



February 26, 2009

## TEN WAYS TO IMPROVE THE TRANSPARENCY OF THE DC BUDGET

By Jenny Reed and Lindsay Clark

A transparent DC budget — one that provides accurate, clear, and timely information — is critical to promoting a healthy discussion of budget priorities, to enabling the DC Council to perform its agency oversight functions, and to empowering residents to hold public officials accountable for the delivery of public services. Mayor Fenty’s proposed fiscal year 2009 budget, submitted in March 2008, included changes in the format of budget documents that were intended to provide a clearer budget, with the addition of the new funding tables and new agency performance indicators. Yet the reaction to the new budget format from many DC Council members, advocates, and residents included notable criticisms, in part because the FY 2009 budget also left out some kinds of information that had been included in prior-year budgets.

The efforts by the office of the Mayor to improve the transparency of the DC budget are laudable, yet more needs to be done to make the budget accessible. Many of the problems in the format of the FY 2009 budget are not new, but instead reflect issues that have been on-going for years. Prior DC budgets consistently failed to allow budget consumers to find even basic information on many programs, including funding history and the level of services provided.<sup>1</sup>

This means, for example, that a DC resident cannot use the budget to find how much the District spends on beautification projects in his or her neighborhood, such as tree planting. A children’s advocate cannot find out how much funding is dedicated to the Keys for Life program, which teaches foster children skills to attain self-sufficiency. And each spring, when the Mayor submits a budget for the upcoming year, anyone wanting to compare the proposed funding for a particular program with this year’s budget cannot perform this simple task with confidence. This is because the DC budget documents show only initially approved funding for the current fiscal year and do not include any mid-year adjustments, which are common.

This paper outlines ten key ways the District could work to improve its budget transparency, as early as next year’s budget, based on a review of the FY 2009 Budget and Financial Plan documents. Some of the suggestions are relatively easy and simply require adding existing unpublished data to budget tables and taking fuller advantage of the web to make more budget information publicly available. Other changes — such as improving the quality of agency performance measures — are

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<sup>1</sup> Ed Lazere, “Improving the Transparency of the DC Budget,” DC Fiscal Policy Institute, July 2002.

harder and require a thorough review of each agency's budget format, but nonetheless are achievable and worthwhile.

The ten recommendations — which are discussed in more detail below — are:

- 1) Develop meaningful narrative descriptions of each agency's programs and services
- 2) Include narrative descriptions of all new policy initiatives in a proposed budget
- 3) Restructure each agency's budget line items to better match its programs and services
- 4) Develop program performance measures for each agency that reflect an agency's most important services
- 5) Expand online budget information, including making "CFO Source" available to the public
- 6) Include information on the revised current-year budget when the proposed budget for the upcoming year is submitted
- 7) Provide explanations when programs are re-organized or moved from one agency to another
- 8) Eliminate the double-counting of funds that are transferred from one agency to another
- 9) Improve the reporting of funds in "special purpose" accounts
- 10) Improve the reporting of expenditure of federal funds

Public input on any changes to the budget format is critical to ensuring that the process results in a more common-sense budget that can be readily understood by residents. This report recommends that all major changes in the budget format should be submitted in draft form for public comment before being adopted.

## **Transparency Improvement #1**

### **Develop Meaningful Narrative Descriptions of Each Agency's Programs and Services**

Good narrative descriptions of each agency's programs and key services are critical to putting the budget's financial data in context and to enabling readers to track funding for services of interest to them. Yet the new budget format for FY 2009 includes only short description of the "programs" within each agency, and no descriptions of the "activities" within each program. (The DC budget for each agency is broken into "programs" and "activities." See the box on the next page for more on the DC budget structure.) This makes it difficult to understand the activities and services provided by each agency. For an example of how the narrative descriptions changed from FY 2008, see Table 1.

The lack of adequate narrative sections is not, however, a new problem. In prior years, DC budget documents included narratives that described each agency's program and activities only generally, but often did not provide details on services provided. For example, the Department of Employment Services has a "Youth Programs Information" activity that includes the Summer Youth Employment Program (SYEP) — a flagship program in DC — as well as the Mayor's Youth Leadership program and programs for in-school and out-of-school youth.<sup>2</sup> However, the budget's narrative for this activity in prior years did not list SYEP or any of these other services and instead offered only this vague description:

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<sup>2</sup> Email from Elizabeth DeBarros, Department of Employment Services, to Lindsay Clark, Policy Analyst, DC Fiscal Policy Institute.

### Understanding DC's Performance-Based Budget Structure

The District of Columbia budget structure is organized into three categories: programs, activities, and services. A “program” is a subunit of an agency, and consists of several “activities.” An activity is comprised of a set of services that are “grouped around a common purpose,” and a service is a “deliverable or product” that residents receive. This structure is a result of DC’s transition to performance-based budgeting in the early 2000s, which links spending to programs, activities, and services in order to more easily measure results.

The DC budget currently provides data only at the program and activity levels. The lack of service-level budget detail significantly reduces its transparency. It is worth noting, however, that the District is working toward including service-level detail, which is required under the performance-based budgeting law (D.C. Code 17-308.01). (This is discussed further in Recommendation Three.)

Example of DC's Budget Structure Fiscal Year 2009 DOES Workforce Development Program and Activities		
		Proposed FY 2009 (\$ in Thousands)
	Program/Activity	
(4000)	<b>Workforce Development</b>	
(4100)	Senior Services	\$519
(4200)	Program Performance Monitoring	\$3,641
(4300)	Office of Apprenticeship Info & Training	\$1,566
(4400)	Transitional Employment	\$14,374
(4500)	Employer Services	\$2,551
(4600)	One-stop Operations	\$6,297
(4700)	Labor Market Information	\$900
(4800)	Youth Programs Information	\$35,150
<b>Subtotal (4000) Workforce Development</b>		<b>\$64,998</b>

Source: Government of the District of Columbia FY 2009 Proposed Budget and Financial Plan March 2008

**Youth Programs Information** — provides employment, training, and related services to District residents between the ages of 14 and 21 so they can remain and advance in school, obtain and retain employment, and access post-secondary education/training opportunities.<sup>3</sup>

This means that a reader of the budget would have no way of finding the SYEP in the DC budget or knowing what services are provided under Youth Programs. (As discussed in Recommendation Three below, the fact that many programs are folded into one line item also makes it hard to track funding levels of individual programs.)

<sup>3</sup> P. B-67, Government of the District of Columbia FY 2008 Proposed Budget and Financial Plan, Vol. 2, March 2007.

**TABLE 1**  
**FY 2008 AND FY 2009 BUDGET NARRATIVES FOR THE DEPARTMENT OF HUMAN SERVICES' INCOME MAINTENANCE PROGRAM**

<b>FY 2009</b>	<b>FY 2008</b>
<p><b>Income Maintenance</b> — determines the eligibility of applicants for assistance programs funded by the federal and District governments. Its mission is to help low-income individuals and families obtain and maintain employment, so they can achieve self-sufficiency.</p> <p>Sources: Government of the District of Columbia FY 2008 Proposed Budget and Financial Plan, pg. E-14, June 2007 &amp; Government of the District of Columbia FY 2009 Proposed Budget and Financial Plan, pg. E-2, March 2008.</p>	<p><b>Income Maintenance</b> — determines the eligibility of applicants for assistance programs funded by the federal and District governments. Its mission is to help low-income individuals and families obtain and maintain employment, so they can achieve self-sufficiency.</p> <p>The program contains the following 5 activities described as follows:</p> <ul style="list-style-type: none"> <li>▪ <b>Income Assistance</b> – provides financial assistance services to eligible individuals so that they meet their basic needs;</li> <li>▪ <b>Temporary Assistance to Needy Families (TANF)</b> – provides employment readiness, skill development training, educational enrichment, and social support services to eligible individuals so that they can be socially and economically self-reliant;</li> <li>▪ <b>Case Management Services</b> – provides case planning, service coordination, and monitoring services to consumers with complex, multiple problems and/or disabilities so that they can access all of the services and assistance needed;</li> <li>▪ <b>Eligibility Determination Services</b> – provides program eligibility determination services to disadvantaged individuals so that they can access available services; and</li> <li>▪ <b>Quality Assurance</b> – provides monitoring and review services for stakeholders so that they can be assured of quality human services delivery and accountability.</li> </ul>

Another example of a key program that has not been adequately described in the budget is the Temporary Assistance for Needy Families (TANF) program. TANF is a critical safety net program that serves needy families with children in DC, and receives millions in federal funds. Yet in recent

budgets, the narrative description of this activity did not mention that TANF is a program for families with children and that it includes a cash assistance component. Instead, it described TANF services TANF only generally:

**Temporary Assistance to Needy Families (TANF)** — provides employment readiness, skill development training, educational enrichment, and social support services to eligible individuals so that they can be socially and economically self-reliant.<sup>4</sup>

Many other state budgets contain more thorough narratives. Examples of more meaningful program descriptions can be found in the Connecticut and Pennsylvania state budgets. These state budgets include a description of the broad functions of each program within each department as well as more detailed descriptions of the key services provided and the populations served. For example, in Pennsylvania's budget, the "Income Assistance" activity (or program element) is one of the three major activities of the Income Maintenance program within the Department of Public Welfare.<sup>5</sup> The narrative for the Income Assistance activity describes the four major services it administers — which include Cash Assistance (TANF and the state income assistance program), Low-Income Home Energy Assistance, Supplemental Security Income, and the Disability Advocacy Program. Figure 1 provides an excerpt from the full activity description.

Even the District's budget has had more meaningful narrative descriptions at times in the past. The District's FY 1999 budget document, for example, provided more detailed descriptions of programs and activities in many cases, including the Department of Human Development (now Department of Human Services) budget chapter. For example, the narrative section of the Income Maintenance Administration (IMA) in DC's FY 1999 budget presented a brief description of the four key programs it administered at the time (TANF, General Public Assistance, Eligibility Determination, and Food Stamps) and the population served. The budget chapter also offered a separate narrative section for both the TANF and General Public Assistance (GPA) programs. See Figure 2 for an example of the IMA FY 1999 program and activity descriptions.

