

GOVERNMENT OF THE DISTRICT OF COLUMBIA



Improving Critical Services
Maintaining Fiscal Balance

Proposed FY 2005 Budget and Financial Plan

Mayor Anthony A. Williams

March 29, 2004



Today's Discussion

- Budget overview
- Critical new investments
- Budget balancing



BUDGET OVERVIEW



Mayor's Proposed 2005 Budget

(Dollars in Billions)

	<u>FY 2004</u> <u>Approved</u>	<u>FY 2005</u> <u>Proposed</u>	<u>Percent</u> <u>Change</u>
Revenues			
Local	3.8	4.2	9%
Federal	1.6	1.8	7%
Other	0.2	0.3	27%
TOTAL	<u>5.7</u>	<u>6.2</u>	9%
Expenditures			
Local	3.8	4.2	9%
Federal	1.6	1.8	7%
Other	0.2	0.3	27%
TOTAL	<u>5.7</u>	<u>6.2</u>	9%



CRITICAL NEW INVESTMENTS



Top Citizen Priorities

As Articulated at Citizen Summit III

1. Health insurance
2. Affordable housing
3. Job training
4. More police in “hot spots”
5. Adult literacy
6. Juvenile justice
7. Early childhood education
8. Out-of-school programs
9. Improve teaching quality
10. Social services in schools
11. School renovation



Lower Citizen Priorities

As Articulated at Citizen Summit III

12. Expanded aging services
13. Neighborhood blight
14. Contractors hiring residents
15. Tax relief
16. Special needs housing
17. Services to ex-offenders
18. General housing production
19. Substance abuse treatment/prevention
20. HIV/AIDS treatment/prevention
21. Low-level crime enforcement
22. Infant mortality/low birthweight prevention

Critical New Investments



Education

- Creation of a Universal Pre-Kindergarten Incentive program (**\$16 million**)
- Expansion of out-of-school activities (**\$2.3 million**)
- Creation of 5 new Transformation Schools in the D.C. Public Schools (**\$3 million**)
- Creation of 8 new Public Charter Schools (**\$14 million**)
- Upgrade of school security (**\$4 million**)
- Full funding for school modernization request (**\$173 million in capital funds**)



Critical New Investments

Public Safety

- Deployment of additional officers to high-crime neighborhoods (**\$6 million**)
- Upgrading services at the Youth Services Center (**\$3 million**)
- Transforming neighborhood conditions in crime “hot spots.” (**\$10 million in capital funding**)
- Expanded anti-violence initiatives among youth (**\$800,000**)

Critical New Investments



Health Care

- Expanded coverage for traditional Medicaid clients (**\$12 million**)
- Full funding for Health Care Alliance (**\$16 million**)
- Increased reimbursement for indigent health care (**\$2 million**)
- Expanded treatment for the elderly, mentally challenged, and HIV/AIDS patients (**\$6 million**)
- Facility upgrades at community clinics and “Medical Homes” (**\$15 million in capital funds**)



Affordable Housing

- Securitization of the Housing Production Trust Fund revenue stream
- Provides \$250-275 million immediate and guaranteed funding
- Leverages hundreds of millions more in private investment
- Eliminates uncertainty of the funding stream for both trust fund and the District



Critical New Investments

Job Training

- Continued support for expanded one-stop job training centers (Achieved within existing funding levels)
- Expanded local funding for summer jobs for youth (\$2.7 million)
- Job training and related support for ex-offenders reentering the community (\$1 million)



