

THE CITIZENS' BUDGET

AFFORDABLE HOUSING ■ EDUCATION ■ HEALTH ■ JOBS ■ LIBRARIES ■ YOUTH

FY 2007

PROPOSED BUDGET & FINANCIAL PLAN

VOLUME 1 EXECUTIVE SUMMARY



Submitted to the
Congress of the United States
by the
Government of the District of Columbia
June 5, 2006



Government of the District of Columbia
FY 2007 Proposed Budget
and Financial Plan

The Citizens' Budget

Volume 1

Executive Summary

Submitted
to the
Congress of the United States

by the

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June 5, 2006



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**District of Columbia Government
District of Columbia**

For the Fiscal Year Beginning

October 1, 2005

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Budget Presentation to the District of Columbia for its annual and capital budget for the fiscal year beginning October 1, 2005.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria of a policy document, a financial plan, an operational guide and a communications device.

The award is the fourth in the history of the District of Columbia. The Office of Budget and Planning will submit this FY 2007 Budget and Financial Plan for consideration by GFOA, and believes the FY 2007 Proposed Budget and Financial Plan continues to conform to the GFOA's requirements.

Government of the District of Columbia

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Robert C. Bobb
City Administrator

Alfreda Davis
Chief of Staff

Herbert R. Tillery
Deputy Mayor for Operations

Edward D. Reiskin
Deputy Mayor for Public Safety and Justice

Brenda Donald Walker
Deputy Mayor for Children, Youth, Families, and
Elders

Stanley Jackson
Deputy Mayor for Planning and Economic
Development

Natwar M. Gandhi
Chief Financial Officer

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Chairman

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David A. CataniaAt Large
Phil MendelsonAt Large
Kwame Brown.....At Large
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Adrian Fenty.....Ward 4
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Sharon Ambrose.....Ward 6
Vincent GrayWard 7
Marion BarryWard 8

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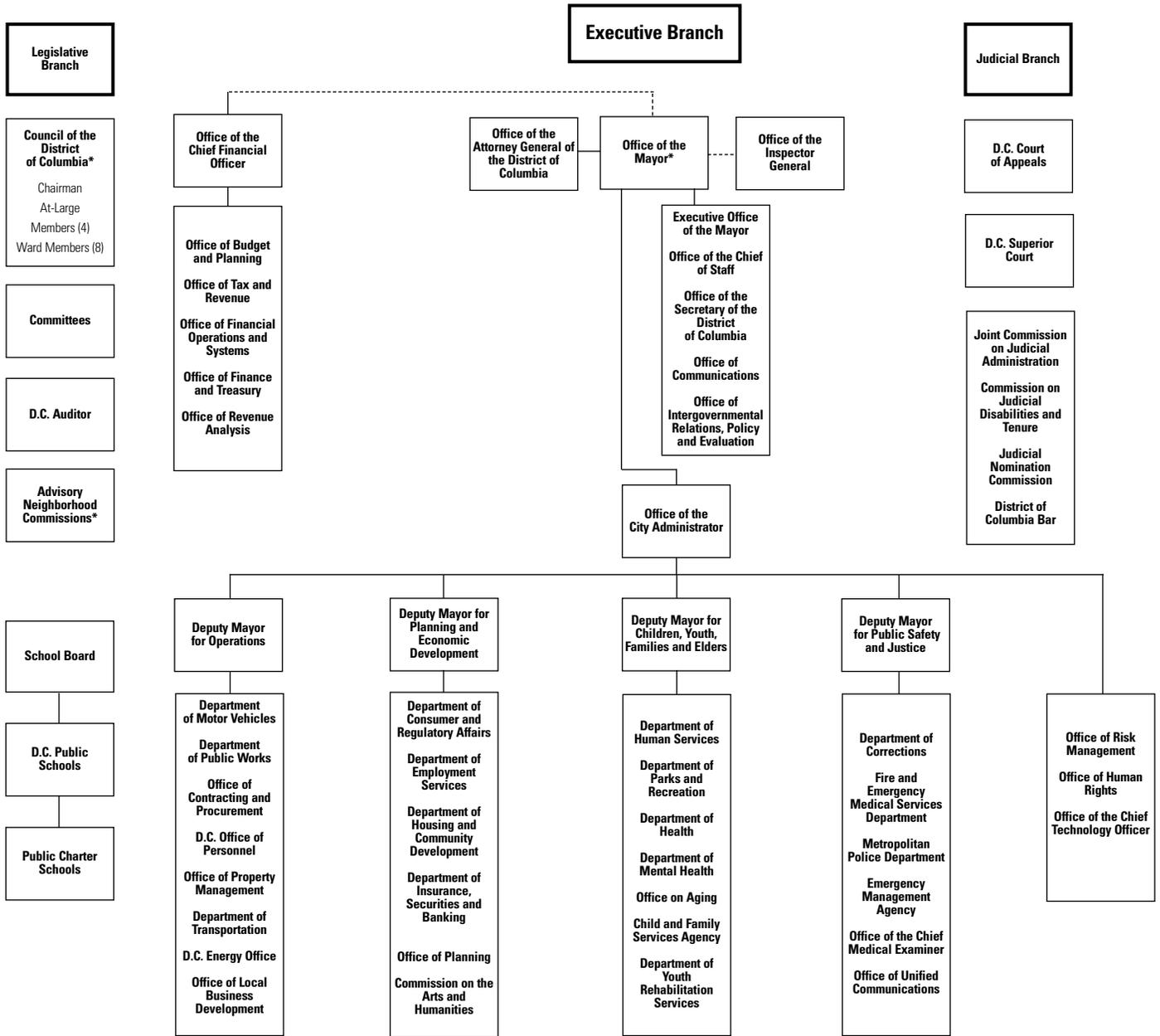
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Carlotta Osorio, Acting Deputy Director
Evelyn Bandoh
Omar Herzi
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**Government
of the District
of Columbia**



Government of the District of Columbia



Independent Agencies

- Water and Sewer Authority
- District of Columbia Retirement Board
- Office of Employee Appeals
- Public Employee Relations Board
- Washington Convention Center Authority
- Housing Finance Agency
- Public Defenders Services
- Pretrial Services Agency
- D.C. Lottery and Charitable Games Control Board
- Board of Library Trustees
- University of the District of Columbia Board of Trustees
- D.C. Sports and Entertainment Commission
- Office of the People's Counsel
- D. C. Housing Authority

Charter Independent Agencies

- Zoning Commission
- D.C. Public Schools
- Public Charter Schools
- Public Service Commission
- Board of Elections and Ethics

Regional Bodies

- Metropolitan Washington Council of Governments
- National Capital Planning Commission
- Washington Metropolitan Area Transit Authority
- Washington Metropolitan Area Transit Commission
- Washington Metropolitan Airports Authority

* Elected officials

FY 2007 Proposed Budget and Financial Plan

Volume 1

Executive Summary

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The FY 2007 Budget Request Act

