Why Should I Care About DC's Budget?

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Very simply, the DC budget is how the Mayor and DC Council set the city's priorities for the year. The budget pays for the public needs of our 600,000 residents, as well as the hundreds of thousands of commuters and visitors who inhabit the city each day.

The budget determines how frequently trash and recycling get picked up, and how many police and firefighters will protect us. The budget is used to decide how much money will be available for health care and how many teachers will be in classrooms. The budget also dictates whether taxes will be raised or lowered, and who will be impacted by any changes.

The Mayor and DC Council decide how to allocate the city's resources through the budget based in part on input from residents about what is important to them. Every service the city provides, such as trash collection, appear in the budget every year. There are some new initiatives every year too, and they need to be funded through the budget. This might include new programs in public school classrooms, for example.

With so many competing priorities, tough decisions must be made every year. How much do we spend? What do we spend it on? How much do we save? Should we raise taxes to bring additional resources to our city? Or should we lower taxes, which will lighten the city's treasury but add dollars to the pockets of some residents and/or businesses?

All these questions get addressed in the Mayor's budget proposal, which is presented to the DC Council each year for review and approval. The DC Council can vote to change the Mayor's proposal, but it cannot spend more in any particular area than the Mayor proposes unless it finds an equal amount of offsetting cuts or revenue increases. By law, the budget must balance, with revenue equaling expenditures (although the city can get some of those revenues by dipping into its savings).

DC's budget is divided into two parts: The **operating budget** allocates resources to run the city government day-to-day, paying for things such as the salaries of police officers and librarians, electricity and phone bills for government agencies, and health expenses for residents in one of the District's health programs. The **capital budget** supports the costs associated with building and maintaining infrastructure such as roads and schools. This includes planning and supervising these projects, as well as the direct construction costs. Most of the time, when officials speak about the budget, they are talking about the operating budget. This guide also focuses primarily on the operating budget.

The DC budget year is different from the calendar year. It operates in what's known as the "fiscal year," which for DC begins October 1 and ends September 30. The federal government also follows this schedule. Most other states, such as Maryland, begin their fiscal year July 1.

The basic timeline each year for preparing the city's budget is as follows: The Mayor's office spends roughly six months, from September to February, developing a spending plan for the upcoming year. The proposed budget then gets sent in March or early April to the DC Council. The Council reviews the budget and holds public hearings to get input from the mayor's administration and the public on those plans. The DC Council usually approves the final budget in May. However, based on revenue projections from the city's Chief Financial Officer, the budget may be adjusted

during the year to stay in balance with the amount of money the city collects. We'll get into more detail about this process a little later.

In fiscal year 2013, the District allocated about \$9.4 billion in the operating budget. The money came from three general categories:

- **Local funds:** Such as property, income, and sales taxes. These are general tax sources that are used to fund the full range of public services. Local revenues totaled \$5.9 billion in fiscal year 2013.
- **“Special purpose” funds and “dedicated taxes:”** These are fees or taxes levied by the District where the funds are designated for a specific use. For example, the District has a nuisance abatement fund which collects fees and fines from property owners who violate building codes. A dedicated tax is a levy that is directed for a specific purpose such as building a baseball stadium or funding affordable housing. A certain percentage of the city's deed and recordation taxes, for example, go toward a special fund to finance affordable housing called the Housing Production Trust Fund. The District collected \$736 million in special purpose revenues and dedicated taxes in FY 2013.
- **Federal funds:** The District receives federal funds to meet specific purposes, such as services for residents with HIV or grants for schools with significant low-income populations. These sometimes come in the form of matching funds, where the District and federal government share expenses for a particular program, or as grants fully funded by the federal government. In FY 2013, the District spent \$2.8 billion in federal funds.

Unlike the federal government, which is allowed to carry a deficit, DC must balance its budget each year. DC is like nearly all cities and states in this regard. In other words, the money the city brings in (revenue) must be equal to the money the city spends (expenditures), although the city can use money in its savings account to help meet its revenue needs. A budget gap occurs when revenue is less than expenditures; a surplus occurs when revenue exceeds expenditures.

How does a gap happen? The budget adopted by the District each year must reflect a balance of revenues and expenses. But a budget shortfall can arise either because revenue collections turn out to be lower than initially expected or because expenditures are higher than expected, or some combination of both. We will go into more detail about when a gap is determined in the budget timeline.

Many people consider the budget intimidating. Don't worry! You're not alone in thinking that the budget is confusing and hard to decipher. Even professional budget analysts have a hard time making sense of the numbers at times. Don't be afraid to ask questions. In later chapters, we'll give you resources on how to read the budget and who to contact for more information. By getting citizens like you involved, we hope to improve the District budget's transparency.

## How Do I Read the Budget?

Let's say you are a devoted user of your neighborhood library. You want to make sure your branch remains open on evenings and weekends, that children's story hour happens, and that *New York Times* bestsellers get stocked at your branch.

You want to advocate for the library system at city hall – known in DC as the John A. Wilson Building. What to do?

First, there are certain questions for which you need answers. What is the library system's budget? Did it get cut last year or did it get enhanced? How does the system spend the money it receives?

These questions can be answered by looking at the library budget, which can be found online at the CFO's budget page, <http://cfo.dc.gov/page/budget-0>. If you are looking between March and June, you'll find information on the Mayor's proposed budget for the upcoming year (in addition to information on the current-year budget and last year's). Once the budget is approved in June, the documents will reflect the final budget as approved by the DC Council for the year.

The budget includes a set of information on every DC agency, which are the city departments identified by the service provided: Public works, Latino affairs, fire and emergency medical services, etc.

Let's take a closer look at the agency budget chapter for the DC Public Library, using the fiscal year 2012 budget as an example. It is found in Volume 3, under the appropriation title for the Public Education System.

(CEO)				
<b>District of Columbia Public Library</b>				
<a href="http://www.dclibrary.org">www.dclibrary.org</a> Telephone: 202-727-1101				
Description	FY 2010 Actual	FY 2011 Approved	FY 2012 Proposed	% Change from FY 2011
Operating Budget	\$40,786,571	\$37,036,978	\$36,517,672	-1.4
FTEs	458.6	440.9	428.8	-2.7

This is what it will look like.

When you find the library chapter, you will see this chart. What does it tell you?

1. The previous year's actual spending on the agency (FY 2010 Actual).
2. The current year budget (FY 2011 Approved).
3. The proposed budget for the upcoming year (FY 2012 Proposed).
4. The percentage change in dollars and personnel (full-time equivalents, or FTEs) between the current year and next year.

FY 2010 reflects the actual dollars spent on the library system, because the city has audited its books to determine the dollar per dollar spending for that year. FY 2011, which in this case of this budget document was the current fiscal year, denotes approved spending because not all the dollars

allocated have been spent and counted. FY 2012 is the upcoming year, so that budget reflects the dollars proposed to be spent.

You will see that the city spent \$40.8 million on libraries in FY 2010. Approved funding was reduced by approximately \$3.8 million for FY 2011. In FY 2012, the mayor proposed cutting library funding by about \$500,000, or 1.4 percent.

As a library advocate, you might be concerned that the cuts will impact services at your library, too. Before we figure out why money was subtracted and perhaps how to add it back, it's helpful to know where the

money comes from in the first place. There are several key tables that show up in the budget chapter for every agency that help explain the agency's funding trends. The title of each table also includes a three-letter code for the agency. The code for the DC Public Library is "CEO."

Table CEO1 shows the sources of library funding. The table lists all the possible streams of revenue: Local, special purpose, federal, private, and Intra-District funds.

First, a few terms: **"General fund"** is the amount of revenue from local DC sources. This includes **"local"** funds, which reflect the basic collection of taxes and fees. General fund expenditures also come from **"special purpose"** funds, which usually are fees or fines collected by the agency that are then reinvested in the agency. For example, late fees on overdue books are a library special purpose fund. **"Gross funds"** combines all the sources of funding, including federal monies, any private dollars, and resources from other DC agencies; it is the total amount spent. Intra-District funds are services provided by one District agency on behalf of another agency. For example, the library receives help from the Office of the Chief Technology Officer on broadband access. **Intra-District funds** also reflect federal funds received by one agency but transferred to another. For example, DC gets federal funds for its TANF program through the Department of Human Services, but a portion is transferred to the Office of the State Superintendent of Education to support the child care programs administered by the state superintendent.