To enhance DC's budget transparency, the narrative sections should be added back into the budget, and they also should be improved to include more detailed descriptions of programs and services provided under each line item. To ensure that the narratives adequately serve this purpose, the Office of the Mayor and the Office of Budget and Planning should be required to share drafts of the narratives for each agency for public comment prior to release of the FY 2010 budget.

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<sup>4</sup> See p. E-14, Government of the District of Columbia FY 2008 Proposed Budget and Financial Plan, Vol. 2, March 2007.

<sup>5</sup> The other two elements include: Employment, Training, and Work Supports, and Child Support Enforcement.

**Figure 1**  
**Example of State Budget with Thorough Program Descriptions:**  
**The Pennsylvania Budget's Description of the Income Maintenance Program**

**Program: Income Maintenance**

The broad purpose of public assistance is to provide temporary support to families in transition from dependency to economic self-sufficiency. Support may include limited education, job training and placement assistance, child care, transportation and other support services and cash.

**Program Element: Income Assistance**

Cash assistance is provided for a limited time to people who meet income and resource guidelines and who comply with work activity requirements.

The cornerstone of the program is an Agreement of Mutual Responsibility (AMR) established between the client and the commonwealth. Caseworkers in the County Assistance Offices (CAO) meet with applicants for cash assistance, medical assistance and food stamps to review financial and nonfinancial criteria to determine eligibility for benefits. As a condition of eligibility for cash assistance, recipients are required to sign and comply with the economic self-sufficiency plans in their AMR. The AMR outlines the steps that the individual will take and the services that the caseworkers in the CAOs will provide to enable the family to reach its goals. After assessing potential barriers to employment, most adult welfare recipients are required to immediately take realistic, concrete steps that will lead to increased success in the workplace upon applying for benefits. Adults are required to either work or participate in a work related activity.

Upon application or re-determination for cash, data is entered into the department's client information system and is available for Medical Assistance program determinations as well as cash assistance and food stamps. All final Medical Assistance claims payments and most Cash Grants payments are generated through the central office using automated systems.

Cash assistance is provided to persons determined by the staff in CAOs to be eligible for the Temporary Assistance for Needy Families (TANF), the state General Assistance (GA) and the State Blind Pension (SBP) programs. The TANF program provides state and federal funds for temporary cash support for families in transition to self-sufficiency. GA and SBP, on the other hand, are entirely state-funded programs. Most GA recipients are individuals or married couples with no dependent children but with disabilities that prevent employment. State Blind Pension recipients are persons who meet age, vision and personal resource requirements specified in the Public Welfare Code.

Federal regulations placed a five-year lifetime limit on cash assistance benefits for most adult recipients which allowed a hardship exemption for up to 20 percent of the caseload. The department has implemented regulations that define the hardship exemption and make provisions for extending the time period for a family with multiple barriers to employment to reach self-sufficiency.

**The Low-Income Home Energy Assistance Program (LIHEAP)** assists eligible households by offsetting the burden of high energy costs and intervening in energy crisis situations. The eligibility standard, which is subject to annual revision based on the availability of funding, includes every household member's income. Cash payments are made to energy suppliers for persons responsible for paying heating costs or directly to those households where home heating is included in the rent. Crisis payments are made to energy suppliers and may cover heating costs as well as emergency repairs to heating systems.

Source: FY 2008-2009 Proposed Governor's Executive Budget (Pennsylvania, 2009) pp. E33.24-25.

**Figure 2**  
**Example of Thorough Program Narratives in Older DC Budgets:**  
**FY 1999 Narrative Description for the Department of Human Development's**  
**Income Maintenance Administration**

**Mission:** To reduce poverty, promote economic independence, and assist needy individuals in achieving self-sufficiency through employment and participation in work-related activities.

The Income Maintenance Administration (IMA) administers the following programs:

- Temporary Assistance for Needy Families, which provides financial assistance to meet the needs of children under 18 years of age who are deprived of parental support by one or both parents due to death, continued absence, unemployment, or incapacity. The program provides monthly cash assistance to families with needy children and supportive services to help families secure employment.
- The General Public Assistance for Children (GPC) program, which provides assistance to children who are residing with an unrelated caretaker. Benefits for these children are equal to those provided to children receiving TANF.
- Eligibility determination for the Medicaid program and the local D.C. Medical Charities program, which provide health care coverage for the District's impoverished residents.
- The Food Stamp program, which is a federal program that provides coupons to recipients to be used in exchange for certain food items.

Although TANF and GPC are administered by IMA, funds for cash assistance, employment services, and supportive services paid under these programs are maintained by TANF and General Public Assistance control centers, which are described in the following two sections. The IMA control center only contains funds for program administration.

Source: Government of the District of Columbia FY 1999 Proposed Budget and Financial Plan, June 1998.

## **Transparency Improvement #2**

### **Include narrative descriptions of all new policy initiatives in the budget**

The FY 2009 budget provides a table in each agency's budget chapter to highlight new policy initiatives. While this format is useful, the table is not backed up by a narrative to describe the initiatives in detail, making it hard to understand their impact. For example, the table in the FY 2009 budget that highlights the policy initiatives for the Department of Employment Services lists a \$5.9 million initiative to "eliminate the waiting list for the Transitional Employment Program." Yet the budget provides no information on the current number of residents served, the size of the waiting list, or the number of additional residents who will be served by a funding increase — which would help a reader understand and assess this policy proposal.

Moreover, the tables that highlight policy initiatives do not link the proposed funding increases to corresponding budget line items in the main budget tables, making it difficult to assess the reasons behind funding changes in programs and activities in the tables. For example, the Office of Deputy

**TABLE 2**  
**POLICY INITIATIVES OF THE DEPUTY MAYOR FOR ECONOMIC DEVELOPMENT AS PRESENTED IN THE FY 2009 PROPOSED BUDGET**

Policy Initiatives	(\$ in Thousands)
Expand New Communities human capital services (one-time);	\$4,000
Develop database for tracking affordable housing pipeline (one-time); and	\$588
Fund personnel and procurement assessments.	\$108
<b>Subtotal: Policy Initiatives</b>	<b>\$4,696</b>

Source: Table E-B05, FY 2008 Approved Budget to FY 2009 Proposed Budget

Mayor for Planning and Economic Development (DMPED) received a \$588,000 funding increase to “develop a database for tracking affordable housing pipeline.” Yet the description does not identify the specific program and activity where the increase will occur. (There also is no further description of this initiative’s purpose.) Table 2 shows the table of DMPED policy initiatives as listed in the FY 2009 proposed budget.

Some states’ budget documents include narratives to describe new policy initiatives, their impact, and where the funding increase can be found in an agency’s budget line items. The Arizona state budget, for example, includes narrative sections immediately following the agency budget tables. The narrative sections describe the amount, reason, and expected impact of proposed funding changes. Figure 3 provides an example of a narrative description from the Arizona FY 2009 proposed state budget on the Governor’s recommendation to appropriate \$10.7 million to increase the number of children in the child welfare system who are placed in permanent homes. The Connecticut and Kansas state budgets also include narrative descriptions of policy initiatives.<sup>6</sup>

Mayor Fenty’s budget office has indicated that it plans to include narrative descriptions of policy initiatives in the FY 2010 budget. To ensure consistency across agencies, the Mayor’s office should work with the Office of Budget and Planning to develop a template for these descriptions. The template, which should be shared in draft form for public comment, should include information to tie each policy initiative with the specific program and activity under which the initiative will be carried out.

**Figure 3**  
**Example of a Narrative Description of a Policy Initiative From the FY 2009 Arizona Budget**

Executive Recommendation: Permanency for Children

When children cannot be reunited with their family, the Department looks at other options to place them in permanent homes. Adoption is a legal process in which the birth parents’ rights are severed from the child. In contrast, permanent guardianship allows the birth parents to retain their rights even though it removes a parents’ legal custody of a child. Grandparents and other relatives often serve as permanent guardians. The Executive recommends \$10.7 million for an anticipated 8% adoption caseload increase (11,666 children per month) and a permanent guardianship caseload growth of 14.7% (2,587 children per month).

Source: The Executive Budget, FY 2009 (Arizona), p. 65

<sup>6</sup> See FY 2009 Governor’s Budget Report (Kansas) available at <http://budget.ks.gov/gbr.htm> and the FY 2008-2009 Governor’s Budget (Connecticut) available at <http://www.ct.gov/opm/cwp/view.asp?a=2958&q=382892>.

**TABLE 3  
FY 2009 DHS INCOME MAINTENANCE PROGRAM BUDGET DETAIL**

		(\$ in Thousands)			
		<b>Actual Local FY 2007 (Unaudited)</b>	<b>Approved FY 2008</b>	<b>Proposed FY 2009</b>	<b>Change from FY 2008</b>
	<b>Program/Activity</b>				
<b>(2000)</b>	<b>Income Maintenance</b>				
(2010)	Income Assistance	\$20,878	\$18,720	\$13,847	\$-4,873
(2020)	Temporary Assistance for Needy Families (TANF)	\$95,940	\$121,783	\$155,249	\$33,466
(2030)	Case Management Eligibility	\$14,629	\$5,406	\$14,673	\$9,267
(2040)	Determination Services	\$45,978	\$45,683	\$48,822	\$3,139
(2050)	Quality Assurance	\$2,859	\$3,119	\$3,818	\$698
(2060)	Subsidy Transfer	0	0	\$10,187	\$10,187
<b>Subtotal (2000)</b>	<b>Income Maintenance</b>	<b>\$180,015</b>	<b>\$194,712</b>	<b>\$246,597</b>	<b>\$51,885</b>

Source: Table E-B06, p. B-8, FY 2009 Proposed Budget and Financial Plan

### **Transparency Improvement #3**

#### **Restructure Budget Categories to Reflect Discrete Programs That Are Recognizable to the Public and Organized to Match the Way Programs and Services Are Administered**

A longstanding budget transparency problem in the District is the difficulty of tracking funding for individual services. This is due to the fact that the DC budget does not make service-level budget information available. Instead, several services are bundled into one line item (or activity) in the DC budget, making it hard to track funding for specific programs.