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- Volume 2 - FY 2007 Proposed Budget and Financial Plan - *Agency Budget Chapters*
- Volume 3 - FY 2007 Proposed Budget and Financial Plan - *Operating Appendices - Part 1*
- Volume 4 - FY 2007 Proposed Budget and Financial Plan - *Operating Appendices - Part 2*
- Volume 5 - FY 2007 Proposed Budget and Financial Plan - *FY 2007 - FY 2012 Capital Appendices*
- Volume 6 - FY 2007 Proposed Budget and Financial Plan - *FY 2007 - FY 2012 Highway Trust Fund*



Transmittal Letter



ANTHONY A. WILLIAMS
MAYOR

June 6, 2006

The Honorable George W. Bush
President of the United States
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear President Bush:

It is my pleasure to submit to you the District of Columbia *Fiscal Year 2007 Proposed Budget and Financial Plan: The Citizens' Budget* on behalf of the residents of the District of Columbia. As my last budget as Mayor of the District of Columbia, I am pleased to submit this proposal at a time when the District's economy is strong, services are improved, investment is accelerated, and our fiscal success is irrefutable.

This budget fulfills our past commitments to citizens by responsibly containing growth, meeting our commitments to programs initiated in prior years, and initiating new projects in areas that reflect the highest priorities of our residents. The largest investments reflect the greatest priorities of District residents: affordable housing and education, with more targeted investments in health, libraries, jobs and youth.

The proposed FY 2007 budget supports \$7.61 billion in total funding and 34,469 full-time equivalent (FTE) staff including federal funds. The District's local fund budget supports \$5.09 billion in funding and 26,951 FTEs. This local budget represents a 2.6 percent increase over last year's funding level.

This budget, which is aligned with my key strategic priorities and approved by the Council through the legislative process, meets the District's three main fiscal objectives:

- Fulfilling our commitment to responsible fiscal management;
- Investing proceeds of our strong economy in citizens' priorities; and
- Seeking partnership with the federal government that reflects our special status as the nation's capital.

Commitment to Fiscal Responsibility

The District has diligently and responsibly overcome many fiscal challenges over the past decade and I have worked closely with the Council and the Chief Financial Officer to achieve a tremendous amount of financial progress over a short period of time.

During periods of strong economic prosperity, there is a temptation to grow the government. This budget takes the responsible approach by scaling back approximately \$205 million in baseline growth. In the vast majority of cases these reductions lowered agency budget growth to a moderate and appropriate increase over the FY 2006 spending levels; however, in some cases the reductions will have an impact on services. We worked diligently to ensure that these reductions have a minimal impact on services, but in some cases this budget reflects difficult decisions to shift resources from one area to another. This critical look at our existing programs has allowed us to meet our commitment to lowering District income taxes again this year in a package that will save District taxpayers \$64 million per year over the long term.

This budget takes the final step towards completing tax reductions associated with the Tax Parity Act of 1999 which will save District taxpayers \$51 million in FY 2007 and \$64 million during FY 2008 and beyond. This final phase of tax parity implements reductions for individuals at lower income levels as compared to earlier phases of tax parity. For taxpayers with taxable income between \$0 and \$10,000, tax rates will fall from 4.5 percent to 4.0 percent. For taxable income from \$10,000 to \$40,000, tax rates will fall from 7.0 percent to 6.0 percent. And for taxable income above \$40,000, tax rates will fall from 8.7 percent to 8.5 percent. This last phase of tax parity caps a three-year period in which the District has provided over \$350 million in tax relief to District residents and businesses, mostly in the form of property tax and income tax relief.

The District is committed to continuing our strong and growing record of fiscal responsibility. Fiscal year 2005 marked the District's eighth consecutive balanced budget. The District has an A rating from all three credit rating agencies, and our ratings are as high as they have been since the inception of Home Rule. The District continues to maintain a cash reserve balance of about \$250 million, which is among the strongest in the country and has contributed to our favorable credit ratings.

Even more impressively, the District has accumulated this record despite a long-term structural imbalance, which is estimated by the Government Accountability Office to be between \$470 million and \$1.1 billion per year. The GAO cites multiple factors causing this imbalance: the high cost of providing services in the D.C. metropolitan area, the relative poverty of our population, and federal restrictions on our revenue collection authority.

The District's strong financial performance in spite of a long-term structural imbalance is an apparent paradox. The explanation is twofold. One, our residents are among the most heavily taxed in the nation, and two, the District is deferring massive investments in

critical services and infrastructure. Approximately \$2.5 billion of infrastructure has been deferred, including renovating crumbling schools, repairing our outdated sewer system, and fixing accumulated needs in our streets, bridges and mass transit system.

As we seek solutions to address the structural imbalance and address our long-standing problems, it is clear that taxing our residents more or providing fewer services are not viable alternatives. Though the GAO report noted areas where the District needs to improve management efficiencies, the report is quite clear that this deficit would exist under any management structure and even tighter operational efficiencies. An option proposed by the GAO is a change in federal policy to expand the District's tax base or to provide additional financial support.

One very promising vehicle for resolving this imbalance is the "District of Columbia Fair Federal Compensation Act of 2005". This bill would provide the District with an annual federal payment of \$800 million a year dedicated to transportation projects, debt service payments, public school facilities, or information technology investments. This approach to redressing the District's structural imbalance would allow the federal government to invest in infrastructure that benefits the federal government itself, the Washington D.C. metropolitan area, as well as the District of Columbia.

In addition to addressing the federal contribution to our budget, we also need to repair the federal process for reviewing our budget. This year, the city appreciated your endorsement of budget autonomy for the District of Columbia and legislation has been introduced in the Congress to provide this authority. This legislation, besides being a well-deserved advancement of Home Rule, would significantly streamline and rationalize our budget process by allowing the city to better align local funds with oftentimes unpredictable and shifting needs. This legislation would put a permanent end to long delays where the District budgets resources to respond to new service needs, but those dollars are tied up in seemingly endless continuing resolutions. This bill would also allow the District to better align our fiscal year with the federal grant cycle and school year, as are most jurisdictions. This would eliminate a massive number of administrative burdens. Therefore, we are hopeful that the Congress will pass legislation this session to provide for budget autonomy.

Fulfilling Past Commitments and Aligning Budget with Citizen Priorities

This budget includes responsible investments in the landmark initiatives begun last year and targets new investments in the areas that citizens prioritize highest:

New Communities

Last year we launched the New Communities initiative, which is designed to decrease the concentration of poverty and crime through the creation of mixed-income neighborhoods

with one-to-one replacement of affordable housing. This District-sponsored redevelopment of the physical and human architecture will transform distressed neighborhoods into healthy, mixed-income communities, integrating public facilities and services in a sustained, multi-year effort to offer families better housing, employment and educational opportunities.