<b>FY 2012 Proposed Gross Funds Operating Budget, by Revenue Type</b>						
Table CEO-1 contains the proposed FY 2012 agency budget compared to the FY 2011 approved budget. It also provides FY 2009 and FY 2010 actual expenditures.						
<b>Table CEO-1</b> (dollars in thousands)						
<b>Appropriated Fund</b>	<b>Actual FY 2009</b>	<b>Actual FY 2010</b>	<b>Approved FY 2011</b>	<b>Proposed FY 2012</b>	<b>Change from FY 2011</b>	<b>Percent Change*</b>
<b>General Fund</b>						
Local Funds	44,760	39,186	35,166	34,465	-700	-2.0
Special Purpose Revenue Funds	456	387	932	584	-348	-37.3
<b>Total for General Fund</b>	<b>45,216</b>	<b>39,573</b>	<b>36,097</b>	<b>35,049</b>	<b>-1,048</b>	<b>-2.9</b>
<b>Federal Resources</b>						
Federal Grant Funds	1,263	1,192	940	948	8	0.9
<b>Total for Federal Resources</b>	<b>1,263</b>	<b>1,192</b>	<b>940</b>	<b>948</b>	<b>8</b>	<b>0.9</b>
<b>Private Funds</b>						
Private Grant Funds	-36	0	0	0	0	N/A
<b>Total for Private Funds</b>	<b>-36</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>N/A</b>
<b>Intra-District Funds</b>						
Intra-District Funds	290	21	0	520	520	N/A
<b>Total for Intra-District Funds</b>	<b>290</b>	<b>21</b>	<b>0</b>	<b>520</b>	<b>520</b>	<b>N/A</b>
<b>Gross Funds</b>	<b>46,733</b>	<b>40,787</b>	<b>37,037</b>	<b>36,518</b>	<b>-519</b>	<b>-1.4</b>
*Percent change is based on whole dollars.						
Note: If applicable, for a breakdown of each Grant (Federal and Private), Special Purpose Revenue type and Intra-District agreement, please refer to Schedule 80 Agency Summary by Revenue Source in the FY 2012 Operating Appendices located on the Office of the Chief Financial Officer's website.						

For the DC public library system, a majority of funding comes from local tax dollars, which you can see by looking at the “Total General Fund” line. Total general fund support was \$36.1 million in FY 2011, and federal funding was \$940,000. The mixture of funds varies from agency to agency. Federal dollars are more available for certain programs in human services, for example, than for public works.

A general rule of thumb in examining budgets is to see how they have changed year to year. Look for big spikes and big declines. Did costs jump in one area? Fall? Why? As you’ll notice, the budget can answer some questions, but it will raise others.

When you compare budgets from year to year, make sure that you compare apples to apples. Sometimes, for example, the general fund amount may change from year to year but gross funds might remain the same because of an increase or decrease in federal dollars.

Well, what does all this money go toward?

Table CEO-2 shows how many “full-time equivalent” positions or FTEs are funded by various revenue sources. Table CEO-2 shows, for example, that, 415.5 positions were funded with general fund dollars in FY 2009. FTEs include librarians and other staff.

The next chart, Table CEO-3, details spending by “personal” services and “nonpersonal” services. Personal services include pay and other costs associated with employees. Nonpersonal services include the costs of office supplies, rent, contracts for services, etc.

<b>FY 2012 Proposed Full-Time Equivalents, by Revenue Type</b>						
Table CEO-2 contains the proposed FY 2012 FTE level compared to the FY 2011 approved FTE level by revenue type. It also provides FY 2009 and FY 2010 actual data.						
<b>Table CEO-2</b>						
<b>Appropriated Fund</b>	<b>Actual FY 2009</b>	<b>Actual FY 2010</b>	<b>Approved FY 2011</b>	<b>Proposed FY 2012</b>	<b>Change from FY 2011</b>	<b>Percent Change</b>
<b>General Fund</b>						
Local Funds	414.5	448.5	432.9	422.8	-10.1	-2.3
Special Purpose Revenue Funds	1.0	1.0	1.0	0.0	-1.0	-100.0
<b>Total for General Fund</b>	<b>415.5</b>	<b>449.5</b>	<b>433.9</b>	<b>422.8</b>	<b>-11.1</b>	<b>-2.6</b>
<b>Federal Resources</b>						
Federal Grant Funds	7.0	9.1	7.0	6.0	-1.0	-14.3
<b>Total for Federal Resources</b>	<b>7.0</b>	<b>9.1</b>	<b>7.0</b>	<b>6.0</b>	<b>-1.0</b>	<b>-14.3</b>
<b>Total Proposed FTEs</b>	<b>422.5</b>	<b>458.6</b>	<b>440.9</b>	<b>428.8</b>	<b>-12.1</b>	<b>-2.7</b>

Table CEO-4 breaks down the agency at what is known as the “program” and “activity” levels. These are the detailed line items that show how the library’s budget is spent. For example, one of the “programs” for the Library System is called “Library Services” and operations of the Martin Luther King Jr. library, the main branch. In FY 2011, \$4.3 million was approved for spending on MLK library. In FY 2012, the mayor proposed a decrease to \$4 million. According to library officials, the \$300,000 cut would cause the main branch to close on Sundays. (This was later reversed when the Mayor identified some additional funds to be shifted to the library system.)

**FY 2012 Proposed Operating Budget, by Comptroller Source Group**

Table CEO-3 contains the proposed FY 2012 budget at the Comptroller Source Group (object class) level compared to the FY 2011 approved budget. It also provides FY 2009 and FY 2010 actual expenditures.

**Table CEO-3**  
(dollars in thousands)

Comptroller Source Group	Actual FY 2009	Actual FY 2010	Approved FY 2011	Proposed FY 2012	Change from FY 2011	Percent Change*
11 - Regular Pay - Cont Full Time	20,188	20,136	20,370	20,555	185	0.9
12 - Regular Pay - Other	2,913	2,625	2,620	1,821	-799	-30.5
13 - Additional Gross Pay	867	1,082	572	572	0	0.0
14 - Fringe Benefits - Curr Personnel	4,749	5,037	4,826	5,170	344	7.1
15 - Overtime Pay	493	308	222	222	0	0.0
<b>Subtotal Personal Services (PS)</b>	<b>29,210</b>	<b>29,187</b>	<b>28,611</b>	<b>28,341</b>	<b>-270</b>	<b>-0.9</b>
20 - Supplies and Materials	740	369	428	468	40	9.3
30 - Energy, Comm. and Bldg Rentals	3,028	2,705	0	0	0	N/A
31 - Telephone, Telegraph, Telegram, Etc.	422	345	0	0	0	N/A
32 - Rentals - Land and Structures	427	433	0	0	0	N/A
33 - Janitorial Services	8	0	0	0	0	N/A
34 - Security Services	4	0	0	0	0	N/A
35 - Occupancy Fixed Costs	18	1	0	0	0	N/A
40 - Other Services and Charges	4,481	2,427	2,144	2,852	708	33.0
41 - Contractual Services - Other	1,858	1,113	1,273	1,531	257	20.2
50 - Subsidies and Transfers	47	71	75	75	0	0.0
70 - Equipment and Equipment Rental	6,489	4,136	4,506	3,252	-1,254	-27.8
<b>Subtotal Nonpersonal Services (NPS)</b>	<b>17,523</b>	<b>11,600</b>	<b>8,426</b>	<b>8,177</b>	<b>-249</b>	<b>-3.0</b>
<b>Gross Funds</b>	<b>46,733</b>	<b>40,787</b>	<b>37,037</b>	<b>36,518</b>	<b>-519</b>	<b>-1.4</b>

\*Percent change is based on whole dollars.

Will be there be any new neighborhood libraries opening? What will the library system do differently than last year? These questions are answered in Table CEO 5, and the accompanying narrative. This section highlights the major changes proposed in the budget. That is explained in the narrative under “Cost Savings” as well as detailed in the chart under “Policy Initiatives and Cost Savings.” Sometimes the explanations are very clear and sometimes they are not, in which case a call or email to the relevant DC Council committee that has oversight over the agency may be in order.

The last part of the agency budget chapter has various performance measurements. These are created by the agencies to measure how well they are delivering services. They also contain general facts about the agency, such as how many books were circulated in the library system that year. The performance measures are tied the agency’s “performance accountability report” and its “performance accountability plan.” The performance information for some agencies is better than for others. Pushing for better measures is an important role that residents can play.

