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D.C. FEDERAL PAYMENT FORMULA
Y 4. D 63/1:103-2

D.C. Federal Payment Formula, Serial... [T HEARING

BEFORE THE

SUBCOMMITTEE ON FISCAL AFFAIRS AND HEALTH
AND THE

SUBCOMMITTEE ON JUDICIARY AND EDUCATION
OF THE

COMMITTEE ON
THE DISTRICT OF COLUMBIA
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

FIRST SESSION

ON

FEDERAL PAYMENT FORMULA AND IMPLEMENTATION OF THE
LEGISLATION THAT ESTABLISHED THE FORMULA, PUBLIC LAW 102-102

MARCH 31, 1993

SERIAL NO. 103-2

Printed for the use of the
Committee on the District of Columbia.



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STAFF SUMMARY OF FINDINGS AND CONCLUSIONS

On April 30, 1991, the Committee on the District of Columbia took a historic step with the passage of Public Law 102-102, the District of Columbia Budget Efficiency Act of 1991. Public Law 102-102 established a predictable and equitable method for determining the amount of the annual Federal payment to the District of Columbia hereinafter "District." It was not only supported in committee by members of both the majority and minority, including committee Chair Ron Dellums, ranking Republican member Tom Bliley, as well as other colleagues, in an extraordinary show of bipartisan support for the District, the formula was also supported by the entire Republican and Democratic leadership of the House. With this bipartisan support, the legislation passed the House. With this bipartisan support, the legislation passed the House by voice vote and was forwarded to the Senate for its consideration where it passed in late August 1991, and was later signed into law by then President George Bush.

During the course of the negotiation on the Federal payment, certain revenue categories which had been historically used were once again used to determine the base amount, 24 percent of which would be the amount of the Federal payment. Not included were the categories "Charges for Services" and "Miscellaneous" because they were not enumerated and specified. When the District submitted its audited report to the U.S. General Accounting Office as required by subsection 2(c)(1) of Public Law 102-102 and subsequently to the Congress, these two categories in question were included, but without an enumeration of what areas they covered. Without that enumeration, the committee was unable to authorize their inclusion in the base amount used by the District of Columbia Subcommittee of the House Committee on Appropriations for purposes of determining the fiscal year 1993 Federal payment. The results were very disturbing and frustrating to all parties involved. Had these two categories been included for fiscal year 1993, the Federal payment might well have been the \$655 plus million as anticipated.

The first proposal considered by committee on March 31, 1993, was very important because it determined whether the committee would consider two categories not included as part of the non-Federal, locally generated revenues. These categories, listed on page 19 of the District's financial audit under the heading of Revenues are "Charges for Services" and "Miscellaneous." In total, they accounted for \$162 million and if counted, would mean an additional \$40 plus million for the District under the 24 percent Federal payment formula for fiscal year 1994.

The second proposal considered was a legislative amendment that would, if enacted, set a floor for the Federal payment by as-

suring the sum appropriated would not be less than the previous year's appropriation.

It is vital to the District's operations and bond market ratings that the District's fiscal base be as stable and predictable as possible. The amendment, if enacted, would assure that the appropriated Federal payment would not be less than the 24 percent of the previous year's appropriation, a bottom line stability that might also encourage the District to budget conservatively.

Under current law, Public Law 102-102 expires with the fiscal year 1995 authorization. Therefore, it is imperative that the committee begin building a record that can be used in determining the efficacy of the present Federal payment formula process.

JOINT SUBCOMMITTEE HEARING ON THE FEDERAL PAYMENT FORMULA AND IMPLEMENTATION OF THE LEGISLATION THAT ESTABLISHED THE FORMULA

Wednesday, March 31, 1993

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON FISCAL AFFAIRS AND HEALTH,
SUBCOMMITTEE ON JUDICIARY AND EDUCATION,
COMMITTEE ON THE DISTRICT OF COLUMBIA,
Washington, D.C.

The subcommittee met, pursuant to call, at 9:30 a.m., in room 1310-A Longworth House Office Building, Hon. Eleanor Holmes Norton (chairwoman of the Subcommittee on Judiciary and Education) presiding.

Members present: Representatives Norton, Stark, Wheat, Lewis, Jefferson, Bliley, Rohrabacher, and Ballenger.

Majority staff present: Broderick D. Johnson, staff director; Dietra L. Ford, senior legislative associate; Dale MacIver, senior staff counsel; Ronald C. Willis, subcommittee staff director; and Marvin R. Eason, staff assistant.

Minority staff present: Dennis G. Smith, staff director; David Anderson, chief counsel; Ron Hamm, senior staff associate; Nancy Noe, legislative associate; Matthew Farley, Rick Dykema, and Ashley Rehr, staff assistants.

William G. Wren, GPO publication specialist.

Ms. NORTON. I want to welcome our colleagues and today's witnesses.

On April 30, 1991, the Committee on the District of Columbia took a historic step with the passage of Public Law 102-102, the District of Columbia Budget Efficiency Act of 1991. Public Law 102-102 established a predictable and equitable method for determining the amount of the annual Federal payment to the District of Columbia. It was not only supported in committee by members of both the majority and minority, including committee Chair, Ron Dellums, ranking Republican member Tom Bliley, as well as my other colleagues. In an extraordinary show of bipartisan support for the District, the formula was also supported by the entire Republican and Democratic leadership of the House. With this bipartisan support, the legislation passed the House by voice vote and was forwarded to the Senate for its consideration where it passed in late August 1991, and was later signed into law by then President Bush.

Today, we will consider two proposals that should strengthen Public Law 102-102 so as to ensure that the District can anticipate

with greater certainty the amount it is to receive in the Federal payment for this year.

The first proposal before us today is very important because it will determine whether we should consider two categories not now included as part of the non-Federal, locally generated revenues. The vagueness of the two traditional categories in the District budget led to a \$30 million shortfall last year. These categories, listed on page 19 of the District's financial audit under the heading of Revenues, are "Charges for Services" and "Miscellaneous." In total, they account for \$162 million and if counted, would mean an additional \$40 plus million for the District under the 24-percent Federal payment formula for fiscal year 1994.

During the course of the negotiation on the Federal payment, certain revenue categories which had been historically used were once again used to determine the base amount, 24 percent of which would be the amount of the Federal payment. Not included were the categories "Charges for Services" and "Miscellaneous" because they were not enumerated and specified. When the District submitted its audited report to the U.S. General Accounting Office as required by subsection 2(c)(1) of Public Law 102-102 and subsequently to the Congress, these two categories in question were included, but without an enumeration of what areas they covered. Without that enumeration, the committee was unable to authorize their inclusion in the base amount used by the District of Columbia Appropriations Subcommittee for purposes of determining the fiscal year 1993 Federal payment. The result was very disturbing and frustrating to all parties involved. Had these two categories been included for fiscal year 1993, the Federal payment might well have been the \$655 plus million as anticipated.

In the course of today's testimony by District officials, we hope to receive an enumeration of both categories that will allow us to authorize their inclusion in the appropriation process.

The second proposal is a draft of a legislative amendment that would, if enacted, set a floor for the Federal payment by assuring the sum appropriated would not be less than the previous year's appropriation.

It is vital to the District's operations and to the city's bond-market ratings that the District's fiscal base be as stable and predictable as possible. This means an assurance of a stable and predictable Federal payment that does not fluctuate precipitously. My amendment, if enacted, would assure that the appropriated Federal payment would not be less than the 24 percent of the previous year's appropriation, a bottom-line stability that might also encourage the District to budget conservatively.

Under current law, Public Law 102-102 expires with the fiscal year 1995 authorization. Therefore, I believe it imperative that we begin building a record that can be used in determining the efficacy of the present Federal payment formula process. Are there ways we can improve on this process and if so, what are they? We need to begin to answer these questions now so that when the time comes for reauthorization legislation, we are prepared to consider all the possible options.

I have been asked by the co-Chair of this hearing, Mr. McDermott, who is called away to a hearing on health care reform if I would read his statement into the record. I will do so at this time.

MR. McDERMOTT'S STATEMENT

Thank you, Madam Chair.

I, too, look forward to hearing from our distinguished panel of witnesses, as well as the remarks of our distinguished colleagues.

The passage of the Federal payment legislation marked the first substantial amendment to the 1973 Home Rule Act and was intended to bring about a fair, equitable and predictable way of determining the amount of the Federal payment to the District of Columbia. I was pleased to join you as a cosponsor of that legislation.

Today, we are considering whether or not to amend Public Law 102-102, the Federal payment formula law to assure that while the Federal payment may not increase as expected, it will not fall below the amount appropriated for the previous year. In addition, we have asked the officials of the District of Columbia to submit for the record an enumeration of the two categories from their annual fiscal audit, "Charges for Services" and "Miscellaneous," not now authorized to be included in the District of Columbia Appropriations Subcommittee as part of what is called "locally generated revenues, non-Federal." Locally generated revenues, non-Federal is the basis for determining the Federal payment. The net result would be both a floor for the Federal payment and the possible inclusion of legitimate categories not now included, which could result in an increase of the amount to be appropriated for the Federal payment.

I look forward to the testimony and feel confident that this hearing will enlighten all of us as to where we stand on this issue of vital interest to the citizens of the District of Columbia.

I have no further remarks at this time and yield back to you, Madam Chair.

Are there any remarks from the ranking member, Mr. Rohrbacher?

[No response]

Ms. NORTON. Mr. Bliley?

Mr. BLILEY. Well, thank you very much.

Madam Chairman, members of the committee, in the winter of 1990 and 1991, the Nation faced war in the Middle East. Some of the shock waves set off by that armed conflict were acutely felt in our Nation's Capital. We still see many of the physical barriers that which were erected in response to terrorist threats, but the District of Columbia also felt a fiscal strain as well. Additional security for the President, Congress, the visitors to the Nation's Capital cost millions of dollars. At the same time, the District government was losing tens of millions of dollars in revenues as tourists stayed away.

As a new mayor and a new city council took office in January 1991, the District truly faced a financial crisis. It was against this backdrop that the 102d Congress passed an emergency supplemental appropriation of \$100 million. I might add that, I was proud and pleased to help the Mayor in this effort.

Shortly thereafter on a bipartisan basis, the Committee on the District of Columbia reported legislation to enact a stable and predictable Federal payment authorization. The bills sponsored by Mr. Dellums, Ms. Norton and myself became Public Law 102-102, which increased the annual Federal payment authorization by another \$200 million over the fiscal year 1990 level and set the Federal payment at 24 percent of local revenues from 2 years prior for fiscal years 1993 through 1995.

As a result, the District of Columbia has received a cumulative increase of \$500 million in funding from the Federal payment over the past 3 fiscal years. Yet, there are apparently complaints by District officials that Congress has not fulfilled its obligations to the District. Thus, 2 years after enactment and 2 years before the authorization expires, the implementation of Public Law 102-102 is the subject of today's hearing.

So, how did we get to where we are today? How can the District claim it was entitled to receive \$30 million more for the fiscal 1993 Federal payment than what was appropriated? How can the District claim a Federal payment of \$671 million for fiscal year 1994, which is \$40 million more than allowed under the formula?

I believe that the following charts precisely explain not only how we got to where we are today, but also why the District is wrong in claiming the higher amounts.

[Charts at page 8.]

REVENUE ESTIMATES

Chart 1: The first table provides several important pieces of information. For fiscal year 1985, the District told Congress that it would collect \$1,639,259,000 in general fund local revenues. The District actually collected \$53.5 million in fiscal 1985, more than it originally estimated. In fact, in each of the first 5 fiscal years shown here, the District underestimated its revenues by an average of \$53.4 million. Look at the tremendous rate of growth in those years, 10 percent, 9.69 percent, 8.76 percent and 8.93 percent.

Look what happened in the next 3 fiscal years. The rate of growth was cut in half. While revenues still increased by more than \$83 million in fiscal year 1990, the District's revenue estimate was wrong by \$127.6 million. It gets worse.

In the spring of 1990, the Barry administration estimated that it would receive \$2,779,383,000 in fiscal year 1991. Again, while revenues did increase by another \$100 million, the estimate was short by nearly \$176 million. So, in January 1991, the new Mayor faced a budgetary nightmare. The good news was the new administration became more realistic about its rate of growth. The bad news, of course, was that these District revenues between 1991 and 1992 grew by only 1 percent. Perhaps, the most important fact, as it pertains to today's hearing, is found in the second column of figures: "Actual Revenues."

It has been alleged that there is some confusion regarding the definition of local revenues. The figures in the second column come directly from the District's own budget. The figures from 1985 to 1990 come directly from the Mayor's own testimony before the House Committee on the District of Columbia in April 1991. Actual

revenues for 1991 and 1992, of course, were not available at that time, but the Mayor's testimony still reflected the Barry estimated revenues for 1991 of \$2.779 billion.

The Committee on the District of Columbia used these same figures in its report on H.R. 2123, which established the formula. Finally, I note that these figures also reflect those used by the Appropriations Committee. These figures are important for what types of revenue were being counted by both the city and Congress 2 years ago when the formula was being determined. They are equally important for describing what is not counted as revenue.

Let me note one other point. Public Law 102-102 authorized the set amount, \$630 million, for Federal payment of fiscal year 1992. If the District had received the payment based on the formula, it would have received only \$600.7 million for fiscal year 1992.

As the District has complained that the Federal payment was \$30 million less than expected in fiscal year 1993, let me note that the District received the extra amount in fiscal year 1992, 2 years ago. A \$100 million emergency supplemental in the Federal formula and new bonding authority were described as acts of faith. Add this additional \$30 million to that list. Congress has lived up to its commitments and I am deeply disturbed by allegations to the contrary.

Chart 2: In the second chart, we isolate what happened to the general fund in fiscal 1991. A great deal can be learned by examining the original budget assumptions, a budget revised 1 year later and the audited budget at the close of the fiscal year.

As the chart shows, the Barry administration projected revenues of \$2.779 billion in the spring of 1990. In the revised budget, it was clear to the new Kelly administration that the estimates were way off the mark. Although the District actually collected more in property taxes than originally estimated, revenues from nearly all other sources were down significantly. Collections from income taxes were nearly \$100 million short. We can see some of the effects of Desert Storm. Sales taxes, much of them derived from the tourist industry were \$58 million less than originally projected.

As you can see here and on the previous chart, District general fund local revenues in 1991, were nearly \$176 million less than originally projected. The third column, "Audited Revenues," is the basis for the calculation of the Federal payment. In fiscal 1991, the audited general fund, local revenues totaled \$2.603 billion. So, the Federal payment for fiscal 1993, as determined by the Appropriations Committee under Public Law 102-102, was 24 percent of this amount or \$624.8 million.

Let me note that the District budget includes and Congress appropriates nearly \$100 million in legitimate and recognizable service charges and miscellaneous revenue. Also included in the total are net lottery proceeds, which are transferred to the general fund to be spent by the District government as part of the regular budget process.

Now, charts 3 and 4.

So, what did the District do when the revenues came in at \$176 million less than they were originally estimated? The next two charts reveal what the District has attempted to do, to count more sources as revenue. The District has tried to include revenues

which have not historically been included by any entity including the District as general fund, local revenues. Simply speaking, the District is trying to include nonappropriated, miscellaneous revenues and service charges.

What are these nonappropriated revenues? Here are just some of the items for which the District tried to claim for the fiscal year 1993 Federal payment, based on fiscal year 1991 audited revenues: \$48.9 million in intra-District funds from capital outlay funds. If one D.C. agency charges another District of Columbia agency for services, the District wants to count that as revenue. Furthermore, capital funds should not be considered to be available as general funds.

The District wants to count \$1.2 million from the Federal Government for the supplemental security insurance program, even though Public Law 102-102 expressly excludes Federal funds from the formula.

The District wants to count \$18.2 million in rents and utilities, even though these collections are not available for general use.

It tries to count sales from the prison industry to the Federal Government.

The District wants to count a \$1.3 million HUD loan to the Lincoln Theater Project.

The District wants to count medicare fees.

In all, the District wants to count \$97 million in nonappropriated service charges, half of which appear to be transfers between agencies.

The District seeks to count \$76.8 million in miscellaneous revenues, some of which come from the Federal Government or is not available for general use.

What is obvious about these nonappropriated revenues is that they were never included by any entity involved in establishing the Federal payment formula 2 years ago. The District did not count nonappropriated revenue. The House D.C. Committee did not count nonappropriated revenue. The D.C. Appropriations Subcommittee did not count nonappropriated revenue. The Rivlin Commission, in developing its recommendations of the Federal payment, did not count nonappropriated revenue.

Even if there was an initial misunderstanding about what was to be counted in calculating the Federal payment, then surely that issue was resolved last year during the Appropriations Subcommittee deliberations. Former Chairman Dellums and I both informed Appropriations that counting nonappropriated revenue would not be consistent with congressional intent. Appropriations determined that, to count nonappropriated revenues would be inconsistent with the historical understanding of the general fund, local revenues. Yet, the District has insisted on presenting a budget with a Federal payment which it knows is \$40 million higher than the formula allows.

The record demonstrates that today, 2 years after the establishment of the Federal payment formula, the formula is working precisely as it was designed. Two years ago, the Mayor testified that she acknowledged that "Sometimes the revenue will be up and sometimes it will be down."

The Appropriations Committee has fulfilled its role in appropriating the District budget in a consistent manner. Julian Dixon, the gentleman from California and Dean Gallo, the gentleman from New Jersey, in particular, ought to be commended for maintaining the integrity of the formula. I think it is unfortunate that some local officials have tried to change the rules and were not allowed to and have chosen to blame the Congress.

I thank the Chairman and I apologize for the length of my opening statement.

[The charts attached to Mr. Bliley's statement follow:]

District of Columbia General Fund Revenues

(in thousands of dollars)

	District Estimated Revenues from prior year	Actual Revenues	Increase from Prior Year	Percent Increase	Difference in Estimate- Actual	P.L.102-102 Federal Payment
1985	\$1,639,259	\$1,692,804			\$53,545	
1986	\$1,805,210	\$1,862,043	\$169,239	10.00%	\$56,833	
1987	\$1,981,613	\$2,042,444	\$180,401	9.69%	\$60,831	
1988	\$2,163,242	\$2,221,290	\$178,846	8.76%	\$58,048	
1989	\$2,381,725	\$2,419,603	\$198,313	8.93%	\$37,878	
1990	\$2,630,561	\$2,502,883	\$83,280	3.44%	(\$127,678)	
1991	\$2,779,383	\$2,603,560	\$100,677	4.02%	(\$175,823)	
1992	\$2,657,646	\$2,636,187	\$32,627	1.25%	(\$21,459)	\$600,692
1993	\$2,639,434					\$624,854
1994						\$632,685

General Fund Revised FY 1991 Financial Plan

(in thousands of dollars)

Revenue:	Original Budget	Revised Budget	Audited	Audited-Orig. Difference
Local Sources				
Current Authority:				
Property taxes	832,200	856,100	881,878	49,678
Income taxes	848,300	795,000	749,025	(99,275)
Sales taxes	589,300	530,600	531,004	(58,296)
Other taxes	218,300	187,600	209,825	(8,475)
Licenses, permits	36,517	35,062	32,997	(3,520)
Fines, forfeits	47,770	52,768	53,026	5,256
Service charges	54,999	52,980	51,671	(3,328)
Miscellaneous	30,483	42,139	48,434	17,951
Subtotal, current authority	\$2,657,869	\$2,552,249	\$2,557,860	(\$100,009)
Local Sources, pending authority	71,638	12,178		
Subtotal, Local Revenue	\$2,729,507	\$2,564,427	\$2,557,860	(\$171,647)
Add net lottery proceeds	49,826	49,826	45,700	(4,126)
Disposition of fixed assets	50			
	\$2,779,383	\$2,614,253	\$2,603,560	(\$175,823)

Sources: Serving the People, Meeting the Challenge Fiscal Year 1991 Budget, "FY 1991 Operating Budget," Table I-2; A New Vision for the City: Making Decisions for Our Future Fiscal Year 1992 Budget, "FY 1992 Operating Budget," Table I-1; District of Columbia Appropriations Bill, 1991; D. C. Comprehensive Annual Financial Report, 1991.

Examples of Non-Appropriated Revenues from Service Charges (in thousands of dollars)

Charges for Services		
Intra D.C. Revenues Mainly From Capital Outlay Funds		\$48,866
Local Non-Appropriated -- Examples		
DCPS Non-Resident Tuition		\$137
Collection from Federal Government for SSI Advance		\$1,287
Rents and Utilities Collected from Tenants in DPAH's Properties		\$18,254
Medicaid Cost Settlement Revenues		\$4,389
Fees from D.C. Village, Forest Haven		\$3,144
Federal Non-Appropriated -- Examples		
Fees for the Education of U.S. Senate Pages		\$218
Secret Service and Park Police		\$44
Reimbursements From Federal Government	MPD Health Program	\$533
	Pages School	\$348
	Student Loan Collection	\$165
	Tunnel Maintenance	\$211
Correctional Industry Sales to Federal Government		\$2,449
Total Intra D.C. Revenues		\$48,866
Total Non-Appropriated Federal Revenues		\$4,202
Total Non-Appropriated Local Revenues		\$44,072
Total Non-Appropriated Service Charge Revenues		\$97,140

Examples of Non-Appropriated Miscellaneous Revenues (in thousands of dollars)

Miscellaneous Income	
Local Non-Appropriated -- Examples	
Rental and Long Term Leases	\$20,629
DHCD Loan Repayments	\$7,633
Other Revenues	\$164
Interest Income on Employers Contributions to Trust Funds	\$1,403
HUD Loan to Lincoln Theater	\$1,304
Fees from Medicare, Commercial Insurance and Self Pay for Medical Services at St. E's	\$10,989
Federal Non-Appropriated -- Examples	
Just Say "No" Program	\$3
Stripper-Well Oil Awards from U.S. Department of Energy	\$122
Crime Victims Reimbursement for Justice Department	\$110
Drug Use Forecasting Program	\$20
Adjustment of Prior Year Entry - Rivlin Commission	(\$1,000)
Total Non-Appropriated Miscellaneous Federal Revenues	(\$745)
Total Non-Appropriated Miscellaneous Local Revenues	\$77,635
Total Non-Appropriated Miscellaneous Revenues	\$76,890

Ms. NORTON. Thank you, Mr. Bliley.

Before I proceed to the ranking member, I want to welcome Mr. Lewis and Mr. Jefferson to this committee and say how much I appreciate their willingness to serve and to welcome Mr. Ballenger as well and to indicate how much I appreciate his willingness to serve.