For example, the TANF activity in the Department of Humans Services (DHS) has a budget of \$155 million for FY 2009. TANF is a complex program that includes many components, including cash assistance payments, job training, teen pregnancy prevention, domestic violence services, homeless services, and others. Yet TANF shows up in the DC budget as a single line item, and there is no detailed breakdown of funding for the services under this very large program. Table 3 shows how the DC budget displays the budget detail for the DHS “Income Maintenance Program,” which includes TANF. (The DC budget also includes an “income assistance” activity, but it is not clear whether this includes TANF cash assistance.)

In another example, as noted in Recommendation One, the Summer Youth Employment Program (SYEP) is part of a larger “Youth Programs” activity in the Department of Employment Services (DOES) budget. Combining SYEP with other programs in one line item makes it impossible to track funding just for SYEP over time, despite the prominence of this program in the District. It would make sense to establish SYEP as its own line item.

Creating a more meaningful budget line item structure requires a substantial overhaul of the DC budget. It is worth noting, however, that DC agencies track their expenditures internally in a much more detailed way than what is reflected in the published budget. DHS, for example, tracks the amount it spends on each of the key TANF services. (See Table 4.) These internal budget systems could serve as a useful starting point for developing more meaningful line items in the budget documents prepared for the public.

In addition, the Office of Budget and Planning has started the process of implementing 2005 legislation that requires more detailed budget line items.<sup>7</sup> That legislation requires the budget for an agency's "activities" to be broken out into services, if a service has a budget of \$5 million or more or for services "determined by the Mayor or the Council to be a priority for the District of Columbia." This would mean, for example, that the \$155 million TANF activity would be broken out in budget documents into a number of specific TANF services. According to the DC Code, service level budgets should have been available for all relevant agencies in the FY 2009 budget; due to technical difficulties, however, implementation has been delayed. Consequently, the FY 2009 budget includes service level budget data for just the agencies within the Government Direction and Support, Public Safety and Justice, and Public Works appropriation titles.

The FY 2010 budget should include service level budgets for the entire DC budget, although this currently is not being planned. The instructional guide developed by the Office of Budget and Planning (OBP) to help agencies develop their FY 2010 budget proposals notes that inclusion of service level budgets for additional agencies is tentative.<sup>8</sup> Given that full implementation of the 2005 law will substantially improve the transparency of the DC budget, the Mayor and the Council should avoid further delays and set a deadline for full implementation.

To ensure that each agency's new budget structure is meaningful to the public and policymakers and matches the agency's key programs and services, the new structure should be developed with public input. This could be accomplished by establishing an informal task force for each agency to develop the new budget structure, or by having each agency's proposed budget structure released for public comment.

In addition to these changes, the DC budget would be improved by providing greater detail on use of major blocks of federal funds that have flexible purposes, such as TANF or the Maternal and Child Health Block Grants. For these programs, the budget could include special tables that show how the funds are distributed. This was done in the District's FY 1999 budget for the TANF program.<sup>9</sup> The inclusion of special tables for large designated pots of funds is also done in other states' budget documents. The Kansas budget, for example, includes a table that details total revenue for TANF broken out by federal and state funding, funds transfers, and expenditures. (See Table 5.)

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<sup>7</sup> D.C. Code 47-308.01. For more information on DC's service-level budgeting work see pg. 4-1, the Service Level Budgeting Chapter within the *Special Studies* volume of the Mayor's FY2009 Proposed Budget Financial Plan, [http://cfo.dc.gov/cfo/frames.asp?doc=/cfo/jobs/pdf/special\\_studies.pdf](http://cfo.dc.gov/cfo/frames.asp?doc=/cfo/jobs/pdf/special_studies.pdf).

<sup>8</sup> FY 2010 Operating Budget Manual, D.C. Government, Office of the Chief Financial Officer, Office of the Budget and Planning, September 17, 2008, pg. 64.

<sup>9</sup> See pg. D-22, Government of the District of Columbia FY 1999 Operating Budget and Financial Plan, June 1998.

**TABLE 4  
EXAMPLE OF SERVICE-LEVEL DETAIL THAT THE DC BUDGET SHOULD PROVIDE: FY  
2009 SERVICES PROVIDED UNDER THE TEMPORARY ASSISTANCE FOR NEEDY  
FAMILIES ACTIVITY**

<b>Description</b>	<b>Proposed FY 2009</b>
TANF/Cash Assistance - Local/Local	25,000,000
TANF/Cash Assistance - Local MOE	25,405,200
T115 (Prof Services)	110,489
TANF/Jobs	13,072,800
TANF/Job Training (APRA/RSA)	1,615,161
<b>Total Local</b>	<b>65,203,650</b>
TANF/Income Assistance (FY07)	0
TANF/Income Assistance (FY08)	7,250,000
TANF/Income Assistance (FY09)	917,863
ECEA TANF funds	29,334,884
AFDC Recovery	0
TANF Recovery	0
TANF/Jobs (FY07)	0
TANF/Jobs (FY08)	5,000,000
TANF/Jobs (FY09)	4,927,200
TANF/CBPI/Faith Based (FY07)	0
TANF/CBPI/Faith Based (FY08)	600,000
TANF/CBPI/Faith Based (FY09)	1,100,000
TANF/Domestic Violence	175,000
TANF/Family Preservation	10,500,000
TANF/Family to Family	500,000
TANF/Fatherhood	1,200,000
TANF/Home Visits (FY07)	0
TANF/Home Visits (FY08)	500,000
TANF/Home Visits (FY09)	1,275,000
TANF/Mini Grants	350,000
TANF/New Heights	1,000,000
TANF/Other	8,338,792
TANF/PATHS	1,500,000
TANF/TAPIT	250,000
Homeless Services	4,027,000
TANF/Teen Pregnancy	1,300,000
<b>Total Federal</b>	<b>80,045,739</b>
TANF/Cash Assistance - Local/Local	9,000,000
TANF/Cash Assistance - Local MOE	1,000,000
Total Intra-District	10,000,000
<b>Total TANF</b>	<b>155,249,389</b>
Source: Unpublished data provided by email from the Department of Human Services (April 2008)	

**TABLE 5  
KANSAS BUDGET TABLE WITH DETAIL ON TANF REVENUES AND  
EXPENDITURES BY SERVICE**

Temporary Assistance to Needy Families			
\$ in Millions			
	<b>FY2007</b>	<b>FY2008</b>	<b>FY2009</b>
Beginning Balance	\$ 7.5	\$ 12.4	\$ 12.9
<b>Revenue</b>			
Federal TANF Grant	\$ 101.9	\$ 101.9	\$ 101.9
Total Revenue Available	\$ 109.4	\$ 114.3	\$ 114.9
<b>Transfers</b>			
Child Care Development Fund	\$ (25.5)	\$ (22.8)	\$ (22.7)
Social Services Block Grant	\$ (7.2)	\$ (7.2)	\$ (7.2)
Workforce Development Loan Prg.	\$ (0.1)	\$ (0.1)	\$ (0.1)
<b>Expenditures</b>			
Administration	\$ 2.7	\$ 3.1	\$ 3.0
Program Staff	\$ 9.3	\$ 10.5	\$ 10.3
Temporary Assistance for Families	\$ 26.9	\$ 21.2	\$ 19.2
Employment Services	\$ 11.2	\$ 12.4	\$ 12.4
Children's Services	\$ 13.1	\$ 22.9	\$ 22.9
Alcohol & Drug Abuse Services	\$ 1.2	\$ 1.4	\$ 1.4
<b>Total Expenditures</b>	<b>\$ 64.4</b>	<b>\$ 71.3</b>	<b>\$ 69.2</b>
<b>Ending Balance</b>	<b>\$ 12.4</b>	<b>\$ 12.9</b>	<b>\$ 15.7</b>

Source: Governor's Budget Report, Vol. 1, FY2009

#### **Transparency Improvement #4**

#### **Ensure Program Performance Measures Are Clear, Relevant, And Cover the Most Important Aspects of Each Agency's Services**

Performance measures play an important role in the budget process by informing decision-makers and the public as to how effectively and efficiently the District government is delivering services to residents. The Mayor's office undertook an effort to revise every agency's performance measure for FY 2009. While this is commendable, a review of the new measures shows that quality is still lacking in many cases.

The FY 2009 budget includes a new set of "key performance indicators" that are displayed in a single table within each agency's budget chapter. Some performance indicators present basic information related to an agency's mission or function, such as the number of children in the District's neglect and abuse system. Other indicators present a performance goal the agency hopes

to achieve and data on the agency's actual performance. For example, one performance indicator for the Child and Family Services Agency is the percent of children and youth who are placed in permanent homes after they leave the child welfare system.

Placing all of an agency's "key performance indicators" in one table is a useful way to display this information and an improvement from prior year budgets, which interspersed performance measures throughout the budget's narrative sections. Yet many indicators remain inadequate. There are at least four major shortcomings with the indicators, some of which were also cited in a 2008 report from the DC Auditor:<sup>10</sup>

- **Some performance measures are unclear or irrelevant.** Performance measures often fail to cover the most important aspects of an agency's performance. The DC Auditor's report notes that agencies sometimes use overly technical jargon, choose indicators that "target narrow aspects of program performance," and overemphasize bureaucratic processes. These issues make it difficult for a reader to interpret the relevance of certain measures. For example, a performance measure for the Department of Planning is the "Percent of approved PUDs or District-subsidized projects that include TDM measures."<sup>11</sup>

The lack of clarity is compounded by the fact that the performance measures do not include a narrative to describe the measures in more detail, highlight the programs to which the measures relate, or explain the measures' significance. Without a narrative for this measure, it is difficult for the reader to understand what this means and what aspect of the agencies' performance this indicator measures.