## FY 2012 Proposed Operating Budget and FTEs, by Division and Activity

Table CE0-4 contains the proposed FY 2012 budget by division and activity compared to the FY 2011 approved budget. It also provides FY 2010 actual data.

**Table CE0-4**

(dollars in thousands)

Division/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2010	Approved FY 2011	Proposed FY 2012	Change from FY 2011	Actual FY 2010	Approved FY 2011	Proposed FY 2012	Change from FY 2011
<b>(1000) Agency Management Program</b>								
(1010) Personnel	704	674	693	19	8.5	7.0	7.0	0.0
(1015) Training and Employee Development	451	215	106	-109	3.0	1.0	1.0	0.0
(1020) Contracting and Procurement	576	403	414	10	3.8	4.0	3.0	-1.0
(1030) Property Management	4,496	1,024	1,019	-5	4.0	3.0	3.0	0.0
(1040) Information Technology	963	1,073	1,142	69	5.8	6.0	6.0	0.0
(1060) Legal Services	201	163	205	42	1.8	2.0	1.0	-1.0
(1070) Fleet Management	474	411	390	-21	5.9	6.0	6.0	0.0
(1080) Communications	978	1,198	710	-488	10.8	16.0	8.5	-7.5
(1085) Customer Service	478	299	342	43	4.9	5.0	4.0	-1.0
(1087) Language Access	6	6	6	0	0.0	0.0	0.0	0.0
(1090) Performance Management	608	670	691	20	2.3	3.0	3.0	0.0
<b>Subtotal (1000) Agency Management Program</b>	<b>9,936</b>	<b>6,136</b>	<b>5,717</b>	<b>-419</b>	<b>50.8</b>	<b>53.0</b>	<b>42.5</b>	<b>-10.5</b>
<b>(100F) Agency Financial Operations</b>								
(110F) Budget Operations	297	289	299	10	2.5	2.5	2.5	0.0
(120F) Accounting Operations	366	425	417	-8	4.4	4.5	4.5	0.0
<b>Subtotal (100F) Agency Financial Operations</b>	<b>664</b>	<b>714</b>	<b>715</b>	<b>2</b>	<b>6.9</b>	<b>7.0</b>	<b>7.0</b>	<b>0.0</b>
<b>(5000) Library Services</b>								
(5010) Children's Services	3,079	0	0	0	40.8	0.0	0.0	0.0
(5020) Young Adult Services	795	0	0	0	19.4	0.0	0.0	0.0
(5030) Adult Services	8,755	0	0	0	119.4	0.0	0.0	0.0
(5040) Support Unit Services	5,243	0	0	0	108.7	0.0	0.0	0.0
(5050) Library Transformation Services	141	0	0	0	0.0	0.0	0.0	0.0
(5060) Public Service Technology	1,771	0	0	0	4.8	0.0	0.0	0.0
<b>Subtotal (5000) Library Services</b>	<b>19,783</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>293.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

(Continued on next page)

**Table CE0-4 (Continued)**

(dollars in thousands)

Division/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2010	Approved FY 2011	Proposed FY 2012	Change from FY 2011	Actual FY 2010	Approved FY 2011	Proposed FY 2012	Change from FY 2011
<b>(6000) Outreach Services</b>								
(6010) Adaptive Services	1,303	0	0	0	15.0	0.0	0.0	0.0
(6020) Mobile Libraries	28	0	0	0	0.0	0.0	0.0	0.0
(6030) Special Collections	335	0	0	0	4.0	0.0	0.0	0.0
<b>Subtotal (6000) Outreach Services</b>	<b>1,666</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>(7000) Books and Media</b>								
(7010) Children	1,562	0	0	0	6.4	0.0	0.0	0.0
(7020) Young Adult	712	0	0	0	2.2	0.0	0.0	0.0
(7030) Adult	2,086	0	0	0	15.4	0.0	0.0	0.0
<b>Subtotal (7000) Books and Media</b>	<b>4,360</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>(8000) Public Service Support</b>								
(8010) Custodial	1,521	0	0	0	27.6	0.0	0.0	0.0
(8020) Security	1,267	0	0	0	21.0	0.0	0.0	0.0
(8030) Maintenance	1,590	0	0	0	16.2	0.0	0.0	0.0
<b>Subtotal (8000) Public Service Support</b>	<b>4,378</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>64.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>(L200) Chief Librarian</b>								
(L210) Inter-governmental Affairs	0	112	116	4	0.0	1.0	1.0	0.0
(L220) Executive Management Office	0	259	265	5	0.0	1.0	1.0	0.0
<b>Subtotal (L200) Chief Librarian</b>	<b>0</b>	<b>371</b>	<b>380</b>	<b>9</b>	<b>0.0</b>	<b>2.0</b>	<b>2.0</b>	<b>0.0</b>
<b>(L300) Library Services</b>								
(L310) Children and Young Adult Services	0	1,282	1,254	-28	0.0	11.0	11.0	0.0
(L320) Martin Luther King Jr. Memorial Library	0	4,257	3,965	-292	0.0	59.1	51.5	-7.6
(L330) Neighborhood Libraries	0	11,441	11,671	230	0.0	194.6	201.0	6.4
(L340) Adaptive Services	0	509	531	22	0.0	7.0	7.0	0.0
(L350) Literacy Resources	0	1,210	1,227	17	0.0	10.0	9.0	-1.0
(L360) Teens of Distinction Program	0	302	207	-95	0.0	9.7	8.8	-0.9
(L370) Volunteers	0	59	61	2	0.0	1.0	1.0	0.0
(L380) Collections	0	4,468	2,900	-1,568	0.0	18.5	18.0	-0.5
(L390) Library Program Information	0	24	24	0	0.0	0.0	0.0	0.0
<b>Subtotal (L300) Library Services</b>	<b>0</b>	<b>23,553</b>	<b>21,840</b>	<b>-1,713</b>	<b>0.0</b>	<b>310.9</b>	<b>307.3</b>	<b>-3.6</b>
<b>(L400) Business Operations</b>								
(L410) Custodial and Maintenance	0	3,062	3,720	658	0.0	44.0	44.0	0.0
(L420) Public Safety	0	1,080	1,158	78	0.0	18.0	18.0	0.0
(L430) Asset Management	0	15	15	0	0.0	1.0	1.0	0.0
(L440) 21st Century Capital Projects	0	152	385	233	0.0	0.0	2.0	2.0
(L450) Public Service Technology	0	1,955	2,587	632	0.0	5.0	5.0	0.0
<b>Subtotal (L400) Business Operations</b>	<b>0</b>	<b>6,263</b>	<b>7,865</b>	<b>1,602</b>	<b>0.0</b>	<b>68.0</b>	<b>70.0</b>	<b>2.0</b>
<b>Total Proposed Operating Budget</b>	<b>40,787</b>	<b>37,037</b>	<b>36,518</b>	<b>-519</b>	<b>458.6</b>	<b>440.9</b>	<b>428.8</b>	<b>-12.1</b>

(Change is calculated by whole numbers and numbers may not add up due to rounding)

## Major Baseline Adjustments, Cost Savings and Policy Initiatives

**Initial and Baseline Adjustments:** A net fixed costs adjustment of \$1,154,073 across multiple programs.

**Cost Savings:** The proposed budget reduces supplies for operational support by \$133,651, and reflects revised assessments for fixed costs (including electricity, fleet, and telecom) at a savings of approximately \$210,576.

**Policy Initiatives:** The proposed budget supports the anticipated opening of as many as six new branch libraries in FY 2010. Library staff will increase by 8.25 FTEs (representing 11 positions filled one-quarter into FY 2010, when new locations are scheduled to open). The proposed budget funds about \$63,000 in ongoing information technology support for the new libraries. Additional funds will support utility expenses at the new locations.

**Stimulus:** DCPL is seeking to partner with the Office of the Chief Technology Officer to apply for competitive grant funding to support the expansion of access to broadband internet services to underserved areas.

Additionally, DCPL is partnering with the District Department of the Environment (DDOE) to retrofit library buildings and infrastructure for energy efficiency and green house gas emission reductions.

**Gap-Closing Initiatives:** The proposed FY 2010 gap-closing budget further reduces Local Funds appropriations for DCPL by \$6,539,000 (14.1 percent), while providing resources to support DCPL's day-to-day library services and the opening of six new branch libraries in FY 2010.