ACHIEVING FISCAL BALANCE



Revenue Constraints

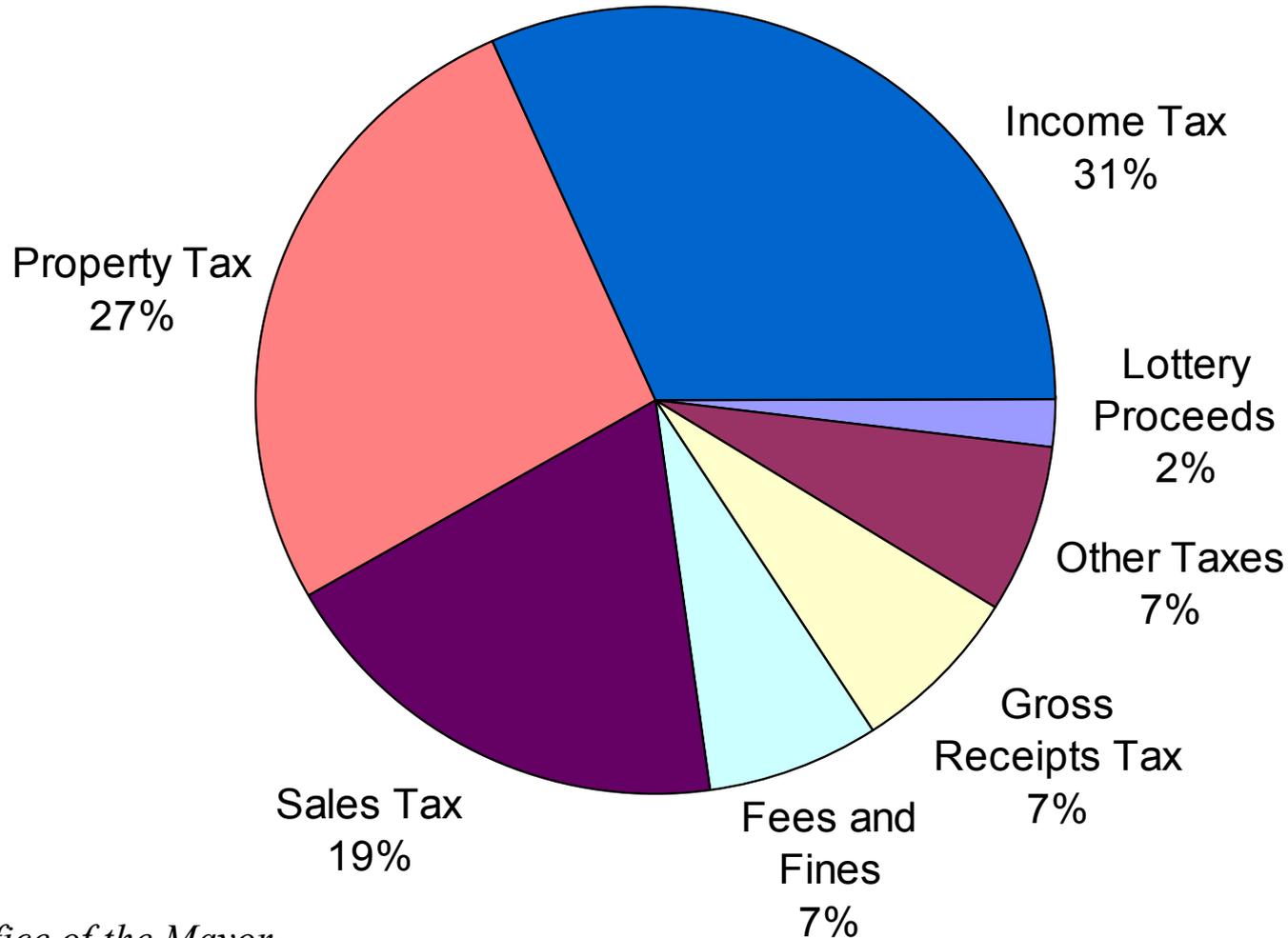
Revenue capacity is constrained by federal restrictions on large portions of the DC tax base:

- Non-resident income
- Property owned by federal government and not-for-profits`