Another issue is that performance measures often focus only on outputs, such as the number served — but not on efficiency of service or outcomes, such as actual changes in quality of life for residents. For example, the report notes that while the Department of Employment Services (DOES) includes the share of participants in the Transitional Employment program that move from subsidized to unsubsidized employment, DOES fails to include more outcome-oriented measures, such as information on the average wage and job retention. (These are data DOES monitors for programs funded with federal dollars for reporting to the U.S. Department of Labor.)

- **Agencies use too few measures to adequately assess their performance.** The Fenty Administration requested that agencies pare down the number of performance measures to just 10 to 12 for FY 2009, in order to focus measures on key initiatives, according to the DC Auditor's report.<sup>12</sup> This is insufficient to comprehensively evaluate large agencies that perform many services. For example, the Department of Health (DOH) delivers an array of health services — from HIV treatment and prevention to maternal and prenatal care — and relevant measures are needed to cover each of these programs, as well as data on the different

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<sup>10</sup> See Deborah K. Nichols, District of Columbia Auditor, "Performance Measurement System Needs Long-Term Stability and Commitment to Maximize Effectiveness," Office of the District of Columbia Auditor, March 26, 2008.

<sup>11</sup> See pg. B-15, Government of the District of Columbia FY 2009 Proposed Budget and Financial Plan, Vol. 2, March 2008.

<sup>12</sup> See pg. 14, Nichols, 2008.

**TABLE 6**  
**EXAMPLES OF LIMITED AND INADEQUATE PERFORMANCE MEASURES IN THE DC BUDGET:**  
**FY 2009 PERFORMANCE MEASURES FOR THE**  
**OFFICE OF THE DEPUTY MAYOR FOR PLANNING AND ECONOMIC DEVELOPMENT**

<b>Performance Measure</b>	<b>FY 2006 Actual</b>	<b>FY 2007 Actual</b>	<b>FY 2008 Target</b>	<b>FY 2009 Target</b>	<b>FY 2010 Target</b>
1. Plan and hold economic development update meetings in each ward per year	N/A	N/A	8	16	16
2. Publish electronic DMPED community newsletters	N/A	N/A	6	12	12
3. Units of affordable housing -- Under construction/Executed Land Disposition Agreements	N/A	N/A	1100	1101	1102
4. Ratio of private funds to public funds leveraged through DMPED projects	N/A	N/A	3:1	3:1	3:1

Source: Table E-B06, p. B-8, FY 2009 Proposed Budget and Financial Plan

demographics groups. As the Auditor’s report cites, DOH currently only has two measures focusing on child health, and does not include key measures such as low birthweight, prenatal care, and lead screening.<sup>13</sup> Another example is the Office of Deputy Mayor of Planning and Economic Development. This office coordinates, plans, and supervises economic development programs, and has an operating budget of \$86 million. Yet the agency reports only four performance measures in the DC budget, and even some of these are not representative of its most important functions. (See Table 6.)

The Mayor’s office has indicated that it expects agencies to provide three performance measures for each agency objective in the FY 2010 budget. It is not yet clear whether this will be sufficient to cover sufficient performance information for key programs.<sup>14</sup>

- **It often is not clear why a particular numerical goal has been set for a given program.** For many performance measures, the budget highlights a goal, but it typically provides little or no explanation for why that goal has been selected. This makes it difficult at times to understand the reasoning behind the selection of certain targets. For example, the Metropolitan Police Department (MPD) has set a target of reducing violent crime and property crime rates by 5 percent, as well as improving the clearance rates for burglaries. It would be useful to know if these targets were set based on industry standards and how these targets compare with other cities and states. Table 7 lists MPD’s performance measures for FY 2009 for select years.
- **Most measures fail to provide the key information on the level of services provided (such as the number of people served).** Most performance indicators in the DC budget are

<sup>13</sup> The Auditor’s report notes that DOH included 55 performance measures in its original FY 2008 plan, and pared the number of measures down to 10.

<sup>14</sup> See pg. 22 of “Building and Measuring a City that Works: A Guide to Performance Management in the District of Columbia,” [http://capstat.oca.dc.gov/Pdf.aspx?pdf=http://oca.dc.gov/oca/lib/oca/performance\\_toolkit/performance\\_guide\\_2008\\_final.pdf](http://capstat.oca.dc.gov/Pdf.aspx?pdf=http://oca.dc.gov/oca/lib/oca/performance_toolkit/performance_guide_2008_final.pdf).

**TABLE 7  
FY2009 PERFORMANCE MEASURES FOR THE METROPOLITAN POLICE DEPARTMENT**

	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Performance Measures</b>	<b>Actual</b>	<b>Target</b>	<b>Target</b>
1. Percent change in DC Code Index violent crime	-4.3%	-5.0%	-5.0%
2. Percent change in DC Code Index property crime	2.2%	-5.0%	-5.0%
3. Clearance rate for homicides (percent change)	70.2%	70.0%	70.0%
4. Clearance rate forcible rape (percent change)	TBD	5.0%	5.0%
5. Clearance rate for robbery (percent change)	TBD	5.0%	5.0%
6. Clearance rate for aggravated assault (percent change)	TBD	5.0%	5.0%
7. Clearance rate for burglary (percent change)	TBD	5.0%	5.0%
8. Clearance rate for larceny-theft (percent change)	TBD	5.0%	5.0%
9. Clearance rate for motor vehicle theft (percent change)	TBD	5.0%	5.0%
10. Percent increase of motor vehicle thefts resolved	TBD	5.0%	5.0%
11. Rate of sustained citizen allegations of police misconduct per 1,000 sworn members	15.7%	-2.0%	-2.0%
12. Percent increase of citizen accounts on District list serves	N/A	10.0%	10.0%
All targets except the homicide clearance rate represent percent changes from the previous year actual. The target for the homicide clearance rate is the actual percentage.			
Source: See Table FAO-6, p. C-13, FY2009 Proposed Budget and Financial Plan.			

listed as percents — such as the goal of serving 70 percent of eligible children in DC receiving subsidized child care. While this information is useful, the budget doesn't include data on the number of children covered by DC's child care subsidy program or the number who are eligible. It is impossible to assess the effectiveness of funds being spent on child care without this information. Table 7 also shows how agencies report measures in percentages.

Some state budgets include more meaningful performance data than the DC budget. For example, Connecticut's key performance measures provide important baseline data (reported in absolute numbers and percents where applicable), such as the total number of families receiving TANF payments, child care subsidies, and the average benefit amounts. Data on the estimated amounts for future years are also provided. (See Table 8 for an example of Connecticut's performance measures for its Income Support Services programs.)

In addition, other jurisdictions, such as New York City and Prince William County, publish supplemental documents that provide critical information on performance measures beyond those included in the budget.<sup>15</sup>

Prince William County's report, titled "Service Efforts and Accomplishments Report," provides narrative on trends in performance, accomplishments, and goals, as well as descriptions of the measures and targets established by the agency and current and historical performance data. The report also compares the county's performance with neighboring jurisdictions.

<sup>15</sup> Prince William County, Virginia, "2006 Service Efforts and Accomplishments Report," (April 2006), <http://www.pwcgov.org/default.aspx?topic=040059000700004170>, and City of New York, Michael R. Bloomberg, Mayor, [http://www.nyc.gov/html/ops/downloads/pdf/2007\\_mmr/0907\\_mmr.pdf](http://www.nyc.gov/html/ops/downloads/pdf/2007_mmr/0907_mmr.pdf).

**TABLE 8  
PERFORMANCE MEASURES FOR CONNECTICUT'S  
INCOME SECURITY SERVICES PROGRAM**

<b>Program Measures</b>	<b>2005-2006 Actual</b>	<b>2006-2007 Estimated</b>	<b>2007-2008 Projected</b>	<b>2008-2009 Projected</b>
<b>Temporary Family Assistance</b>				
Applications received	28,632	28,632	27,200	26,656
Applications granted/percent	16,195/57%	16,195/57%	15,504/57%	15,194/57%
Paid cases (monthly average)	22,556	21,366	20,793	20,272
Paid recipients (monthly average)	49,122	46,195	45,121	43,990
Adults	15,315	14,320	13,988	13,637
Children	33,807	31,875	31,133	30,353
Number of families entering employment	11,660	12,200	12,800	13,500
<b>Aid to the Aged, Blind and Disabled</b>				
Applications received	8,990	9,000	9,180	9,364
Applications granted/percent	4543/50%	4500/50%	4590/50%	4700/50%
Paid cases (monthly average)	16,045	15,429	14,991	14,579
<b>State Administered General Assistance</b>				
Paid cases (monthly average)	4,594	4,715	4,763	4,811
<b>Child Day Care Centers</b>				
Slots financed/utilized	4,295/6,743	4,295/6,743	4,295/6,743	4,295/6,743
Infants	1,152	1,152	1,152	1,152
Pre-school	2,783	2,783	2,783	2,783
School age	360	360	360	360
Average subsidy amount per family	\$ 6,120	\$ 6,120	6,623	7,155
<b>Before and After School Grant Programs</b>				
Programs funded/Licensed slots	11/2,780	11/2,780	11/2,780	11/2,780
<b>Non-TFA Working Families - Priority Group 4</b>				
Families/children served (monthly average)	4,225/6,295	5,578/8,311	6,176/9,202	6,289/9,370
<b>TFA Child Care</b>				
TFA families employed or in training receiving child care/month	1,686	1,584	1,633	1,825
Former TFA families receiving transitional child care/month	4,068	4,163	4,306	4,361
<b>Child Support Enforcement</b>				
<b>TFA</b>				
Active IV-D cases	24,973	25,500	24,500	24,500
Total collections (millions)	\$ 44.1	\$ 45.2	\$ 46.1	\$ 46.0
Source: FY 2008-2009 Governor's Budget (Connecticut), p. 424				