DCPL will reduce overtime in the Public Service Support programs by a total of \$1,024,000. DCPL will save \$837,000 by eliminating 14.5 vacant FTEs in the Agency Management, Library Services, and Public Service Support programs.

Funding in various programs for supplies, contracts, and other services and charges will be reduced by \$1,866,000. Working with the Office of the Chief Technology Officer, DCPL plans to seek ARRA grant opportunities to expand broadband accessibility; this effort will partially offset the effect of a \$1,420,000 reduction in funding for IT hardware. DCPL will

also leverage federal dollars to support materials purchases, with an estimated savings of \$1,392,000 in Local Funds.

## How Does the DC Budget Get Put Together Every Year?

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Now that you have idea of what is in the budget, we'll go more in depth into how and when the budget is put together.

As we noted earlier, the District's fiscal year begins October 1. Each October, just as one fiscal year is starting, officials start intensely planning for next year's budget. In other words, budgeting is a year-round process in DC. There is involvement from the Mayor and the executive branch, the DC Council, the city's Chief Financial Officer, and residents and interest groups.

By the end of the process of budget building, two laws are adopted and a set of budget documents are produced. The two laws are the **Budget Request Act** and the **Budget Support Act**. The Budget Request Act sets the funding level for each agency and program. This legislation also includes allocations for federal payments for the few local functions provided entirely by the federal government, such as the court system. The Budget Request Act often is limited in detail; it does not show program-by-program funding for each agency. Instead, that information is provided in the budget documents.

The Budget Support Act is legislation covering any budget changes that require a change in law, such as a tax change or a change in eligibility for a specific program. Simple increases or decreases in funding for a specific program — such as library collections — do not require legislation. It's important to look at the Budget Support Act very closely. Sometimes initiatives that are not strictly related to that budget year are placed in the Budget Support Act, such as a proposal for the city to consider online gambling.

The following highlights the key events and timeline for the DC Budget process. (See a one-page summary on page 16.)

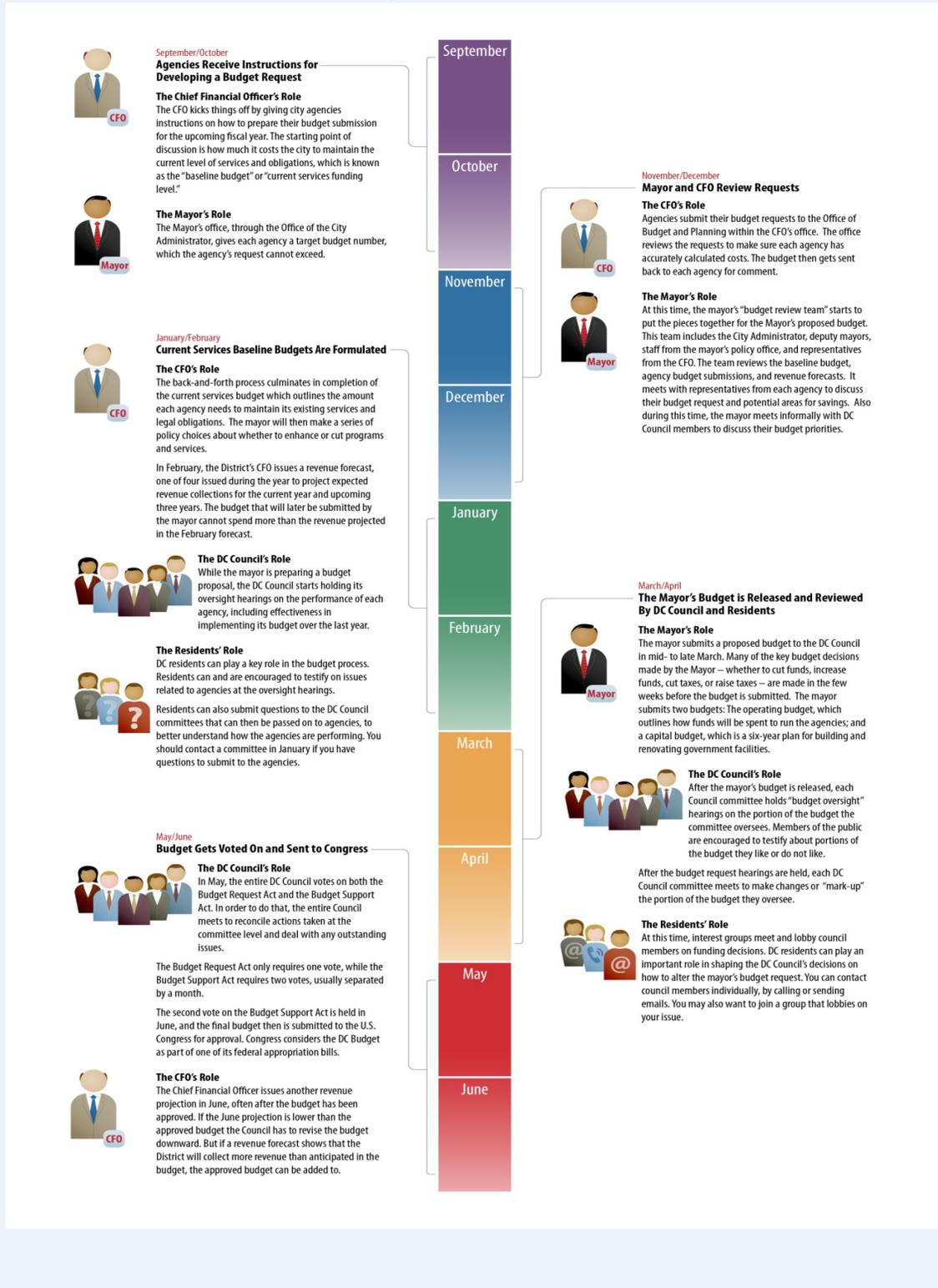
### September/October: Agencies Receive Instructions for Developing a Budget Request

The budget season kicks off in the fall, when each agency submits a detailed line-by-line budget request to the Chief Financial Officer's Office of Budget and Planning.

**The Chief Financial Officer's Role:** The CFO kicks things off by giving city agencies instructions on how to prepare their budget submission for the upcoming fiscal year. The starting point of discussion is how much it costs the city to maintain the current level of services and obligations, which is known as the **“current services funding level.”** The CSFL reflects changes in salary expenses, utilities, and other fixed costs, as well as any changes required by previously adopted laws.

**The Mayor's Role:** In recent years, the Mayor's office, through the Office of the City Administrator, has given each agency a target budget number, which the agency's request cannot exceed. When the city's economy and revenues are growing weakly, the targets for each agency may require them to identify savings through greater efficiencies or actual cuts in services.

# DC's Budget Process at a Glance



## November/December: Mayor and CFO Review Requests

**The CFO's Role:** Agencies submit their budget requests to the Office of Budget and Planning within the CFO's office. The office reviews the request, "scrubbing" the budget to make sure each agency has accurately calculated personnel and administrative costs and made other appropriate adjustments, such as reducing the budget to adjust for prior-year expenses that were needed only on a one-time basis. The budget then gets sent back to each agency director for comment and reconciliation.

**The Mayor's Role:** At this time, the Mayor's "budget review team" starts to put the pieces together for the Mayor's proposed budget. This team includes the City Administrator, deputy mayors, staff from the Mayor's policy office, and representatives from the CFO. The team reviews the baseline budget, agency budget submissions, and the revenue forecasts. It meets with representatives from each agency to discuss their budget request and potential areas for savings. The budget review team then begins to share recommendations and options with the mayor. Also during this time, the mayor meets informally with DC Council members to discuss their budget priorities.

## January/February: Current Services Funding Levels Are Formulated And DC Council Holds Agency Performance Hearings

**The CFO's Role:** The back-and-forth process culminates in completion of the Current Services Funding Level, which is then sent to the Mayor. The current services budget outlines the amount each agency needs to maintain its existing services and legal obligations. It is the jumping off point for the mayor, who will then make a series of policy choices about whether to enhance or cut programs and services.

In February, the District's CFO issues a revenue forecast, one of four issued during the year to project expected revenue collections for the current year and upcoming three years. The budget that will later be submitted by the Mayor cannot spend more than the revenue projected in the February forecast. If the revenue estimate is less than the current services funding level, the budget must be adjusted to remain within the revenue limits. The adjustment can include revenue increases, such as additional fees or taxes, or cuts to spending in selected areas. If the revenue forecast is higher than the baseline, the Mayor can make choices to enhance funding in selected areas.