Mr. Rohrabacher.

Mr. ROHRABACHER. Thank you, Madam Chairman.

Madam Chairman, today really is a sad occasion for these subcommittees and for the Committee of the District of Columbia as a whole and for the authorizing committees in general. Two years ago, Congress enacted Public Law 102-102, establishing a formula-based Federal payment authorization level. Although I thought the 24-percent level was too high, I supported basing the authorization level on a formula, because I believed that meant there would be predictable bases for determining the Federal payment.

Madam Chairman, it doesn't seem to be working out that way.

There is no doubt in my mind that Mr. Bliley is absolutely right in his calculations as to what revenues are supposed to be included in calculating the formula. There is no doubt in my mind that, Chairman Dellums was right in agreeing with Mr. Bliley's analysis of the legislative intent of this committee and that the District of Columbia Appropriations Subcommittee was right in appropriating a general Federal payment close to the Dellums/Bliley interpretation of the formula. But, there is also no doubt in my mind that none of this matters.

Madam Chairman, in fiscal year 1993, the very first year the formula was used to calculate the Federal payment, this committee says the formula worked out to be \$625 million. The city claims it is \$848 million, but out of the goodness of their hearts, have limited their request to \$655 million. Meanwhile, the Appropriations Committee set a general Federal payment at \$630 million and threw in an extra \$30 million for a youth and crime initiative.

A few months ago, the committee yielded to President Bush to veto any bill over his budget request, keeping the total payment at \$630 million. Now, however, with President Bush gone, the Appropriations Committee has added an extra \$28 million in unrestricted funds to the supplemental appropriations bill now being debated in the Senate.

It gets worse from here, as far as I am concerned, Madam Chairman.

For fiscal year 1994, Mr. Bliley says, and I agree with him, that the formula works out to be \$633 million. The city claims it is supposed to be \$802 million but, again, out of the goodness of their hearts, they are asking only for \$672 million. As far as the Appropriations Committee, it is clear from what they did in fiscal year 1993 that they will appropriate whatever they darn well want to appropriate. Madam Chairman, the formula has failed from the outset in its fundamental purpose, to produce an agreed upon, predictable Federal payment.

The city says that the formula yields far higher numbers than anything this committee intended and the Appropriations Committee does not even feel bound by the formula anyway. We may as well throw in the towel and throw out the formula. If the city and

the Appropriations Committee will not abide by the rules, let us just fight it out each year for D.C.'s appropriations number on the House floor and, yes, may the best team win.

I find it distressing that after someone—after we all moved forward with what was a very idealistic and sincere effort to give the city and, I might add, the taxpayers and all of us something from which we could count on and expect that we would not have to fight through these numbers, that it has failed in its very first year to accomplish the ends we thought it would accomplish.

Thank you very much, Madam Chairman.

Ms. NORTON. Could I just say to my two colleagues, there has been a lot of shouting back and forth on the formula and how it has worked. As we looked into the matter this session, it seems that there has been very little problem solving. The formula was applied for the first time last year. It was not perfectly calculated by the committee or perfectly applied by the Congress, it seems to me, is to be expected when we were dealing with an unprecedented formula.

I would like to ask those from the city and those from the Congress to both regard this as a problem to be solved, rather than to assume the conclusion is at hand before we can engage in a problem-solving exercise.

I would like to ask if any member of the committee who has not spoken has a—

Mr. BLILEY. Would the gentlewoman yield?

Ms. NORTON. Certainly so, Mr. Bliley.

Mr. BLILEY. We realized that the formula might not have been perfect when we did it, but we did it with everybody's agreement of the request—and we set it for 2 years. The reason we set it for 2 years was to come back and reexamine it.

Ms. NORTON. Three years, Mr. Bliley.

Mr. BLILEY. Three years, OK. We put a time limit on it for the purpose of seeing how it works and then make what adjustments, if any, should be made at that time.

That's all.

Ms. NORTON. Thank you so much.

Any other comments.

Mr. LEWIS. Madam Chairman.

Ms. NORTON. Mr. Lewis?

Mr. LEWIS. Madam Chairperson, let me just say that I am delighted and very pleased to be serving on this committee. I look forward to working with you and other members of this committee and working with the great Mayor of this city and all the elected officials.

I served on the city council in the city of Atlanta for more than 4 years. That city was a free and independent city. I hope the day will come when I am serving on this committee that, the District of Columbia will become free and liberated.

Thank you, Madam Chair.

Ms. NORTON. Thank you, Mr. Lewis.

Mr. Jefferson.

Mr. JEFFERSON. Thank you, Madam Chairwoman.

I have a very brief remark that I would like to share with you and the committee at this time and with the public.

Like Mr. Lewis, I am pleased to serve with you and with this committee. I do not share the rich history that we have seen examined here this morning and I am sure we will hear some more of it. I hope to learn it as soon as I can and to benefit from it.

Our job, as Mr. Lewis has stated and, I think, rightly stated is, to work toward the day when the people of the District of Columbia are truly represented in this Nation's body as fully as they should be. I hope that these interim measures that we are taking we will do as fairly and as expeditiously and as well as we can and with the least acrimony we can.

I am pleased to serve with you and the committee and I look forward to working with you in the years to come.

Ms. NORTON. Well, thank you, gentlemen.

Mr. Ballenger.

Mr. BALLENGER. Madam Chairperson and members of this committee, I would like to learn that I can—I hope to educate myself of the problems here. Again, having served as Congressman Lewis has in local government—I was the county commissioner for 8 years. Luckily for the people who were taxpayers in my area of the country, we had to have a balanced budget every year.

I have now been a taxpayer here in the city of Washington, DC. for 6 years. I would like to see somewhere along the line something occur that makes it look like the government is working, which I have not seen since I have lived here.

Ms. NORTON. Thank you, Mr. Ballenger.

[Pause]

Ms. NORTON. I want to welcome Mayor Kelly and her staff to this hearing. She may proceed.

Anybody who is going to be testifying with you, would you identify yourself for the record?

STATEMENT OF HON. SHARON PRATT KELLY, MAYOR, DISTRICT OF COLUMBIA ACCOMPANIED BY ELLEN O'CONNOR, CHIEF FINANCIAL OFFICER OF THE DISTRICT OF COLUMBIA AND TONY CALHOUN, CONTROLLER OF THE DISTRICT OF COLUMBIA

STATEMENT OF HON. SHARON PRATT KELLY

Ms. KELLY. This is Ellen O'Connor, who is the chief financial officer, Tony Calhoun, who is the controller of the District of Columbia. I am Sharon Pratt Kelly, the Mayor of the District of Columbia.

Good morning, Chairwoman Norton. It is good to be with you. It is good to be with you, Mr. Bliley, Mr. Rohrabacher, Mr. Ballenger and particularly to our two good friends, Congressman Lewis and Congressman Jefferson. It is a pleasure. If I may take this moment to say also that, I am delighted to see in your midst Mr. Broderick D. Johnson.

I am here today and welcome the opportunity today to testify with respect to the implementation of Public Law 102-102, which is the Federal formula payment that required considerable effort and energy on the parts of a good many people to hammer out in the first year of office of both me and Mr. Wilson and Ms. Norton. As we might know, just for a point of putting history in context, this Federal formula payment was not an idea that was developed on

the spot by anybody. Indeed, it was the product in part of the efforts of a commission, which was the bipartisan commission, as we might all recall.

The Chair of that commission was Alice Rivlin at the time. The other co-Chair was Frank Fahrenkopf. As a result of this 2-year commission which existed before I took office as Mayor, several things came forward, one of which was that the District of Columbia government needed to streamline. That was one of the issues that came forth. I might add that process commenced at the time that I took office. Indeed, the District of Columbia government, in the first year and a half, was streamlined by 5½ percent, which included 14,000 people, 700 funded vacant positions, 2,000 unfunded vacant positions.

As a result of the budget that was just approved by the District of Columbia Council for fiscal year 1994, that government will again be streamlined by 7 percent or 3,000 positions, funded positions of which the lion's share will be incumbents, will be reduced again. So, this government, this local government is doing its part in terms of one of the recommendations offered by the Rivlin Commission.

Another recommendation that was also offered by the Rivlin Commission was that, the District of Columbia, since it has this very peculiar arrangement in this country, that the District of Columbia in order to be fiscally stable ought to also have the capacity to tax the income that is generated here. We will not pursue that basic, American prerogative today. The issue before us today is that, because of this peculiar nature, because we cannot tax 40 percent of our property, 62 percent of the income that is generated in the District, we have this very unusual arrangement which is associated with the Federal payment.

It was thought, however, by that bipartisan commission that there needed to be some predictability to that payment. So, we worked together to try to hammer out what, indeed, that understanding ought to be. I should say very clearly, for those who have a difference of opinion that it was a clear understanding, we thought, as to what constituted those revenues at the time we hammered out that payment. I want to say at the outset, I very much appreciate the spirit of our Congresswoman Norton's amendment, but I also want to say that there were some understandings at that time. Those understandings were or we asked that they be reflected as a part of the legislative record.

Now, everybody at that time said, no, we do not need to make it a part of the legislative record. Oh, no, Mayor Kelly, that is not necessary, because everything that you are talking about constitutes revenue is pretty well understood by general accounting rules and there is nothing unusual to the District of Columbia. The rules that we are talking about are the rules—that is right—are the same rules that they normally constitute as revenues by general accounting standards. Therefore, we thought there was a clear and unequivocal understanding.

As the Congresswoman has pointed out, in this first year, not surprisingly, maybe there are some misperceptions or misunderstandings or legitimate differences of opinion, but we thought all of that was clearly hammered out. We are not trying to change the

rules in the middle of the game. We really are not. We think we are really going back to what was clearly understood at that time in terms of what constituted revenues. Indeed, the revenues that we are talking about, for example, are legitimate reimbursements for expenses, not money that—nor are we talking about money that the Federal Government gives us. We are talking legitimate reimbursements for expenses.

The kinds of things that are now being disputed, for example, the District of Columbia has to go back and pave a road because one of the utility companies has messed up the road for trying to correct a utility problem. You are saying that ought not to be included as a part of our expenses. Indeed, the dollars that we collect for services provided in terms of our housing, people are saying now that those are not legitimate revenues that ought not to be included. By any other standard, in any other general accounting standards in terms of government, those would be legitimate revenues. That is what we are saying ought to be calculated as a part of that base.

So, I am going to ask Ellen O'Connor and Tony Calhoun to elaborate upon it further but, again, we are not trying to change the rules in the middle of the game. We, indeed, are trying to operate by the rules that we thought were clearly understood at the time we worked so vigorously to obtain this Federal formula payment.

I would also add that our hope is that, while it should sunset in 1995, we are hopeful that it will become permanent so long as this unusual arrangement for limited home rule exists.

Again, we are here to elaborate and what I would like to do with your permission is to ask Ellen O'Connor if they can speak or maybe respond to any questions that you might have, to assist in responding to any questions you might have.

Ms. NORTON. Thank you very much, Mayor Kelly.

Yes, I would like unanimous consent to enter your written testimony into the record since it answers, it seems to me, very forthrightly the precise questions at issue in this testimony.

[The prepared statement of Ms. Sharon Pratt Kelly with attachments follows:]

STATEMENT OF
THE HONORABLE SHARON PRATT KELLY
MAYOR OF THE DISTRICT OF COLUMBIA
BEFORE THE
DISTRICT OF COLUMBIA COMMITTEE
SUBCOMMITTEE OF FISCAL AFFAIRS AND HEALTH
AND THE
SUBCOMMITTEE ON JUDICIARY AND EDUCATION

Wednesday, 31 March 1993

9:30 a.m.

Good morning Chairman Stark, Congressman Bliley, Chairman McDermott, Chairwoman Norton and members of the subcommittees. Thank you for the opportunity to testify before you today on the implementation of P.L. 102-102, the legislation that established the federal formula payment to the District of Columbia.

It was nearly two years ago that I first came before this committee in my capacity as mayor of the District. At that time, I strongly endorsed the direction and intent of the federal formula bill you were considering and strongly urged the committee to go one step further and adopt the recommendation of the Rivlin Commission which would have set the formula at 30 percent of locally-generated revenue. Through extensive negotiation and cooperation, we were able to enact the existing federal payment legislation which set the formula at 24 percent of local source revenue.

The District and this committee wholeheartedly supported and celebrated the passage of

the historic legislation establishing a formula for the federal payment to the nation's capital. We were all in agreement that the federal payment had not kept pace with the expectations and demands for services to the federal government placed upon the District and that the District was burdened by the tremendous taxing restrictions included in the Home Rule Charter.

In this committee and in the Congress, there developed a consensus that the time had come for a federal payment that would be predictable, rational and equitable and that would provide a level of certainty to the District as well as to Wall Street. In fact, all of the members of this committee agreed that a federal payment formula provides a dependable method on which the District government can rely when drafting its own fiscal year budgets. By implementing a formula for determining the federal payment in advance, a large measure of uncertainty can be avoided during our budget process.

The District of Columbia Budgetary Efficiency Act of 1991 authorized a federal payment to the District in an amount equal to 24 percent of the revenues derived from "local sources". I am urging the relevant congressional committees:

1. to interpret P.L. 102-102 with a sharper definition of the term "local sources" and, having done so
2. to extend the authorization of the payment beyond fiscal year 1995 and make the commitment permanent.

The General Accounting Office, charged under the law with reviewing and reporting District revenues, a year ago, struggled to come up with an approach that represented what it thought Congress wanted for calculating a federal payment to the District and still meet the literal requirements of the law. It is clear that disparate interpretations on how to calculate the federal payment will continue unless the law is clarified.

Confusion regarding the definition of "local source revenues" has existed for the past year.

In the FY 93 District budget, these different interpretations of the federal formula payment resulted in a \$30 million "hole" in the District's budget. The District's calculation, based on P.L. 102-102, was \$555 million, and our budget was balanced with the understanding that our calculation was a proper interpretation of the law.

The authorizing committee in May 1992, and again in June, provided a different interpretation of the law in communications with the D.C. Appropriations Committee. In our view, the committee's interpretation is not consistent with what was the very basis of the historic legislation we all worked so hard to achieve. Clearly, this new interpretation has tremendous ramifications for the FY 94 budget just passed by the District of Columbia Council and soon to be sent to the Congress. The District again grappled with an uncertain federal payment during this budget planning cycle. My recent letter to the

Comptroller General detailed the calculation the District used and the resulting federal payment request in FY 94 of \$672 million.

The District recommends that the same good will and spirit of consensus developed in earlier negotiations prevail as we nail down the particulars of this definition, and I urge that we refine the formula by specifying in greater detail the elements to be included.

How has the District interpreted the law and what do we mean by "local revenues"? Our calculations of the federal payment are based on a percentage of District revenues, which absolutely excludes funds received from the federal government. District revenues include general fund revenues with all appropriated taxes and fees and non-appropriated revenues as well as net lottery proceeds. Non-appropriated revenues include revenues received by the District for charges for street repair following work by utility companies, rent from public housing units, third party payments on mental health benefits, intra-governmental charges and transfers and other non-appropriated revenues from District sources.

All of these monies meet the definition of revenue according to the Government Accounting Standards Board and generally accepted accounting principals (GAAP). All of these amounts can be identified in the District's audited comprehensive annual financial report. (A complete listing of FY 92 non-appropriated charges for services and non-appropriated miscellaneous charges is attached; federal charges are excluded from the

District's definition of "local sources".)

Thus, the District recommends this method for computing the federal formula payment in order to eliminate any confusion about which elements to include in determining the payment amount, while conforming to generally accepted accounting principles and using audited results readily available in the District's annual financial statement.

It is essential that we clarify the method for calculating the formula payment required by the Budgetary Efficiency Act of 1991 prior to the expiration of the authorization in FY 95. Enactment of this bill was a bi-partisan effort to resolve a long-standing problem, and it is my hope that we can clarify the specifics for continued implementation of the bill in the same spirit in which this legislation was enacted. I look forward to working with you toward that end.

Let me speak to the proposal to provide an annual floor for the federal payment to the District. We are not requesting the establishment of a floor for the federal payment. We believe that by making the formula for a federal payment a permanent commitment and by specifying the elements to be used to calculate the amount, Congress will provide the necessary and sufficient support to allow the District to plan for our financial needs.

Thank you for the opportunity to address you this morning.

FISCAL YEAR 1992
NON APPROPRIATED CHARGES
FOR SERVICES AND MISCELLANEOUS CHARGES

NON APPROPRIATED CHARGES FOR SERVICE

Public

Public & Asst. Housing - Rental Pay Title II	\$19,148,961
Employment Services - Workers' Compensation	6,122,904
Public Works - Street Repairs	4,801,274
Public Schools - Food Service Sales	1,750,768
Human Servs. - Vital Records Revenue	1,563,382
Human Servs. - Sec. Sec. Income Payback	1,520,349
Human Servs. - Medicaid Inpt. Cost Submt.	1,391,116
Human Servs. - Medical DC Vill. Patient Lbty.	1,287,598
Univ. of D.C. - Law School Tuitions	1,266,293
Recreation & Park Fees	575,958
Human Servs. - Medical JBJ Patient Liability	564,251
Public Works - Lorton Landfill	472,742
Public & Asst. Housing - Non Dwelling Rnt	429,674
Admin. Services - Rental Prop. Mgt.	397,997
Human Servs. - Medical ME Patient Liability	345,743
Various Other Public Charges	327,177
Public Schools - Lease Income	222,100
Human Servs. - Various Other	177,706
Public Schools - Custodial Servs.	186,630
Human Servs. - Medical Pdl Pr Vendor	118,287
Public Schools - Various Other	108,784
Zoning - Transcript Fees	101,114
	<hr/>
Total Public	\$42,830,728

Federal*

Correctional Industries - Sale of Products	2,083,454
Metro. Police Dept. - Reimb. from Ctr. Gov.	854,979
Public Schools - Reimb. from Ctr. Gov.	250,796
Metro. Police Dept. - Justice Dept. Finger.	247,141
Public Works - Reimb. from Ctr. Gov.	208,937
Public Schools - Cap. Page School	194,970
Human Servs. - Reimb. from Ctr. Gov.	191,249
Various Other Federal Charges	68,571
	<hr/>
Total Federal	3,905,097*

-- more --

Attachment

page 2

Intra-Governmental

Various Agencies - Intra-Governmental	32,029,331	
Public Works - Water & Sewer	11,767,664	
Various Other Intra-Governmental	770,237	
	<hr/>	
Total Intra-Governmental		44,567,232
		<hr/>
TOTAL NON APPROPRIATED CHARGES FOR SERVICES		\$91,303,057

NON APPROPRIATED MISCELLANEOUS CHARGESPublic

Human Servs. - Mental Health 3rd Party Payments	\$15,427,131
Housing & Comm. - Sale of Land/St Comm. Dev.	7,596,832
Public Works - Recycling Program	7,379,982
Human Servs. - AFDC Title IV-D Coll.	5,326,327
Housing & Comm. - Bond Fund and Other Revenue	3,874,383
Public Works - Lorton Landfill Rebate	3,600,000
Corrections - Concession Income	2,564,403
Public Works - Abandoned Vehicle Removal	1,994,768
Housing & Comm. - Rehab. Loan Repayment	1,839,810
Housing & Comm. - Rehab. Loan Repay. Multifam.	1,725,698
Housing & Comm. - Rental Income Property	1,430,883
Human Servs. - Med. 3rd Party Loty. TPL Coll.	1,286,462
Housing & Comm. - Soc. Dev. Loan Repayment	1,177,796
Comp. & Reg. Aff. - No Fault Admin. Fund & Ctr.	1,145,523
Financial Mgt. - Allotments	1,126,940
Public Works - Other Revenue	1,083,498
Housing & Comm. - Home Purchase Asst.	1,083,303
Human Servs. - IV-D Incentive & Other Net Rev.	949,627
Housing & Comm. - Long Term Lease	825,938
Employment Servs. - Int. Inc. Alloc. UI Emp Surcha	707,472
Metrc. Police Dept. - Narc. Proc. Crime	666,522
Recreation & Parks - UFO Head Start & Other Rev.	665,494
Busi. & Eco. Dev. - EDFC DC Contrib. & Int. Inc.	616,783
Energy Office - Exrch ESS/SPM & Other Revenue	600,206
Admin. Services - Other Revenue	607,154
Various Other Miscellaneous Public Charges	541,829
Public Works - M V OF Prog.-Dr. Ed. & Grant Mtch.	520,042
Busi. & Eco. Dev. Guar. Loan Funds & Invst.	512,218
Public Works - Stlig & T/S Con. DPW Whole Cost	485,190
Housing & Comm. - 1st Right Id & Land Acqul EDC	468,098
Publ. Library - Pines Copy Fund & Other Revenue	453,783
Public & Asst. Housing - Syndi. Fees & Other Rev.	426,482

Attachment
page 3

Housing & Comm. - Rehab. Loan Repayment Ar	382,866	
Public Schools - School Income & Other Revenue	303,343	
Fire Dept. - FPD Inspec. & Other Revenue	266,695	
Busi. & Eco. Dev. - DC Committee to Promote	230,743	
Metro. Police Dept. - Other Revenue	225,137	
Taxi Cab Comm. - Taxi Assess. & Insur.	220,701	
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Total Public		\$70,251,077
 <u>Federal</u> *		
Energy Office - Strip Well Exempt & Other Rev.	449,963	

Total Federal		449,963*

TOTAL NON APPROPRIATED MISCELLANEOUS CHARGES		\$70,701,041
		=====

* federal receipts would be excluded from the "local source revenues".



THE DISTRICT OF COLUMBIA
WASHINGTON, D. C. 20004

EMERSON FRATT KELLY
Mayor

FEB 17 1993

The Honorable Charles A. Bowsher
Comptroller General
441 G Street, NW
Washington, DC 20001

Dear Mr. Comptroller General:

In accordance with section 4(a) of Public Law 94-399, as amended by section 2(b) of Public Law 102-102, the comprehensive annual financial report of the District of Columbia, audited by Coopers & Lybrand and Bert Smith & Co., certified public accountants, includes a report of the revenues of the District of Columbia for the fiscal year ended September 30, 1992, broken down by revenues derived from the Federal Government and revenues derived from sources other than the Federal Government during that fiscal year.