Information relevant to measuring agency performance in how services are delivered should be expanded significantly. In order to achieve more meaningful measures, the District should take the following steps:

- **Develop performance measures with public input.** DC law requires that each year the agency performance measures be developed in consultation with agency stakeholders;<sup>16</sup> therefore the selection of performance measures should be done with public input and reviewed by the DC Council and the City Administrator’s office.
- **Revive the inter-agency Performance Management Council.** This council was established under the former administration to provide ongoing guidance and technical assistance to agencies on performance measurement. According to the Auditor’s report, agencies found the council to be a “valuable source of guidance and a useful forum for discussion.”<sup>17</sup>
- **Report the underlying data for performance measures, as well as percentages, in the budget tables.** Performance measures should include absolute numbers, as well as percentages, as is done in Connecticut’s budget.
- **Tie performance measures to specific programs and activities.** It often is not clear which program or activity is responsible for a specific performance measure. The budget tables should include some indication of the activities and services that each performance measure is intended to assess.
- **Publish a supplemental report on performance measures that is user-friendly and available online.** Like Prince William County and other jurisdictions, the District should publish and make available online supplemental reports on agency performance measures. The budget does not provide adequate space to include the type of information necessary to make performance measures meaningful and understandable to readers. The additional documents should include definitions and explanations for the inclusion of performance measures and targets; information on performance trends, goals, and accomplishments; and include key performance data — such as the number of people served by a program.

## **Transparency Improvement #5**

### **Expand Online Budget Information, Including Making “CFO Source” Available to the Public**

The District could meet the goal of providing more budget detail by creating a series of new budget tables that would be available only online. Currently, the online budget tables are limited to those in the published budget books, which are restricted in an effort to maintain a manageable size of the documents. Since this is not an issue affecting online publication, the CFO could develop new sets of online tables, providing greater budget detail than those in the printed budget documents. For example, the DC budget includes data on actual spending in prior years by source of funds (e.g., local vs. federal) and by type of spending (e.g., staffing, contracts, subsidies, etc.) but

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<sup>16</sup> D.C. Code §§ 47-308.02( c), (d), and (f).

<sup>17</sup> Nichols , 2008, p. 19. A key finding of the DC Auditor was that agencies lack the guidance and training needed to implement an effective performance management system, which requires specialized tasks, such as defining measures, setting targets, and collecting and validating data. The Performance Management Council has not met since June 2007, but according to the Auditor’s report, agencies found this Council a useful source of guidance, and reestablishing the Council is a recommendation of the Auditor. The DC Auditor also made additional recommendations for providing guidance and technical assistance, including the development of a user-friendly guidebook to performance management.

### **Ways to Improve Budget Transparency beyond the Books**

The proposed budget, each fiscal year, is the most widely used tool the government has to communicate its budget priorities to the public. However, there are ways, beyond the budget books, that the government could assist the public in fully understanding the implications of funding and program changes and new policy recommendations.

- **Have each District agency hold a public budget briefing.** Just as the federal government does, the District could require all agencies to hold a budget briefing with the agency director and lead agency financial officer. This could be an opportunity to discuss their budget in greater detail and allow the public to comment and ask questions. This would be especially useful in cases where new programs were added or existing programs were shifted or moved within another agency. The briefings could occur right after the Mayor officially releases his budget and would also serve the purpose of helping the public prepare for the Council hearings on an agency's budget.
- **Make available supplemental materials to help place the budget in context.** Oftentimes, agencies have strategic business plans to help inform budget priorities. These plans are an important component of the budget helping the public understand where an agency is heading and why certain expansions or contractions of programs and services may be warranted. While a rationale for changes should be included in the budget, these supplemental documents provide greater detail and should be referenced in the budget so that the public can easily locate them.
- **Use the web to provide more detailed budget information.** DC could, and should, take fuller advantage of the internet to provide greater budget detail to the public online. A diverse set of actors use the budget and therefore need different types and levels of budget detail for various purposes. The internet provides a means of publishing information that may not be feasible to include in the published documents.

only at a broad program level. Online budget tables could provide this critical information for each activity within each program, as well.

The District could also make its online budget tracking tool — CFO Source — available to the public. CFO Source allows users to track expenditure information at detailed levels and over time, something that would not be possible in published documents due to size limitations. Yet CFO Source is available only to a limited number of DC government officials and elected officials. Making CFO Source available online would enhance public understanding of the budget and contribute to an open and transparent accounting of how taxpayers' dollars are spent. There are steps the Office of Budget and Planning would need to take to ensure that the data made available online fall within legal guidelines and are accessible, but no significant technical obstacles exist. The authority to make CFO Source available online could come from a Mayor's Order or from Council legislation.

### **Transparency Improvement #6**

#### **Include Figures on the Revised Current-Year Budget in the Budget Document**

The budget submitted each spring by the Mayor represents proposed funding for the upcoming fiscal year. One of the most important ways to assess the proposed budget is to compare it to the

current-year funding levels for agencies and programs. For example, a key way to assess the proposed FY 2009 budget submitted by the Mayor was to compare it with the FY 2008 budget.

The DC budget, however, makes this comparison difficult because it shows only the initially approved funding level for the current year, and does not reflect revisions approved in the middle of the year, even though they can be significant. For example, supplemental funding totaling \$200 million was added to the approved FY 2008 budget in the middle of the year, yet the proposed FY 2009 budget documents reflected only the initially approved FY 2008 budget. As a result, changes from FY 2008 to FY 2009 that appear in the FY 2009 budget document often are not meaningful.

The Housing Production Trust Fund (HPTF) is a good example of the need to include revised budget information. The Mayor's proposed FY 2009 budget lists the approved FY 2008 HPTF budget allocation as \$46.5 million. Yet funding for the HPTF changed significantly during 2008 for two reasons.

- Funding for the HPTF is set at 15 percent of deed tax collections, and deed collections in 2008 are lower than the level expected when the FY 2008 budget was adopted. When the FY 2009 proposed budget was released, the expected HPTF funding was down to \$37 million rather than \$46.5 million.
- The HPTF received \$30 million in additional funding from a supplemental FY 2008 budget adopted in January 2008.

This means that the total budget for the Housing Production Trust Fund in FY 2008 was \$67 million rather than the \$46.5 million presented in the FY 2009 budget. However, nowhere in the proposed FY 2009 budget is that \$67 million figure reflected.

In another example, the approved FY 2008 funding level for the Department of Employment Services' Transitional Employment Program was \$11.5 million. The program later received \$7 million in supplemental appropriations, making the FY 2008 revised budget \$18.5 million. This revision was not reflected however, in FY 2009 budget documents. As a result, the FY 2009 funding level of \$14.4 million appears to be an increase because it is compared with the approved FY 2008 budget — when in fact it is a cut from the revised 2008 level.

A number of states include figures on revisions to the current-year budget when they present the proposed budget for the upcoming year, including Kansas, Nevada, and Pennsylvania. As seen in Table 9, Pennsylvania simply takes the revised figures into account in its budget documents, noting with a footnote when a figure has received supplemental funding and the amount.

Kansas prints a "Current Year Adjustments" chapter in its budget that identifies, by agency and relevant programs, any increases or decreases that have occurred since the approval of the budget. The proposed FY 2009 budget, for example, shows 2008 approved budget levels plus any adjustments made after its adoption (see Table 10).

<b>TABLE 9 PENNSYLVANIA USES FOOTNOTES TO CAPTURE REVISED FIGURES</b>			
<b>Public Welfare</b>	Dollars in Thousands		
<b>Summary by Fund and Appropriation</b>	2006-07 Actual	2007-08 Available	2008-09 Budget
<b>Mental Health Services</b>	<b>685,455</b>	<b>725,659<sup>a</sup></b>	<b>736,596</b>
(F) Medical Assistance - Mental Health	214,436	212,752	211,677
(F) Medicare Services - State Mental Hospitals	34,654	25,122 <sup>b</sup>	23,372
(F) Homeless Mentally Ill	2,059	2,047	2,037
<sup>a</sup> Includes recommended supplemental appropriation of \$2,000,000.			
<sup>b</sup> Includes recommended supplemental appropriation of \$2,000,000.			
Source: FY 2008-2009 Proposed Governor's Executive Budget (Pennsylvania, 2009)			

<b>TABLE 10 KANSAS USES A 'CURRENT YEAR ADJUSTMENTS' CHAPTER TO CAPTURE REVISED FIGURES</b>		
<b>Schedule 8 — Current Year Adjustments</b>		
	<b>State General Fund</b>	<b>All Funding Sources</b>
Department of Administration		
Operations Shift of Expenditure Authority from Prior Year	2,761,395	2,761,395
Increase in Wireless Enhanced 911 Grants	–	800,000
Shift in Financial Management System Expenditures to FY 2009	(648,422)	(648,422)
Human Resource Staff for Administration of Employee Compensation	29,915	29,915
Surplus Property Operating Expenditures	–	(68,468)
Federal Cash Management Expenditures	–	(1,426,156)
Municipal Accounting Expenditures	–	10,295
Federal Flood Control Expenditures	–	(16,601)
Miscellaneous Operating Expenditures Reduction	–	(11,025)
Utility Tunnel Repairs	370,170	370,170
Ongoing Capital Improvements	–	1,973,341
Total--Department of Administration	\$2,513,058	\$3,774,444
Source: The Governor's Budget Report, Volume 1 (Kansas, FY 2009)		

Nevada presents a “Supplemental Appropriations” chapter in the state budget submission that details, by department and division, the purpose and amount of supplemental funding an agency received (see Table 11).