Over the past year we have made substantial progress in our first targeted community, Northwest One. This budget proposes an investment of \$4 million in social supports in Northwest One, Barry Farms, and Lincoln Heights. Human service delivery initiatives will include launching adult learning partnerships, expanding youth serving programs, and implementing intensive self-sufficiency case management support for residents. The District will also invest \$20 million in the Northwest One New Communities Plan, which includes a health center in conjunction with the Medical Homes initiative (\$6 million), a library (\$2.1 million) and a recreation center (\$12 million).

Great Streets

Another signature initiative that we launched last year, Great Streets, aims to transform under-invested corridors into thriving and inviting neighborhood centers through physical improvements and new business development using public actions and tools to leverage private investment. The total corridor distance is 23.2 miles and the corridors pass through over 50 different neighborhoods. Approximately 5,000 individual parcels front onto Great Street corridors, and approximately 35 percent or 1,750 are commercial properties. This budget includes \$6 million in development assistance and land use planning along selected corridors. We have allocated over \$100 million in local and federal funds for transportation, streetscape, and transit improvements to the following targeted corridors:

- Georgia Avenue and 7th Street NW (Wards 1, 2 & 4 - 5.6 miles);
- H Street NE and Benning Road NE/SE (Wards 5, 6 & 8 - 5.0 miles);
- Nannie Helen Burroughs Avenue NE (Ward 7 - 1.5 miles);
- Minnesota Avenue NE/SE (Wards 7 & 8 - 3.6 miles);
- Pennsylvania Avenue SE (Wards 6, 7 & 8 - 3.5 miles); and
- Martin Luther King Jr. Avenue SE and South Capitol Street (Ward 8 - 4.0 miles).

Way to Work

Through this initiative, we leverage the economic development activity that has transformed the District by refocusing its impact on specific neighborhoods and targeted communities. We have developed strategies to ensure that employment and business opportunities associated with the District's booming economy are available to all residents in every ward. Recently the Council approved a core component of my Way to Work legislation, establishing a living wage in the District of Columbia. This requires that District assisted employers are required to pay employees \$11.75 per hour.

This budget includes continued funding of \$21.6 million for the Way to Work initiative in FY 2007, with more than \$12 million targeted at the District's youth more than \$8 million for job training for hard to employ individuals and funding improvements in pre-apprenticeship programs. Collectively, these initiatives generate jobs for District residents, provide training in high-demand occupational areas, upgrade the skills of incumbent workers, increase the wages and benefits earned by residents, strengthen the District's tax base, and secure entry into the workforce for District residents with significant barriers to employment living in neighborhoods designated as persistent problem areas.

Affordable Housing

This budget also proposes to implement a new housing initiative based on the recommendations of the Mayor's Comprehensive Housing Strategy Task Force, which conducted a comprehensive year-long review of the housing landscape in the District of Columbia. This initiative is designed to protect and expand affordable housing so that the District is better equipped to address housing challenges including: a lack of affordable housing especially for those working at low to mid-level salaries; a need for housing for our most vulnerable residents, and the need for central coordination of the District's housing agencies.

Based on the Task Force recommendation, this budget includes an increase in the residential deed and recordation tax rates from 1.1 percent to 1.45 percent in order to provide the resources necessary to fulfill these recommendations by linking the economic proceeds generated by our housing boom to the dramatic demand and need for affordable housing. These proceeds will be devoted to the following major initiatives:

- \$14.0 million for rental assistance to offset loss of federal housing grants;
- \$5.0 million for the District's Workforce Housing initiative;
- \$4.7 million for homeless services including the *Homeless No More* initiative;
- \$5.8 million for New Communities real estate and human capital efforts;
- \$7.5 million for emergency assistance to prevent eviction;
- \$8.7 million for a new local rental assistance program;
- \$15.2 million for the Housing Production Trust Fund; and
- A new senior level housing coordinator for all District housing priorities.

Education

This budget includes an historically significant investment in capital funding at DCPS, with a total allocation of \$223 million to support rehabilitation and modernization of DCPS school buildings. This includes ongoing full funding of \$100 million in sales taxes as passed by Council and an additional \$123 million from other modernization resources.

The operating budget includes a total of \$1.2 billion in local funds for public education, including \$808 million for District of Columbia Public Schools (DCPS) and \$266 million for public charter schools. This FY 2007 budget level includes increases to the Per-Pupil

Funding Formula as recommended by the State Education Office. This increases base funding for education by \$402 from \$7,600 to \$8,002. This funding level also includes \$4.9 million to hold DCPS harmless from the impact of students transferring from the school system to private schools as part of the federal voucher program.

Libraries

In this budget I propose significant new investments into our city's library system to expand opportunities and elevate the quality of life by providing District residents access to information and literacy services, while serving as a community gathering place.

The District is committing \$16.25 million in FY 2007 as part of the over \$167 million capital investment in major construction and renovations to neighborhood branches over the next six years. This will meet the needs of community residents, provide an attractive gathering place for neighbors, and support neighborhood economic development. We also are investing \$5.5 million in FY 2007 to enhance key library services including updated collections, expanded operating hours, new computers, and improved programming for children, youth and adults.

I propose a new, central Martin Luther King, Jr., Memorial Library that will attract library patrons and serve as the symbolic, administrative, and technological hub of the library system. The cost will be covered with the proceeds of the disposition of the existing central library, the PILOT payment, and federal funding, including a portion of the \$30 million that you have recently committed to the District to support my initiative. To sustain the District's new system, we are partnering with community organizations and residents to establish and fund an endowment. Dependent upon revenues, I propose an additional expansion of library hours and increased funds for library collections and materials.

Health

The District continues to have one of the nation's most advanced health insurance safety nets, offering coverage to all residents up to 200 percent of poverty. The FY 2007 budget demonstrates the District's continued commitment to providing health services to residents by expanding health coverage for children from 200 to 300 percent of the federal poverty level and adding dental coverage within the Medicaid program for adults for the first time. These investments contribute to the District's goals to ensure adequate distribution across the District of high quality healthcare providers, provide additional health coverage to low-income residents, and improve public health management of chronic illness and communicable diseases.

This budget augments primary health care services with the goal of creating an electronic health record system (\$2.2 million) for community health centers, along with a bricks and mortar investment in community health centers that serve low-income populations (\$13.0 million). We have also added \$1 million for the operating costs of the Medical Homes

initiative. This budget also provides tuition reimbursement for private physicians who locate in underserved areas. We will also expand the hospital uncompensated care fund by \$4.25 million, which will generate a total \$14 million additional dollars (including federal funds) for District hospitals. This budget provides additional funding for HIV/AIDS prevention and the implementation of the recommendations of the Appleseed Report and it adds an additional \$1.2 million to expand the District's school-based health program.