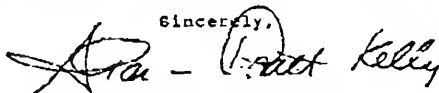
A summary of the revenues reported for fiscal year 1992 follows (in thousands of dollars):

Exhibit	Source			Total
	Local	Federal	Interfund	
Governmental:				
General (A-2).....	\$2,700,769	1,343,743	44,567	4,089,079
Capital projects (B-2)...	-	76,657	-	76,657
Enterprises (C-2):				
Operating revenues.....	270,742	49,151	53,025	372,918
Nonoperating revenues....	6,994	7,822	-	14,816
Trusts:				
Expendable (D-2).....	139,815	118,226	7,438	265,479
Pension (D-3).....	222,781	28,950	255,003	506,734
Total revenues.....	\$3,341,101	1,624,542	260,033	5,325,693

There is authorized to be appropriated as the 1994 annual federal payment to the District of Columbia for fiscal year 1994 an amount equal to 24 percent of the local revenues for fiscal year 1992. The authorized amount for fiscal year 1994 is \$801,864,000.

The District of Columbia Budget Request Act for the year ended September 30, 1994, will request an appropriation of \$671,566,000 for the federal payment. This amount represents 24 percent of the total of District sources of revenue in the General Fund (\$2,749,691,000 on Exhibit S-1) plus operating transfers from the Lottery and Games Enterprise Fund to the General Fund (\$48,500,000 on Exhibit C-2) for the year ended September 30, 1992.

Sincerely,

A handwritten signature in cursive script that reads "Sharon Pratt Kelly". The signature is written in dark ink and is positioned to the left of the typed name.

Sharon Pratt Kelly
Mayor

Ms. NORTON. I would like to say for the record that, I do not believe and do not think that it is fair to say that the District has been trying to change the rules either. The District, for example, did not include Federal funds and, in fact, without particular guidance as to what would be accepted and what would not be accepted, I included some funds which the committee, the Appropriations and the D.C. Committee believed not to be appropriate. The notion that there was good faith involved, it seems to me, is demonstrated by the fact that the two categories that have proved most troublesome have in fact been enumerated with the testimony which has been received here this morning.

I would like to ask you, Mayor Kelly or those who come with you to indicate why these categories have not been counted in the past as a part of locally generated revenues when one looks to see what in fact they are? Would you give some examples from your testimony or from the appendix to your testimony as to what kinds of revenues we are talking about and why those revenues should be considered locally raised revenues or locally generated revenues?

Ms. KELLY. If I may, I would like to ask Tony Calhoun, our controller to speak to that.

Mr. CALHOUN. Yes, thank you, Mayor.

Chairperson Norton, I would be glad to try to respond to your query.

These revenues in the past—and unfortunately, going back, one of the people that I spoke to that has been involved in the finance of this government mentioned that, as far back as they could remember, which was 1964, most of these revenues have been nonappropriated many times because they are for specific purposes, which as Mr. Bliley pointed out, like rents or public housing, which is a major item here, now you can only use that for public housing purposes. However, under the generally accepted accounting principles, if some pay you rent that is revenue. So, I think that is clearly a revenue of the District of Columbia.

We have in our annual financial report—and I will mention it for the record—but in the back, which is what we have always wanted to use in Exhibit S-1, which gives a column, there is a column there called “Total District Sources.” That column includes taxes, licenses and permits, fines and forfeits, charges for services, miscellaneous revenue. Now, in the charges for services and miscellaneous revenue, that includes some appropriated and nonappropriated, the two items together. They all add across to equal something called Total District Sources.

LOCAL-SOURCE REVENUE

The Rivlin report referred to local-source revenue of the District of Columbia. The Mayor has been talking about local-source revenue. When we were first discussing implementing this program, we talked about local-source revenue. We talked about using S-1 as the figure to use to multiply by the 24 percent. We talked about that. Now, the language that came out in the legislation is different than what we talked about, because it talks about local revenues. Then the law defines local revenues as all revenues of the District of Columbia except those received from Federal sources.

This is why it gave us difficulty in trying to come up with a figure and as Mr. Rohrabacher, who has now left us points out, we were asking for \$800 million. We pointed out in discussions with staff, including a member of Mr. Bliley's staff that this figure was going to come forward if we did not reach some sort of agreement, because there was no, as the Mayor pointed out, legislative history. There was no committee report. There was nothing that you could refer to to determine what the definition was. If you just applied what the law said, you would include all the revenues of the District, not just District sources, all sources, which would be all funds.

We knew that was not the intent. We were not expecting to get that. We asked the committee staff to let us work out something. The General Accounting Office, in the report they sent forward to the Congress, pointed out that our calculation was correct but, however, it would lead to a figure that was much larger than the Congress appeared to have intended. They begged the Congress to please define further what the formula should be, because the definition was not clear.

Now, those were the issues that we were—the situation we find ourselves in.

REIMBURSEMENTS AND OTHER PAYMENTS

Mr. Bliley referred to we were trying to get money for SSI. The reimbursement of that line item is reimbursements. What happens is, there are some people who apply for SSI. They apply for it, but it takes time for the Federal Government to certify them. We pre-determine that the likelihood is very substantial that they are going to be approved at some point. We advance them funds. They reimburse us once they get money. That is what that is.

There are also third-party payments from various of our facilities, which include individuals who have insurance of some kind or self-pay, whether it is in mental health, whether it is in our clinics, in D.C. Village, J.B. Johnson Nursing Home, various facilities that are listed in here.

There are loan proceeds in here which also Mr. Bliley mentioned. We have some loan programs and economic development. Those proceeds when those loans are repaid are shown in here. They are payments coming back to the District. Those payments are required to be used in many of those programs, in the Community Development Block Grant under the HUD regulations. They are required to be set aside for use in that program. They are part of the local-base revenue for that program, which is another reason why they were not appropriated.

So, we have a variety of programs like that or special situations that the income has some restrictions on it. That is why—and Mr. Bliley did point that out—that a lot of these incomes are restricted. That is why they are not in the appropriations, but they are not Federal except for in the attachment to the Mayor's testimony, we identify it. It is a little over \$4.5 million that is Federal funds. Even that is receipt for services and we are willing to exclude that.

The services that—even those services though are, for instance, \$2 million of the \$4.5 million is for correctional industries. Correc-

tional industries provide services to various Federal agencies, refinishing furniture, fixing file cabinets, things like that. There is \$192,000 in there for operation of the Page School right here on Capitol Hill. That is revenue to the District. It is from the Federal Government, though.

Those are just some of the examples of some of the items that we are dealing with.

LACK OF PRECEDENT

Ms. NORTON. In the absence of any guidance from the committee, the city was obviously left to try to figure this out by itself. It becomes very technical, as we have seen from your explanation. I think that part of the problem here was that what the legislation apparently expected to work, which was that the GAO, the committee and the city would figure it out before it went to the Appropriations Committee, did not happen correctly. I think the committee has to take responsibility for that as well. This is not simply a case of the District not getting it. There has been no precedent for how to get it.

One of the reasons I think that the committee, in passing the legislation, did not spell it out is because it was not sure how these categories would break down. Obviously, it caused a problem which we are trying to correct here this morning. That is why laying out, by the way, if I may so, simply laying out the items that the District tried to include last time does not further the problem-solving exercise at hand. Again, in the absence of guidance, it does not seem to me to make any sense of how to proceed to lay out items that seemed as if they might legitimately be included as locally generated revenues, no precise definition having been giving by the Congress of the United States.

May I ask you, Mayor Kelly, do any of the funds in these two categories that have now been elaborated come from interagency transfers, enterprise funds, trust funds or unspecified Federal sources?

Mr. CALHOUN. Right.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Madam Chairperson, we have broken out another grouping in there that is intergovernmental, some of that, as we have separated it out and we show it clearly. With this one, the light of it is capital, as we have out. It is reimbursed with the general fund. The capital fund does not have any employees charged to it. Proceeds are put in there from bond issues and from grants, but nobody is charged there. The employees are in the general fund. To the extent that employees or certain services are provided that relate to capital, they are revenue to the general fund. That is in accordance with generally accepted accounting principles, if money is going from one fund to another.

There is about \$770,000 that is from other agencies like the university, the hospital and things like that. That is the smaller amount of the three amounts in that category. The other two larger amounts are primarily capital-related.

When we did the calculation of the total, all the revenues of the District based on the way the law was written, we eliminated that amount so we would not double count it. In our letter to the General Accounting Office, that \$44 million is excluded. If you are going to take all of the funds of the District, that is not a problem. If you are going to limit it to the general fund, which is what we came back with, then it is revenue to the general fund.

That is the position we are taking because, again, we are required to follow generally accepted accounting principles.

Ms. O'CONNOR. I just add that the definition of revenue that we are using today and that Mr. Calhoun is explaining is consistent with the definition of revenue that the District has always used. I think you are getting a treat to see that frequently this fund accounting can be quite complicated and confusing. I would argue that the merit of it is that, we are not making up the rules or the definition about what revenue is.

There is a crowd called the Government Accounting Standards Board, GASB. They are the determiners of what the rules for government accounting are. They define what revenue is. We verify that the District's practice of those rules is correct by obtaining an audit by a major accounting firm. When that audit comes through, we are given an award that our categorization and presentation, our accuracy in using those rules, that is, calling a revenue a revenue is recognized by the Government Financial Officers' Association and other associations as top quality.

So, I guess our merit is, we have been applying these rules consistently, 2 years ago, 10 years ago, 20 years ago as well as being recognized by independent third parties as properly using the rules, complicated as they may be.

Ms. NORTON. Thank you, Ms. O'Connor.

AUTHORIZATION, DURATION

Mayor Kelly, finally, you say in your statement, "We are not requesting the establishment of a floor for the Federal payment. We believe that by making the formula for a Federal payment a permanent commitment and by specifying the elements to be used to calculate the amount, Congress will provide the necessary and sufficient support to allow the District to plan for our financial needs."

Now, the commitment to a permanent Federal payment formula is one which you must know you already have. When the Federal payment formula comes up again, we will ask that it be permanent. That is not, of course, an entitlement. I think there is some confusion in, at least, your testimony. I need to put it on the record so that there is no confusion.

What, in fact, the Congress did last time was to give an authorization, in effect, that would last for 3 years at 24 percent. Some of us thought that 24 percent was too low an amount and, therefore, had no problem with there being only a 3-year authorization for that amount. When the authorization runs out and we come again for an authorization, if we are able to get an authorization of the amount that seems to us to be fair or an authorization that goes up gradually then, of course, it will be appropriate to ask that be writ-

ten into law as a permanent commitment. But a permanent commitment for an authorization is only an authorization.

Therefore, it is no different from what you have now, namely, a piece of paper, the way George Washington University now has a piece of paper that they wave in the face of the Appropriations Committee every year, saying give George Washington University \$50 million because we have been authorized. All a permanent authorization does is what the 3-year authorization does, which is to give you a piece of paper to say to the Appropriations Committee, would you please give us that amount. There is no such thing in the Congress as a permanent appropriation.

At that point, of course, we would be getting into entitlements. That has never been done for any locality. That would be—that is not, of course, what you are asking for. We were all clear at the time of the Federal payment formula when the District was attacked for the formula by those who construed it as an entitlement. You and the ranking member and the Chair and everyone else rebutted that and said we knew it was not an entitlement.

So, that you already have. At least you have the commitment of some of us to try to get a fair formula that would then be in permanent law, although we could go back at any time. We could go back the next year and change it.

This question comes out of looking at the District's revenues. For example, in 1993, the increase from last year was \$32,627,000. It seemed clear to some of us, looking at the District's revenue over time that, it was not beyond the pale to envision a time when the District's revenue could indeed be below what it was the year before and, indeed, the ranking member of the full committee and others have said that, indeed, that is what you have agreed to live with. You agreed to live with whatever the fluctuation would be.

I am asking you is it fair to the residents of the District of Columbia to live with a fluctuation entirely out of the control of the District of Columbia that could conceivably send District revenues below what it was the year before although that would be nothing that was anything you could control? Therefore, I want to know what would be the problem with a floor on the Federal payment?

Ms. KELLY. In an effort to, as you express, Madam Chairwoman, to resolve the problem, I would be delighted to have such language. I simply was making it clear that, from my original understanding and recognizing that the problem was not resolved though, my original understanding was that, all of what we offered as a basis for revenues vis-a-vis this Federal formula payment was what we have offered to this august body. Then, indeed, I certainly was not trying to change any rules based upon my original understanding.

In view of the fact that there is not that clarity and in view of the fact that there is a problem, I certainly would welcome it.

Ms. NORTON. Thank you, Mayor Kelly.

Mr. Bliley.

NON-APPROPRIATED CHARGES

Mr. BLILEY. Thank you, Madam Chairman.

Mayor Kelly, when you testified before the Committee on the District of Columbia in April 1991, you provided budget estimates

to the committee for general fund local collections. Did those estimates include nonappropriated funds?

Ms. KELLY. I am certain they include everything as we understood it today.

Mr. BLILEY. Well, as a matter of fact, Mayor, they did not include nonappropriated funds. Had they, you would have included an additional \$173 million in nonappropriated revenues and would have increased the local revenue estimates to \$2.95 billion and the Federal payment estimate to what would have been \$708 million.

Ms. NORTON. Will the gentleman yield for a moment? I know that Mr. Jefferson and Mr. Lewis have a Ways and Means Committee meeting.

I appreciate your coming.

Mr. BLILEY. So, my question is, based on that, when did you decide that the Federal payment should be based on these funds?

Ms. KELLY. It is always my understanding, Mr. Bliley, but I will let Ellen O'Connor speak to those points.

Ms. O'CONNOR. Mr. Bliley, there were a number of exhibits provided by the District of Columbia to the committee as a backdrop for the Federal formula payment. Those estimates did include all general fund revenue, both budgeted and not budgeted.

It is also true that, as part of budget defense, as we are moving the budget through the Appropriations Committee of the Congress, we develop a list of figures that explain what the details of the budgeted revenue are. That is for the purpose of supporting the budget moving through the Congress. I distinguish that those are two different exercises. So, I would not argue that—

Mr. BLILEY. I understand that and we had the figures and we understood it. We base general fund revenues as being those that you are free to spend however the council sees fit to spend. Now, the comptroller points out that \$192 million is for the pages' school.

Mr. CALHOUN. 192,000.

Mr. BLILEY. 192,000, whatever. A thousand here, a thousand there. Pretty soon, it is real money, I guess.

Anyway, you are not free to spend that money on anything but that particular purpose. The fees at the University of the District of Columbia come in and pay part of the cost of operating the University of the District of Columbia. You are not free to take those students' tuitions and fees and put it toward fixing potholes in the middle of the streets.

That was what this committee and the chairman and the gentleman did when we put in the fixed formula. We based it on those funds that are used in the general fund for totally discretionary purposes on the part of the District, not those funds that are earmarked.

You mentioned the SSI and that you advanced the money. You also get the money paid back to you when the SSI money comes in. Now, to say that is revenue to the District is a little misleading. That is Federal money that comes in. Yes, you may advance it, but it comes in nevertheless. It is not locally generated money for local, generated purposes. It is a specific thing and it is an in and out proposition. It is certainly not part of the general fund that can be used for any discretionary purpose.

Interagency transfers are in other words, recreation and parks for the District that bills another group or another agency in the District for x amount of money for services rendered. That is done. I served for 9 years on the city Council of Richmond. Seven of those, I was privileged to be mayor. That is done, but to say that is locally generated revenue that can be spent on something else is also misleading. That is why we set it up the way we did.

We used a number supplied by the District of Columbia back to 1985, year in, year out. Right up until the first time the revenue estimate went down, the numbers were agreed upon, general fund revenues. We allowed the lottery, for example, whose proceeds go in and then you are allowed to use that money as needed, for whatever purpose the council and the Mayor determine.

These other things, capital bonds, about which the Mayor came to see me early in her term when she had a problem. The previous administration had anticipatory notes and they kept rolling them over and I presume, the financial advisers to the Mayor said: Mayor, you have to stop this pretty soon. You are not going to be able to do it. So, she came and we agreed. I had to bring some of my colleagues in the Senate and in the White House along kicking and screaming to a one time deal where you floated bonds to pay off current debts.

We had a number of cities, some cities, not a number, but some that have done this and used capital funds for operating funds and they got into some pretty deep fiscal difficulties. One of them, indeed, had to be bailed out by the U.S. Treasury. So, I want to point that out.

I have no quarrel. This Mayor is great and she has been good for this city and I want her to succeed, but the formula is the formula and if we try to change it, we run the risk of getting rid of it again and having the payment go, Mayor, as you know, from 30 percent one year to 13 percent another year in a wild flux.

So, I appreciate the Chairman yielding me the time. I wish I could stay, but I have another meeting to go to. Thank you very much.

Ms. KELLY. Thank you, Mr. Bliley.

Ms. NORTON. Thank you, Mr. Bliley.

Mr. Rohrabacher.

COMMENTS OF MR. ROHRABACHER

Mr. ROHRABACHER. Let me also affirm that I wish the Mayor the very best of luck and she has my admiration for the tough job that she is doing. I commend her for the credibility that she has brought the city after a period of some real problems before in the previous administration, from the previous mayor.

I will say that but also add that, there are a lot of other cities in this country that are having a lot of problems, a lot of States. Out in California, we are having a major financial crisis. Frankly, we are in a time period, a transition out of the cold war and our economy is restructuring itself now and there are a lot of problems all over. Just to—and you are welcome to comment, Mayor.

I do not think we are going to end up with a large amount of Federal money coming to the city from a Federal payment whether

it is a formula or not. If the formula is misconstrued or there is sort of maneuvering going on to increase the amount of money that is supposedly going to come from the Federal Government to the city, it is not going to work out. The Government, the Federal Government is broke. We are \$3 billion to \$4 billion in debt and we are going—trillion dollars, excuse. Actually, the deficit level is \$300 billion to \$400 billion every year, the level of deficit spending. While I sympathize with everything you are going through and I think both the Republicans as well as the Democrats sympathize with what you are doing, there is just not going to be a lot more Federal money coming your way in an increase from what you have been receiving, no matter what kind of maneuvers are being made to try to find a Federal formula and the way we work it out.

I just thought I would put that out for you. I just do not see that happening.

By the way, if we lose this idea of having a regular formula to work out rather than having a Federal payment that has to be debated out among us—let me just note. There are a lot of people who believe and I know that there are good Democrats who do not believe this, but a lot of people believe that, perhaps, Republicans will be back in and maybe might take control of this body 4 years from now. I wish President Clinton the very best, but I do not think his party is—I do not think this is going to work. If it does not work, I think the Republicans are going to come back in a big way.

It might be better for this city to actually deal with the formula rather than having to deal with the politics today of whatever happens 2 to 4 years down the road. So, I guess I am just sort of pleading with all parties concerned here to make sure that, although it might be nice to think that we can play with the numbers and come up with a lot more money that the District of Columbia is going to get from the Federal Government, but if we try to be a little bit more reasonable about it and understand that the intent was not to have a major increase but to keep it at a certain level that is predictable, that it probably is going to work out better for the city and better for the country in the long run.

Mayor, please feel free to comment any way you want on what I just said.

Ms. KELLY. Well, I can only speak to, I guess, the issue at hand today, Mr. Rohrabacher. I appreciate your concern and your expressions of goodwill toward the District.

Again, we thought we had an understanding to the extent that there was a lack of clarity with that understanding. We are eager to try to figure out a resolution to it. Again, it is in that spirit that I am here today. I am hoping that at least as regards the understanding we had, we can figure out a way to flesh it out and finalize whatever that obligation is one to the other.

Thank you.

Ms. NORTON. Thank you, Mr. Rohrabacher.

To their credit, the District officials beginning with the Mayor, have in fact, Mr. Rohrabacher, not asked for a large increase in the Federal payment. So, our testimony is not grounded in any assumptions about an increase in the Federal payment. To the contrary, what the District government has done in this budget cycle

is very painful cutting in every part of the government, including layoffs, which are to take place shortly.

I just want to say for the record that, I think the budget process went very well this year with all the public officials. Instead of passing off this the way it is so easy to do, standing up each and every one of them and doing very difficult things and not saying, maybe if we go to the Federal Government, we can get more money.

I want to thank Mayor Kelly for the responsiveness of her testimony. The list that is in the testimony will be studied at once by this committee. I have already spoken with Mr. Dixon, the Chair of the appropriations subcommittee. If we are able to clarify this matter, which I certainly believe we will be able to do, then I believe that the city will be able to get the funds that it is due, not any funds over and above what it is entitled to, but funds it is due under the Federal payment formula passed by this very Congress.

I very much appreciate your coming to testify.

Ms. KELLY. Thank you very much. Thank you all.

Ms. NORTON. I see that Mr. John Wilson is ill this morning. He has sent us his written testimony. I ask unanimous consent for it to be included in the record. I will submit to the Chair of the city council, Mr. Wilson, questions so that he may respond for the record.

[The prepared statement of Mr. John A. Wilson follows:]

STATEMENT OF
JOHN A. WILSON
CHAIRMAN
COUNCIL OF THE DISTRICT OF COLUMBIA
BEFORE THE
SUBCOMMITTEE ON JUDICIARY AND EDUCATION AND
THE SUBCOMMITTEE ON FISCAL AFFAIRS AND HEALTH OF
THE COMMITTEE ON THE DISTRICT OF COLUMBIA
U.S. HOUSE OF REPRESENTATIVES
ON
P.L. 102-102, THE DISTRICT OF COLUMBIA BUDGETARY
EFFICIENCY ACT OF 1991

9:30 A.M.

MARCH 31, 1993

GOOD MORNING, CHAIRMAN NORTON AND CHAIRMAN McDERMOTT AND MEMBERS OF THE SUBCOMMITTEES OF THE DISTRICT OF COLUMBIA COMMITTEE. I AM HERE TODAY TO TESTIFY ON THE FORMULA-BASED FEDERAL PAYMENT TO THE DISTRICT OF COLUMBIA.

TWENTY-TWO MONTHS AGO WE WERE ELATED THAT WE FINALLY HAD A FORMULA-BASED FEDERAL PAYMENT. TWELVE MONTHS LATER WE FELT TERRIBLY LET DOWN. WHAT WE BELIEVED WAS A STRAIGHT FORWARD CALCULATION OF THE FEDERAL PAYMENT UNFORTUNATELY WAS TRANSFORMED INTO A DISAGREEMENT ABOUT THE REVENUE ITEMS INCLUDED IN THE FORMULA BASE. IN THE PROCESS AND IN FACE OF A THREATENED VETO, WE LOST \$30.8 MILLION IN REVENUE FOR THE CURRENT FISCAL YEAR. WE EARNESTLY HOPE THAT CONGRESS CAN REMOVE THE LINGERING QUESTIONS AND UNCERTAINTY ABOUT THE FEDERAL PAYMENT FORMULA THIS YEAR.