**TABLE 11**  
**NEVADA USES A ‘SUPPLEMENTAL APPROPRIATIONS’**  
**CHAPTER TO CAPTURE REVISED FIGURES**

**Supplemental Appropriations**

A supplemental appropriation provides additional funding to meet unanticipated expenses resulting from a current or previous fiscal year shortfall

Department/Division	Purpose	FY 2007
General Fund		
<i>Education</i>		
Department of Cultural Affairs	Nevada Historical Society Covers anticipated FY 07 shortfalls for utilities	\$2,786
Department of Cultural Affairs	Nevada State Library Corrects for excessive federal authority and offsets unrealized vacancy savings within the personal services category	\$57,913
Department of Cultural Affairs	State Museum, Carson City Covers an anticipated FY 07 shortfall for utilities	\$9,925
Department of Education	Distributive School Account Supports the FY06 and FY 07 costs to provide health insurance subsidies to retired school district employees who have joined the Public Employees Benefits Program (PEBP) pursuant to NRS 287.203	\$8,218,777
Department of Education	Other State Education Programs Funds the projected Counselor National Board Certification Program expenditures through the end of FY07	\$125,00

Source: 2007-2009 Executive Budget for the State of Nevada

The District’s proposed budget each year should show the revised budget as of a selected date (such as February 1 or March 1) rather than the initially approved budget. These changes could be accounted for in a number of ways, following the practices of other states. Tables that reflect budget revisions (supplemental funds or reprogramming) should be provided online for readers to access further information on funding changes, and a link to the location of the supplemental budget information should be in the published documents.

**Transparency Improvement #7**

**Explain When Responsibility for a Program or Activity Has Been Transferred To a Different Agency**

Each year a number of programs are restructured, and in some instances, responsibility for managing a program is shifted within an agency or from one agency to another. Yet when this occurs, the budget document typically does not provide an explanation as to the reason for the transfer or detail the specific responsibilities and functions that moved.

For example, the Early Child Care Program was transferred from the Department of Human Services (DHS) to the Office of the State Superintendent for Education (OSSE) in FY 2009. This transfer, however, is only reflected in one line in one table stating “Transfer DHS Early Care and Education Administration program to OSSE” (see Table 12). No information is provided to explain details of the transfer, including the fact that DHS remains responsible for the eligibility component of subsidized child care services.

**TABLE 12**  
**DC'S FY 2009 BUDGET LACKS DETAILS WHEN A PROGRAM OR ACTIVITY IS TRANSFERRED**

<b>FY 2008 Approved Budget to FY 2009 Proposed Budget</b> (\$ in thousands)		
<b>LOCAL FUNDS: FY 2009 INITIAL BUDGET TARGET &amp; FTE'S</b>	<b>\$60,750</b>	<b>61.0</b>
<b>Baseline Adjustments:</b>		
Adjust FTE count to transition state functions to OSSE;	0	229.0
Transfer DHS Early Care and Education Administration program to OSSE;	41,154	3.0
Transfer functions from DCPS to OSSE;	231,497	1,199.0
Fund Blackman-Jones alternative dispute resolution;	9,300	0.0
Revise fixed cost estimates;	-53	0.0
Provide funds to support the Student Hearing Office; and	2,148	0.0
Transfer OSSE general counsel program to OAG.	-869	-6.0
<b>Subtotal: Baseline Adjustments</b>	<b>\$283,176</b>	<b>1,425.0</b>
Source: Government of the District of Columbia FY 2009 Proposed Budget and Financial Plan, Vol. 3, pg. D-31, March 2008.		

When such transfers occur, the budget document should provide a description of the changes, a crosswalk between the old and new budget structures, and information on the past year's and current year's budget using the old and new budget categories. Such information would have been extremely useful in the case of the child care program, which is now an activity under a larger program — the Teaching and Learning program — and therefore has only one line item, rather than being shown as a program comprising several activities. Table 13 shows the information that was lost when this change occurred.

The DC Committee on Health provides much of this information in its committee reports for the agencies under its purview. For example, in the FY 2009 Health Committee budget report for the Department of Health Care Finance, the committee noted that,

\$8.05 million that was included in the Health Care Alliance budget in FY08 was transferred to the contractual services budget line (0041) of the Community Health Administration within the Department of Health in FY 2009 to support the management of the Ambulatory Care Center and former Public Benefit Corporation Clinic contracts.<sup>18</sup>

<sup>18</sup> Committee on Health, "Committee on Health Fiscal Year 2009 Budget Recommendations," pg. 69.

**TABLE 13  
INFORMATION ABOUT PROGRAMS AND ACTIVITIES ARE LOST WHEN TRANSFERRED TO  
ANOTHER AGENCY**

**Early Childhood Development in the Mayor's FY 2008 Proposed Budget under DHS**  
(\$ in thousands)

	<b>FY 2006 (Unaudited)</b>	<b>Approved FY 2007</b>	<b>Proposed FY 2008</b>	<b>Actual Change From FY 2007</b>
<b>Program/Activity</b>				
<b>Early Childhood Development (4000)</b>				
Eligibility Determination Services OECD (4010)	1,004	0	0	0
Child Care Services (4020)	74,235	82,951	91,802	8,851
Child Development Provider Services (4030)	21,532	15,775	5,480	-10,295
Early Intervention Services (4040)	1,936	3,160	2,504	-656
Case Management Services (4050)	153	178	35	-143
Quality Assurance (4060)	92	303	357	53
OECD: Eligibility Determination (4070)	0	1,047	1,169	122
<b>Subtotal: Early Childhood Development (4000)</b>	<b>98,953</b>	<b>103,414</b>	<b>101,346</b>	<b>-2,068</b>

**Early Childhood Development in the Mayor's FY 2009 Proposed Budget under OSSE**  
(\$ in thousands)

	<b>FY 2007 (Unaudited)</b>	<b>Approved FY 2008</b>	<b>Proposed FY 2009</b>	<b>Actual Change From FY 2008</b>
<b>Program/Activity</b>				
<b>(A400) Teaching &amp; Learning</b>				
(A430) Early Care & Education Administration	0	0	99,525	99,525

Source: Government of the District of Columbia FY 2008 Proposed Budget and Financial Plan, Vol. 2B, pg. E-9, June 2007 and Government of the District of Columbia FY 2009 Proposed Budget and Financial Plan, Vol. 3, pg. D-28, March 2008.

The District's budget should provide this type of description in all cases when program management shifts within divisions of an agency or to another agency. These measures will help readers follow programs and activities when they are transferred. If the description and corresponding budget information are too large to fit into the budget document, this information could be presented in a special budget document online. A summary of the changes and a reference to the special chapter should be presented in the budget chapter itself.

Mayor Fenty's budget office has indicated that it plans to include narrative descriptions of program restructuring and shifts in the FY 2010 budget. The Mayor's office should work with the CFO's Office of Budget and Planning to develop a template for the kinds of information that will be included in these descriptions, including tables that provide a cross-walk between old and new budget structures.

## **Transparency Improvement #8 Correct for the Double-Counting of “Intra-District” Funds**

There are instances when funds appropriated to one DC agency are transferred to another agency. These shifts, known as “intra-district” funds, typically occur when one agency contracts with another agency to purchase services. For example, many DC agencies shift funds to the Office of Property Management to cover costs of their property management functions.

These shifts also occur when funding is passed through from one agency to another. For example, the DC budget for FY 2009 includes \$29 million in intra-district funds to reflect federal TANF funds that will be transferred from the Department of Human Services — the designated recipient agency for TANF funds — to the Office of the State Superintendent for Education (OSSE) to fund child care services.

Unfortunately, when funds are transferred from one agency to another through intra-district transfers, they are counted in both places in the DC budget. In the case of the previous example, the \$29 million in intra-district funds shows up in both the OSSE agency budget and the Department of Human Services budget. This results in the double-counting of funds.

The Office of Budget and Planning should establish rules to allow funds to be counted only once, either in the budget of the agency providing the funds or in the budget of the agency that ultimately receives the funds. One possible set of rules is as follows:

- **When funds are passed through from one agency to another, show the funds in the budget of the receiving agency.** In some cases, an agency is the official recipient of a particular funding source but then passes on those funds to another agency. When an agency serves this solely pass-through role, it makes sense to show the funding in the agency that ultimately spends the money on programs and services.

The use of TANF funds for child care is one example. The Department of Human Services is the recipient of this federal funding source, but the city has flexibility to spend those funds in a variety of ways. In FY 2009, the District will use \$29 million of TANF funds on child care through an intra-district transfer from DHS to OSSE. Because the TANF funds will be spent on child care (and not limited to child care for TANF recipients), it makes sense to count these funds in OSSE’s child care budget, not in DHS’s budget.

In another example, the FY 2008 budget for the Deputy Mayor for Planning and Economic Development (DMPED) includes a “Comprehensive Housing Strategy Fund.” Budget legislation directed those funds to be passed through to various agencies, including the Department of Mental Health, the Department of Human Services, and the Department of the Environment, to support a variety of services. Because these agencies actually expend the funds — and because the Deputy Mayor’s Office has no real control over these resources — it would have been better to count the funds only in the budgets of the receiving agencies, not within the DMPED budget.

**TABLE 14  
PENNSYLVANIA USES FOOTNOTES TO CORRECT FOR TRANSFERS**

<b>Public Welfare</b>			
<b>Summary by Fund and Appropriation</b>	<b>\$ in thousands</b>		
	<b>2006-07 Actual</b>	<b>2007-08 Available</b>	<b>2008-09 Budget</b>
<b>Child Care Services</b>	<b>107,671</b>	<b>144,865</b>	<b>173,318</b>
(F) CCDFBG - Child Care Services	190,316	192,465 <sup>j</sup>	190,316
(F) CCDFBG - School Age	1,260	1,260	1,260
(F) SSBG - Child Care Services	30,977	30,977	30,977
(F) Head Start Collaboration Project	450	225	225
(F) TANFBG - Child Care Services	2,000	2,000	2,000
Subtotal	\$332,674	\$371,792	\$398,096
<b>Child Care Assistance</b>	<b>0</b>	<b>201,423</b>	<b>221,331</b>
(F) TANF - Child Care Assistance	0	28,464	28,464
(F) CCDFBG - Child Care Assistance	0	129,343 <sup>k</sup>	131,492
(F) Food Stamps - Child Care Assistance	0	10,747	11,066
Subtotal	\$0	\$369,977	\$392,353

<sup>j</sup> Includes recommended transfer from CCDFBG - Child Care Assistance of \$2,149,000

<sup>k</sup> Reflects reduction from recommended transfer to CCDFBG - Child Care Services of \$2,149,000

Source: FY 2008-2009 Proposed Governor's Executive Budget (Pennsylvania, 2009)

- **When one agency purchases services from another, show the funds in the budget of the agency buying the service.** In some cases, one DC agency will in effect use another agency as a contractor. For example, the Department of Parks and Recreation may have an agreement with the Metropolitan Police Department to provide security at special DPR events. Because those funds represent a use controlled by the Parks Department to further a function of the Parks Department, it would make sense to count these funds in the DPR budget rather than the police budget.