**The DC Council's Role:** While the Mayor is preparing a budget proposal, the DC Council starts holding oversight hearings on the performance of each agency, including effectiveness in implementing its budget over the last year. The DC Council is divided into a number of committees, which have oversight over a set of related agencies. The Committee on Public Works and Transportation, for example, reviews the budgets of about a dozen agencies including the Department of Public Works, Department of Transportation, and Department of Motor Vehicles. In the hearings, council members ask questions about how the agency spent its money.

The head of the agency also is required to discuss the agency's performance and expenditures in the past fiscal year and answer oversight questions from council members. Before each oversight

hearing, each council committee submits a detailed set of questions to the agencies they oversee. Those questions and the answers are posted on the DC Council web site ([www.dccouncil.us](http://www.dccouncil.us)), under its “Budget” tab. You can contact the office of the DC’s Council’s Budget Director, or the committee clerk for any committee of interest, if you need help to find these documents.

**The Residents’ Role:** DC residents can play a key role in the budget process. This is a great chance to inform the Council about how you see dollars being spent and to make recommendations for improving how an agency is funded – at the same time that the Mayor is putting together the next year’s budget. Residents are encouraged to testify on any aspect of an agency’s performance or budget. Let’s take public libraries, for example. Perhaps your neighborhood branch had to reduce its hours. The oversight hearing presents an opportunity to ask why that decision was made.

Residents can take a further step by helping submit questions to the committees that can then be passed on to agencies, to better understand how the agencies are performing. As noted, each Council committee submits a detailed set of questions to the agencies they oversee before each oversight hearing. There is no formal process for citizens to submit questions, but you are welcome to share your questions with staff of the relevant committee and encourage the committee to include your questions in the committee’s submission to the agency. You should contact a committee in January if you have questions to submit to the agencies. DC Council committees and the agencies they oversee are listed in the appendix.

### March/April:

#### The Mayor’s Budget is Released and Reviewed by DC Council and Residents

**The Mayor’s Role:** The Mayor submits a proposed budget to the DC Council in mid- to late March. Many of the key budget decisions made by the Mayor – whether to cut funds, increase funds, cut taxes, or raise taxes – are made in the few weeks before the budget is submitted. The Mayor submits two proposed budgets: The operating budget, which outlines how funds will be spent to run the agencies, and a capital budget, which is a six-year plan for building and renovating government facilities.

**The DC Council’s Role:** After the Mayor’s budget is released, each council committee holds “budget oversight” hearings on the portion of the budget the committee oversees. For example, the Committee on Human Services holds hearings on the budget for the Department of Human Services, Child and Family Services Administration, and the Department of Youth Rehabilitation Services, among others.

As in the case in the performance oversight hearings held earlier in the year, each council committee submits a detailed set of questions to each agency they oversee prior to the budget oversight hearings. Those questions and the answers are posted on the DC Council website ([www.dccouncil.us](http://www.dccouncil.us)), under its “Budget” tab. You can contact the office of the DC’s Council’s Budget Director, or the committee clerk for any committee of interest, if you need help to find these documents.

After the budget oversight request hearings are held, each DC Council committee meets to “mark-up” the portion of the budget they oversee. The “mark-up” is the process through which the committees make changes to the Mayor’s budget. While the committees can shift funds from one

program to another or from one agency to another, they cannot propose spending more than the amount in the Mayor's proposed budget for the agencies overseen by that committee, unless they identify a new source of revenue, such as an increase in taxes or fees, or make offsetting spending cuts.

During this process, the committees also adopt recommendations on the Budget Support Act provisions that relate to their committee. The recommendations are compiled and then considered by the entire Council in the Committee of the Whole.

**The Residents' Role:** DC residents can play an important role in shaping the DC Council's decisions on how to alter the Mayor's budget request. Members of the public are encouraged to testify at the budget oversight hearings about portions of the budget they like or do not like. In addition, residents can submit questions to the committees that can then be passed on to agencies, to better understand various issues arising from the Mayor's proposed budget.

At this time, interest groups meet and lobby council members on funding decisions. You can contact council members individually, by calling or sending emails. You may also want to join a group that lobbies on your issue.

### **May/June: Budget Gets Voted On and Sent to Congress**

**The DC Council's Role:** In May, the entire DC Council votes on both the Budget Request Act and the Budget Support Act. In order to do that, the entire Council meets to reconcile actions taken at the committee level and to deal with any outstanding issues.

The Budget Request Act only requires one vote, while the Budget Support Act requires two votes, usually separated by a month. The Council normally votes twice on all legislation, but the Budget Request Act technically is part of the federal budget and not a piece of local legislation, so only one vote happens.

The second vote on the Budget Support Act is held in June, and the final budget then is submitted to the U.S. Congress for approval. Congress considers the DC budget as part of one of its federal appropriation bills. While the goal is to have the DC budget approved by October 1, the start of the new fiscal year, Congress often approves appropriations bills late. But passing the budget after October 1 usually doesn't impair ability of DC to implement its budget, because Congress usually passes a provision to enable the city's budget to move ahead.

**The CFO's Role:** The Chief Financial Officer issues another revenue projection in June, often after the budget has been approved. If the June projection is lower than the approved budget—as happened in June 2009 for the FY 2010 budget—the Council has to revise the budget downward. But if a revenue forecast shows that the District will collect more revenue than anticipated in the budget, additions can be made to the approved budget. This happened in the FY 2012 budget. In either case, modifications to the approved budget are known as a supplemental budget.

## Does DC Save for A Rainy Day?

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What happens when the economy takes a nosedive and revenue collections decrease? Does the District save money for a “rainy day?”

Indeed, we do. In 2000, the District established two reserve funds, an "emergency reserve" and a "contingency reserve," as required by Congress. These reserves are similar to the “rainy day” funds that most states use as a cushion against major crises that might impact the budget, such as a natural disaster or a rapid drop in revenues due to an economic downturn. As of 2012, the two reserve funds held \$339 million.

In addition, the District established a new reserve in 2010, called the Fiscal Stabilization Fund, to augment the congressionally mandated reserves. This fund equals two percent of DC’s budget and held \$113 million as of 2013.

The logic of having a rainy day fund is much like having a savings account emergency fund. Say, you get laid off from your job. You might tap into your emergency fund to help pay the bills until you find a new job.

Likewise, rainy day funds help states and cities manage a fiscal crisis. In particular, they can help maintain public services during an economic downturn, when rising unemployment and falling incomes lead to both declining tax collections and increasing need for government services. Rainy day funds also limit the need to raise taxes in a downturn. Finally, spending rainy day reserves provides a stimulus to the local economy that can help mitigate the effects of a recession.

Yet the federal law governing DC’s emergency and contingency reserves includes several restrictions that make it difficult for the District to take advantage of this important strategy. First of all, unlike most other states and cities, the District must repay the money tapped from the fund within two years, with at least half repaid in the first year. Think about it on a personal level: When an unexpected event comes up, like a job loss, you might take money out of your savings account to help with expenses until you start working steadily again. But do you pay the money back right away? Usually not.

The federal rules also set aside a third of the funds for use only in a natural disaster. Yet the most likely fiscal shock that cities and face are economic, particularly recessions. It would make more sense to make all of the city’s rainy day reserves available for *either* a natural disaster or an economic downturn.

The locally created Fiscal Stabilization Fund has some, but not all of the restrictions that are placed on the emergency and contingency reserves. The Fiscal Stabilization Fund can be tapped only if the city’s tax collections drop sharply in the middle of a fiscal year — most likely in response to an unexpected economic shock — but there is no requirement to replenish those withdrawn within two years. Instead, the Fiscal Stabilization Fund is replenished with year-end surpluses until it reaches the required level.

## Is the DC Budget Process Different From Other Cities and States?

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Washington, DC, is a city, but it also has to act like a state in a way that's different from Baltimore, Milwaukee or San Francisco. The District, which is not a state or located within one, is in charge of many programs that Maryland, Wisconsin, or California would normally administer for their largest cities. These programs include Medicaid, unemployment insurance, and TANF — Temporary Assistance for Needy Families.