FROM THE OUTSET OF THIS PROCESS, WE UNDERSTOOD THAT THE DEFINITION OF LOCAL REVENUE INCLUDED OTHER CHARGES AND MISCELLANEOUS REVENUE TO THE GENERAL FUND THAT DID NOT FINANCE THE APPROPRIATION. JUST BEFORE THE HEARING ON THE LEGISLATION, WE DISCUSSED THIS DEFINITION WITH THE OFFICE OF MANAGEMENT AND BUDGET. WHEN WE CAME BEFORE THIS BODY TWO YEARS AGO TO TESTIFY WE USED THIS DEFINITION.

THE DISTRICT HAS BEEN COLLECTING NONAPPROPRIATED REVENUE AS LONG AS WE CAN REMEMBER. THE REVENUE ITEMS APPEARED ON THE OLD MONTHLY TREASURER'S REPORTS THAT WERE USED BEFORE THE FINANCIAL MANAGEMENT SYSTEM WAS INSTALLED. IN THE LATE 1970s, THE FINANCIAL OVERSIGHT COMMISSION ESTABLISHED BY CONGRESS DETERMINED THAT THE DISTRICT'S

REVENUE SYSTEM WOULD CONTINUE TO HAVE THESE "OTHER" SOURCES OF REVENUE AND DESIGNED THE FINANCIAL MANAGEMENT SYSTEM ("FMS") TO ACCOMMODATE THEM. BOTH THE GENERAL FUND AND OUR ENTERPRISE FUNDS HAD THESE SOURCES. ADOPTING THE DISTRICT'S HISTORICAL PRACTICE, THAT OVERSIGHT COMMISSION DETERMINED THAT THE NONAPPROPRIATED REVENUE EARNED BY GENERAL FUND ACTIVITIES WOULD CONTINUE TO FINANCE THE AGENCY ACTIVITIES FROM WHICH THE REVENUE WAS DERIVED. THAT IS TO SAY THAT UNDER FMS, THE REVENUE WAS ALLOCATED TO THOSE ACTIVITIES. EVER SINCE THE ADVENT OF FMS, THE DISTRICT HAS BEEN CAREFULLY FOLLOWING THE FMS PROCEDURES WRITTEN BY THE COMMISSION FOR THIS PURPOSE. WE BUDGET THIS REVENUE BY SOURCE BY AGENCY AND WE REPORT ON THIS REVENUE BY SOURCE BY AGENCY.

THE DISTRICT'S NONAPPROPRIATED REVENUE ITEMS ARE COMMON TO STATE AND LOCAL GOVERNMENTS. THEY MEET THE ACCOUNTING DEFINITION OF REVENUE. THE ITEMS INCLUDE, AMONG OTHER THINGS, TENANT RENT, THIRD-PARTY MEDICAL PAYMENTS, CHARGES FOR ABATING NUISANCES, AND UTILITY AND METRO REIMBURSEMENTS FOR STREET REPAIRS. WE BELIEVE THAT LOCAL REVENUE IN THE FEDERAL PAYMENT FORMULA SHOULD INCLUDE THESE CHARGES AND OTHER MISCELLANEOUS NONAPPROPRIATED REVENUE.

NOW IS THE TIME TO MAKE THE FEDERAL PAYMENT FORMULA WORK WITHOUT QUESTION OR DEBATE. TO DO SO, I BELIEVE THAT WE SHOULD USE THE DISTRICT'S HISTORICAL DEFINITION OF LOCAL REVENUE. THE PROBLEMS AND UNCERTAINTIES NOW ASSOCIATED WITH THE FEDERAL PAYMENT MUST BE ELIMINATED. WE MUST BE ABLE TO PROCEED TO RESTRUCTURE OUR

GOVERNMENT WITH A BETTER ABILITY TO PROJECT OUR FINANCIAL RESOURCES.

BECAUSE OF THE NEED FOR STABILITY AND THE NEED TO KNOW IN ADVANCE THE LEVEL OF FUNDING AUTHORIZED, WE ENDORSE CONGRESSWOMAN NORTON'S BILL TO SET A FLOOR FOR THE AUTHORIZED ANNUAL FEDERAL PAYMENT EQUAL TO THE AMOUNT AUTHORIZED TO BE APPROPRIATED FOR THE FEDERAL PAYMENT FOR THE PREVIOUS YEAR.

I AGREED WITH THE MAYOR THAT WE COULD CUT PUBLIC SAFETY EXPENDITURES IN FISCAL YEAR 1994 AND STILL HAVE ADEQUATE PROTECTION. BUT AS POLITICIANS YOU KNOW THAT THE CITIZENS PERCEIVE THAT THE NEED IS MUCH GREATER, PARTICULARLY WITH THE HIGH RATE OF CRIME. THAT IS WHY I ADVOCATED ADDING A REQUEST FOR A \$25 MILLION SPECIAL FEDERAL PAYMENT FOR PUBLIC SAFETY FOR THE FISCAL YEAR 1994. ALTHOUGH I PLAN TO DISCUSS THIS ISSUE AT LENGTH WITH YOUR COLLEAGUES ON THE APPROPRIATION SUBCOMMITTEES, I WILL SAY THAT WITH THE DISTRICT'S CURRENT RESOURCES, IT CANNOT AFFORD TO MEET ALL OF THE COURTS' REQUIREMENTS. NOR CAN THE DISTRICT AFFORD A POLICE FORCE OF OVER 4,500 AND THE SAME MANNING LEVEL ON OUR FIRE TRUCKS AS CITIZENS DEMAND.

IN FACT, I BELIEVE THAT THE ANNUAL FEDERAL PAYMENT TO THE DISTRICT SHOULD BE AT LEAST 50 PERCENT MORE THAN WE PRESENTLY RECEIVE OR ROUGHLY \$900 MILLION. THIS AMOUNT WOULD MORE FULLY COMPENSATE THE DISTRICT FOR THE EXTRA COSTS IT INCURS AS THE NATION'S CAPITAL. AS

YOU KNOW, OVER 60 PERCENT OF INCOME EARNED IN THE DISTRICT AND NEARLY 60 PERCENT OF PROPERTY LOCATED IN THE DISTRICT IS NOT SUBJECT TO OUR TAXES.

THANK YOU FOR THE OPPORTUNITY TO TESTIFY THIS MORNING. I WILL BE PLEASED TO ANSWER ANY QUESTIONS.

Ms. NORTON. May I ask Mr. James Corman, a former member of this body to come forward. We are fortunate that, when members leave this body, they do not leave the territory always. Mr. Corman brought his enormous expertise to District affairs as a member of the Rivlin Commission. As a former distinguished member of this body, well acquainted with the affairs of the District of Columbia and with the budget of the United States of America and a former member of the Rivlin Commission, he has served both of those bodies with great distinction and I am very pleased to welcome you today, Mr. Corman.

Mr. ROHRABACHER. Madam Chairman, I will have to excuse myself and I apologize for that. I apologize to my distinguished former colleague. I know that Mr. Corman is very famous in California. He was a very active congressman in southern California and well known for his leadership in the health-care issues and other issues of concern to our society, not that we always agree. He was recognized as intelligent and a man who had a lot to contribute.

I would like to ask permission, seeing as I will have to leave, if I could address questions to his testimony in writing and to all the members, of all the witnesses, could ask questions in writing.

Ms. NORTON. Without objection, so ordered.

Mr. ROHRABACHER. Thank you very much.

STATEMENT OF JAMES C. CORMAN, ESQUIRE, FORMER MEMBER OF THE RIVLIN COMMISSION AND ATTORNEY WITH THE FIRM OF SILVERSTEIN & MULLENS

Mr. CORMAN. Thank you, Madam Chairwoman.

My name is James Corman. I am an attorney with the firm of Silverstein & Mullens. In 1990, I served on the Rivlin Commission as the co-Chair of the Revenue Subcommittee with Frank Fahrenkopf, the former Republican National Committee chairman. Frank and I share few opinions that relate to government or politics. I am an unreconstructed, liberal Democrat. Frank is not. Yet, after months of working together on the commission, we came to one view concerning the District of Columbia. It faces almost insurmountable fiscal challenges and much of the problem is the result of the District's relationship with the Federal Government.

Frank and I did not agree totally on a solution. We did agree that an adequate Federal payment was necessary to ameliorate the hardship on the District. The commission thought 30 percent of locally raised funds was a fair Federal payment. There was no particular logic or justification for that amount. It just happened to be the amount of the Federal payment the first year the District had home rule.

Obviously, 24 percent was the amount Congress gave, not as much as hoped for, better than it had been in the past. At times, the percentage has dropped to 13 percent. Thus, the District continues to struggle with inadequate funds to meet its obligations. That is why passage of this legislative proposal is important and may be crucial. With passage, even if the District's tax collections fall, as well they may with the Defense cuts planned by the administration, the District will know the minimum Federal payment.

Madam Chairwoman, if you will permit me to stray beyond the impact and importance of this proposal, I would suggest that unless fundamental changes are made in the financing of government in the District of Columbia, it will be unable to meet the responsibilities to its citizens. Further, it will be a lesser city than this Nation's citizens are entitled to as their Nation's Capital.

There is a potentially critical problem with under-funded District pension systems. Many of the streets in the District are in need of maintenance and repair. The public school system is hardly a model of excellence. Violent crime is rampant in much of the District. The prisons are full. The courts are clogged and the Mayor and the city council are considering firing policemen.

But in my view, the problem which pales all others is the plight of those children in the District who live in poverty. AFDC payments in the District are the lowest in the Nation when the cost of living is taken into account. Foster-care children are lost in the system, many of them abused and brutalized. There just is not enough money to provide safe, decent living conditions and necessary social services to care for these children.

I suggest there are at least three courses that might be pursued to alleviate the District's fiscal plight. I will give them to you in the order of my preference, not the Rivlin Commission's. The first is statehood. The District already has practically all of the responsibilities of a State. It should have all of the powers to tax. If statehood is rejected, the second course would be for the District to be permitted to tax income at its source, a right enjoyed by the Federal Government and all of the 50 States. For that opportunity plus a reasonable Federal payment in lieu of real property and sales taxes, lost because of the Federal presence, the District would be treated fairly from this point of view.

Assuming Congress rejects both of those solutions, I urge a Federal payment that would truly reflect the lost to the District of revenues to which it is entitled and which it desperately needs. It would probably be nearer to 74 percent than 24 percent.

Madam Chairwoman, thank you again for this opportunity. I urge the passage of the proposal. It is a small but important step in meeting Federal responsibility for the District.

Ms. NORTON. Thank you very much, Mr. Corman. I very much appreciate those comments and appreciate the way in which you moved through some other issues, which we do not regard as tangential at all. The unfunded pension liability, for example, is a ticking bomb. It is going to be 15 percent of the District's operating budget if we do not do something before 1995. The District is meeting with this committee staff and with my staff in order to try to work this one out. I think it is probably the most urgent financial problem facing the District at this time.

The Rivlin Commission used a figure, I must tell you, Mr. Corman, that has been bandied about all over this city and one that you simply got by, I think, asking someone on short notice in the District government for the amount of funds that a tax would, some form of tax on suburbanites would deliver. The amount that is bandied about is something over a billion dollars. I am now meeting with tax experts and I must say that, one of my concerns is that it looks as though that is an amount, again, not coming

from the Rivlin Commission itself, but from somewhere in the bowels of the District government that is terrifically inflated.

One of the things we are looking at is, what is the realistic amount that would come to the District in the form of a tax. That amount, for example, was based on including every worker who comes into the District and every part of the District, including parts that would no longer be under the jurisdiction of the District of Columbia. It was a very gross figure. It is bothersome to me, because I have a statehood bill before the Congress and that bill is not going to pass until I clarify the matter of taxation and what would be involved.

This much is clear; that the District is—your second alternative, I think it is, which is to let the District tax at the source if we cannot get statehood. We are more likely to get statehood than we are to get a bill through the Congress allowing us to tax people who do not live in the District of Columbia. Let me say this, at the moment, we have more votes for statehood than we have for that.

You are certainly right. We have an artificially shallow tax base and no community should be required to live off such a shallow tax base. That is why we are number one in the United States, when you put together our Federal and our local taxes paid and why there is such outrage in the city that we do not have the right to go along with paying taxes at that level.

Both you and the co-Chair, Fahrenkopf recommended 30 percent of locally raised revenues as the basis for the Federal payment. Over and over again, we are asked about the basis for any figure that we used. You have used 74 percent in your testimony and we have never been able to establish a basis for any figure, a low figure or a high figure. I wonder if you have any ideas about the basis for a figure?

Mr. CORMAN. Well, that 30 percent, as I mentioned was— we agreed to it simply because it was what had been the percentage the first year of home rule. I had accepted those figures given us on the revenue loss. I earn my money in this district. I should pay my income tax in this district. People who earn their money in California, wherever they live, they pay their income taxes to California on the money they earn. People who earn their money in this Nation, regardless of where they live, they pay Federal income tax.

I agree with you. That probably is a hard nut to crack. I think it might be an answer for people who say that the Federal Government should not be giving as much money as they do to the District; that they cannot afford it. Well, if they just change the tax law and let the District tax appropriately, they would not have to give so much.

However, when I said nearer to 74 than 24 percent, I just wanted to demonstrate that I think 24 percent is quite low. I could not justify the 74 percent precisely at this moment, but when you look at the revenue loss from property taken off the tax rolls, sales taxes lost and that prohibition against collecting income tax at source, it is a lot of money.

Ms. NORTON. Mr. Corman, you heard the testimony that preceded you.

In your view, is the District accounting revenues to it of the kind that were given in the example, is the District in fact acting in ac-

cordance with general accounting principles and in a way that you think fairly comports with what a formula might recognize?

Mr. CORMAN. I am sorry. I am just not qualified to comment on that at all. I did listen. I was totally convinced by Congressman Bliley when I listened to him. Then I was totally convinced by the District when I listened to them. I am uncertain. I am totally ignorant as an accountant and that is why I married one. So she would keep me out of trouble.

Ms. NORTON. Anybody who knows of Mr. Corman's career in the Congress understands that the honesty of that remark characterized his entire political career as well.

Finally, there is another hard problem we have that I would like your thoughts on. That is, whether there is any way to calculate the Federal payment other than the present Federal formula that is based on 2 years back. No wonder the Federal payment rises so slowly. It does not reflect the expenses for that year of the Federal Government, but basically because of the way accountants do their work. It looks to a period that inflation has already moved ahead of.

Mr. CORMAN. Yes.

I suppose the only answer would be is, you want that much certainty in what you are going to use as the base to increase the percentage. In other words, acknowledge the fact that you are 2 years behind and that the cost of living adjustments go up 3 or 4 percent at very low times and 10 to 12 percent at higher times. So, adjust the 24 percent to take into account that lag.

Ms. NORTON. A kind of COLA effect.

Mr. CORMAN. Yes.

Ms. NORTON. Thank you very much, Mr. Corman. I very much appreciate your taking the time. I know you had other matters on your schedule that you had to rearrange. I very much appreciate it.

Mr. CORMAN. Thank you.

Ms. NORTON. Let me call Mr. John Hill of the GAO. Let me note that there are two public officials in the room, Councilwoman Hilda Mason and statehood representative, Charles Moreland. We are pleased to welcome you here this morning as well.

Mr. BALLENGER. Madam Chairman, if I may apologize to you and the others, I am senior member on a couple of committees because of the shortage around. I have a drug-free schools hearing in the next building. So, if you do not mind.

Ms. NORTON. Mr. Ballenger, we appreciate you spending as much time as you did. You are very generous and I appreciate it very much.

Yes, Mr. Hill.

STATEMENT OF JOHN W. HILL, JR., DIRECTOR, SUPPORT AND ANALYSIS, ACCOUNTING AND FINANCIAL MANAGEMENT DIVISION, GAO ACCOMPANIED BY MICHAEL FISCHETTI, ASSISTANT DIRECTOR AND JEFFREY JACOBSON, ASSISTANT GENERAL COUNSEL

STATEMENT OF MR. HILL

Mr. HILL. Madam Chair, I am pleased to be here today to present testimony on these very important topics. I would first like to in-

roduce my associates who are at the table with me. On my right is Mike Fischetti, my assistant director and on my left is Jeff Jacobson, our assistant general counsel.

In the interest of time, I will summarize my written statement, but would ask that the entire text be included in the record.

Ms. NORTON. So ordered.

Mr. HILL. Under Public Law 102-102, the audit required on the District's comprehensive annual financial report must include a schedule of the District's revenue for the fiscal year, broken down by revenues derived from the Federal Government and revenues derived from other sources. We are required to report the results of our review of the audit on this schedule by March 1 of each fiscal year. We reported on May 8, 1992 that, when the formula and the law is applied to the amount in the District's schedule, the resulting authorization was higher than historical trends would indicate.

LETTERS FROM AUTHORIZING COMMITTEE

We also reported that congressional hearings and committee reports associated with enactment of the law have generally compared the Federal payment to general-fund revenues. At the June 1992 hearing of the House District of Columbia Appropriations Subcommittee the District controller requested the Appropriations and authorizing committees clarify and document their intent, so that the calculation would be applied consistently in the future. This was done through two letters, one from the chairman and the other from the ranking Republican member on the House Committee on the District and the reports of the House and the Senate Appropriations Committees.

The District was directed to prepare and submit the schedule of local revenue under the act as specified in the exhibit contained in the letter from the chairman. The letter from the ranking Republican member stated that authorized Federal payments in fiscal years 1993, 1994 and 1995 should be based only upon those sources of local revenues which have been counted by the Appropriations Committee in the past.

On February 23, 1993, we received an undated letter from the Mayor of the District of Columbia containing their calculation of the authorized amount of the Federal payment for fiscal year 1994 of about \$802 million. The calculation contained in the letter is not consistent with the direction and exhibit provided by the committee.

If applied as directed, the formula would have resulted in reporting total local revenues of about \$2.6 billion, not \$3.3 billion. Applying the 24 percent to this lower local revenue figure calls for a Federal payment authorization of about \$633 million or \$169 million less than the amount the Mayor indicated should be authorized, and about \$39 million less than the amount the Mayor indicated would be requested for appropriation.

Attachments 1 and 2 to the testimony of the written statement, detailed the major differences between the base, the local revenues used by the Mayor and the one directed by the committee. This schedule really points to some of the issues I am sure the committee is considering, what to include and what not to include.

I wish to point out that, since we have not completed our review of the auditor's report, these calculations could change as a result of our future work. We expect to complete our review of the report within the next few weeks.

FLOOR TO FEDERAL PAYMENT

The current proposal on the floor would require that the amount authorized to be appropriated as the annual Federal payment to the District may not be less than the previous year's appropriation. In effect, the amount authorized would never be reduced even when local revenues are decreasing.

In the ranking Republican member's letter mentioned earlier, it was stated that throughout the legislative process, city officials were warned that setting the payment on a percentage of local revenues included the risk of a reduction in the Federal payment if the revenues declined. His statement indicates that the authorizing committee had considered and accepted the possibility that the Federal payment would and could be reduced.

If enacted, the current proposal would result in an authorized amount that would be greater than 24 percent of local revenues whenever local revenues decline. If the intent of this proposal is to minimize the impact of the reduction of the Federal payment in times when local revenues are decreasing, the subcommittee may want to consider using an average of local revenues over some period of time, for example, say, 3 to 5 years as the basis for calculation of the formula. Over time, the average authorized payment would still be 24 percent of local revenues, but there would be some cushioning of the large upward and downward swings that could occur in any given year and cause large fluctuations in the size of the authorized payment.

Madam Chair, this concludes my oral statement. My colleagues and I would be happy to answer any questions that you may have at this time.

[The prepared statement of Mr. John W. Hill, Jr. with attachments follows:]

United States General Accounting Office

GAO

Testimony

Before the Subcommittees on Judiciary and
Education and on Fiscal Affairs and Health,
Committee on the District of Columbia,
House of Representatives

For Release on Delivery
Expected at
9:30 a.m., EST
Wednesday
March 31, 1993

DISTRICT OF COLUMBIA

The Federal Payment Formula

Statement of John W. Hill, Jr.
Director, Audit Support and Analysis
Accounting and Financial Management Division



Madam Chairwoman and Mr. Chairman and Members of the
Subcommittees:

We are pleased to be here today to discuss the calculation of the authorized federal payment to the District of Columbia. We have also been asked to comment on a proposal to amend the District of Columbia Self-Government and Governmental Reorganization Act to require the amount authorized for any fiscal year to be equal to or greater than the amount appropriated for the previous fiscal year.

During last year's House appropriations hearing on the District's budget, there was much discussion about the proper application of a formula-authorized federal payment to the District. The discussions centered on what amounts should be included in the base; that is, whether the base should include all (1) local source revenues raised by the District (general, enterprise, and trust funds) or (2) only general fund revenues, which would result in a much lower authorized payment. Subsequently, letters to the Appropriations Committee from the Chairman and Ranking Republican Member of the House Authorizing Committee stated that the base amount should be the general fund revenues with certain adjustments and including certain lottery receipts. They suggested that the District be directed to submit a report of local revenue in a prescribed format. The directive was included in the House and Senate reports on the District's appropriation. We recently received a letter from the Mayor with a schedule

detailing local revenues but the schedule is not consistent with the directives from the appropriating and authorizing committees.

My testimony this morning will provide background on the applicable laws, discuss our role in the process, and summarize the major events that have occurred regarding this issue since last year to assist the committees as they consider these issues in establishing a floor for the amount of the authorized federal payment to the District of Columbia.

BACKGROUND

The District of Columbia Budgetary Efficiency Act of 1991, Public Law 102-102, amended the District of Columbia Self-Government and Governmental Reorganization Act to establish a predictable and equitable method for determining the amount of the annual federal payment to the District of Columbia. The act's purpose is to compensate the District of Columbia for (1) unreimbursed services provided by the District to the federal government and (2) the significant deficiencies in the District's tax base resulting from federally imposed limitations on the District's ability to raise revenue. These limitations include:

- the exemption from taxation of property owned by the federal government or by any foreign government which uses such property for diplomatic purposes;

- the statutory prohibition on taxation of income earned in the District by an individual who is not a resident of the District; and
- limitations on the height of buildings located in the District.

The act also provides a formula for calculating the amount authorized for appropriation as the annual federal payment to the District. To calculate the authorized federal payment for fiscal years 1993, 1994, and 1995, 24 percent is applied to District of Columbia local revenues for fiscal years 1991, 1992, and 1993, respectively. The act defines local revenues as the independently audited revenues of the District that are derived from sources other than the federal government during the year, as reviewed by the Comptroller General under section 715(e) of title 31, United States Code.