Youth

The goal of the Mayor's Youth Development Strategy is to reduce youth violence and improve the quality and effectiveness of youth programs throughout the District. During the first year of the strategy's implementation, we relied on federal resources (such as bonus funds from the Temporary Assistance for Needy Families program) to support key activities. In FY 2007, this budget includes \$1 million to support interagency violence prevention efforts in addition to the resources for core initiatives already within agency budgets. I am also proposing, in partnership with Major League Baseball, an investment of \$1 million in a summer youth baseball academy. Finally, this budget also includes a capital investment of \$28.5 million in the Oak Hill Youth Center which will provide the resources necessary for the first phase of construction for our new youth facility.

Safety and Justice

This budget includes an increase of \$7 million in local funds to support 100 new police officers and an additional \$4 million in local funds to compensate for the loss of federal funding that supported 81 officers. This budget includes \$500,000 to continue our civilianization initiative which has already put 26 sworn officers on the street. I have also provided \$800,000 for additional forensics lab services, which is complemented by an additional \$5 million investment in the new Consolidated Laboratory Facility. This budget also includes over \$11 million in rehabilitation and construction of fire houses throughout the District.

Arts and Culture

This budget establishes a new arts endowment with a one-time infusion of capital for major arts organizations, and ongoing operating support through a \$2 million commitment to arts programs throughout the District of Columbia. This endowment would reflect a true legacy in the arts, while promoting equity through competition and accountability. This program, administered by the D.C. Commission on the Arts and Humanities, will combine both earmarked and competitive grants to create an expanded cultural presence for all residents and visitors while providing an incentive for local artists and arts organizations to remain and thrive in the District.

Seeking Targeted Federal Partnership

These local investments will leverage the strength of our economy to lift all communities by investing new resources in our neighborhoods, our infrastructure, and our more challenged communities. Connecting these communities to the economic vitality we are experiencing in many parts of the District is paramount to the continuation of the District's renaissance.

The President's FY 2007 budget has recognized the importance of partnering and contributing toward several of the District's top priorities and we are urging the Council to make the same commitment to partnership between the federal and District governments, in the following projects:

- **Library Initiative, \$30 million.** My comprehensive revitalization plan for the District's library system will expand literacy and education opportunities through a new central library and vastly enhanced branch system.
- **Navy Yard Metro, \$20 million.** This federal partnership will provide funds to meet the increased federal demand for Metro associated with the new headquarters for the U.S. Department of Transportation.
- **Tuition Assistance Grant Program, \$35.1 million.** This extremely successful college access program provides District residents with discounted tuition rates at selected public and private colleges and universities across the country.
- **The Three-Sector Education Initiative, \$40.8 million.** This initiative provides funding to D.C. Public Schools, the District's charter schools and scholarships to eligible individuals attending select private schools.
- **The Emergency Planning and Security Cost Fund, \$8.6 million.** Funding for this successful partnership is lower this year than prior years because of the projected availability of funds from prior years.
- **WASA's Long-Term Control Plan, \$7 million.** Continued funding for WASA's effort to clean up the Anacostia River.

Democracy for the Nation's Capital

Having outlined our budget objectives, it is important to keep in mind a District priority whose value is beyond fiscal measure, and that is our democratic rights. The District is the capital of the world's greatest democracy and it is the ultimate hypocrisy that its citizens suffer from the exact disenfranchisement this nation was founded to end.

The United States continues to sacrifice lives while promoting the spread of democracy worldwide, yet denies full democracy to more than a half a million people at its very heart. I urge you to end this injustice and provide the city with full voting representation in the Congress. Anything short of full democracy for our residents should be at the level of personal outrage for all Americans.

On behalf of the citizens of the District of Columbia, I hereby submit the FY 2007 Budget and Financial Plan for your support and transmittal to Congress.

Sincerely,

A handwritten signature in black ink that reads "Anthony A. Williams". The signature is written in a cursive style with a large initial 'A'.

Anthony A. Williams

How to Read the Budget and Financial Plan

How to Read the Budget and Financial Plan

The FY 2007 Proposed Budget and Financial Plan serves as a communication tool for policy priorities, agency operations, program/organizational structures, and performance measures. More important, the budget book is a financial plan that shows sources of revenue and how money was spent. It forecasts economic and financial conditions, current and planned long-term debt financing, policy decisions, and other important financial information to operate the District's government. These elements are essential for accurate financial reporting and sound management of public resources.

How to Read the Budget and Financial Plan describes the sections of this budget volume that define the budget priorities for the District. These sections are consistent with the National Advisory Council on State and Local Budgeting's recommended budget practices that call for a presentation of information that provides the reader with a guide to government programs and organizational structure. Additionally, these sections are consistent with the Government Finance Officers Association's standards for the Distinguished Budget Presentation Award, which the District received in December 2005.

The FY 2007 Budget and Financial Plan has six volumes:

Executive Summary (Volume 1) - Provides general budget and financial information at a high level with sections describing the new initiatives within the District's proposed budget, strategic budgeting process, financial plan,

revenues, expenditures and appendices. In addition, this volume includes information about the District's budgetary and financial management policies, grant match and maintenance of efforts, statistical profile of the District, glossary of budget terms, budget summary tables by agency and fund type, and the Budget Request Act legislation.

Agency Budget Chapters (Volume 2) - Describes the operating budgets for all of the District's agencies by appropriation title. Appropriation titles categorize the general areas of services provided by the District on behalf of its citizens and are listed in the Table of Contents. Examples are Public Education System and Human Support Services.

Operating Appendices (Volumes 3 and 4) - Includes supporting tables detailing the dollars and positions in the operating budgets that are described in Volume 2.

Capital Appendices (Volume 5) - Describes the proposed six-year capital improvement plan for all of the District's agencies (excluding the Highway Trust Fund).

Highway Trust Fund (Volume 6) - Describes the District's Highway Trust Fund, which is the main funding source for the 6-year capital improvement plan of transportation projects. These funds are administered by the District Department of Transportation.

Note: In some cases, financial information, including Full-Time Equivalent (FTE) information, will not sum to totals due to rounding

Executive Summary

Introduction: FY 2007 Proposed Budget and Financial Plan

This chapter is a narrative and graphic summary of the proposed budget and financial plan. It describes the overall proposed budget, including the sources and uses of public funds versus the prior year's approved budget. The chapter also explains the budget development process and calendar for FY 2007.

Strategic Budgeting

This chapter describes the initiatives that the District is undertaking to improve budgeting and management of resources. It includes a description of the District's continued efforts and progress in Performance-Based Budgeting (PBB), which is the District's initiative to align resources with results, benchmarking, performance measurement, strategic business planning, and service-level budgeting. In the FY 2007 proposed budget, 69 agency budgets are presented as PBB agencies. PBB greatly improves the District's ability to make policy and funding decisions based on anticipated results and improve the District's ability to hold program managers accountable for achieving results.

Financial Plan

This Financial Plan summarizes planned revenues and expenditures for FY 2006-2010. This chapter includes financing sources and uses and assumptions applied to derive the short-term and

long-term economic outlook. It also includes an assessment of the impact of budgetary decisions on the financial health of the District.