While the District has more responsibilities than many cities, it also has less autonomy in many ways, including over its budget. This is because the U.S. Constitution gives the U.S. Congress broad authority to oversee the city. Article One, Section Eight, of the United States Constitution gives Congress the power: *“To exercise exclusive Legislation in all Cases whatsoever, over such District (not exceeding ten Miles square) as may, by Cession of particular States, and the Acceptance of Congress, become the Seat of the Government of the United States.”*

In fact, the District did not have an elected city government until the passage by Congress of the Home Rule Act of 1973. The act handed day-to-day administration of the city government to an elected mayor and a thirteen-member city council.

While most residents are aware that the District lacks voting representation in the Senate and the House of Representatives, many may not be aware that the city is also deprived of budget autonomy—the ability to have ultimate authority over how to spend the money it collects. Indeed, every law passed by the DC Council and signed by the mayor needs congressional approval. That includes our budget, even though DC residents and businesses provide a majority of the funds.

This means that the Congress can modify DC's budget any way it wants, even the portion of DC's budget supported with the city's own tax dollars. In reality, Congress largely defers to the decisions made by the Mayor and DC Council. Yet signs of federal control are clear. For example, federal law restricts how the city can spend its rainy day fund. Congress also mandates that the city budget not only for the upcoming fiscal year, but for four years out, known in technical jargon as the “financial plan.”

Certain city leaders and DC's delegate to Congress have promoted legislation to give the city greater budget autonomy, but Congress has yet to approve such a measure. In 2012, the DC Council adopted a resolution to place a budget autonomy initiative on the ballot in 2013. That initiative — the Local Budget Autonomy Act — would deem the DC budget approved by Congress if Congress takes no action within 30 days. It also would allow the District to change its fiscal year to start on July 1 rather than October 1. The initiative will be on the ballot on April 23, 2013.

## How to Get, Find Budget-Related Resources and Get Involved in the Budget Process

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There are several ways of getting involved in the city's budget process. Voting in local elections is a very important way to express your opinions, but there also are many ways to influence budget decisions directly.

As noted, the DC Council holds both performance and oversight hearings every spring as they prepare to examine next year's budget. This is an easy way to get involved in the process. You may sign up to speak to the council at these hearings. The Council is divided into a number of committees, which have oversight over specific agencies.

You might choose to get involved with groups that advocate directly on budget issues, such as the Fair Budget Coalition ([www.fairbudget.org](http://www.fairbudget.org)).

Or you might take an interest in a specific budget area. We encourage you to read the budget and try to make sense of how the city is spending its resources in that area.

Here are some resources to help:

- **Office of Chief Financial Officer's Budget Page** ([www.cfo.dc.gov](http://www.cfo.dc.gov)): The OCFO's budget page contains links to the current budget, the current services baseline budget, and an archive of prior year budgets dating back to FY 2001.
- **Office of the Chief Financial Officer's Revenue Forecast** (<http://cfo.dc.gov/cfo/cwp/view,a,1324,q,612671.asp>): Four times a year — February, June, September, and December — the OCFO issues a revenue forecast for the current fiscal year and next four fiscal years. The February revenue forecast sets the groundwork for the mayor's proposed budget. Should the forecast get higher or lower throughout the year, DC officials may pass supplemental budgets to account for any deficits the District may face or to appropriate a surplus.
- **DC Council Budget Resources** (<http://www.dccouncil.washington.dc.us>): The DC Council website posts the questions posed by each council committee to agencies as part of the performance and budget oversight hearings, as well as the agencies' answers.

Each DC Council committee prepares a report on their agency budgets. The reports are available online on the council's website. Also, council committee staff are good resources. Get to know them and don't be afraid to ask them questions and use their resources.

- **Fair Budget Coalition** (<http://www.fairbudget.org>): The Fair Budget Coalition is an umbrella group made up of nonprofits and advocacy organizations.

## Appendix A: How DC Spends Its Money: An In Depth Look at the Seven Clusters

The following summarizes the gross funding in fiscal year 2013 — including both local and federal funds — for each of the major functional areas of the DC budget.

### Human Support Services (\$3.8 billion in gross funding in FY 2013)

The biggest slice of the overall budget is Human Support Services. This cluster of agencies includes many charged with caring for our most vulnerable residents.

The largest agency within the Human Support Services cluster is the **Department of Health Care Finance**, which administers the city’s Medicaid program, a federal-state program that acts as a health insurer for many of our city’s poorest residents. It is also in charge of the DC Health Care Alliance, a city-run health care provider for uninsured residents who don’t qualify for Medicaid. With the passage of the federal Affordable Care Act, many who receive DC Alliance services were moved to Medicaid due to expansion of that program. More than 200,000 DC residents receive health care services through the department’s funding. The FY 2013 budget for DHCF is \$2.5 billion, making it the largest portion of the District’s Human Support Services cluster. Most of its funding comes from the federal government, which covers 70 percent of the city’s Medicaid expenses. (The federal government pays 50 percent to 80 percent of Medicaid expenses in the states.)

The **Department of Human Services** delivers many services and programs critical to the city’s safety net, including Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP, formerly known as food stamps), and homeless services. It is a front-line agency that gives direct assistance to the District’s most economically disadvantaged and vulnerable residents. The budget for the agency is \$336 million for FY 2013.

The **Child and Family Services Agency** investigates reports of child abuse and neglect and provides services to protect at-risk children. Services include foster care, adoption, and programs for at-risk youth. The agency’s budget in FY 2013 is \$246 million.

Agency Name	FY 2013 Gross Budget (in Thousands)
Department of Health Care Finance	\$2,470,305
Department of Human Services	335,789
Child and Family Services Agency	246,281
Department of Health	241,289
Department of Mental Health	178,561
Department of Youth Rehabilitation Services	106,384
Department of Disability Services	92,753
Department of Parks and Recreation	35,866
Office on Aging	23,926
Employees’ Compensation Fund	19,822
Unemployment Compensation Fund	6,512
Children and Youth Investment Collaboration	3,000
Office on Latino Affairs	2,685
Office of Human Rights	2,436
Office on Asian and Pacific Islander Affairs	780
Deputy Mayor for Health and Human Services	597
Office of Veterans’ Affairs	394
<b>Total</b>	<b>\$3,767,381</b>

The **Department of Health** concentrates on three priority areas: HIV/AIDS prevention and awareness, health and wellness, and public health systems. A majority of the agency’s \$241 million budget comes from federal sources.

The **Department of Mental Health** works with contractors in a variety of settings to provide services for DC residents in need of mental health care, and it operates St. Elizabeth’s Hospital, a psychiatric facility. The agency’s budget in FY 2013 is \$179 million.

The **Department of Disability Services** coordinates care and housing to city residents with physical or mental disabilities. The FY 2013 budget for this agency is \$93 million.

The **Department of Parks and Recreation** runs 68 recreation centers and maintains 900 acres of public park land. The FY 2013 budget for this agency is \$36 million.

### Public Education (\$2 billion in gross funding in FY 2013)

The next biggest chunk of the DC budget goes to Public Education, which includes the DC Public Schools and DC public charter schools, as well as the public library system and the University of the District of Columbia.

**DC Public Schools** provides general classroom instruction, as well as vocational, early childhood, English language learner services, and summer school for about 45,000 students. In FY 2013, DC public schools were allocated \$707 million in gross funds.

The District has a vibrant charter school movement, and a growing portion of public education funding is going to charter schools. As of January 2010, there were 56 charter schools with almost 100 campuses that enrolled almost 28,000 students. In FY 2013, **DC Public Charter Schools** received funding of \$535.4 million to meet both their operating and facility expenses.

Both the traditional public schools and public charter schools are funded through the Uniform Per Student Funding Formula. The formula provides a basic amount of money for each student. There are additional weighting factors, such as grade level and special education. Charter schools also receive a per-pupil allotment for facility expenses, while DCPS gets some support from other agencies, such as building maintenance services provided by the Department of General Services.

The per-pupil funding formula is used to set the overall local funding level for the DC Public School System. The Chancellor then develops a plan to allocate funding among schools and to

Agency Name	FY 2013 Gross Budget (in Thousands)
D.C. Public Schools	\$707,020
D.C. Public Charter Schools	535,364
Office of the State Superintendent of Education	392,727
Non-Public Tuition (Special Education)	109,941
Special Education Transportation	91,190
University of the District of Columbia Subsidy	64,955
D.C. Public Library	43,468
D.C. Public Charter School Board	3,495
Teachers’ Retirement Fund	6,407
Deputy Mayor for Education	2,303
<b>Total</b>	<b>\$1,956,869</b>

central office and other functions. For public charter schools, the amount of money each school receives is dependent upon enrollment.