Public Law 94-399 requires an audit by a certified public accountant of the District of Columbia Comprehensive Annual Financial Report. Under the act, this audit must include a schedule of the District's revenues for the fiscal year, broken down by revenues derived from the federal government and revenues derived from other sources during that fiscal year.

Public Law 102-102 requires us to submit to the House Committee on the District of Columbia and the Subcommittee on General Services, Federalism, and the District of Columbia of the Senate Committee on Governmental Affairs a report detailing the results of our review of the schedule not later than March 1 of each fiscal year.

GAO REVIEW OF FISCAL YEAR

1991 SCHEDULE

The District of Columbia government contracted with an independent certified public accounting firm to audit its fiscal year 1991 financial statements. Because the District's financial statements for the year ended September 30, 1991, did not include a breakdown of its revenues for 1991 as required, we requested that the District and its auditors provide an audited breakdown of revenues, which we subsequently received on February 28, 1992.

We conducted our review of the auditors' work in accordance with generally accepted government auditing standards. Based on our review, the District modified the revenue schedule to, among other things, eliminate certain revenues related to operations of the District of Columbia General Hospital fund. We received the updated final schedule and auditors' opinion related to that schedule on March 27, 1992.

In the auditors' opinion, the District of Columbia's Schedule of Revenues and Nonoperating Revenues for the year ended September 30, 1991, is fairly presented in accordance with generally accepted accounting principles in relation to the District's financial statements for the year ended September 30, 1991, taken as a whole. Our work found nothing to indicate that the auditors' opinion was inappropriate or unreliable. We presented the results of our review in our report to the Committee and Subcommittee on May 8, 1992.

We reported that the District's schedule included local revenues of \$3.534 billion from nonfederal sources, including \$2.680 billion of general fund revenue, \$362 million of enterprise fund revenue, and \$492 million of trust fund revenue. When the formula in the law is applied to the total local revenues presented in the schedule, the resulting authorization to the District for 1993 was greater than historical trends would indicate. We reported that congressional hearings and committee reports associated with enactment of the law have generally compared the federal payment to general fund revenues.

CONGRESSIONAL DIRECTIVE

ON USE OF FEDERAL PAYMENT FORMULA

On Wednesday, June 17, 1992, the District of Columbia Appropriations Subcommittee of the House Appropriations Committee

held a hearing to discuss, among other items, the formula payment to the District of Columbia. Issues discussed included the definition of the base, the possible inclusion of net lottery proceeds in the base, and the authorizing committee's intent with respect to the formula.

At this hearing, the District Controller requested that the appropriations and authorizing committees clarify and document their intent so that the calculation could be applied consistently in the future.

The record of the hearing shows that the appropriations subcommittee subsequently received two letters, both dated June 22, 1992, one signed by the Chairman, and the other by the Ranking Republican Member, House Committee on the District of Columbia. The purpose of these letters was to express their view of the authorizing committee's intent regarding Public Law 102-102. The letter from the Chairman included an enclosure that provided a detailed formula in an exhibit and states "the Committee directs that, hereafter, the District prepare and submit the Schedule of Local Revenue required by section 2[b] of Public Law 102-102, 105 Stat. 496 (1991) as specified in the exhibit. This exhibit is consistent with the basis which the D.C. Appropriation Subcommittee and the District have historically used to determine the federal payment."

The letter from the Ranking Republican Member stated further that "the authorized federal payments in FY 1993, 1994, and 1995 should be based only upon those sources of revenue which have been counted by the appropriations committee within its category, General Revenue Local Collections within its historical table, Federal Payment Compared to District of Columbia General Revenue Local Collections. If some source of general revenue local collections, including the net sum of lottery revenues, has been included in this category by the Appropriations Committee in the past, it should continue to be included in determining the federal payment as authorized by P.L. 102-102. If some source of general revenue local collections has not been included in the Appropriations general revenue local collections category in the past, counting it now would be inconsistent with our intent."

These views are reflected in reports of the House and Senate Appropriations Committee, which directed the District in the future to use a schedule of local revenues as displayed in the exhibit.

STATUS OF GAO REVIEW OF
THE FISCAL YEAR 1992 SCHEDULE

On February 23, 1993, we received an undated letter from the Mayor of the District of Columbia, which contained the Mayor's calculation of the authorized amount of the federal payment for

fiscal year 1994. The Mayor's letter provided for an authorized federal payment determined under the formula of \$801,864,000, but stated that the District's appropriation request for the federal payment will be \$671,566,00. The Mayor stated that this amount represents 24 percent of the total of District sources of revenue in the General Fund (\$2,749,691,000) plus operating transfers from the Lottery and Games Enterprise Fund to the General Fund (\$48,500,000) for the year ended September 30, 1992.

The calculations contained in the Mayor's undated letter are inconsistent with the direction and exhibit provided by the committees. If applied as directed, the formula would have resulted in reporting total local revenues as \$2,636,187,000 instead of \$3,341,101,000. Applying the 24 percent to this lower local revenue figure calls for a federal payment authorization of \$632,685,000, or \$169,179,000 less than the amount the Mayor indicated should be authorized and \$38,881,000 less than the amount the Mayor indicated would be requested.

The major difference between the base for local revenues used by the Mayor and the one required by the committee is that the Mayor's base includes all revenues (general, enterprise, and trust funds) attributable to local sources and the required base includes only general fund and lottery transfers to the General Fund, adjusted for certain charges for services and miscellaneous revenue. Attachments I and II to my statement contain our

calculation of the 1993 and 1994 authorized federal payment using the committees' directive and a comparison of the amounts used in the Mayor's undated letter with the committees' directive. I wish to point out that since we have not yet completed our review of the auditors' report these calculations could change as a result of our future work. We expect to complete our review and report within the next few weeks.

PROPOSAL TO AMEND THE DISTRICT OF COLUMBIA

SELF-GOVERNMENT AND GOVERNMENTAL

REORGANIZATION ACT

The current proposal would require that the amount authorized to be appropriated as the annual federal payment to the District for a fiscal year may not be less than the amount authorized to be appropriated as the annual federal payment to the District for the previous fiscal year. In effect, the amount authorized for appropriation as the annual federal payment to the District would never be reduced, even when local revenues are decreasing.

In a letter dated June 22, 1992, to the Subcommittee on the District of Columbia of the House Committee on Appropriations, the Ranking Republican Member, House Committee on the District of Columbia stated that "throughout the legislative process, city officials were warned that setting the payment on a percentage of revenue included the risk of a reduction in the federal payment

if revenues declined." This statement indicates that the authorizing committee had considered and accepted the possibility that the federal payment would and could be reduced. If enacted, the current proposal would result in an authorized amount that would be greater than 24 percent of local revenues whenever local revenues decline.

If the intent of the proposal is to minimize the impact of the reduction in the federal payment in times when local revenues are decreasing, the subcommittees may want to consider the alternative of using an average of local revenues over some period of time, for example, 3 to 5 years as the base for the calculation of the formula. Over time, the average authorized payment would still be 24 percent of local revenues, but there would be some cushioning of large upward or downward swings that could occur in any given year and cause large fluctuations in the size of the authorized federal payment.

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Madam Chairwoman and Mr. Chairman, this concludes my remarks. I would be happy to answer any questions you or Members of the Subcommittees may have at this time.

ATTACHMENT I

ATTACHMENT I

DISTRICT OF COLUMBIASCHEDULE OF LOCAL REVENUES

(Fiscal year ending September 30, 1991, 1992, and
authorization federal payment for fiscal year 1993 and 1994)

	<u>(Dollars in thousands)</u>	
	<u>1991</u>	<u>1992</u>
Total District sources ^a	\$2,731,88	\$2,749,691
Plus Lottery Board transfer-in ^b	45,700	48,500
Less:		
Charges for services--nonappropriated ^c	(97,139)	(91,303)
Miscellaneous--nonappropriated ^d	<u>(76,889)</u>	<u>(70,701)</u>
Total local revenue	<u>2,603,560</u>	<u>2,636,187</u>
Twenty-four percent of total local revenues (authorized federal payment fiscal year 1993 and 1994, respectively)	<u>\$ 624,854</u>	<u>\$ 632,685</u>

Sources:

- ^a Exhibit S-1 of the District's Comprehensive Annual Financial Report (CAFR) from the column headed "Total District Sources"
- ^b Exhibit C-2 of the District's CAFR from the column headed "Lottery and Games," and the line captioned "Operating Transfers in (Out): General Fund"
- ^{c,d} Exhibit 3 of the District's CAFR from the column headed "Nonappropriated Actual" and the group captioned "Revenue" lines captioned "Charges for Services" and "Miscellaneous"

ATTACHMENT II

ATTACHMENT II

CALCULATION OF AUTHORIZED FEDERAL PAYMENT
FOR FISCAL YEAR 1994

<u>Local Revenue Source</u>	<u>(Dollars in thousands)</u>	
	<u>Mayor's Letter</u>	<u>Committees' Directive</u>
General Fund		
Taxes	\$2,384,300	\$2,384,300
Licenses and permits	41,856	41,856
Fines and forfeits	51,860	51,860
	<u>2,478,016</u>	<u>2,478,016</u>
Charges for services		
Public	100,251	100,251
Intergovernmental		3,905
Intragovernmental		44,567
Nonappropriated charges		(91,303)
	<u>100,251</u>	<u>57,420</u>
Miscellaneous		
Public	122,502	122,502
Intergovernmental		450
Nonappropriated		(70,701)
	<u>122,502</u>	<u>52,251</u>
	<u>2,700,769^a</u>	<u>2,588,687</u>
Enterprise Funds		
Operating revenues		
Lottery and games	67,630	48,500
Other	203,112	
	<u>270,742^a</u>	<u>48,500</u>
Nonoperating revenue		
Miscellaneous	4,928	
(Unidentified)	2,066	
	<u>6,994^a</u>	
Trust Funds	<u>139,815^a</u>	
Pension Funds	<u>222,781^a</u>	
Total Local Revenue	<u>\$3,341,101^a</u>	<u>\$2,636,187</u>
Twenty-four Percent of Local Revenue	<u>\$ 801,864^a</u>	<u>\$ 632,685</u>

^a Agrees with amounts shown under local revenue in Mayor's undated letter to the Comptroller General.

Source: 1992 D.C. CAFR

Ms. NORTON. Thank you very much.

Mr. Hill, what happened last year was disturbing to us, because the whole point of getting the GAO and the city and everybody in this was to make sure that everybody understood what was happening. All of a sudden, the city's Federal payment was not what it anticipated.

I would like to have your recommendation for what might be done to make sure that the process never again surprises anybody.

Mr. HILL. Certainly, one of the things that we think could be done and we thought that possibly it might have been done through the letters that came from the authorizing committee, is to clarify on exactly what should be included in the formula going forward and what numbers those would be applied to. Certainly, the directive of the authorizing committee does that with quite some specificity, but obviously from the testimony here, there is still some confusion as to what should be included and what should not be.

Our position in doing the work that we did last year was that the legislation really gives us a very limited role. Certainly, we had really no role at all in determining exactly the amount that would be included. We do have a role in saying whether or not the amounts that were included and subjected to audit were audited and whether or not the audit was done properly. So, in terms of what should be included and what should not be included, we really felt that was not part of our role and that it was the committee's to work out.

Ms. NORTON. So, do you believe you need statutory authority in order to have any role or anything in that?

Mr. HILL. That we need statutory authority?

Ms. NORTON. Yes; is that what you are saying?

Mr. HILL. No; what I am saying is that our role, as it was, was limited. Certainly, we can be asked to do anything by the committee and we would do that. So, I do not think that we clearly need any additional statutory authority.

Ms. NORTON. You heard the District testify that its audit, its revenues as laid out, were generally considered revenues to a local jurisdiction. That is one of the reasons it was surprised that they were not included. How would you respond?

Mr. HILL. The revenues that they have included in the CAFR and that are shown under the audit are certainly revenues that would be included in a comprehensive annual financial statement under generally accepted accounting principles. Therefore, the opinion that was given on those statements is correct.

The confusion, I think, lies though in the numbers that are presented in the District's budget. The numbers that are presented in the District's budget, as far as we can tell from the documents we have reviewed, do not include any of the nonappropriated moneys that are shown in revenues in the CAFR. So, that clearly is a difference in what the District presents in its budget as appropriated versus what is shown in the CAFR as audited revenues.

Ms. NORTON. You have and, indeed, the committee has relied on historical trends. Now, historically these two items have always been in the budget. They have not been enumerated and clarified in detail, but they have always been in the budget.

Mr. HILL. We could not find where the amounts of nonappropriated revenues were actually in the budget. When we did some analyses that compared total revenues in the CAFR to the revenues that were in the budget, the difference is generally equal to the nonappropriated revenues.

Ms. NORTON. The miscellaneous and charges categories?

Mr. HILL. The pieces of those that are nonappropriated. There are miscellaneous revenues in the budget. There are charges for services in the budget, but the pieces that are nonappropriated are not included in the budget. At least, we have not been able to find where they are included.

Mr. JACOBSON. If I could add one thing to that.

Last year, when we were doing our work in trying to ascertain what we were going to say in our report regarding the calculation of the formula, we consulted former legislative history of Public Law 102-102, as well as the most recent Appropriations Act. What we found, although not permanent certainly, was a history of comparing the Federal payment to general local collections of general revenue; the general fund. Those numbers appeared not to include some of the numbers that may be included in the District's budget for its budget presentation purposes.

I think that is just one more reflection of some of the confusion. The numbers you are going to include and what kind of categories you are going to include often will depend on what source documents you are going to consult for purposes of your presentation. That is the difficulty we had last year.

Ms. NORTON. Yes; that is helpful. What we have here clearly is the District government being asked to do something it never had to do before. It has a formula. It never apparently just carried these categories over from year to year. These categories were probably developed historically, and historically, you know, may mean before home rule, at least, some of them.

So, in effect, the District has a new mandate. Now that its revenues have become the basis for a formula, the District has an obligation to lay out those revenues with clarity and with a definition that it has not had before. Although revenues were looked at, the Federal payment was never dependent upon those revenues. In fact, the Federal payment sometimes not only was not dependent on those revenues, but even when those revenues were not enough, the Federal payment often did not meet that challenge.

What I am trying to ask you is, whether or not the District in effect does not have a new challenge, rather than one that depends upon historical trends that it had no reason to relate to a formula, because it had no formula in the first place?

Mr. HILL. We tried to stay away, obviously, in our report that we issued last year, on exactly what the intent of the new legislation, Public Law 102-102 was. What we did say in that report was that, certainly, and during the process of putting that report together was that, there was some lack of clarity in terms of what the intent of the authorizing committee was and that it was important for that to be clarified.

Ms. NORTON. So, you saw a lack of clarity? You did not necessarily believe that the legislation did not authorize the inclusion of amounts from those categories?

Mr. HILL. That is correct.

Ms. NORTON. Have you seen the enumeration of the categories before today, before the testimony that the Mayor brought forward today?

Mr. HILL. Yes; we have.

Ms. NORTON. Have you had an opportunity to study them and have any view on them?

Mr. HILL. I am not sure. In terms of?

Ms. NORTON. Enumeration of the miscellaneous and the charges categories.

Mr. HILL. We have certainly looked at preliminarily some of the work that the auditor has done. We have looked at the items that the Mayor has included in her calculation. The Mayor or the District, in its calculation, does not include all of the miscellaneous and all of the charges for services. The Mayor, in the calculation, does exclude, I think, the \$44 million that was talked about before. That is not in the calculation. The Mayor shows that as other revenue, as interfund revenue not included in the calculation. The Mayor has also not included some amounts that are Federal money.

The one thing that we have not done yet and are not able to say is, whether or not there are Federal moneys in the portions that are appropriated miscellaneous charges and appropriated charges for services. It is possible that there could be Federal moneys in there and only after the results of our review would we be able to determine whether there are some there or not.

Ms. NORTON. If that is the case, we know that the District does not intend that Federal funds be included in this. It is possible that is the case, but the District testimony makes that clear.

Mr. HILL. Well, we have not spoken to the District in terms of what their intent was. I can say that they have subtracted out some moneys from the total nonappropriated that were interfund and that also were Federal funds.

ROLE OF GAO

Ms. NORTON. Mr. Hill, is there a stronger role that you think the GAO should play in this process, either with the District or with the Congress?

Mr. HILL. One of the roles that I think we could play would certainly be for us to help in putting together, taking and reducing perhaps the understanding that the District and the Congress come up with after this process and reducing that to some type of formula. We can certainly provide—

Ms. NORTON. I am sorry. Would you say that again?

Mr. HILL. One of the services that we provided to the authorizing committee last year was to help in, almost, I guess, in drafting services you might call them, in terms of putting together what they said to us, what their intent was into a formula. Certainly, after the parties have worked out what they believe their intent should be, we can help to provide those types of services to the committee.

I think that we can also help to provide some information about what might be included in certain categories and what may not be

included and review the results of any audit work that might be done. We would be more than happy to serve in that capacity.

Ms. NORTON. I certainly wish someone had sounded the alarm. I think it might have been helpful if GAO had done that, before the \$30 million fell out of the budget.

As it turns out, an extraordinary friend to the District with great skill, Mr. Dixon, was able to get the \$30 million put in. It would not have been in the formula, however and, of course, the threatened veto meant it was scuttled and might not have been. It probably would have been scuttled anyway, since the President disregarded the formula and simply put in a level payment for the District.

What was most disturbing to me was that the process that we are now going through, it seems to me, is the process that, perhaps in a shortened form, we could have gone through before to at least have saved some of that money for the formula. As it is now, the formula does not include—the formula goes up to the lower amount, \$624 million amount, because this matter was not clarified.

As far as I am concerned, Mr. Hill, the major service you can perform is when a technical problem of this kind arises, to ring a bell saying, doom is coming, doom is coming if you all do not find a way to clarify this. You are perfectly right, the Congress is not going to authorize something called miscellaneous. The Congress is not going to authorize categories that are not enumerated. That we could not do.

Those passed us on by; got to the Appropriations Committee; was noted then and then there was some backpedalling done. I regard the matter as a first-class catastrophe that was avoidable and foreseeable.

Mr. HILL. Madam Chair, when we got involved in reviewing the calculation, the first thing that we did try to do is to get a clarification of what local revenues were, recognizing that the amounts in local revenues that were coming out of the District were larger than historical trends. We did say to the committees involved that these things need to be worked out in such a way that someone can come in, look at the numbers, know where they are taken from and we could audit on that.

Ms. NORTON. Did you ask the District to enumerate what those categories were?

NON-APPROPRIATED CHARGES

Mr. HILL. Yes and the District did enumerate the categories that they had included in their calculation. It was apparent from the result of the calculation and from subsequent letters from the Chair that was not the intent. We did point that out.

We thought in going into—

Ms. NORTON. I am sorry, I do not understand.

They did enumerate, but that was not the intent?

Mr. HILL. They did enumerate. The District did enumerate the items that were included in their calculation last year.

Ms. NORTON. In those two categories?

Mr. HILL. I am sorry?

Ms. NORTON. In the two categories at issue that we are discussing here today, charges for services and miscellaneous?

Mr. HILL. Yes; the District did indicate what was included and what was not included. The District did exclude the amounts of interfund transfer and also some Federal money that was in there.

The main, I think, the larger part of the difference between the District's calculation of the authorized payment amount and the calculation for the committees directive are the other funds outside of the general fund, not just the nonappropriated piece. The numbers that the District is using for the authorized payment include all locally generated revenues, including amounts outside of the general fund.

Ms. NORTON. What amounts are you speaking of now?

Mr. HILL. The amounts that I am speaking of now are those amounts that all of that has to be decided as to—

Ms. NORTON. I mean, the kinds of amounts, for example, that were included were lottery amounts, funds from the lottery. I am trying to find out what funds are outside of locally generated funds.

Mr. HILL. The District also included enterprise funds, operating revenues from those. The lottery was only a piece of that. They included all the other funds as well. Those are outside of the general fund.

Ms. NORTON. They have not included those this year; is that right?

Mr. HILL. They include those this year. They included those last year.

Ms. NORTON. They do include enterprise funds this year? I think there was testimony that they had not included enterprise funds.

Mr. HILL. They did include enterprise funds this year. I think you are thinking in terms of the amount they are requesting versus the amount that is authorized.

Ms. NORTON. Yes, I am thinking about the amount that they are requesting as a part of the formula.

Mr. HILL. OK.

The formula sets the amount that is to be authorized; not the amount that is to be appropriated, obviously. So, the amount that they show in their letter, that is to be authorized, is the \$802 million. That includes all locally generated revenues.

Ms. NORTON. Does that include \$671 million plus? Is that the amount we are talking; \$671 million plus?

Mr. HILL. No; the \$671 million is the amount just on local, on general fund revenues plus the net lottery. That is the amount that the District is basing their request on.

Ms. NORTON. Their formula request on.

Mr. HILL. No; the formula determines the authorized amount, sets the authorization level. The amount that they request in terms of appropriation can be any—

Ms. NORTON. Well, they are requesting \$25 million above the \$671 million, as I understand it.

Mr. HILL. The letter that we received said that they were actually requesting \$671 million.

Ms. NORTON. Yes; that is the amount I have been saying. The \$671 million is the amount they think is due them as a matter of the formula, I believe.

Mr. HILL. Well, in that same letter they say that the amount that is to be authorized in applying the formula is 24 percent of local revenues, which set an authorized amount of \$802 million. What the District is saying is that, under the authorization formula, they are entitled to \$802 million, but they are only request \$671 million.

Ms. NORTON. I do not have the letter you have before you. Apparently, the District has used that amount to make a point about what it believes it would be entitled to if all locally raised revenues were included.

Mr. HILL. But they are also saying and they also have said to us in the letter, that they have given to the General Accounting Office, that is the amount that the formula would authorize based on the law.

Mr. FISCHETTI. Madam Chairman.

Ms. NORTON. Yes.

Mr. FISCHETTI. In terms of sounding the alarm, that is kind of where we were last year. The initial presentation that we got from the District last year not only included all general fund revenues, but included all these trust funds and all these enterprise funds. That was the thing that was a marked departure from historical trends and that is where—

Ms. NORTON. But see, they came in with something like \$655 million. That did not include all those funds. That was not the \$800 million figure.