Revenue

This chapter shows current revenue projections certified by the Office of the Chief Financial Officer (OCFO). It also addresses District's revenue sources, its economy, and the outlook for revenue through FY 2010.

Operating Expenditures

This chapter describes the District's recent local expenditures and future projections. It includes analysis of expenditures between FY 1999 and 2005, both by agency and by expense category such as personnel, supplies, or fixed costs. Finally, it discusses expenditure projections for FY 2008 through 2010, based on the proposed FY 2007 budget, as presented in the financial plan.

Appendices

This last section of the Executive Summary volume contains a number of items to clarify the District's budget.

- The D.C. Comprehensive Financial Management Policy provides a framework for fiscal decision-making by the District to ensure that financial resources are available to meet the present and future needs of District citizens;
- The Grant Match and Maintenance of Effort section includes a table by agency and grant number that provides the District's grant match and maintenance of effort contributions;
- The Statistical Section provides tables that reflect the financial trends, revenue capacity, debt capacity, demographic and economic information, and operating information of the District;
- The Basis of Budgeting and Accounting section describes the basis of budgeting and accounting, which allows the reader to understand the different presentation methods of the District's finances;
- The Glossary of Budget Terms section describes unique budgeting, accounting, and

District terms that may not be known by the general reader;

- The Summary Tables detail the District's proposed operating budget by agency and fund type for both the budgeted dollars and positions; and
- The Budget Request Act is the legislation that codifies the District's budget request into law.

Agency Budget Chapters

Agency chapters illustrate available resources, what the resources are spent on, and the outcomes achieved and anticipated as a result of these expenditures. Chapters are grouped by appropriation title and contain the following sections:

Header Information

- Agency name and budget code;
- Website address ; and
- FY 2007 proposed operating budget table

Introduction

- Agency mission; and
- Strategic result goals.

Financial and Program Information (FTE employment levels)

- Funding by Source
- Expenditure by Comptroller Source Group
- Expenditure by Program (PBB agencies)
 - Program Structure chart;
 - Comparison between FY 2006 and FY 2007 budget dollars and FTEs;
 - Program and activity descriptions;
 - Program budget summary;
 - Key initiatives in agency (if available); and
 - Key result measures aligned with Citywide Strategic Priority Areas.
- Expenditure (non-PBB agencies)
 - Budget summary of dollars and FTEs;
 - Organization chart;
 - Program descriptions;
 - Key initiatives in agency (if available); and
 - Agency goals and performance measures

Changes from the previous year include:

- Continued rolling implementation of Performance-Based Budgeting means that the year of implementation will affect the amount of performance information presented for an agency. Both actual performance results (where available) and future year targets are provided. Please keep in mind the following:
 - Non-PBB agencies - Performance data for FY 2004 through 2008;
 - PBB Phase I agencies - Performance data for FY 2004 through 2008;
 - PBB Phase II agencies - Performance data for FY 2005 through 2008;
 - PBB Phase III agencies - Performance data for FY 2006 through 2008; and
 - PBB Phase IV agencies - Performance data for FY 2007 and 2008.
- Each performance measure will have one of the following notations:
 - N/A - Measure did not exist for that year;
 - Number - Measure did exist and data is available for that year; and
 - Dash - Measure did exist for that year, but no data is available.
- The Agency Financial Operations program will include the cost of OCFO personnel and the cost of OCFO Nonpersonal Services (NPS) contracts in certain PBB agencies. There are no performance measures associated with this program within individual agencies.

To help the reader navigate the Agency Budget Chapter volume, an example of an agency narrative is presented at the end of this chapter. This example follows the PBB format. Callout boxes highlight the features discussed above.

Operating Appendices

These two volumes provide supporting tables to each agency's proposed operating budget. The tables generally included FY 2005 actual expenditures, FY 2006 approved budgets, FY 2007 proposed budget, and the change from FY 2006 to FY 2007 (unless noted).

Agencies that have been converted to a performance-based budgeting format have the following tables:

- Schedule 30-PBB - Dollars summarized by program, activity, and governmental fund (governmental fund breakout is for FY 2007 only and includes general fund detail);
- Schedule 40-PBB - Dollars summarized by program, comptroller source group and governmental fund;
- Schedule 40G-PBB - Dollars summarized by program, comptroller source group and appropriated fund within the general fund
- Schedule 41 - Dollars and FTEs summarized by comptroller source group and governmental fund;
- Schedule 41G - Dollars and FTEs summarized by comptroller source group and appropriated fund within the general fund; and
- Schedule 80 - Dollars and FTEs summarized by revenue type, appropriated fund, and revenue source (for FY 2007 proposed budget only).

Agencies that have not been converted to a PBB format have the following tables:

- Schedule 30 - Dollars summarized by control center, responsibility center, and governmental fund (governmental fund breakout is for FY 2007 only and includes general fund detail);
- Schedule 40 - Dollars summarized by control center, comptroller source group and governmental fund;
- Schedule 40G - Dollars summarized by control center, comptroller source group and appropriated fund within the general fund;
- Schedule 41 - Dollars and FTEs summarized by comptroller source group and governmental fund;
- Schedule 41G - Dollars and FTEs summarized by comptroller source group and appropriated fund within the general fund; and
- Schedule 80 - Dollars and FTEs summarized by revenue type, appropriated fund, and revenue source (for FY 2007 proposed budget only).

Capital Appendices

This volume covers the District's FY 2007-FY 2012 Capital Improvements Plan (CIP), excluding the Highway Trust Fund. The introductory chapter describes the overall CIP including the sources and uses of capital funds, the District's policies and procedures for its capital budget and debt, the FY 2007 planning process, and an overview of the District of Columbia's Water and Sewer Authority's FY 2007-FY 2012 CIP.

The next section, the project description forms, make up the bulk of the capital appendices' volume. The project description forms provide details on capital projects funded by general obligation bonds, pay-as-you-go (paygo) capital, the Master Equipment Lease program, and the Local Street Maintenance Fund. Each page shows one subproject's planned allotments for fiscal years 2007 through 2012, description, annual operating impact, milestone data, and location on a map.

The last section, the appendices, provides supporting tables and a glossary about the District's capital budget.

- The FY 2007 Planned Expenditures From New and Existing Allotments table summarizes all planned FY 2007 expenditures by agency and subproject for new allotments in FY 2007 versus prior years' allotments;
- The FY 2007-FY 2012 Planned Expenditures From New Allotments table summarizes the new allotments' planned FY 2007-FY 2012 expenditures by agency, project, and subproject;
- The FY 2007-FY 2012 Planned Funding table summarizes the FY 2007 and six-year funding sources for all new allotments by agency, subproject, and funding source;
- The Balance of Capital Budget Authority, All Projects table summarizes the lifetime budget authority, life-to-date expenditures, total commitments, and balance of budget authority for all ongoing capital projects by agency, project, and authority (District versus federal);
- The FY 2007 Appropriated Budget Authority Request table summarizes the proposed new projects and changes (increase or decrease) for ongoing projects by agency, subproject, and fund (Local versus Local Street Maintenance); and

- The Glossary of Budget Terms describes terms used in the capital appendices.