Where the Money Comes From

FY 2005 Local Funds





Expenditure Constraints

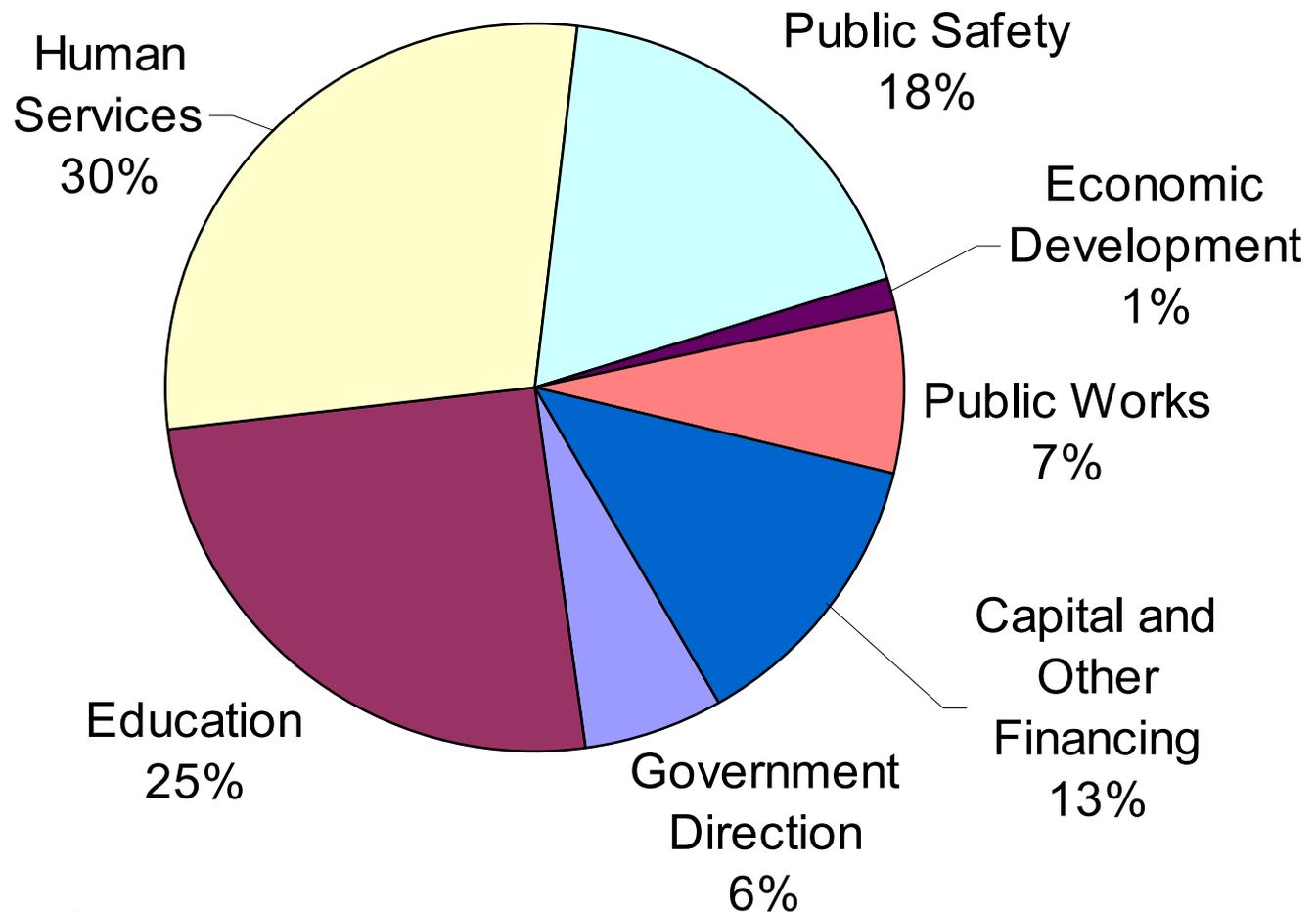
D.C. population is far younger, poorer, and more concentrated than the average U.S. state, which means far greater service demands in:

- Education
- Health Care
- Public Safety



Where the Money Goes

FY 2005 Local Funds





FY 2005 Budget Balance

- Baseline budget gap: \$250 million
- After allocating resources to critical priority areas, DC faced a gap of \$306 million
- Gap closing plan includes a balance of expenditure reductions and revenue enhancements



Budget Reductions

Local budget reductions in agencies	\$ 62 million
Expenditure transfers to non-local funds	\$ 28 million
Deferral of duplicative spending through the Tobacco Trust Fund	\$ 59 million
Deferred reserve contributions	\$ 8 million
Total Budget Reductions	<hr/> <u>\$ 157 million</u>