Mr. FISCHETTI. That is right and Mr. Calhoun alluded to that in his view. When you look at the statute literally, it just says all funds that—we are going to give you something that shows all funds. Then in kind of recognition of that is not consistent with kind of how history views this relationship, we are going to focus on the general fund and include everything in the general fund. That is how they get to the number that they call the requested amount that you are referring to; the \$671 million.

Mr. HILL. Right; you are right.

The difference between the requested amount and the amount that they would have under the formula is the nonappropriated revenues.

Ms. NORTON. Well, I just want to invite Mr. Hill and your colleagues of the GAO to be as proactive as you think is necessary. The District does not want either. The District would rather know in advance that something is not going to happen, I am sure, then to rely upon it happening. You, of course, did let this be known in the ordinary channels.

The fact is, for example, the first time I understood it was I happened to be over in the District Building and one of the Mayor's aides gave me a piece of paper that showed a Federal payment formula of \$624 million. I looked at it and I came up with a theory as to why that said that and that was in fact not what had in fact been authorized and appropriated. Come to find out that in fact was what had happened and these—because I think this got all the way to the Appropriations Committee, certainly, before I knew

anything about it. This fell between, not the cracks, but in a very large hole that the District was left in as a result.

So, I would like to encourage you to be as proactive as you think is necessary and particularly let my office directly know if you see that the District and the Congress are veering off in different directions on these calculations. Of course, I respect the work of the GAO very much.

Mr. HILL. Madam Chair, we will be more than happy to do that and to take that as a suggestion.

Ms. NORTON. Thank you very much, Mr. Hill, for your testimony. I appreciate the three of you coming to testify. You have helped us very much.

Mr. HILL. Thank you.

Ms. NORTON. The next witness is Mr. Philip Dearborn, Director of Fiscal Research, the Advisory Council on Intergovernmental Relations. We are all accustomed to relying on Mr. Dearborn, as a matter of fact, to give us the straight scoop on District finances. So, we could not be more pleased to have him here.

I apologize that you had to wait and am very appreciative that you have done so.

STATEMENT OF PHILIP DEARBORN, DIRECTOR, ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

Mr. DEARBORN. I am the Director of Government Finance Research at the Advisory Commission on Intergovernmental Relations. However, since the Commission has not done any work on the District payment, I will be testifying on the basis of my former position as vice-president of the Greater Washington Research Center.

In the interest of time, let me just summarize my conclusion for you.

The District, since 1988 by my calculation has had a very severe structural imbalance that has been steadily getting worse. This year's budget would be out of balance by \$150 million were it not for an accounting change. Next year's budget, but for extremely severe reductions would have a comparable imbalance. I believe 1995 and subsequent years will show similar problems unless the problem is addressed in some fashion. In that regard, I do not believe the solutions are within the ability of the District of Columbia at this time to provide.

The one particular statistic that I would cite, that would seem to me to be at the root of the problem, is the relationship of households with incomes over \$100,000 in the District, which total 8 percent to the households with incomes under \$15,000 which total 25 percent. This is a very severe imbalance between those providing the resources and those requiring expensive services particularly such services as medicaid and AFDC. I have cited a comparison with the suburbs, for instance, where the number of households over \$100,000 actually slightly exceed those under \$15,000.

The District's revenues are deteriorating and do not show any signs of immediate recovery. What I conclude in terms of the District needing help from the Federal Government is that, changes in

the Federal payment are probably not going to be of great value for anything but a 1-year fix.

There is no question that the floor under the Federal payment, so that the Federal payment does not decrease, is very important and I think that should have been included in the legislation. In terms of changing the formula or reinterpreting the formula to provide additional funding for fiscal year 1994, that seems to me to be helpful, but it would not in any way address the real structural imbalance, which requires some relief in terms of revenues increasing more rapidly on an annual basis or expenditures increasing less rapidly on an annual basis.

MEDICAID REIMBURSEMENT

I have suggested and I think it is important that consideration be given to something that goes directly to the problem, such as, a change in the District's Federal share of medicaid and/or AFDC in the District. There are 38 States that receive more than a 50-percent reimbursement of medicaid. The District is at the 50-percent minimum for Federal reimbursement. I believe that there is a good case to be made for the District having 75 percent or even up to the 80 percent, which is the current maximum that any State gets for that reimbursement.

I am also very concerned that the incarceration costs for felons, no other central city, no other city with the characteristics of the District pays the costs of incarcerating felons. I think that problem is exerting extreme pressure on the District's budget and will continue to do so unless there is some relief given there.

I will be happy to answer any questions or to expand on my remarks if you wish.

[The prepared statement of Mr. Dearborn follows:]

*Statement of Philip M. Dearborn
Before The Subcommittee on Judiciary and Education
and
The Subcommittee on Fiscal Affairs and Health
of the Committee on the District of Columbia
March 31, 1993*

The Advisory Commission on Intergovernmental Relations has not addressed the question of the appropriate formula for the federal payment to the District of Columbia. Therefore, I cannot testify today on the basis of my position at the Commission. However, in my previous position as Vice President of the Greater Washington Research Center, I did study this issue, and on the basis of that experience will share with you some of my findings from that work. Before addressing the issue of the federal payment to the city, I will briefly sketch the critical nature of the city's financial problems and the underlying causes of them.

Since 1988, the District's operating budget has been structurally imbalanced, and the imbalance has been getting worse. By structural imbalance, I mean a condition in which its basic expenditures have been increasing each year at a more rapid rate than its natural revenue growth. In some of the years since 1988, the budget has actually been balanced because of one-time accounting devices, tax rate increases, and a \$100 million federal payment increase. However, the underlying problem has persisted, and but for an accounting change, the 1993 city imbalance would be about \$150 million. The city's 1994 budget, that will shortly be presented to the President and Congress, will be balanced only by large, and perhaps unrealistic expenditure reductions. Even if the 1994 budget is finally balanced, the 1995 budget will again present problems of similar magnitude.

The most obvious and clear source of the problem is an almost total failure of the city's tax structure to generate any revenue growth, even with tax increases. Since 1989, the city's tax revenues have been on a downward slide that despite tax increases in 1991 and 1992, will result in an actual decline in tax revenues in 1993. Only a small increase in revenues is projected in 1994, before the current proposed tax increases.

The serious problem caused by such a poor revenue performance is demonstrated by the fact that increases in just two fixed costs -- retirement and debt service -- far exceed on an annual basis the increase in tax revenues for 1992, 1993, and 1994. A government that does not have tax revenues growing fast enough to cover even these costs is clearly facing serious financial problems.

An examination of three major District taxes shows that all three are currently performing poorly. The property tax, after registering a major increase in 1991, was barely positive in 1992, and will have declining revenues in both 1993 and 1994. Sales taxes, after declining for three years are projected to have a tiny increase in 1994. And income taxes are expected to increase slightly in 1993 and 1994 after two years of declines.

While the outlook for the income tax does show modest improvement immediately ahead, the evidence supporting such improvement is mixed. Withholdings in the fourth quarter of 1992 showed improvement for the first time in two years. However, employed residents continued to decline through 1992, and in December dropped to just 241,000. This is a substantial decline from a pre-recession level of about 260,000.

Property values for the 1994 tax year will likely mirror the 1993 experience with a continued decline in commercial values and little or no growth in residential values.

Perhaps the most important cause of the District's financial problems was revealed by the 1990 Census information on distribution of household incomes. The District has less than 8 percent of its residents with incomes over \$100,000 compared to almost 25 percent with incomes under \$15,000. This imbalance results in a small portion of the city's residents providing resources for the large segment of the population with needs for expensive governmental services, such as Medicaid and AFDC. The District's income distributions are in sharp contrast with suburban ones. By comparison, households over \$100,000 in the six close-in suburbs exceed households with incomes under \$15,000 by 11.6 percent to 10.8 percent.

Taken together, the poor revenue performance, the reduction in employed residents, and the disproportionate number of poor residents to wealthy, mean serious and continuing city budget problems until these underlying conditions change, or the city's revenue and spending structure is modified.

Unfortunately, the outlook for changing the city's economy in the near future does not look good, at least in terms of improving the resident tax base. For example, a strategy aimed at creating new jobs in the District may not directly benefit city residents based on what happened in the 1980s. In 1990, according to the Census, 78,000 more people were working in the city than in 1980. Yet only 2,700 or 3.4 percent of the increased jobs were filled by District residents. District residents in the 1980s benefitted far more from jobs created in Virginia, getting 6,700 of the new jobs created in that state.

Census reports that for the entire Washington area there were 607,000 more people working in 1990 than in 1980. But District residents held just 9,800 of these increased jobs, or less than 2 percent.

It is apparent that, at least in the 1980s, the District's economic problems were not caused by too few new jobs being created in the area, or even in the city itself. Instead, it was a case of too few residents taking advantage of the new jobs.

Adding to the problem of few residents filling the new jobs is the average earnings of District residents. In 1990 the District average was about 20 percent lower than the average for all area workers. And from 1985 to 1990 the total earnings of non-residents in the city increased 51 percent, while total earnings of District residents increased only 28 percent.

Overall, the picture of what happened in terms of jobs in the 1980s is pretty clear. There were plenty of jobs created in the city but for non-residents, the jobs for non-residents paid better, and earnings for non-residents increased faster than for residents. While a continued strategy of increasing jobs in the city may help the area prosper, it may do little to help city residents.

If there are no immediate prospects for improvement in the District's economic outlook, then the city government will have to consider changes in its revenue or spending structure. The opportunity for tax increases does not look favorable. Based on the most recent report of the Advisory Commission on Intergovernmental Relations, 1988 State Fiscal Capacity and Effort, the District of Columbia ranked first in combined state/local tax effort compared to all states, with an effort equal to 154 percent of the U.S. average.

In terms of spending reduction, the city did not grant employee pay raises for three years, it has instituted furloughs, and suspended merit increments. The 1994 budget requires a reduction in excess of 2,500 employees, including reductions in police and fire staffing.

Even with the above actions it will be virtually impossible to close the city's basic structural imbalance without federal help. Therefore, the city must seek federal assistance in ways that address the principal causes of its problems.

One possibility is changing the federal payment, the subject of today's hearing. Because the city's federal payment is now linked by formula to the level of city raised revenues, it is declining in concert with the city's revenues, and it will thus not provide any revenue growth over the next few years based on current city tax performance. President Clinton has proposed a one year additional payment of \$28 million for 1993, but no help in subsequent years.

Certainly, a provision in the formula to prevent a decline from the previous year's federal payment level would be helpful, but would do little to improve the District's overall financial outlook. If the formula's basic structure is changed, the key element in any change should be to assure that the payment will increase annually in concert with the increased spending pressures that face the District each year. A one time increase to a higher level payment, such as changing to 30 percent of local revenues, would be beneficial for the year of the change, but unless there is a built in annual growth in the resulting District payments, a one year increase would not really solve the city's structural budget problems.

Part of the problem with trying to help the District through changes in the federal payment formula is that the payment does not directly relate to the annual spending demands that are causing the structural imbalance. A more satisfactory solution may be found in relieving the District of some spending responsibilities. Two examples demonstrate what might be possible:

- ♦ The disproportionate number of District residents below the poverty line make it virtually impossible for the city to pay its 50

percent share (about \$400 million in 1993 and increasing rapidly) of Medicaid and AFDC costs from its limited revenue base. By law, federal Medicaid matching grants can range from 50 percent to 83 percent. A recent Advisory Commission on Intergovernmental Relations report, Medicaid, Intergovernmental Trends and Options, lists 38 states where the federal share is greater than 50 percent. It would be appropriate to recognize that the unique District characteristics justify a higher federal percentage.

- ♦ Another possibility would be for the federal government to assume the costs for incarceration of all convicted felons. No other central city has responsibility for these costs. Such a federal policy could reduce this fast-growing city cost by about \$180 million in 1993.

Over the long term, I believe some basic changes such as these will be necessary to maintain a District government that is able to meet the needs of its residents.

Ms. NORTON. Thank you very much, Mr. Dearborn.

I notice you mentioned you were looking for structural fixes for the District. You mentioned medicaid.

You know that is something the Federal Government can do and the AFDC. I am not sure what we could do about incarcerating felons. We are not a State. Even if we were, we would be left to do that. Do you see anything that the Federal Government can do?

I mean, the fact that no other city does it is because every other city is in a State.

Mr. DEARBORN. Well, that is right. That is precisely the—

Ms. NORTON. Even if we became a State—

Mr. DEARBORN. You would still have that problem. I do not know the answer to it. I just know that it will be extremely difficult for a city with the economic, the tax bases that it has to meet the costs that have been incurred because of the high crime rate and the severe sentencing provisions which are now in the law. That is always going to be a problem, whether it is a State or a city.

All I am suggesting is that, something other than a Federal payment, which under the current formula will never show much real growth, is not going to resolve those problems.

Ms. NORTON. There will never be a Federal formula either that shoots up in some kind of geometric fashion. That is why I appreciate your going at this at all angles and not simply that angle.

NONRESIDENT

I notice that among your structural fixes was not what we hear all the time about taxes, that the District should be able to tax people from outside the city and that would somehow fix the District's problems. Is that because you are familiar with the rates at which commuters are generally taxed and do not see taxation for that reason as an answer to the District's problems?

Mr. DEARBORN. Well, in the first instance, as I cited in my paper, the burden on the District, the tax effort of the District on its current tax bases which, of course, does not include nonresidents, is at 154 percent of the national average, higher than any State which we include in the ACIR calculation of tax effort. So, within the existing tax structure, I think it is pretty clear that there is not a great deal that the District can do in terms of that.

The question of taxing nonresidents has been one that I have dealt with since home rule in the District. We all have discussed it. It does not show signs of coming to an immediate conclusion in terms of the District being able to do it.

One thing I would caution though is that, this also tends to be in the same nature of the one-time fix. Were the District able to tax nonresidents, it would be by whatever means, whether that would be a full tax or a partial tax. It would be great for the 1 year in which the change were made. The District could be relieved. It could reduce its tax rates. It could do various other things, but only if that tax base then grows and permits the revenues to grow to meet these other problems with the District gain over the long-term.

Ms. NORTON. I do not understand. Mr. Dearborn, would you clarify that. If they were taxing nonresidents—

Mr. DEARBORN. If you tax nonresidents, say, that wild figure that you had was correct and the District switched and started getting \$1.2 billion from nonresidents for 1994, the 1994 budget could be totally changed in terms of taxes and spending and so forth. Then you would come to 1995 though. Unless the \$1.2 billion that was received from nonresidents increased by 6, 7, 8 percent to offset these medicaid increases, the District would be back in the situation of having to increase tax rates or reduce spending.

Unfortunately, there is a possibility that, if we were to do this, that the \$1.2 billion would not increase; it would stay the same. Some people suggest it would decrease. I do not really have any evidence how it would go, but it does fall into the nature of the one-time fix once again.

That is why I think in some way you have to look at the spending side of the District's budget or help from the Federal Government as well as the revenue side. Particularly, medicaid has really become just an impossible situation.

Ms. NORTON. So, you are saying even in the most generous characterization of taxation possibilities outside of the District to help it with its problems, that these other costs are going at such a rate that there even taxation and getting an additional tax base would not deal fundamentally with the District's problems as they are?

Mr. DEARBORN. That is correct.

Ms. NORTON. On the Federal payment, you indicate that the problem of coming up with revenues for the District are not solved through the payment, because the payment does not relate to the annual spending demands that are causing the structural imbalance. Is there a way that you believe the payment could more closely track those spending demands?

Mr. DEARBORN. Back in the early 1980's when we were negotiating on a formula, we had come very close to reaching agreement at one point on a formula which would be indexed. Because of some objection on inflation, we were talking about indexing it to Federal Civil Service pay increases or something. The OMB objected to any further indexing of the Federal budget and that went by the boards.

Something along those lines, I think, would ensure that annually at least it went up enough to offset inflation costs that the District is incurring.

Ms. NORTON. Well, these suggestions are important when one bears in mind that the payment is for services rendered.

Mr. DEARBORN. Yes.

Ms. NORTON. The services go up each year. So, the notion of picking any arbitrary figure, whether one picks Mr. Corman's 74-percent figure or the 24-percent figure that we used there, we just do not know what we are talking about.

Mr. DEARBORN. Yes, budgets are very dynamic. Every year, it is a new problem. If you just focus on 1 year, you really do not fix it for other than that 1 year. So, everybody is back again the next year trying to come up with a new solution.

Ms. NORTON. By the way, you mentioned a \$150 million amount by which the District budget is out of balance but for an accounting change this year. I thought you said that next year, you expected that would not carry over. Will it be better or worse?

Mr. DEARBORN. For 1994?

Ms. NORTON. Yes.

Mr. DEARBORN. I think it would be worse in 1994. That has been the pattern. This has been a deteriorating situation, except for the fact that the District is now talking in terms of, I think, up to 3,000-employee reductions, which is a major and I am not sure it is an achievable reduction in 1 year in employment.

Ms. NORTON. But if so, you think this \$150 million accounting trick will not be necessary next year, if they do RIF the—

Mr. DEARBORN. If they do release the 3,000 employees, I do not think that would be necessary.

REVENUE GROWTH

Ms. NORTON. Now, in your testimony—and I am quoting now—you said, “Since 1988, the District’s operating budget has been structurally unbalanced and has been getting worse.” Then you go on to say that, “This is a condition in which its basic expenditures are increasing each year at a more rapid rate than its natural revenue growth.” Now, I take natural revenue growth to mean essentially residential businesses that can be taxed.

Mr. DEARBORN. No; that is before tax increases.

Ms. NORTON. So, what does natural revenue growth mean?

Mr. DEARBORN. That is the revenue growth that occurs without any change in tax rates, assuming the city council does not raise taxes as it has done in each of the last 3 years, I believe, so that they have had some growth in tax revenues because of the tax-rate increases. Without the rate increases, the revenues would be declining.

Ms. NORTON. So, what then is natural revenue growth?

Mr. DEARBORN. Natural revenue growth is the revenue growth that occurs because of economic changes, the base, because the base grows because of more sales, because there is more income, because property values go up.

Ms. NORTON. If property values go up, you do not tax property more? You said it assumes that—

Mr. DEARBORN. The District has had a tradition of leaving the rate the same and receiving revenues from the increased values.

The problem is, as I point out that, if you just take the two fixed costs for retirement and debt service, two extremely hard costs to control over the short-term, those cost increases have far exceeded the growth in revenues either with or without the tax-rate increases. So, no government can survive when two fixed costs of that nature are increasing far more rapidly than its revenues.

Ms. NORTON. One was medicaid?

Mr. DEARBORN. These two fixed costs are simply the retirement costs which is mandated—

Ms. NORTON. The retirement costs.

Mr. DEARBORN [continuing]. And the debt service which is the result of past decisions. Those two alone have exceeded this natural growth or the growth period in revenues by a wide margin for 1991, 1992, 1993 and will in 1994 again. You cannot exist as a viable government with that type of a situation over a prolonged period.

Ms. NORTON. Well, one of those, we are going to try to fix, the unfunded pension liability.

Mr. DEARBORN. I do not think you will be able to change the year to year increase that has been occurring. That is primarily because of this pay as you go—

Ms. NORTON. The only way we can keep those increases from occurring is to try to distribute the burden in a way that it is not distributed, for example, the Federal Government take more of the burden; that some of the parties take more of the burden. Otherwise, I think you are right. The present structure is a recipe for absolute and utter doom.

Mr. DEARBORN. Right.

Ms. NORTON. You are absolutely right.

On page 2 of your testimony and I am quoting again. You say, "The most obvious and clear source of the problem is an almost total failure of the city's tax structure to generate any revenue growth." If this is so, then I ask you what should the city be doing in the short run? We understand your answers as to structural change. What should it be doing in the short run to remedy this problem?

Mr. DEARBORN. I wish I had a good answer for that. As I go on to point out, the number of employed residents has been declining in the city for the last year at a very marked rate. Somehow that trend has to be stemmed.

Ms. NORTON. What trend has to be stemmed? I am sorry.

Mr. DEARBORN. The drop in employed residents in the city. It is down to 241,000 or it was in December. It has been declining for each of the 5 prior months. It has declined from a level as recently as, I think, 1991, 1990 of 261,000. This is the real revenue base of the city.

Ms. NORTON. But isn't this a function of the longest recession since World War II? Won't that come back up?

Mr. DEARBORN. We hope so. The problem is that the suburbs got a similar dip and they have fully been recovering for the last year and the District has not.

Ms. NORTON. Why has the District's economy not recovered, do you believe?

Mr. DEARBORN. Well, it may be the lingering effects that the District gets hit harder and longer from the recession. Undoubtedly, some of that is true.

Unfortunately, there is some anecdotal evidence, if you will, that the District is having a net out migration of employed residents that it may not recover from, partly perhaps because of crimes, partly because of schools, for reasons which are not easily fixed, I am afraid. The attractiveness of the suburbs, the breakdown of discrimination in housing in the suburbs which lets people have ready mobility throughout the area, there may be a variety of reasons why it is happening. It is extremely serious if this does not turn around soon.

Ms. NORTON. I take it, we see these trends in other cities as well. Is the District unique in this regard?

Mr. DEARBORN. Some cities, yes.

Ms. NORTON. I mean, most cities have a state government they can turn to.

Mr. DEARBORN. Yes.

Ms. NORTON. I understand our uniqueness in that regard. I am asking if the trend or the other economic trends you referred to this morning are consistent with what you see in other cities?

Mr. DEARBORN. Yes, I think you can generalize to most central cities. There are exceptions, like Phoenix.

Ms. NORTON. Are the States reaching in to help the cities that are—

Mr. DEARBORN. Yes; that is part of where my suggestion comes from. As you may know, I served on the Maryland Tax Study Commission. In Maryland, the State has come in and relieved the city of Baltimore for any obligation for medicaid, any obligation for welfare, any obligation for mass transit financing, considerable other responsibilities of the city. They continue to do that to relieve the city on the spending side. That has been relatively effective for Baltimore.

Ms. NORTON. Finally, you say that—and I am quoting you again—“If there are no immediate prospects for improving the District’s economic outlook, the city will have to consider changes in its revenue or spending structure.”

Now, you are aware that the city has indeed in this budget cycle not only considered but undertaken changes in its revenue and spending structure. Are those changes of the kind you had in mind?

Mr. DEARBORN. In part, but I think eventually unless there is some assistance from the Federal Government or a major turnaround in the economy, they will have to start cutting the things such as the optional medicaid benefits. They already are cutting back on housing subsidies, the tenant assistance programs and things. Things that absolutely the District does not want to do and many believe should not do may have to occur to try to overcome this structural problem.