This sector also includes the Office of the State Superintendent of Education, the University of the District of Columbia, DC Public Library, and the Deputy Mayor for Education.

Table 5-1  
**Enrollments and Expenditures in Two Schools Systems (Local Funds Only)**

	DC Public Schools		Public Charter Schools		Combined Systems		
	Enrollment	Expenditures (dollars in thousands)	Enrollment	Expenditures (dollars in thousands)	Enrollment	Expenditures (dollars in thousands)	Expenditures per enrolled student*
2007	52,191	\$813,902	19,662	\$277,159	71,853	\$1,091,061	\$15,185
2008	49,076	\$868,141	21,743	\$316,675	70,819	\$1,184,816	\$16,730
2009	44,681	\$576,040	25,363	\$385,806	70,044	\$961,945	\$13,733
2010	44,457	\$517,574	27,517	\$375,845	72,084	\$893,519	\$12,396

Note: \*per enrolled student (whole dollars, not thousands)  
Details may not sum to totals because of rounding.

The **Office of the State Superintendent of Education (OSSE)** sets academic policies and requirements. OSSE is also in charge of early childhood care services, school nutrition services, and adult education. The agency’s budget for FY 2013 is \$392.7 million.

**Special Education** includes both the category “non-public tuition” and special education transportation. Non-public tuition is the cost of legally mandated special education services for DC residents provided by private schools, when the DC Public Schools are not able to meet a child’s special education needs. (The District also serves many students with special education needs within DC Public Schools and DC Public Charter Schools, and those funds are reflected in the DCPS and DCPCS budgets.) The cost of special education provided through private schools, including transportation, was \$91.2 million in FY 2013.

The **University of the District of Columbia** received \$65 million in FY 2013. This supports both the university-level functions of UDC and its community college.

The **DC Public Library** system includes the flagship Martin Luther King Jr. library downtown and 24 neighborhood branch libraries. The system’s budget for FY 2013 is \$43.5 million.

## Public Safety (\$1.1 billion in gross funding in FY 2013)

Two agencies make up two-thirds of the Public Safety cluster: the Metropolitan Police Department and the DC Fire and Emergency Medical Services.

The **Metropolitan Police Department** has approximately 4,000 police officers who patrol the city, which is divided into 46 police service areas in seven police districts. The agency's budget for FY 2013 is \$473.7 million.

**DC Fire and Emergency Medical Services** runs 34 firehouses across the city. Most of the city's firefighters are also trained as emergency medical providers. More than four-fifths of the department's 911 calls are medical-related. The DC FEMS budget for FY 2013 is \$199.4 million.

The DC **Department of Corrections** operates the DC Jail and houses inmates at a correctional treatment facility. The department also contracts with private companies that operate four halfway houses. The agency's budget for FY 2013 is \$139.3million.

The **Homeland Security and Emergency Management Agency** concentrates on four areas: Preparedness and protection, incident and event management, homeland security, and agency management. Funding for this agency increased steeply between FY 2008 and 2009. In FY 2013, the agency received \$102 million.

The **Office of Unified Communications** answers and directs calls to the District's emergency number, 911, and non-emergency number, 311. The agency's FY 2013 budget is \$43.8 million.

The **Office of the Chief Medical Examiner** investigates and certifies all unexpected deaths and deaths in which violence is suspected. The FY 2013 operating budget for the agency is \$7.8 million.

When he came into office, Mayor Gray restored the **Office of the Deputy Mayor for Public Safety and Justice**. The mission of the office is to coordinate and provide oversight of the various public safety agencies in this cluster. This office also includes several agencies that were listed separately in prior administrations: Access to Justice, the Office of Victim Services, the Justice Grants Administration, and Motor Vehicle Theft Prevention Commission. The FY 2013 budget for the Deputy Mayor for Public Safety is \$18.4 million.

Agency Name	FY 2013 Gross Budget (in Thousands)
Metropolitan Police Department	\$473,655
Fire and Emergency Medical Services Department	199,374
Homeland Security and Emergency Management Agency	102,039
Department of Corrections	139,289
Police Officers' and Firefighters' Retirement Fund	96,314
Office of Unified Communications	43,840
Office of Deputy Mayor for Public Safety and Justice	18,416
Office of Administrative Hearings	7,962
Office of the Chief Medical Examiner	7,834
D.C. National Guard	8,815
Criminal Justice Coordinating Council	2,249
Office of Police Complaints	2,091
Forensic Laboratory Technician Training Program	0
D.C. Sentencing and Criminal Code Revision Commission	1,389
Commission on Judicial Disabilities and Tenure	295
Judicial Nomination Commission	205
<b>Total</b>	<b>\$1,112,704</b>

## Public Works (\$602 million in gross funding in FY 2013)

The Public Works cluster has some of the most visible, quality-of-life government services agencies.

The **Department of Public Works** is responsible for one service many residents appreciate, and one that some do not: Solid waste management and parking enforcement. The department also maintains the city's fleet of vehicles. The public works budget for FY 2013 is \$111.2 million.

The **Department of Transportation** maintains the city's streets and bridges as well as operates the District's Circulator buses and runs the Urban Forestry Administration. The agency's budget for FY 2013 is \$74.6million.

Agency Name	FY 2013 Gross Budget (in Thousands)
Washington Metro Area Transit Authority	\$286,937
Department of Transportation	74,578
Department of Public Works	111,153
District Department of the Environment	93,296
Department of Motor Vehicles	34,060
D.C. Taxicab Commission	1,607
Washington Metro Area Transit Commission	126
<b>Total</b>	<b>\$ 601,757</b>

The **Department of Motor Vehicles** has an agency budget of \$34.1 million in FY 2013. The department manages 440,000 licensed drivers and identification holders as well as collects fines for approximately 2.4 million parking tickets each year. DMV also conducts 219,000 vehicle inspections per year.

The **DC Taxicab Commission** regulates approximately 6,700 independent taxicab drivers, 116 taxicab companies, more than 1,000 independent limousine drivers and 229 limo companies. The agency's FY 2013 budget is \$1.6 million.

## Economic Development and Regulation (\$393.5 million in gross funding in FY 2013)

This cluster of agencies sets the direction for the city in terms of economic development. Not only does it encompass planning and zoning functions, but it also includes workforce development, affordable housing development, and small business development.

The **Deputy Mayor for Planning and Economic Development** sets the city's development priorities and policies. The budget for FY 2013 is \$41.7 million. The **DC Office of Planning** is in charge of developing plans to execute the comprehensive plan, historic preservation and planning for the city's public facilities, parks and open spaces. The agency's budget for FY 2013 is \$7.3 million.

The **Department of Housing and Community Development** manages a variety of programs — both local and federal — to finance, develop, and preserve affordable housing and homeownership for low-income DC residents. The agency also contracts with community based organizations to help provide housing counseling, tenant assistance, and small business technical assistance. The agency's FY 2013 budget was \$57 million.

The **Department of Employment Services** provides job skills training, labor market analysis and enforcement, and it runs the city's youth summer jobs program. The agency's FY 2013 budget was \$121 million.

The **Department of Consumer and Regulatory Affairs** is responsible for licensing and permits, conducting building inspections as well as enforcing building, housing and safety codes. The agency's FY 2013 budget is \$33 million.

The **Office of the Tenant Advocate** conducts education and outreach on city laws involving rental housing and represents the interests of tenants in legislative, regulatory and judicial matters. The FY 2013 budget for the agency is \$2.1 million.

Agency Name	FY 2013 Gross Budget (in Thousands)
Department of Housing and Community Development	\$57,238
Department of Employment Services	121,000
Housing Production Trust Fund Subsidy	15,000
Department of Consumer and Regulatory Affairs	32,952
Business Improvement Districts Transfer	23,000
Housing Authority Subsidy	14,213
Department of Insurance, Securities, and Banking	20,860
Office of Deputy Mayor for Planning and Economic Development	41,749
Public Service Commission	10,823
Office of Cable Television and Telecommunications	8,592
Office of Planning	7,347
Alcohol Beverage Regulation Administration	6,835
Office of the Peoples' Counsel	6,116
Commission on Arts and Humanities	14,435
Office of Zoning	2,596
Office of Tenant Advocate	2,064
Board of Real Property Assessments and Appeals	1,663
Office of Motion Picture and Television Development	869
<b>Total</b>	<b>\$ 393,538</b>

The **DC Commission on the Arts and Humanities** provides grants that support arts organizations in the District as well as individual artists. The FY 2013 budget for the commission is \$14.4 million.