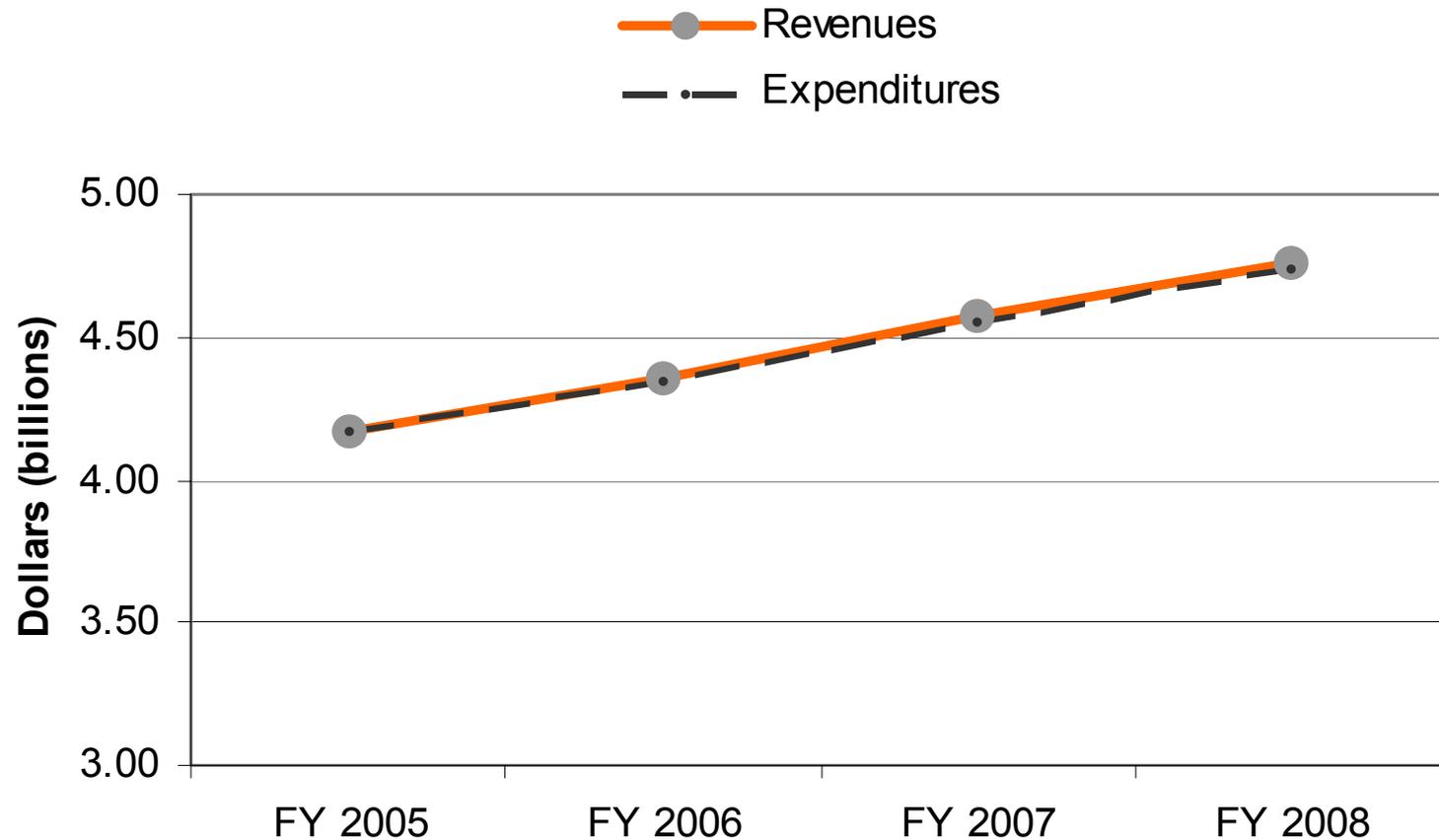


Revenue Enhancements

Fund balance use	\$	54	million
Increased penalties and fines	\$	19	million
Closing of corporate tax loopholes	\$	3	million
Health care provider tax	\$	18	million
Recovering deed/recordation transfer taxes	\$	20	million
Other miscellaneous fee and tax adjustments	\$	35	million
Total Revenue Enhancements	\$	149	million



Four-Year Budget Projection





QUESTIONS AND ANSWERS