Highway Trust Fund

This volume covers the District's FY 2007-FY 2012 Highway Trust Fund. The introductory chapter describes the Highway Trust Fund program, including the sources and uses of the funds, the District's policies and procedures for the trust fund, and the FY 2007 planning process.

The next section, the project description forms, make up the bulk of the Highway Trust Fund volume. Each page shows one subproject's planned allotments for fiscal years 2007 through 2012, description, annual operating impact, milestone data, and location on a map.

The last section, the appendices, provides supporting tables about the District's Highway Trust Fund program.

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Agency budget code

(TOO)

Office of the Chief Technology Officer

www.octo.dc.gov

Agency Website address

Agency name

Description	FY 2005 Actual	FY 2006 Approved	FY 2007 Proposed	% Change from FY 2006
Operating Budget	\$39,877,071	\$43,474,093	\$42,076,024	-3.2
FTEs	190.0	191.0	179.0	6.3

The mission of the Office of the Chief Technology Officer (OCTO) is to guide and leverage the District's investment in information technology (IT) and telecommunications systems

FTE actuals are the number of Full Time Equivalent positions paid during the last full pay period of FY 2005.

This describes the agency's mission and purpose.

This shows the agency's FY 2005 actual expenditures, FY 2006 approved budget, the FY 2007 proposed budget and the variance from FY 2006 to FY 2007 This includes the agency's operating budget and FTEs.

The agency plans to fulfill its mission by achieving the following strategic result goals:

- Establish the foundational management infrastructure for high-performance information technology that will be maintained over the long term;
- Build enabling IT infrastructures to establish the foundation of data access and communication needed to support citywide applications;
- Develop and implement enterprise and business process applications both citywide and for individual or multiple agencies; and
- Expand access to technology for all District stakeholders – residents, businesses, visitors, educational institutions, and neighborhoods – by integrating citywide services and information, thereby making e-government a reality.

Gross Funds

The proposed budget is \$42,076,024, a decrease of \$1,398,068, or 3.2 percent from the FY 2006 approved budget of \$43,474,093. There are 179.0 FTEs, a decrease of 12.0 FTEs or 6.3 percent from FY 2006.

How the agency plans to accomplish its mission within two to three years.

The proposed budget is \$42,076,024, a decrease of \$1,398,068, or 3.2 percent from the FY 2006 approved budget of \$43,474,093. There are 179.0 FTEs, a decrease of 12.0 FTEs, or 6.4 percent from FY 2006. Changes from the FY 2006 approved budget are:

- An increase of \$1,167,266 in fixed costs in various commodities. For details on fixed costs changes by commodity for this agency, please see the fixed costs chapter addendum in the *Special Studies* book;

Funding by Source

Tables AM0-1 and 2 show the sources of funding and FTEs by fund type for the Office of Property Management.

Table AM0-1
FY 2007 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

Appropriated Fund	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
General Fund						
Local Funds	11,298	15,047	15,926	21,021	5,102	32.0
Special Purpose Revenue Funds	1,537	1,871	3,625	4,434	809	22.3
Total for General Fund	12,835	17,768	19,551	25,462	5,911	30.2
Federal Payments	1,418	-226	0	0	0	N/A
Total for Federal Resources	1,418	-226	0	0	0	N/A
Intra-District Funds						
Intra-District Funds	12	43,998	49,795	61,727	11,932	24.0
Total for Intra-District Funds	12	43,998	49,795	61,727	11,932	24.0
Total Proposed Operating Budget	14,265	61,540	69,346	87,189	17,843	25.7

Presents the agency's total operating budget from each funding source (from Local revenue, Special Purpose Revenue, Federal Payments, Federal grants, Medicaid, Private grants, and Intra-District sources). Shown is a comparison of the FY 2004 actual, FY 2005 actual, FY 2006 approved, and FY 2007 proposed budgets.

Employment Levels

Appropriated Fund	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change
General Fund						
Local Funds	6	48	47	47	1	1.7
Special Purpose Revenue Funds	2	10	20	11	-9	-43.6
Total for General Fund	8	58	67	58	-9	-13.1
Intra-District Funds						
Intra-District Funds	136	160	206	214	8	3.9
Total for Intra-District Funds	136	160	206	214	8	3.9
Total Proposed FTEs	214	218	267	267	0	0.0

This lists the agency's FTEs for two prior years, the current year, and upcoming fiscal year by fund type.

Expenditure by Comptroller Source Group

Table AM0-3 shows the FY 2007 proposed budget for the agency at the Comptroller Source Group level (Object Class level).

Table AM0-3

FY 2007 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

Comptroller Source Group	Actual FY 2004	Actual FY 2005	Approved FY 2006	Proposed FY 2007	Change from FY 2006	Percent Change*
11 Regular Pay - Cont Full time	3,423	10,963	13,057	14,972	1,915	14.7
12 Regular Pay - Other	238	187	0	0	0	N/A
13 Additional Gross Pay	161	392	308	373	60	21.3
14 fringe benefits - Con Personnel	747	2,107	2,188	2,395	208	9.5
15 Overtime Pay	503	973	393	456	64	16.2
Subtotal Personal Services (PS)	5,071	14,697	15,936	18,226	2,290	14.4
20 Supplies and Materials	116	165	0	0	0	0
30 Energy, Comm. and Bldg Rentals	2,652	5,101	4,500	4,500	0	0
31 Telephone, Telegraph, Telegram, Etc	329	323	400	400	0	0
32 Rentals - Land and Structures	1,771	700	0	0	0	0
33 Janitorial Services	122	20	394	303	-11	-2.8
34 Security Services	269	426	504	1,541	1,038	205.9
35 Occupancy Fixed Costs	0	677	962	3,131	2,169	225.4
40 Other Services and Charges	1,300	6,015	7,138	7,646	508	7.1
41 Contractual Services - Other	850	32,858	37,471	48,491	11,021	29.4
70 Equipment & Equipment Rental	1,757	538	777	971	194	25.0
Subtotal Nonpersonal Services (NPS)	9,171	46,843	53,401	68,992	15,591	29.2
Total Proposed Operating Budget	14,242	61,540	69,346	87,189	17,843	25.7

*Percent Change is based on whole dollars.

Lists the agency's total operating expenditures for FY 2004 , FY 2005 FY 2006 approved budget, and FY 2007 proposed budget at the Comptroller Source Group level.

Gross Funds

The proposed budget is \$86,119,332, representing an increase of \$16,773,649, or 24.2 percent over the FY 2006 approved budget of \$69,345,683. There are 267.0 FTEs, no change from FY 2006.