Ms. NORTON. Now, I just want to make sure that I finally have the structural changes you think are necessary for a city in the District’s predicament, the medicaid, unfunded pension liability and you mentioned a couple others. I want to make sure I have them.

Mr. DEARBORN. AFDC has been not as troublesome as it should have been. As one of the witnesses has pointed out, the city has been losing ground on AFDC in terms of maintaining purchasing value and in terms of even keeping up with the—

Ms. NORTON. Well, they have simply done what you said they are going to have to do or just simply stop paying. People just get less and less. I was shocked to hear that we have the lowest AFDC payment—

Mr. DEARBORN. Yes.

Ms. NORTON [continuing]. For the standard of living of any city in the country.

Go ahead; I am sorry.

Mr. DEARBORN. The corrections thing I think is—

Ms. NORTON. Yes, the corrections.

Thank you very much, Mr. Dearborn. As usual, your work is very helpful to the city in making—now, not only the city, but the Congress take a hard look at what we are doing.

Mr. DEARBORN. Thank you very much.

Ms. NORTON. Thank you very much.

The hearing is adjourned.

[Whereupon, at 11:47 a.m., the subcommittees were adjourned.]

[The following additional material was subsequently received for the record:]

103D CONGRESS
1ST SESSION

H. R. _____

IN THE HOUSE OF REPRESENTATIVES

Ms. NORTON introduced the following bill; which was referred to the
Committee on _____

A BILL

To amend the District of Columbia Self-Government and Governmental Reorganization Act to require that the amount authorized to be appropriated as the annual Federal payment to the District for a fiscal year may not be less than the amount authorized to be appropriated as the annual Federal payment to the District for the previous fiscal year.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 SECTION 1. FLOOR ON AMOUNT AUTHORIZED AS ANNUAL
2 FEDERAL PAYMENT TO DISTRICT OF COLUM-
3 BIA.

4 Section 503 of the District of Columbia Self-Govern-
5 ment and Governmental Reorganization Act (sec. 47-
6 3406.1, D.C. Code) is amended—

7 (1) in subsection (a), by striking “There is”
8 and inserting “Subject to subsection (b), there is”;

9 (2) by redesignating subsection (b) as sub-
10 section (c); and

11 (3) by inserting after subsection (a) the fol-
12 lowing new subsection:

13 “(b) The amount authorized to be appropriated as
14 the annual Federal payment to the District of Columbia
15 under subsection (a) for a fiscal year may not be less than
16 the amount authorized to be appropriated under section
17 502(a) or subsection (a) (whichever is applicable) as the
18 annual Federal payment to the District of Columbia for
19 the previous fiscal year.”.

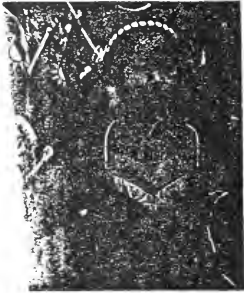
BACKGROUND PAPER FOR THE
OVERSIGHT HEARING ON THE STATUS OF P.L. 102-102,
THE FEDERAL PAYMENT FORMULA LAW

The legislative authority, P.L. 102-102, determined that a fair and equitable federal payment would be defined as 24% of the total of the general fund local revenue collections of two years prior to the fiscal year under consideration. This definition is in keeping with testimony presented to the authorizing committee by District of Columbia officials and is consistent with the legislative history of the Committee on the District of Columbia and the District of Columbia Appropriations Subcommittee. In addition, we would consider 24% of the net sum of lottery revenues consistent with the legislative record of the D.C. Appropriations Subcommittee. The inclusion of any other source of funds in determining the level of the federal payment would not be consistent with our intention or prior information from city officials provided to the Committee.

The oversight hearing should determine whether or not this Committee should authorize the inclusion of two categories "Charges for Services" and "Miscellaneous" under the aegis of locally generated revenues, non-federal, for the purposes of determining the federal payment for FY '94 and FY '95.

In addition, the subcommittees will take testimony regarding a legislative draft that would amend P.L. 102-102 and set a floor for the annual federal payment.

★ ★ ★
DISTRICT OF
COLUMBIA



COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT



Year Ended
September 30, 1992

Exhibit S-1

GENERAL FUND REVENUES BY SOURCE

Last Ten Fiscal Years
(\$000s)

Fiscal Year	Taxes	Licenses and Permits	Fines and Forfeits	Charges for Services	Miscellaneous	Total District Sources	Intergovernmental		Total (Exhibit A-2)	Excess (Deficiency)
							Payments	Grants		
1983	\$1,295,927	29,728	22,658	122,239	20,465	1,491,017	364,143	389,587	2,244,747	12,886
1984	1,398,812	30,338	23,343	115,556	21,402	1,589,451	417,222	396,322	2,402,995	17,460
1985	1,536,027	31,460	29,214	97,576	29,976	1,724,253	471,353	438,340	2,633,946	24,926
1986	1,684,535	31,850	39,528	117,585	34,897	1,908,395	450,265	456,421	2,815,081	20,053
1987	1,873,667	31,907	38,569	134,531	24,076	2,102,750	479,500	473,157	3,055,407	20,288
1988	2,021,912	31,601	41,594	124,943	129,664	2,349,714	459,500	555,197	3,364,411	(14,279)
1989	2,204,598	33,069	45,511	125,756	93,490	2,502,424	453,800	532,967	3,489,191	5,469
1990	2,279,127	32,285	48,542	139,554	98,431	2,597,939	506,966	575,357	3,680,262	(118,186)
1991	2,371,732	32,997	53,026	148,810	125,323	2,731,888	625,231	628,370	3,985,489	333,159
1992	2,384,300	41,856	51,860	148,723	122,952	2,729,631	643,772	695,616	4,089,079	1,986

Exhibit S-2

GENERAL FUND EXPENDITURES AND USES BY FUNCTION

Last Ten Fiscal Years
(\$000s)

Fiscal Year	Governmental Direction	Economic Development	Public Safety	Public Education	Human Services	Public Works	Employee Benefits	Debt Service	Financing Uses	Total (Exhibit A-2)
1983	\$ 55,196	118,315	562,178	448,763	718,348	250,227	(165,259)	153,217	90,876	2,231,861
1984	110,220	155,942	620,122	469,719	753,518	219,658	(204,517)	164,104	96,769	2,385,535
1985	120,473	198,209	685,091	490,561	776,318	231,503	(156,987)	177,802	86,050	2,609,020
1986	123,759	211,038	743,224	507,003	875,757	238,624	(181,402)	188,049	88,976	2,795,028
1987	136,320	239,248	813,947	554,411	954,434	250,667	(210,156)	201,824	94,424	3,035,119
1988	148,194	251,594	886,537	627,393	1,258,995	265,980	(353,854)	217,329	76,522	3,378,690
1989	147,014	258,969	928,983	658,857	1,097,031	270,089	(169,653)	228,848	63,584	3,483,722
1990	153,766	275,225	1,040,924	713,372	1,212,370	287,094	(234,595)	254,850	95,442	3,798,448
1991	155,541	289,644	1,043,279	736,652	1,342,828	294,464	(273,006)	284,921	(222,013)	3,652,330
1992	142,265	263,003	1,057,508	754,009	1,411,451	289,587	(219,517)	340,358	48,429	4,087,093

ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGSYear Ended September 30, 1992
With Comparative Totals for Year Ended September 30, 1991
(\$000s)

	Water and Sewer	General Hospital	Starplex	Convention Center	Lottery and Games	Univer- sity	Totals	
							1992	1991
Operating Revenues:								
Charges for services:								
Gross charges:								
Public	\$159,733	19,667	8,156	7,928	146,999	7,628	350,111	350,600
Intergovernmental	29,696	19,455	—	—	—	—	49,151	59,454
Intragovernmental	6,277	40,053	—	—	—	6,695	53,025	32,700
Total gross charges	195,706	79,175	8,156	7,928	146,999	14,323	452,287	442,754
Deductions from gross charges:								
Public	—	—	—	—	79,369	—	79,369	80,195
Total operating revenues	195,706	79,175	8,156	7,928	67,630	14,323	372,918	362,559
Operating Expenses:								
Personal services	48,264	101,262	2,994	8,862	4,864	71,837	238,083	229,021
Contractual services	43,404	26,735	2,257	7,771	10,331	5,182	95,680	90,810
Supplies	19,902	19,254	235	477	60	850	40,778	33,143
Occupancy	13,632	5,500	594	1,523	1,884	12,555	35,688	31,446
Depreciation	17,177	7,615	968	2,428	1,803	6,002	35,993	33,746
Miscellaneous	17,632	10,135	795	497	612	10,497	40,168	36,090
Total operating expenses	160,011	170,501	7,843	21,558	19,554	106,923	486,390	454,256
OPERATING INCOME (LOSS)	35,695	(91,326)	313	(13,630)	48,076	(92,600)	(113,472)	(91,697)
Nonoperating Revenues (Expenses):								
Intergovernmental	—	—	—	—	—	7,822	7,822	5,662
Interest	(22,572)	—	—	40	429	1,597	(20,506)	(18,921)
Fiscal charges	(388)	—	—	—	—	—	(388)	(130)
Miscellaneous	—	408	—	—	28	4,492	4,928	(623)
Total nonoperating revenues (expenses)	(22,960)	408	—	40	457	13,911	(8,144)	(14,012)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	12,735	(90,918)	313	(13,590)	48,533	(78,689)	(121,616)	(105,709)
Operating Transfers In (Out):								
General Fund	(28,287)	69,010	(584)	12,550	(48,500)	73,495	77,684	98,444
NET INCOME (LOSS)	(15,552)	(21,908)	(271)	(1,040)	33	(5,194)	(43,932)	(7,265)
Depreciation closed to Contributed Capital	3,280	—	—	—	—	6,002	9,282	8,619
INCREASE (DECREASE) IN RETAINED EARNINGS	(12,272)	(21,908)	(271)	(1,040)	33	808	(34,650)	1,354
Retained Earnings (Deficit) at October 1	145,808	(52,091)	3,304	5,074	2,540	15,614	120,249	118,895
Retained Earnings (Deficit) at September 30	\$133,538	(73,999)	3,033	4,034	2,573	16,422	85,599	120,249

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND RECONCILIATION
OF BUDGETARY BASIS WITH GAAP BASISYear Ended September 30, 1992
(\$000s)

	Appropriated Budget	Appropriated Actual	Variance-Favorable (Unfavorable)	Nonappropriated Actual
Revenues:				
Taxes	\$2,387,592	2,384,300	(3,292)	—
Licenses and permits	49,180	41,856	(7,324)	—
Fines and forfeits	60,912	51,860	(9,052)	—
Charges for services	65,802	57,420	(8,382)	91,303
Miscellaneous	40,045	52,251	12,206	70,701
Intergovernmental	643,780	643,772	(8)	695,616
Total revenues	3,247,311	3,231,459	(15,852)	857,620
Expenditures:				
Current				
Governmental direction and support	133,828	122,391	11,437	19,874
Economic development and regulation	108,731	103,692	5,039	159,311
Public safety and justice	908,594	895,125	13,469	162,383
Public education system	632,628	632,592	36	121,417
Human support services	848,183	869,193	(21,010)	542,258
Public works	203,082	201,236	1,846	88,351
Employee benefits addition (deduction)	—	—	—	(219,517)
Debt service				
Principal	128,917	128,917	—	—
Interest and fiscal charges	189,531	197,417	(7,886)	14,024
Total expenditures	3,153,494	3,150,563	2,931	888,101
EXCESS OF REVENUES OVER EXPENDITURES	93,817	80,896	(12,921)	(30,481)
Other Financing Sources (Uses):				
Proceeds (payment) of				
Refunding bonds	—	—	—	272,244
Refunded debt	—	—	—	(261,077)
Refunding charges	—	—	—	(2,238)
Operating transfers				
Transfers in	73,554	77,371	3,817	20,681
Transfers out	(159,129)	(159,089)	40	3,679
Total other financing sources (uses)	(85,575)	(81,718)	3,857	33,289
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES (BUDGETARY BASIS)	8,242	(822)	(9,064)	2,808
To adjust for nonappropriated actual	—	2,808	2,808	(2,808)
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER USES (GAAP BASIS)	\$ 8,242	1,986	(6,256)	—

The accompanying notes are an integral part of this statement

Public Law 102-102
102d Congress

An Act

To amend the District of Columbia Self-Government and Governmental Reorganization Act to establish a predictable and equitable method for determining the amount of the annual Federal payment to the District of Columbia.

Aug. 17, 1991
[H. R. 2123]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

District of
Columbia
Budgetary
Efficiency
Act of 1991.

SECTION 1. SHORT TITLE; PURPOSE.

(a) **SHORT TITLE.**—This Act may be cited as the “District of Columbia Budgetary Efficiency Act of 1991”.

(b) **PURPOSE.**—It is the purpose of this Act to assist the District of Columbia in compensating for revenue shortages resulting from the unreimbursed services provided by the District to the Federal Government and the significant deficiencies in the District’s tax base resulting from federally imposed limitations on the District’s ability to raise revenue, including (but not limited to)—

(1) the exemption from taxation of property owned by the Federal Government or by any foreign government which uses such property for diplomatic purposes;

(2) the statutory prohibition on taxation of income earned in the District by any individual who is not a resident of the District; and

(3) limitations on the height of buildings located in the District.

SEC. 2. ANNUAL FEDERAL PAYMENT TO DISTRICT OF COLUMBIA.

(a) **AMOUNT.**—The first sentence of section 502(a) of the District of Columbia Self-Government and Governmental Reorganization Act (sec. 47-3405(a), D.C. Code) is amended by striking “\$386,000,000” and all that follows and inserting the following: “\$386,000,000; for each of the fiscal years ending September 30, 1985, September 30, 1986, September 30, 1987, and September 30, 1988, the sum of \$474,500,000; for each of the fiscal years ending September 30, 1989, and September 30, 1990, the sum of \$494,500,000; for the fiscal year ending September 30, 1991, the sum of \$596,500,000; and for the fiscal year ending September 30, 1992, the sum of \$630,000,000.”.

(b) **FORMULA.**—Title V of such Act is amended by adding at the end the following new section:

“FEDERAL PAYMENT FORMULA

“Sec. 503. (a) There is authorized to be appropriated as the annual Federal payment to the District of Columbia an amount equal to 24 percent of the following local revenues:

Appropriation
authorization.

“(1) For the Federal payment for fiscal year 1993, the local revenues for fiscal year 1991.

“(2) For the Federal payment for fiscal year 1994, the local revenues for fiscal year 1992.

“(3) For the Federal payment for fiscal year 1995, the local revenues for fiscal year 1993.

“(b) For purposes of subsection (a), the term ‘local revenues’ means, with respect to a fiscal year, the independently audited revenues of the District of Columbia that are derived from sources other than the Federal Government during that year, as reviewed by the Comptroller General under section 715(e) of title 31, United States Code.”.

(c) **BREAKDOWN OF DISTRICT REVENUES.**—

(1) **DETERMINATION UNDER INDEPENDENT ANNUAL AUDIT.**—The first sentence of section 4(a) of Public Law 94-399 (sec. 47-119(a), D.C. Code) is amended by striking the period and inserting the following: “, and shall include in such independent audit a report of the revenues of the District of Columbia for the fiscal year, broken down by revenues derived from the Federal Government and revenues derived from sources other than the Federal Government during that fiscal year.”.

(2) **REVIEW BY COMPTROLLER GENERAL.**—Section 715 of title 31, United States Code, is amended by adding at the end the following new subsection:

“(e) Not later than March 1 of each year, the Comptroller General shall submit to the Committee on the District of Columbia of the House of Representatives and the Subcommittee on General Services, Federalism, and the District of Columbia of the Committee on Governmental Affairs of the Senate a review of the report of the breakdown of the independently audited revenues of the District of Columbia for the preceding fiscal year by revenues derived from the Federal Government and revenues derived from sources other than the Federal Government that is included in the independent annual audit of the funds of the District of Columbia conducted for such fiscal year.”.

(d) **CLERICAL AMENDMENT.**—The table of contents of such Act is amended by inserting after the item relating to section 502 the following new item:

“Sec. 503. Federal Payment Formula.”.

(e) **EFFECTIVE DATE.**—The amendments made by this section shall take effect on the date of the enactment of this Act.

Approved August 17, 1991.

LEGISLATIVE HISTORY—H R 2123.

HOUSE REPORTS. No. 102-92 (Comm. on the District of Columbia).
CONGRESSIONAL RECORD, Vol. 137 (1991):
June 11, considered and passed House.
Aug. 2, considered and passed Senate.

THE DISTRICT OF COLUMBIA

SCHEDULE OF LOCAL REVENUES
for the year ended September 30, 1992
AND
REPORT THEREON

Coopers
& Lybrand

certified public accountants

Independent Auditors Report

To the Mayor and Council
of the District of Columbia

We have audited the accompanying Schedule of Local Revenues of the District of Columbia for the year ended September 30, 1992. This schedule is the responsibility of the District of Columbia's management. Our responsibility is to express an opinion on the Schedule based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the Schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the schedule. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedule of Local Revenues was prepared for the purpose of complying with Public Law 102-102 related to the District of Columbia's Federal payment formula, specifically, locally-generated revenue as described in Note 2 to the Schedule, and is not intended to be a complete presentation of the District of Columbia's total revenues or results of operations.

In our opinion, the Schedule of Local Revenues referred to above presents fairly, in all material respects, the locally-generated revenue, as described in Note 2, of the District of Columbia for the fiscal year ended September 30, 1992, in conformity with generally accepted accounting principles.



Washington, D.C.
June 28, 1993

DISTRICT OF COLUMBIA
 SCHEDULE OF LOCAL REVENUES
 Fiscal Year Ended September 30, 1992
 (000's)

Total District sources - General Fund		\$2,749,691
Plus transfers-in:		
Lottery		48,500
Water and Sewer		28,287
Starplex		584
Less:		
Charges for services - nonappropriated Amount representing local revenues	\$(91,303) <u>45,024</u>	(46,279)
Miscellaneous - nonappropriated Amount representing local revenues	(70,701) <u>54,045</u>	(16,656)
Add:		
Water and sewer services from the Federal Government		29,696
Enterprise funds non-operating revenues		<u>6,994</u>
Total local revenues		<u>\$2,800,817</u>
Twenty-four percent of net local revenues		<u>\$ 672,196</u>

The accompanying notes are an integral
 part of this Schedule.

DISTRICT OF COLUMBIA
NOTES TO SCHEDULE OF LOCAL REVENUES

1. Schedule of Local Revenues

The Schedule of Local Revenues (Schedule) presents the District's locally-generated revenue (see Note 2) which excludes all federally-generated revenue (as defined in Note 2) components thereof. The Schedule was prepared in accordance with Public Law 102-102 as it amends Title V, "Federal Payment", of the District of Columbia Self-Governmental Reorganization Act.

2. Summary of significant accounting policies

Revenue Recognition

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (That is, when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one year availability period is used by the District for revenue recognition for all governmental fund revenues with the exception of property taxes in which case a period of 60 days after year end is used.

Those revenues susceptible to accrual are property taxes, sales and use taxes, income and franchise taxes, gross receipts taxes and interest revenue. Property taxes are recognized as revenue in the tax year for which they are levied, provided they are available. Sales and use taxes are recognized as revenue when the sales or use take place.

Licenses and permits, fines and forfeits, charges for services, and other taxes are not susceptible to accrual because generally they are not measurable until received in cash.

Continued

DISTRICT OF COLUMBIA
NOTES TO SCHEDULE OF LOCAL REVENUES

Locally-generated revenues

Any revenues generated by the District of Columbia through General Fund activities for goods or services provided to any and all consumers, whether private or public (including the federal government), in a transaction that constitutes a valid commercial exchange for due consideration, and that would be subject to all the covenants of the Uniform Commercial Code of business law, are to be considered revenues generated by the District of Columbia with all rights and privileges to use the revenues in the matter prescribed by the District of Columbia Self-Government and Governmental Reorganization Act. Other net revenues from operations and non-operating sources, such as interest income, or other fund activities of the District are also to be considered locally-generated revenues to the extent net revenues are available and are not restricted as to their use.

Federal source revenues

Revenues received from the federal government for grants or programs provided through federal appropriations legislation for activities which derive benefit to the citizenry of the District of Columbia are to be considered federal source revenues as compensation for revenue deficiencies in the District's tax base resulting from federally imposed limitations on the District's ability to raise revenue.

3. Public Law 102-102

Public Law 102-102 was enacted on August 17, 1991 to amend Title V, "Federal Payment", of the District of Columbia Self-Government and Governmental Reorganization Act by adding, among other items, the formula for calculating the balance of locally-generated revenues (Note 2) upon which an amount equal to 24 percent will be remitted to the District as the Federal Payment.

The Federal Payment calculation was enacted to assist the District in compensating for revenue shortages resulting from the unreimbursed services provided by the District to the Federal Government and the significant deficiencies in the District's tax base resulting from federally imposed limitations on the District's ability to raise revenue.