One suggestion for highlighting the transfer of funds can be found in Pennsylvania's budget documents. To reflect the fact that funds are passed through from one agency to another, the state uses footnotes to reflect the transfer. This way the agency receiving the funds shows the increase in funding and the agency handing off the money shows the decrease. Table 14 highlights the example.

Using this mechanism, the accounting that the funds originated in Child Care Assistance and ended up in Child Care Services is documented. The funds are only reflected in the budget for the agency that will actually expend them and are not counted twice. The DC budget could use similar footnotes to explain pass-through transfers. In the case of OSSE's childcare budget, a footnote could explain the \$29 million of the child care budget coming from TANF funds.

The DC budget could also use footnotes to account for funding when one agency purchases services from another. For example, if the Department of Parks and Recreation contracted with the

Metropolitan Police Department for services, footnotes could be used to explain that some funds in the DPR budget were used to purchase services from MPD.

Mayor Fenty's budget office has indicated that it plans to include narrative descriptions of intra-district funds in the FY 2010 budget, but it is not yet clear how that will be done. The Mayor's office should work with the CFO's Office of Budget and Planning to develop a template for the kinds of information that will be included in these descriptions.

## **Transparency Improvement #9 Improve the Reporting of "Special" Funds**

The Mayor's FY 2009 proposed budget includes over \$800 million in special funds — dedicated accounts for specific purposes. The Mayor's FY 2009 budget includes two types of special funds:

- **Special purpose funds.** Often referred to as "O-type" funds, special purpose funds are financed by fees, fines, assessments, or reimbursements, and the use of these funds is restricted to certain specified purposes. Special purpose funds are often non-lapsing funds, meaning that they carry over from one fiscal year to the next. The FY 2009 budget has 178 approved special purpose funds with expected revenues of \$483.5 million in FY 2009. One example is the Home Purchase Assistance Program (HPAP), which provides low- and no-interest loans to help low-income first-time homebuyers.<sup>19</sup> The HPAP fund is financed through the repayments of the loans granted by the program.<sup>20</sup>
- **Dedicated tax revenue funds.** The second type of special fund is one that is financed by revenues dedicated from a specific tax. The Housing Production Trust Fund (HPTF) is an example of this type of fund. The HPTF, which is used for the acquisition, construction, and rehabilitation of affordable multi-family housing, is financed with 15 percent of the District's deed recordation and deed transfer taxes.<sup>21</sup> Dedicated tax revenue funds are often non-lapsing as well. The DC budget contains eight dedicated tax revenue funds with total expected tax revenue of \$380 million in FY 2009.<sup>22</sup>

Currently, the DC budget provides relatively limited information on the use of these funds.

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<sup>19</sup> Other examples of special purpose funds include: Crime Victims Assistance Fund, Hoop Dreams Scholarship Fund, Enterprise Fund Account, the DDOT Unified Fund, and many others. See Table 4-41, pp.4-61 thru 4-68 of the Government of the District of Columbia FY 2009 Proposed Budget and Financial Plan, Vol. 1, March 2008.

<sup>20</sup> The HPAP fund also received funding from an appropriation in FY 2009.

<sup>21</sup> Other examples of special funds financed by tax revenue include: Convention Center Fund, Highway Trust Fund, Ballpark Fund, and the Healthy DC Fund. See pp. 4-41 thru 4-45 of the Government of District of Columbia FY 2009 Proposed Budget and Financial Plan, Vol. 1, March 2008.

<sup>22</sup> The figure does not include the Tax Increment Financing dedicated tax revenue. The figure is also not reflective of the actual fund balances.

## Special Purpose Funds Lack Clear Information

- **Lack of financial detail.** The budget does not provide clear information on the expected balance of each special purpose fund at the beginning of the fiscal year, the planned revenues and expenditures for the fund during the fiscal year, and the expected year-end balance. The revenue chapter of the DC budget has one table (Table 4-41) that lists each special purpose fund, but it does not include all of this information.
- **Lack of a connection to budget line items.** Each agency's budget indicates the total amount it will spend in special purpose funds, but it does not provide information to tie individual special purpose accounts to the programs and activities to which the funds are dedicated. For example, the FY 2009 budget for the primary care activity in the Department of Health notes that it includes \$1.3 million in special purpose funds, but the budget does not list which special purpose account is used for this line item. Because the agency has 19 special purpose accounts totaling \$14.8 million, there is no way to identify the actual account being used for the primary care activity.
- **Lack of a narrative.** Ideally, the budget would include a description of each special purpose fund, including its sources of revenue and allotted uses. The DC budget includes no narrative description of special purpose accounts.

The shortcomings in the reporting on special purpose accounts can lead to accountability problems. The Department of Consumer and Regulatory Affairs has a “building repair” account that is supposed to be used to make repairs in apartment buildings with code violations. A recent report on the fund in the *Washington Post* found that the fund had been under-utilized, that some funds had been diverted to other programs, and that the direct uses of the funds often were not consistent with its purposes.<sup>23</sup> While these problems may have occurred even with better reporting on the fund in the DC budget, the very limited and unclear information made it difficult to hold DCRA accountable for the use of this fund.

## Incomplete Information Is Provided for Dedicated Tax Funds

All of the eight dedicated tax funds are described in the revenue section of the DC budget, with a brief description and tables showing the amount of dedicated taxes for the current fiscal year and projected amounts for future years.<sup>24</sup> But the uses of these funds are not laid out well in the expenditure sections of the budget.

- **Some dedicated funds are not identified in expenditure chapters at all.** The Neighborhood Investment Fund, the Nursing Facility Quality of Care Fund, and the Healthy DC Fund are not identified in any agency budget chapters. It is impossible to determine where these funds are used and what purposes they serve.
- **Information on some dedicated funds in the expenditure chapters is confusing.** Some

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<sup>23</sup> Debbie Cenziper and Sarah Cohen, “Fund Gives Tenants Little Relief,” *Washington Post*, Sunday, May 4, 2008; pg. A01.

<sup>24</sup> See Chapters 3 and 4 of the Government of the District of Columbia FY 2009 Proposed Budget and Financial Plan, Vol. 1, March 2008.

dedicated funds are included as chapters in the expenditure section of the DC budget, including the Housing Production Trust Fund, the Convention Center Authority, and the Ballpark Revenue fund. In each case, however, the budget for FY 2009 is different from the dedicated revenue amount identified in the revenue chapter of the budget. This is likely to reflect the fact that their FY 2009 budgets include unspent funds carried over from prior years, but this is not explained in the budget. The budget for the Housing Production Trust Fund is especially confusing, because it is listed in two different sections of the budget — with two different budget levels. It is included in a chapter both in the “Economic Development” section and in the “Enterprise Funds” section, but the budget amounts for the two chapters are not the same.

The budgets for these funds also suffer from a lack of a meaningful narrative to describe the uses of the funds in recent years or proposed uses in the upcoming year. There is no narrative for the Housing Production Trust Fund or the Convention Center Authority. The Ballpark Revenue Fund is described, but only in a “special studies” section of the budget and not in the actual budget chapter for this fund. Readers of the basic budget document may not be aware of the “special studies” section.

- **Reporting on the Highway Trust Fund may provide a model.** The uses of the Highway Trust Fund are described in a separate volume of the DC budget. This is described in more detail below.

### **New Table Formats Could Help DC Provide a More Transparent Picture of Special Funds**

A transparent budget would explain the function of each special purpose fund and dedicated tax fund, and it would include tables that show the following information: current balance of these funds, expected new revenues into these accounts in the upcoming fiscal year, expected spending from that account, and the expected year-end balance. The information on all funds should be placed in a distinct section of the budget so that it is easy to locate. If all of the information on special funds cannot be contained in a portion of the revenue chapter, because of space constraints, the full, expanded information could be contained as separate chapter(s) under one appropriation title or as a special chapter accessible online.

Two examples from other states show how the District could improve its reporting of special funds. The Arizona budget provides a description of each special fund, beginning balance, revenues, and uses for the fund for each fiscal year (see Table 15). This allows the user to more easily determine the final fund balance and provides a more accurate accounting of funds. Pennsylvania also provides tables for each of its major funds.<sup>25</sup>

The District’s Highway Trust Fund provides another example. The budget for the trust fund includes a table that shows the beginning balance, interest earnings, sources of revenue (including dedicated taxes), and the expected uses of the fund (see Table 16). This information is provided for prior and future fiscal years. The table does not, however, include a thorough narrative to help readers understand the contents.

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<sup>25</sup> See, Chapter C in the FY 2008-2009 Proposed Governor’s Executive Budget (Pennsylvania, 2009).