General Fund

Local Funds. The proposed budget is \$19,958,568, an increase of \$4,032,689, or 25.3 percent from the FY 2006 approved budget of

Changes from the FY 2006 approved budget are:

- A net increase of \$4,069,690 in fixed costs for various commodities. For details on fixed costs changes by commodity for this agency, please see the fixed costs chapter addendum in the Special Studies book;
- An increase of \$578,570 for personal services to fund pay increases for nonunion employees;
- An increase of \$72,545 for equipment in the

- Reducing by 2 percent, the average response time to Priority One calls from time of dispatch to the arrival of the first officer on the scene.

Develop an organization that is competitive, professional, equitable, and equipped with state-of-the-art tools and systems by:

- Maintaining sworn strength at 98 percent of authorized levels.
- Maintaining average daily fleet availability at 93 percent.
- Reaching compliance with 100 percent of the standards required for accreditation by the Commission on Accreditation for Law Enforcement Agencies (CALEA) by the end of FY 2006.

Gross Funds

The proposed budget is \$377,487,569, representing an increase of \$4,926,459, or 1.3 percent over the FY 2005 approved budget of \$372,561,110. The proposed budget includes 4,385.45 FTEs for the agency, a decrease of 80.55 FTEs from the FY 2005 approved budget.

NOTE: The agency recently concurred with its sworn personnel. The proposed budget and affected salaries remain at the agency budget. Funds for approved effects on additional gross pay are included in the FY 2004, FY 2005 and FY 2006, with the exception of the Workforce Investments Fund (UPD) upon ratification.

General Fund

Local Funds. The proposed budget is \$353,773,858, an increase of \$1,065,087, or 0.3 percent over the FY 2005 approved budget of \$352,708,770. There are 4,385.45 FTEs, a decrease of 80.55 FTEs, or 1.8 percent from the FY 2005 approved level.

Changes from the FY 2005 approved budget are:

- A net decrease of \$2,616,583 in personal services associated with:
 - An increase of \$2,877,809 to fund the full-year personal services cost of 83.0 civilian FTEs authorized and funded for the last quarter of FY 2005.
 - A net increase of \$978,102 primarily for step increases and pay raises.

- A reallocation of \$3,474,005 and 80.55 FTEs from Local funds to the COPS grant (Federal Grant funds).
- A net decrease of \$2,968,494 in projected overtime.
- A decrease of \$29,995 in the Protective Services activity. 0.16 FTE is unfunded as a result of this change.
- A net increase of \$3,681,670 in nonpersonal services associated with:
 - A net increase of \$1,841,064 in fixed costs. Increases in projected costs for telephone services, janitorial services, security services, and occupancy and rentals are offset by a decrease in projected energy costs.
 - An increase of \$474,641 to fund the full-year nonpersonal services cost for 83.0 civilian FTEs authorized and funded for the last quarter of FY 2005.
 - An increase of \$393,445 for projected managed automotive

Local Funds
Describes Local dollars or non-dedicated general fund dollars associated with the agency and the FTEs supported by the fund. Local dollars consist of tax and nontax revenues that are not earmarked for particular purposes and are allocated to fund District programs.

- An increase of \$191,974 to absorb the annual escalator in the Police and Fire Clinic contract.
- An increase of \$191,149 for janitorial services at the Firing Range.
- An increase of \$181,000 to meet the increased cost of jet fuel for MPD's helicopter.
- An increase of \$75,105 for increased janitorial services associated with new classroom space at the Institute of Police Science.
- An increase of \$65,678 to absorb the 3 percent escalator in the Automated Fingerprint Identification System (AFIS) maintenance contract.
- An increase of \$59,995 for additional janitorial services associated with the new facilities for the Asian Liaison Unit.

Special Purpose Revenue Funds
This funding for associated charges for services that are retained by the agency to cover the cost of the service provided, such as refuse collection fees.

... absorb the ... Services ...
 ... aging ...
 ... projected ...
 ... ated that ...
 ... accelerated federal reimbursements may be able to meet agency requirements.

- A decrease of \$132,600 provided for the Police and Fire Clinic under the Revised Revenue Estimate Contingency Priority section of the District of Columbia Appropriations Act, 2005. This was a one-time cost associated with the new disability retirement provisions of the FY 2004 Omnibus Public Safety Act.

Special Purpose Revenue Funds. The proposed budget is \$12,161,453, an increase of \$2,731,632 or 28.97 percent, over the FY 2005 approved budget of \$9,429,821. There are no FTEs supported by Special Purpose Revenue Funds, unchanged from the FY 2005 approved level.

Changes from the FY 2005 approved budget are:

- An increase of \$2,515,750 associated with the annualized cost for the photo-radar stations authorized for the 3rd and 4th quarters of FY 2005.
- An increase of \$215,882 for additional motorcycles and scooters.

Federal Funds

Federal Grants. The proposed budget is \$6,154,154 an increase of \$2,484,201 or 67.7 percent, over the FY 2005 approved budget of \$3,669,953. There are 82.55 FTEs, an increase of 80.55 FTEs, or 4,027.5 percent over the FY 2005 approved level.

Changes from the FY 2005 approved budget are:

- A reallocation of \$3,474,005 and 80.55 FTEs from Local funds to the COPS grant.
- An increase of \$373,036 associated with the following grants: Forensic casework [\$140,000], Boating safety [\$118,315], Vehicle Initiative Task Force [\$55,000], Project Safe Neighborhood [\$50,000], and Washington Terrorism Task Force [\$9,721].

- A net increase of \$23,949 associated with the following grants: Money Laundering Initiative [\$12,065], Fatal Accident Reporting [\$7,884], and CIA-National Imagery Mapping Agency.
- A decrease of \$1,386 associated with the following grants: CO ... National Criminal H ... Resistance Education ... Motor Carrier Safety ... Offenders/Interstate Property [\$38,855], Drug Interdiction [\$30,000], and Washington Area Gang Task Force [\$9,721].

Intra-District Funds
Depicts funding for services between District agencies.

Intra-District

Intra-District Funds. The proposed budget is \$5,398,104, a decrease of \$1,354,462 or 20.1 percent, from the FY 2005 approved budget of \$6,752,566. There are 12.0 FTEs funded by intra-District sources, a decrease of 2.0 FTEs, or 14.3 percent from the FY 2005 approved level.

Changes from the FY 2005 approved budget

Federal Funds
Identifies funding (usually in the form of grants) provided by the federal government to support federally mandated programs, such as Medicaid. These funds are earmarked for a specific purpose or program and cannot be reallocated to other programs.

... Prevention sub-grant [\$50,000], and Violent Crimes Case Review [\$43,325].