### Financing (\$952 million in gross funding in FY 2013)

This cluster does not consist of actual agencies, but includes a variety of funds that are used to make debt service payments for capital improvement projects, payments on loans and interest, settlements and judgments, and funds to pay for the improvement of school facilities, just to name a few.

**Debt service** includes the interest and principal repayment of bonds the city issues to support infrastructure projects. The District also engages in short-term borrowing to help manage its cash flow during the year. Other debt service costs include the expenses associated with issuing bonds and a school modernization fund. The FY 2013 total operating budget for debt service was \$6 million.

The **Settlements & Judgments** fund is a reserve set aside for court judgments and rulings against the District of Columbia. The FY 2013 budget for Settlements & Judgments was \$21.5 million.

The **District Retiree Health Contribution** includes funds for the District to make payments for health and life insurance for retired DC government employees.

The **Pay-As-You-Go Capital Fund** provides the District with funding to do capital projects and improvements without borrowing.

The **Convention Center Transfer** fund holds a portion of the District's sales taxes that are automatically transferred to the Convention Center to support its operations.

Agency Name	FY 2013 Gross Budget (in Thousands)
Repayment of Loans and Interest	\$467,424
District Retiree Health Contribution	107,800
Convention Center Transfer	106,729
TIF and PILOT Transfer	0
Master Equipment Lease/Purchase program	50,036
Baseball Transfer	0
Pay-As-You-Go Capital Fund	35,803
Highway Trust Fund Transfer	36,472
Certificates of Participation	32,542
Non- Departmental	34,161
Settlements and Judgments	21,477
Emergency planning and Security Fund	24,700
School Modernization Fund	8,626
Repayment of Revenue Bonds	8,222
Debt Service- Issuance Costs	6,000
Repayment of Interest on Short-term Borrowing	4,390
John A. Wilson Building Fund	4,193
Emergency and Contingency Reserve Fund	3,000
<b>Total</b>	<b>\$ 951,575</b>

## Governmental Direction and Support (\$632 million in FY 2013)

This cluster consists of several agencies that help manage, run and support the general operations of the DC government.

The **DC Council** is the legislative branch of District government. It comprises 13 members, including one elected representative from each of the city's eight wards, four at-large members elected citywide, and one chairman, who is elected citywide. The operating budget for the DC Council in FY 2013 is \$21 million.

**Advisory Neighborhood Commissions** are unpaid, grassroots elected representatives who advise the District on decisions involving planning and zoning in specific areas. The commissioners review and make recommendations on liquor licenses, zoning changes and permits. The operating budget for the ANCs in FY 2013 is \$894,000.

The **Office of the Mayor** is divided into six core offices: Executive office of the Mayor, support services, boards and commissions, communications, policy and legislative affairs, and the Mayor's correspondence unit. The operating budget for the Office of the Mayor in FY 2013 is \$12 million.

The **Office of the City Administrator** provides support, oversight and leadership over the city's agencies. The office has three major functions: Resource management, and labor relations. The operating budget for the city administrator's office in FY 2013 is \$3.4 million.

Agency Name	FY 2013 Gross Budget (in Thousands)
Department of General Services	\$ 250,917
Office of the Chief Financial Officer	129,445
Office of the Attorney General	80,755
Office of the Chief Technology Officer	53,416
Office of Finance and Resource Management	19,667
Council of District of Columbia	21,007
Office of the Inspector General	15,686
Office of the Mayor	11,992
D.C. Department of Human Resources	7,814
Office of Contracting and Procurement	8,971
Board of Elections and Ethics	5,962
Office of the D.C. Auditor	3,951
Office of the City Administrator	3,401
Medical Liability Captive Insurance Agency	2,496
Office of the Secretary	3,246
D.C. Office of Risk Management	2,962
Office of Disability Rights	1,688
Office of Campaign Finance	2,601
Office of Employee Appeals	1,468
Public Employee Relations Board	1,151
Advisory Neighborhood Commissions	894
Contract Appeals Board	1,051
Metropolitan Washington Council of Governance	408
D.C. Board of Ethics and Government Accountability	1,039
<b>Total</b>	<b>\$631,986</b>

The **Office of the Chief Financial Officer** provides financial management services to the DC government. The OCFO makes sure spending remains within approved budgets or expected revenues so that deficits do not occur. The FY 2013 budget for the OCFO is \$129.4 million.

The **Department of General Services** was established in 2012 to centrally manage services related to government facilities, including DC public schools. The Department of General Services manages the capital improvement and construction program for District government facilities, acquires and disposes of real property, and provides building services such as custodial, security, utilities management, maintenance, inspection, and repairs. The DGS budget for FY 2013 is \$250.9 million.

The **Board of Elections and Ethics** runs the city's elections. The board is in charge of voter registration, election administration, and election operations. A three-person board makes policy decisions and supervises the activities of the agency. The FY 2013 budget for the board of elections is \$6 million.

The **Office of Campaign Finance** is the regulatory agency policing the conduct of public officials and candidates in regards to campaign finance laws. The FY 2013 budget for the Office of Campaign Finance is \$2.6 million.

The **Office of the Attorney General** handles legal matters for the city. The OAG represents the District in civil litigation, prosecutes certain criminal offenses, advises the Mayor, Council and other agencies, and represents the city in other legal proceedings. The office includes about 350 attorneys and an equal number of support staff. The FY 2013 budget for the OAG is \$80.8 million.

Two agencies act as watchdogs inside government: The **Office of the Inspector General** and the **Office of the DC Auditor**. The Office of the Inspector General conducts independent audits and investigations into the use of District funds and resources. Its budget for FY 2013 is \$15.7 million. The DC Auditor helps the DC Council assess spending and improve efficiency in programs. Its budget for FY 2013 is \$4 million.

## Appendix B: A Glossary of Key Terms

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**Agency:** Division of city government that is in charge of service delivery, such as Department of Public Works.

**Budget:** A spending plan that outlines expenditures and revenues for a given period of time.

**Operating Budget:** Spending plan for day-to-day government operations.

**Capital Budget:** pending plan for infrastructure, such as roads and schools.

**Budget Request Act:** Legislation that sets the funding level for each program and activity.

**Budget Support Act:** Legislation needed to enact budget, including policy changes and new rules.

**Current Services Funding Level:** Amount of funding needed to maintain current services.

**Expenditure:** Payments for personnel, goods and services, and other expenses needed to carry out the functions of the DC government.

**Federal Funds:** Funding provided by the federal government.

**Financial Plan:** Budget for the city's current fiscal year and three years beyond.

**Fiscal Year:** Length of time budget is allocated; in DC, fiscal year is from October 1 through September 30.

**Fixed Expenses:** Costs incurred in day-to-day operations. For District government, fixed costs include electricity, rent, and janitorial services.

**Full-Time Equivalent or FTE:** One or more employment positions in which the combined work is equal to one full-time year round worker (40 hours and 52 weeks).

**General Fund:** Expenditures funded with locally raised taxes and fees, including special purpose funds.

**Home Rule:** Law which allows city to govern itself.

**Intra-District:** An accounting mechanism to track payments for services provided by one District agency on behalf of another District agency.

**John A. Wilson Building:** DC's City Hall at 1350 Pennsylvania Avenue NW, which houses the Mayor's office and the DC Council.

**Local Revenue:** Includes tax and non-tax revenue that is not earmarked for a particular purpose.

**Mark-up:** Changes made by DC Council committee to legislation.

**Medicaid:** Government health insurance for some categories of low-income residents.

**Rainy Day Fund:** Informal term for financial reserves set aside by cities and states to address unforeseen circumstances.

**Emergency Fund:** One of two parts of the congressionally mandated rainy day fund used for natural disasters.

**Contingency Fund:** One of two parts of the congressionally mandated rainy day fund used for budget shortfalls and unexpected drops in revenue

**Revenue:** The annual income or receipts of the District from taxes, charges, grants and investments.

**Tax:** A financial charge or levy assessed on income, property or other goods and services to support government services.

**Transparency:** Ease of understanding and clarity.

**Uniform Per Pupil Student Funding Formula:** Amount of local funds allocated to DCPS and to each public charter school based on student enrollment and selected student characteristics.