**TABLE 15**  
**ARIZONA'S BUDGET HAS A USEFUL MODEL FOR REPORTING ON SPECIAL FUNDS**

<b>Fund Number 2235 Housing Trust Fund</b>			
Under A.R.S. 41-3955, the fund receives 55% of the state's unclaimed property revenue, which is administered by the Department of Revenue. The fund is primarily used to conduct various programs such as housing maintenance, eviction prevention, and growth initiatives. Less than 2% of the fund is appropriated and this amount is for the purposes of administering the programs within the Housing Trust Fund.			
	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Sources</b>			
Beginning Balance	47,787.1	66,026.8	65,998.2
Revenues	43,846.5	45,161.9	46,516.7
<b>Sources Total</b>	<b>91,633.6</b>	<b>111,188.7</b>	<b>112,514.9</b>
<b>Uses</b>			
	<b>Department</b>		
Operating Expenditures	Arizona Department of Housing	703.8	7,397.3
Non-Appropriated Expenditures	Arizona Department of Housing	24,903.0	37,793.2
<b>Uses Total</b>		<b>25,606.8</b>	<b>45,190.5</b>
<b>Housing Trust Fund Total</b>		<b>66,026.8</b>	<b>65,998.2</b>
		<b>63,009.9</b>	

Source: The Executive Budget, FY 2009 (Arizona), p. 334

In addition, the budget tables for each agency that include information on funding for programs and activities should provide information that shows the specific special purpose funds used in each program and activity. (As noted, the budget identifies the amount of special purpose funds used for each program and activity, but it does not identify the specific funds used.)

**Transparency Improvement #10:  
Improve the Reporting of Expenditure of Federal Funds**

DC, like other states, relies on multiple sources of federal funding, and the effective use of these funds is an important issue. Federal funding in the DC budget for FY 2009 totals \$2.23 billion, or 26 percent of gross funding. Moreover, many of the District's agencies, such as the HIV/AIDS Administration, rely heavily on federal funding, with 83 percent of its budget coming from federal funds. It is important that these funds are made transparent in order for the public to be able to see a complete picture of the DC budget.

Yet, the DC budget provides little detail on the use of federal funds. The budget's Operating Appendices document identifies the total amount of federal funds used in each program, but it does not identify the specific source of federal funds tied to each program. For example, the FY 2009 budget for the "affordable housing" program within the Department of Housing and Community Development includes \$19 million in federal funds, but it is not clear what federal funding source that reflects.

**TABLE 16**  
**THE DISTRICT'S LEVEL OF DETAIL REPORTED ON THE HIGHWAY TRUST FUND CASH PROSPECTIVE SHOULD BE REPORTED FOR ALL SPECIAL FUNDS**

	D.C. Traspo. Trust Fund FY 2007 (Actual)	Federal Aid FY 2007 (Actuals)	Total FY 2007 (Actuals)	D.C. Traspo. Trust Fund FY 2008 (Actuals)	Federal Aid FY 2008 (Actuals)	Total FY 2008 (Actuals)
<b>Sources</b>						
Beginning Balance	\$7,200,628	\$415,688,908	\$422,889,536	\$18,218,820	\$436,302,811	\$454,521,631
Interest Earnings	857,776	0	857,776	332,226	0	332,226
Dedicated Revenues-						
-Motor Fuel Tax	26,775,985	0	26,775,985	26,938,000	0	26,938
-Parking & Storage	7,087,447	0	7,087,477	8,014,000	0	8,014,000
-Incremental Vault Fees	6,854,434	0	6,854,434	3,656,120	0	3,656,120
-Right of Way Rental Fees	6,701,064	0	6,701,064	6,701,000	0	6,701,000
Misc. Reimbursements	14,411	0	14,411	960,000	0	960,000
Operating Fund Surplus	7,149,486	0	7,149,486	846,040	0	946,040
Federal Aid Apportionments		150,001,372	150,001,372		147,734,091	147,734,091
<b>Total</b>	<b>\$62,641,231</b>	<b>\$565,690,280</b>	<b>\$628,311,511</b>	<b>\$65,666,206</b>	<b>\$584,036,902</b>	<b>\$649,703,108</b>
<b>Uses</b>						
Project Management	2,638,516	13,585,684	16,224,200	4,582,047	20,328,878	24,910,925
Non-Participating Cost	20,774,595	0	20,744,595	14,680,497	0	14,680,497
Design, Site, Constr. & Equip. Cost	21,009,300	115,801,785	136,811,085	31,110,371	138,980,311	170,090,682
<b>Total</b>	<b>\$44,422,411</b>	<b>\$129,387,469</b>	<b>\$173,809,880</b>	<b>\$50,372,915</b>	<b>\$159,309,189</b>	<b>\$209,682,104</b>
<b>ENDING BALANCE</b>	<b>\$18,218,820</b>	<b>\$436,302,811</b>	<b>\$454,521,631</b>	<b>\$15,293,291</b>	<b>\$424,727,713</b>	<b>\$440,021,004</b>

Source: Government of the District of Columbia FY 2009 Proposed Budget and Financial Plan, Special Studies: Highway Trust Fund, March 2008.

A separate table in the Operating Appendices — Schedule 80 — shows the proposed funding level for specific federal funding sources, at the agency level, for the upcoming year. For example, the FY 2009 budget for the Department of Health lists expected federal revenues of \$22 million from federal Ryan White CARE Act funds,<sup>26</sup> but this table has major limitations.

- **The budget only shows proposed federal funding in the upcoming year.** The budget does not show the actual federal funds, by specific federal source, used in prior fiscal years. In other words, the DC budget provides no information on the amount of any particular federal funding source actually used in any given year. Because actual expenditures may vary from budgeted levels, this information is important.<sup>27</sup>

<sup>26</sup> Ryan White CARE Act funds provide for the development and implementation of programs to provide health care, treatment, and support services to individuals with HIV/AIDS and their families.

<sup>27</sup> One table (Schedule 40) shows the amount of federal funds used in various DC programs but does not identify the specific source of federal funds.

**TABLE 17  
ONE POSSIBLE FORMAT FOR DISPLAYING FEDERAL FUNDING  
INFORMATION IN THE DC BUDGET**

<b>Revenue Source Name</b>	<b>FY 2009 Budget Request</b>		<b>FTE's</b>
Ryan White Care Act Title II	\$10,932		13.7
<b>Description:</b> To improve the quality, availability, and organization of health care and support services for individuals with HIV/AIDS and their families. Includes the AIDS Drug Assistance Program earmark, which provides HIV-related prescription medications to uninsured and underinsured individuals living with HIV/AIDS.			
	<b>Actual</b>	<b>Budget</b>	<b>Proposed</b>
<b>Sources</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
Beginning Balance	X,XXX	X,XXX	X,XXX
Revenues	X,XXX	X,XXX	X,XXX
Grant Match	X	X	X
Maintenance of Effort	X	X	X
<b>Sources Total</b>	<b>\$XX,XXX</b>	<b>\$XX,XXX</b>	<b>\$XX,XXX</b>
<b>Program/Activity Uses</b>			
(3010) HIV/AIDS Support Services	XXX	XXX	XXX
(3015) HIV/AIDS Policy and Planning	X	X	X
(3020) HIV Health & Support Services	X,XXX	X,XXX	X,XXX
(3030) HIV/AIDS Data and Research	X	X	X
(3040) Prevention and Intervention Services	X,XXX	X,XXX	X,XXX
(3052) Communicable Disease	X	X	X
(3060) Drug Assistance Program (ADAP)	XXX	XXX	XXX
(3070) Grants and Contracts Management	XXX	XXX	XXX
(3090) HIV/AIDS Housing and Supportive Services	X	X	X
<b>Uses Total</b>	<b>\$X,XXX</b>	<b>\$X,XXX</b>	<b>\$X,XXX</b>
<b>Ryan White Care Act Title II Total</b>	<b>\$X,XXX</b>	<b>\$X,XXX</b>	<b>\$X,XXX</b>

- **The DC budget does not tie specific federal funding sources to specific programs.** While it is likely that Ryan White CARE Act funds are tied to the HIV/AIDS Administration, the DC budget chapter does not provide information to confirm that. For other federal revenue sources, the connections to specific DC programs may not be so clear. As noted, Schedule 80 in the DC budget only shows the expected use of each federal funding source at the agency level and does not tie this funding to specific programs and services.
- **The DC budget provides no information on unused federal funding and whether it carries over to future years.** While the budget shows the proposed amount of federal funds for an upcoming fiscal year, it does not indicate the extent to which that amount reflects spending prior-year funds that have carried over.

To improve the accounting of federal funds in DC’s budget, a new table should be added that ties specific federal funding sources to programs and activities within each agency. The table should include not only the proposed use of federal funds for the upcoming year, but also actual expenditures of federal funds in prior years and the amount of carryover funds, if any.

Using the example of the HIV/AIDS Administration and the Ryan White CARE Act federal funds, Table 17 shows a suggested format for displaying this information. A table that displays a description of the federal grant fund, the beginning balance, the ending balance, revenues, and uses — at the line item level — would help improve the transparency of these funds. The information on all federal funds could be presented as a special online chapter if space constraints in the printed budget are an issue.

In addition to such a table, the budget tables for each agency that include information on funding for programs and activities should show the specific federal funding sources used in each program and activity. (As noted, the budget identifies the amount of federal funds used for each program and activity, but it does not identify the specific funds used.)

## **Conclusion**

The ten recommendations outlined in this paper, if implemented, would significantly improve the transparency of the DC budget. The budget is one of the most important documents a government uses to communicate its priorities to the public; unfortunately, the District’s budget in many ways fails to provide basic information on government spending that is needed for the public and elected officials to track where and how effectively taxpayer dollars are being spent.

If changes to the budget format are designed well, they can serve as a basis for the city’s budget for years to come, avoiding the problem of frequent changes to the budget format that make year-to-year comparisons challenging. To help ensure that budget transparency reforms achieve this goal, public input on proposed changes should be sought so that the changes result in budget documents that are readable and easily understood by residents.

A more transparent DC budget will have many positive effects. It will enhance democracy by enabling DC residents to understand and participate more in budget discussions. It will improve the ability of the DC Council to play its oversight role. And as a result of these, it will help ensure that DC funds are spent efficiently to meet the highest priority needs of DC residents.