- A decrease of \$2,620,802 and 2.0 FTEs associated with the following intra-District projects: Operation Gotcha [\$462,730], Reengineering Booking Live-scan Enhancement [\$348,500], Prostitution Intervention Project [\$322,818], Violence against Women [\$107,500], Highway Safety [\$223,000], Homicide Prevention Project [\$213,175], Project Life Identification [\$200,405], Crediting of sworn police officers [2.0 FTEs and \$151,720], Operation Ceasefire - Gun Recovery [\$127,500], Papering Reform [\$125,000], Capital Communities Partnership [\$111,988], Auto Theft Prevention Initiative [\$62,804],

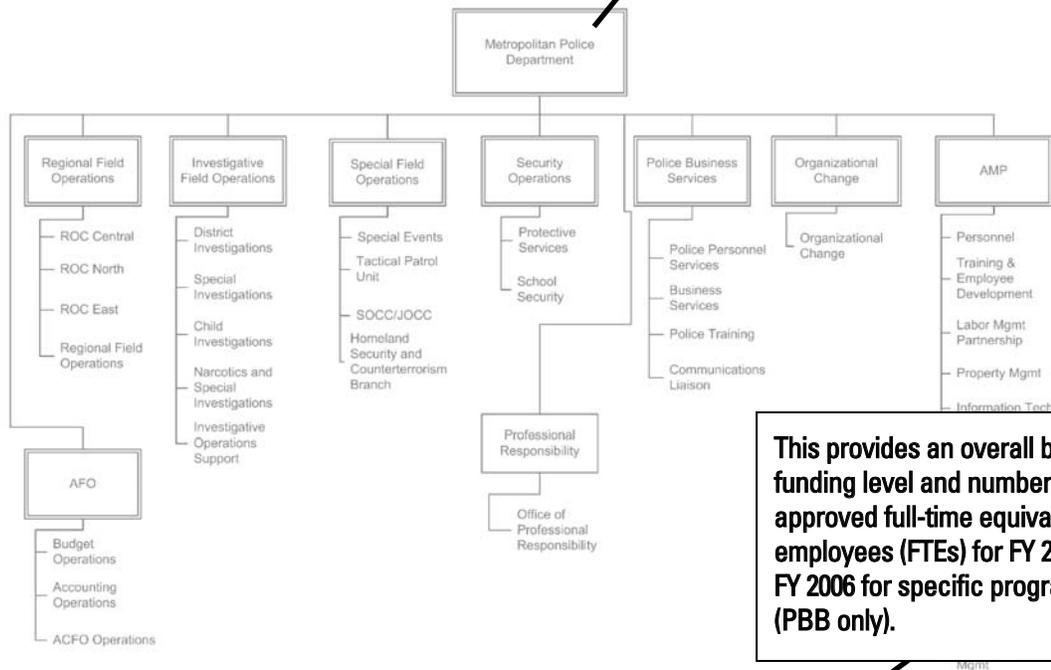
Program Chart

Displays the structure of the agency and shows names of the program areas within the agency. Each agency has at least one program area (an organization chart is provided for non-PBB agencies).

Expenditure by Program

This funding is budgeted by program and the Metropolitan Police Department has the following program structure:

Figure FA0-1
Metropolitan Police Department



This provides an overall budgeted funding level and number of approved full-time equivalent employees (FTEs) for FY 2005 and FY 2006 for specific programs (PBB only).

Paternity Warrant Squad [\$62,500], Police and Fire Clinic - Corrections [\$29,000], Family Liaison Unit [\$28,031], Police and Fire Clinic [\$27,500], and US Attorney's Office Investigators [\$16,631].

Regional Field Operations

	FY 2005	FY 2006
Budget	\$192,787,107	\$192,656,038
FTEs	2,679.0	2,622.30

Program Description

The Regional Field Operations (RFO) program provides focused law enforcement, response to calls for service, neighborhood partnerships and problem solving, traffic control, and systemic prevention services to residents, visitors, and commuters.

Programs

The Metropolitan Police Department is committed to the following programs:

Programs (PBB Agencies)

Shows the agency's program gross funding and full-time equivalent (FTE) positions, and a brief description of the program and significant activities and services.

Key Results Measures
Shows programs' outcome-based performance measures with prior years' actuals, current year targets, and future year targets.

- **Project Management** - The proposed gross budget is \$329,897 and includes 0.55 FTE.
- **Fleet Management activity.**
 - The proposed gross budget for the Fleet Management activity is \$7,519,431 and includes 8.42 FTEs.

Fleet Management includes 3 services:

- **Preventative Maintenance Schedules (PMS)** - The proposed gross budget is \$2,050,812 and includes 2.32 FTEs.
- **Bid Requests** - The proposed gross budget is \$1,329,594 and includes 1.55 FTEs.
- **Motor Pool Cars** - The proposed gross

Agency Financial Operations Program
Identifies the costs associated with all positions that report to the Chief Financial Officer for the District of Columbia.

Manager(s): Nola Joyce, Chief Administrative Officer; Eric Coard, Senior Executive Director; Phil Graham, Chief Information Officer; Kevin Morrison, Executive Director; Terry Ryan, General Counsel; Martin Carmody, Agency Fiscal Officer

Supervisor(s): Charles Ramsey, Chief of Police

Measure 8.1: Percent variance of estimate to actual expenditure (over/under)

	Fiscal Year				
	2003	2004	2005	2006	2007
Target	N/A	5	5	5	5
Actual	N/A	N/A	-	-	-

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Measure 8.2: Cost of Risk

	Fiscal Year				
	2003	2004	2005	2006	2007
Target	N/A	N/A	N/A	N/A	N/A
Actual	N/A	N/A	-	-	-

Note: This measure replaces "Percent reduction of employee lost work-day injury cases." Agencies established baselines for Cost of Risk in cooperation with the Office of Risk Management during FY 2004. The final baseline figures and FY 2005 targets will be published in the FY 2006 Operating Budget and Financial Plan, due to be submitted to Council in late March 2005. Cost of Risk is a comprehensive measure of a wide range of risks confronting each agency, including but not limited to safety issues, financial risks, and potential litigation.

Measure 8.3: Percent of the Mayor's Customer Service Standards Met

	Fiscal Year				
	2003	2004	2005	2006	2007
Target	N/A	N/A	63	63	63
Actual	N/A	N/A	-	-	-

Measure 8.4: Percent of Key Result Measures achieved

	Fiscal Year				
	2003	2004	2005	2006	2007
Target	70	70	70	70	70
Actual	45.16	59.38	-	-	-

Measure 8.5: Average daily fleet availability

	Fiscal Year				
	2003	2004	2005	2006	2007
Target	93	93	93	93	93
Actual	93.3	94.6	-	-	-

Agency Financial Operations

	FY 2005	FY 2006
Budget	\$2,442,010	\$2,474,316
FTEs	36.0	32.0

Program Description

The Agency Financial Operations program provides comprehensive and efficient financial management services to and on behalf of District agencies, with the goal of maintaining financial integrity. This program is standard for all Performance-Based Budgeting agencies. Additional information on the Agency Financial Operations program is contained in the Strategic Budgeting Chapter.