CHARGES FOR SERVICES

GOVERNMENT OF THE DISTRICT OF COLUMBIA
CHARGES FOR SERVICES
FISCAL YEAR 1992 REVENUE

AGENCY	REVENUE SOURCE SHORT NAME	EXPLANATION/DESCRIPTION OF THE REVENUE SOURCE	REVENUE RECOGNIZED	FEDERAL SOURCE	OTHER REDUCTIONS
Superior Court (FC)	Court Fees & CO	COURT FEES & CO: Represents court fees presented by Court Rules which are collected in cases dealing with Civil, Family, Probate, and Tax matters before the Superior Court of the District of Columbia. No fees are collected from the Federal government.	4,675,363.06		
Court of Appeals (EM)	Court Fees & CO	COURT FEES & CO: Represents court fees in accordance with Court Rules which are collected in cases dealing with filing of appeals. No fees are collected from the Federal government.	26,657.63		
Court of Appeals (EM)	Crt Rpt & Cpy Crg	CRT RPT & CPY CRG: Represents fees that are collected in accordance with Court Rules for Engaged Certificates, Docketing fees, Motion fees, Opinion subscriptions, Individual opinion fees, Certificate of good standing, copying charges, and any miscellaneous fees. No fees are collected from the Federal government.	107,407.34		
Court of Appeals (EM)	Court Regis Fee	COURT REGIS FEE: Represents the fees charged by the Court for applications for admission by exam and admission without examination. No fees are collected from the Federal government.	1,299,360.00		
Public Schools (GA)	Court Fees & CO	COURT FEES: Revenues are derived from witness fees for school employees. Revenue Source - Private	819.80		
Admin Services (AS)	Waivers & Markets	WHAIVERS & MARKETS: Rental income - No expenditures are incurred by this revenue source.	41,266.51		
Admin Services (AS)	Park Fees & Permits	PARKING FEES & PERMITS: Employees parking income on D.C. owned property - Employees pay for parking thru D.C. Cashiers.	176,087.50		
Admin Services (AS)	Proc Digests/Ab	PROCUREMENT DIGEST: Subscriptions for publication of the D.C. Procurement Digest.	5,250.00		
Exec Secretary (HA)	Chrg - Other Svcs	CHARGES-OTHER SERVICES: This account contains revenue collected for the general fund from certificates of foreign certificates, apostille documents, domestic documents, and authentication of D.C. Government officials.	68,732.40		
D F R (CA)	Trnscrip - Record	TRANSCRIPT OF RECORD: This account contains the amount collected for providing copies of tax returns and copies of real property statement record cards to taxpayers.	118,941.76		
D F R (CA)	Recordation Fee	RECORDATION AND TRANSFER FEE: This account is used to collect the fee	2,604,812.06		

GOVERNMENT OF THE DISTRICT OF COLUMBIA
CHARGES FOR SERVICES
FISCAL YEAR 1992 REVENUE

AGENCY	REVENUE SOURCE SHORT NAME	EXPLANATION/DESCRIPTION OF THE REVENUE SOURCE	REVENUE RECOGNIZED	FEDERAL SOURCE	OTHER REDUCTIONS
Consumer & Reg Affairs (CR)	Boiler Inspect	for the installation of all ducts to real estate on the District. It is also used for the collection of fees imposed on transfers of real property.	7,598.00		
Consumer & Reg Affairs (CR)	Smoke Rtg/In Pt	BOILER INSPECTION PERMIT: Fee charged for the use and inspection of boilers by building owners to assure they are in working condition and in compliance as specified by government standards.	3,757.48		
Consumer & Reg Affairs (CR)	Fire Insp Lic	SMOKE REGULATION PERMIT: Fee charged to install or replace approved boiler and smoke fumers equipment within a building. Fee covers processing cost.	283,806.70		
Consumer & Reg Affairs (CR)	Rent Acc Reg Fee	ELEVATOR INSPECTION/CERTIFICATION: Fee charged to building owner or agent to operate an elevator within the District. Fee includes inspection to assure elevator is operating in compliance with established government standards.	935,419.88		
Consumer & Reg Affairs (CR)	Charg - Othr Svs	RENTAL ACCOMMODATION REGISTRATION FEE: Fee charged for permit to operate a housing or apartment rental operation within the District. Fee is determined by the number of units available.	1,015.95		
Consumer & Reg Affairs (CR)	Reprints - Reports	CHARGES OTHER SERVICES: Fee charged to cover other inspectional services regulated by the Building and Land Regulation Administration that are not identified by a specific revenue code.	17,583.76		
Consumer & Reg Affairs (CR)	Wharves & Markets	REPRODUCTION OF REPORTS: Fee charged for the cost of reproducing computer data base information requested by individuals and businesses. Charges are generally calculated by page count.	29,490.00		
Consumer & Reg Affairs (CR)	Records Fee - Corp	WHARVES AND MARKETS: Fee charged for the use and inspection of weights and measures used by businesses. Includes the inspection for accuracy of market and grocery store scales and packaged items.	3,146,253.43		
Consumer & Reg Affairs (CR)	Condo Certi Fee	CORPORATION RECORDATION FEE: Annual fee charged to operate a corporation and limited partnership within the District. The fee is levied to cover processing cost of updating corporate files on directors and officers and to assure the corporation is in good standing.	5,520.85		
Consumer & Reg Affairs (CR)	Condo Register	CONDO CERTIFICATION FEE: Fee charged to recover administrative cost to review applicant's request to convert current rental units into condos.	21,473.47		
Consumer & Reg Affairs (CR)		CONDO REGISTRATION FEE: Fee charged to recover administrative cost of reviewing actual design, and drawings of applicant's conversion plan.			

GOVERNMENT OF THE DISTRICT OF COLUMBIA
 CHARGES FOR SERVICES
 FISCAL YEAR 1992 REVENUE

AGENCY	REVENUE SOURCE SHORT NAME	EXPLANATION/DESCRIPTION OF THE REVENUE SOURCE	REVENUE RECOGNIZED	FEDERAL SOURCE	OTHER REDUCTIONS
Consumer & Reg Affairs (CR)	Pharm Md Dvs Fee	PHARMACY MEDICAL DEVICE FEE: Fee charged for the use and inspection of medical devices and x-ray machines used by applicants to assure compliance with government standards.	169,617.00		
Consumer & Reg Affairs (CR)	Hlth Fac Fee	HEALTH FACILITY FEE: Fee charged to operate and run health facilities within the District, including nursing homes, hospitals, etc.	10,504.40		
Consumer & Reg Affairs (CR)	Soc Svc Fac Fee	SOCIAL SERVICES FEE: Fee charged to operate and run unimpeded social service organizations such as adoption agencies, group home and child care facilities, etc.	4,426.00		
Cable TV (CT)	Cable TV Franch	CABLE TV FRANCHISE: A non-exclusive revenue source, this account represents payments received from the cable provider, District Children's Limited Partnership. Under the current franchise agreement the agency receives 5% of the cable provider's gross revenue on a quarterly basis by legislative mandate. Franchise fees collected are not transferred to general fund.	1,791,659.92		
Public Service Comm (DH)	Util Assets	PUBLIC UTILITIES REIMBURSEMENT FEE ACT: The Public Utilities Reimbursement Fee Act, D.C. Law 3-86, allows the Commission's operating expenses of utility regulation to be reimbursed by the utility companies. Each public utility is assessed a percentage equal to the ratio of that utility's calendar year gross revenue to all public utilities.	4,006,000.00		
People's Counsel (DJ)	Util Assets	PUBLIC UTILITIES ASSESSMENTS: This revenue is provided by the public utility companies doing business in the District of Columbia, Washington Gas, PEPCO, and the C&P Telephone Co. The District Government is reimbursed in full for the operating expenses incurred by OPC in regulating utilities.	2,246,000.00		
Elect & Ethics (DL)	Transprt - Record		699.25		
Police Dept (FA)	Fingerprint & Photo	FINGERPRINT AND PHOTOGRAPH: This is revenue collected by providing photographs and fingerprint services to the DC residents.	13,071.70		
Police Dept (FA)	Report - Report	REPRODUCTION REPORTS: This is revenue collected from District residents who request copies of accident or police reports.	75,500.14		
Police Dept (FA)	Transprt - Record	TRANSCRIPT RECORD: This revenue comes from District residents who request police arrest records.	164,617.50		
Police Dept (FA)	Firearm User Fee	FIREARM USER FEE: This revenue comes from registrations of guns and	4,571.00		

GOVERNMENT OF THE DISTRICT OF COLUMBIA
CHARGES FOR SERVICES
FISCAL YEAR 1992 REVENUE

AGENCY	REVENUE SOURCE SHORT NAME	EXPLANATION/DESCRIPTION OF THE REVENUE SOURCE	REVENUE RECOGNIZED	FEDERAL SOURCE	OTHER REDUCTIONS
Police Dept (FA)	PD Hauling & Stg	other items by District residents. HAULING AND STORAGE: The is revenue collected for towing and storage of vehicles left on District streets.	37,206.00		
Fire Department (FB)	Reports - Reports	REPORT REPRODUCTION: This account is used to collect fees for the reproduction copying cost of fire incidents reports requested by the public. The fee is currently \$1.50 per report.	2,174.10		
Fire Department (FB)	Emerg Ambul Serv	EMERGENCY AMBULANCE SERVICE FEE: This revenue source was established for the deposit of ambulance billing collections. When medical treatment is provided and/or transportation by an ambulance, a fee is charged to the patient for the service. The contractor processes the patient's information and generates the billing which is submitted to the patient or their care provider.	3,390,457.35		
Corrections (FL)	Chrgs - Othr Svcs	CHARGES AND OTHER SERVICES: This account is comprised of collections from employed halfway house residents to compensate for housing and from paid employers for meals served in the officer's dining hall	307,474.52		
Corrections (FL)	Quartr and Sub	QUARTERS AND SUBSISTENCE: This account contains collections, facilitated through payroll deductions, from employees of the department who live in government housing located on the Lorton Reservation.	24,049.74		
D H S (JA)	Psy Patiens	PAY PATIENT: Payment of health services by the patients for services they received at various DHS facilities.	2,402,263.91		
D H S (JA)	3rd Party Pymnts	3rd PARTY PAYMENTS: Payment of health services of patients by their insurance companies or Medicare. (No federal payments included)	1,985,223.09		
D O T (KA)	Chrgs - Othr Svcs	CHARGES—OTHER SERVICES: Various reinstatement fees - Loss of motor vehicle license, auto insurance, defaulted checks, etc.	643,789.00		
D O T (KA)	Reports - Reports	REPRODUCTION - REPORTS: Reimbursement by insurance companies for copying costs of Bureau of Motor Vehicle data.	1,131,271.70		
D O T (KA)	Lgt-Lamp Rail-Wy	LOT—LMP RAIL—WY: Reimbursement by railroads of electrical lighting costs along railroad right-of-ways.	28,906.33		
D O T (KA)	Mtr Vehcl Insp	MOTOR VEHICLE INSPECTION: Fees paid by vehicle owners for inspection by the District.	2,373,579.00		

GOVERNMENT OF THE DISTRICT OF COLUMBIA
 CHARGES FOR SERVICES
 FISCAL YEAR 1992 REVENUE

AGENCY	REVENUE SOURCE SHORT NAME	EXPLANATION/DESCRIPTION OF THE REVENUE SOURCE	REVENUE RECOGNIZED	FEDERAL SOURCE	OTHER REDUCTIONS
D.O.T. (KA)	Motor Vehicle Titles	MOTOR VEHICLE TITLES: Fees paid by vehicle owners for registering ownership of vehicles in the District.	1,496,600.00		
D.O.T. (KA)	Solid Waste Dip Fee	SOLID WASTE DISPOSAL FEE: Fees paid by private trash haulers for dumping at the incinerator and Lorion Landfill.	6,043,908.44		
D.O.T. (KA)	Surveyor Fees	SURVEYOR FEES: Fees paid by anyone requiring a survey of any District property.	114,737.00		
D.O.T. (KA)	Plan Fees & Permits	PARKING FEES AND PERMITS: Fees paid by residents for neighborhood parking permits.	912,068.55		
D.O.T. (KA)	Street & Outlets	STREET AND OUTLET: Revenue from assessments for installation of street and gutters on District streets.	331,134.37		
Transp Commut (TC)	Reports - Reports	REPRODUCTION - REPORTS: This revenue is generated from fees collected from individuals requesting copies of informational documents and materials maintained by the commission.	893.45		
D.O.T. (KA)	Rental of Land	RENTAL OF LAND: Rents received by various tenants for use of District owned land.	6,527.26		
D.O.T. (KA)	Parking Meters	PARKING METERS: Revenue deposited in parking meters by motorists parking on D.C. streets and property.	13,447,400.10		
DC City Council (AB)	Publication Fee	SUBTOTAL: Appropriated Charges for Services PUBLICATION FEE: This is revenue collected from fees charged to the public for the microfilming of legislation.	57,419,985.61	0.00	0.00
Admin Services (AS)	Ed Sup Prop Fee	EDUCATION SURPLUS PROPERTY: Sale of educational surplus property to qualified buyers outside D.C. government.	7,012.65		
Exec Secretary (BA)	Publication Fee	PUBLICATION FEE: This revenue represents collections from the sale of the D.C. Register and other D.C. Regulations based on D.C. Law 2-53 dated 03/06/79. This revenue pays for two PTEs and operational cost for them.	14,735.80		
Office of Zoning (BU)	Transcript Fees	TRANSCRIPT FEES: This account consists the amounts collected as application and hearing fees for cases pending before the Zoning Commission and the Board of Zoning Adjustment.	101,114.04		
Intergov Relations (BV)	Publication Fee	PUBLICATION FEE: This revenue represents collection from the sale of the D.C. Register and other D.C. Regulations based on D.C. Law 2-53 dated	56,098.25		

GOVERNMENT OF THE DISTRICT OF COLUMBIA
CHARGES FOR SERVICES
FISCAL YEAR 1992 REVENUE

AGENCY	REVENUE SOURCE SHORT NAME	EXPLANATION/DESCRIPTION OF THE REVENUE SOURCE	REVENUE RECOGNIZED	FEDERAL SOURCE	OTHER REDUCTIONS
D.F.R. (CA)	Chrg - Bad Checks	0.106/79 This revenue pays for two FTEs and operational cost for them collected from taxpayers for writing bad checks.	3,001.21		
Corp Counsel (CB)	Annuity Fund	ANNUITY FUND: This account contains funds from monies received by the District pursuant to a settlement of an annuitant action, or from criminal or civil penalties or recovery costs and attorney's fees in annuitant actions. However, funds may be appropriated or transferred pursuant to court orders or judgments in annuitant actions. Funds may also be received from gifts or grants made to support annuitant activities. Additionally, any nonappropriated monies in the Fund shall remain available without fiscal year limitation. These funds shall be used by the Office of the Corporation Counsel for the payment of costs, expenses, and charges incurred in the investigation, preparation, initiation, and maintenance of annuitant actions under the District of Columbia Annuity Act and Federal annuitant laws.	21,413.44		
Public Library (CE)	Adult Basic Ed	ADULT BASIC ED. Sale of annotated lists of materials in the Adult Basic Education Collection.	91.00		
Public Library (CE)	Bookstore	BOOKSTORE: Sale of unneeded library books and library-related items through the Library store, BOOKS PLUS.	40,431.49		
Public Library (CE)	Wash Photo Repo	WASH PHOTO REPO: Sale of copies of photographs and other materials from the Washingtonian Division.	315.70		
Public Library (CE)	Video Book Tape	VIDEO BOOK TAPE: Rental of entertainment videos.	21,145.71		
DOES (CF)	Workers Comp	WORKERS' COMP: Revenue collected from insurance carriers and self-insured employers for administration of the private sector workers' compensation program. (No federal collections involved.)	6,122,904.32		
Old Campaign Fin (CJ)	Chrg - Othr Svcs	CHARGES - OTHER SERVICES: The charges indicated represent a vendor reimbursement for equipment totaling \$17,430.00 and \$3445.35 for copying fees.	13,086.95		
Consumer & Reg Affairs (CR)	Publication Fee	PUBLICATION FEE: Monies collected from the public for the use of computerized machines such as xeroxing and photo ID picture machines. The cost of xeroxing is collected to recover the rental and maintenance cost of machines.	3,591.72		

GOVERNMENT OF THE DISTRICT OF COLUMBIA
CHARGES FOR SERVICES
FISCAL YEAR 1992 REVENUE

AGENCY	REVENUE SOURCE SHORT NAME	EXPLANATION/DESCRIPTION OF THE REVENUE SOURCE	REVENUE RECOGNIZED	FEDERAL SOURCE	OTHER REDUCTIONS
Consumer & Reg Affairs (CR)	Chgs - Oth Svcs	CHARGES - OTHER SERVICES, ALCOHOLIC BEVERAGE CONTROL ADVERTISING: The ABC Board, before granting an applicant a license or retailer's license to sell alcohol in D.C., must notify the citizen by published advertisement once a week for at least 4 weeks in local newspapers. The fees are paid by applicant at filing to cover advertising cost.	17,889.00		
Consumer & Reg Affairs (CR)	Alar-Nup-R-Inv	ABATEMENT OF NUISNACE: Fund established to pay for the cost of correcting any condition and all necessary expenditures related to real estate where an owner fails or refuses to correct identified violation of law after receiving proper notice. The unexpended balance at end of year is reserved in a restricted fund and used to provide authorization to expend over subsequent years.	7,564.53		
Consumer & Reg Affairs (CR)	Condo Convsn	CONDO CONVERSION: Fund was established to assist low income and displaced tenants in buying or renting other property when their present landlord decides to convert their building into condominiums. Funds are collected from the owner who must pay a 4% conversion fee based on the price of each unit less any prior fees paid.	46,627.76		
Public Svc Comm (DH)	Publication Fee	PRINTING AND DUPLICATING FEE: Printing and duplicating revenue is collected from the utility companies and walk-in customers to offset the costs associated with the leasing of the Commissioner's copier.	19,438.40		
Public Svc Comm (DH)	Utility Assmnt	AUDITOR'S ASSESSMENT FUND: Auditor's Assessment revenue is collected from the utility companies to cover the costs of Commission auditors performing on-site audits.	18,874.77		
Public Schools (OA)	Lease Income	LEASE INCOME: Revenues are derived from user fees and long term leases of school buildings. Revenue Source - Private	222,100.00		
Public Schools (OA)	Food Svc Sales	FOOD SERVICE SALES: Revenue collected from the sale of breakfast and lunch to DCPS students who are not qualified for free meals. Revenue Source - Private	1,750,767.54		
Public Schools (OA)	Admng Rev	ADVERTISING REVENUE: Revenue collected from the sale of donated ads for the Phelps Career Center. Revenue Source - Private	776.48		
Public Schools (OA)	H/S Equity	HIGHSCHOOL EQUIVALENCY: Revenues are generated from GED Testing fees from students.	20,028.14		

GOVERNMENT OF THE DISTRICT OF COLUMBIA
 CHARGES FOR SERVICES
 FISCAL YEAR 1992 REVENUE

AGENCY	REVENUE SOURCE SHORT NAME	EXPLANATION/DESCRIPTION OF THE REVENUE SOURCE	REVENUE RECOGNIZED	FEDERAL SOURCE	OTHER REDUCTIONS
		Revenue Source - Private			
Public Schools (GA)	Custodial Serv	CUSTODIAL SERVICE: Revenues are derived from reimbursement of overtime pay for custodial and engineering staff who work during special events after hours and on weekends at local schools. Revenue Source - Private	186,630.00		
Public Schools (GA)	DCPS - Non Res	NON-RESIDENT TUITION: Revenues collected from non-resident students attending DCPS schools from other jurisdictions. Revenue Source - Private	67,899.37		
Recreation (HA)	Fees & Clinic - Recn	FEES & CLCTN-RCRN: Revenue collected from participants for various types of classes and other program activities held throughout the city.	575,957.80		
D H S (JA)	SSI Payback	SSI PAYBACK: The program provides cash support to SSI eligible recipients. The revenue represents payments reimbursed by the Federal government for SSI payment given in advance to SSI recipients who have been determined to be eligible at the time of filing applications under the program.	1,520,349.14	1,520,349.14	
D H S (JA)	Mixed Inpt Cont	MEDICAID COST SETTLEMENT RECOVERIES: The account is used to offset current expenditures for inpatient hospital and nursing home services.	1,300,115.64		
D H S (JA)	Food Serv Sales	FOOD-SERVICE SALES: Collections from the sale of lunches to workers and visitors at DHS facilities where meals are being served.	67,292.38		
D H S (JA)	Vital Rec Rev	VITAL RECORDS REVENUE: The account is used to collect fees charged for the sale of Vital Records such as birth and death certificates	1,563,382.45		
D H S (JA)	Med DCV Plc	MEDICAID PATIENT LIABILITY COLLECTIONS (D.C. Village): This account contains the amount collected from patients for their share of the cost of care provided by the facility.	1,287,598.19		
D H S (JA)	Med FJ Plc	MEDICAID PATIENT LIABILITY COLLECTIONS (Forest Haven): This account contains the amount collected from patients for their share of the cost of care provided by the facility.	345,743.07		
D H S (JA)	Med JRU Plc	MEDICAID PATIENT LIABILITY COLLECTIONS (J.B. Johnson Nursing Facility): The account contains the amount collected from patients for their share of the cost of care provided by the facility.	564,251.14		
D H S (JA)	NonAFDC Ind Fee	NON-AFDC TITLE IV - D APPLICATION FEE: The account contains fees collected from Non-AFDC clients who was the Title IV-D program to be	36,766.00		

GOVERNMENT OF THE DISTRICT OF COLUMBIA
 CHARGES FOR SERVICES
 FISCAL YEAR 1992 REVENUE

AGENCY	REVENUE SOURCE SHORT NAME	EXPLANATION/DESCRIPTION OF THE REVENUE SOURCE	REVENUE RECOGNIZED	FEDERAL SOURCE	OTHER REDUCTIONS
D H S (JA)	Med Pd Pt Vslor	MEDICAID PATIENT LIABILITY COLLECTION: This account contains the amount collected from patients for their share of the cost of care provided at intermediate care facilities for the mentally retarded (ICF/MR).	116,286.76		
D H S (JA)	Fees Med Exam	FEES - MEDICAL EXAMINER'S OFFICE: Collection of fees for autopsy and cremation reports issued by the Chief Medical Examiner's Office.	23,647.33		
D O T (KA)	Street Repairs	STREET REPAIRS: Provides funding for the restoration of street after surface cuts by utilities and plumbers. Source of funding - fees charged to utilities and plumbers.	4,801,774.36		
D O T (KA)	Chk Adv - St Repr	ADVANCES - STREET REPAIRS: Holding account for funds put up as indemnification deposits for restoration of District owned property. Deposits are refunded after satisfactory restoration of District property.	(500.00)		
Antioch Law School (LS)	Tuition LS	TUITION REVENUE: This account contains tuition payments collected from students matriculating at the School of Law. It also contains limited grant income that the School of Law has been able to secure. Grant income is deposited as it is earned. No federal funds have been deposited in this account to date.	1,266,292.53		
Public Housing (PH)	Hsg - Rent - TL II	HOUSING RENTAL TITLE II: Revenue source is comprised of all rental income from residents living in public housing units and is included in the Low Rent Housing Federal Budget.	191,448,940.79		
Admin Services (AS)	Tenant Rent	TENANT RENT: Income from employee parking and Wam Restaurant at 613 O Street.	42,942.27		
Admin Services (AS)	Rental Prop MGT	RENTAL OF D.C. OWNED PROPERTY: Rental income on District owned real properties.	355,034.58		
D O T (KA)	Rent Equip - Alik	SAFE CHILD CAR SEAT PROJECT: Holding account for parents who place deposits on child car seats. Deposits are refunded when seats are returned.	16,197.37		
Public Housing (PH)	Tenant Rent	TENANT RENT: The amount collected from residents to help share the cost provided by the Low-Rent Housing Federal Operating Budget.	163,404.47		
Public Housing (PH)	Non-dwelling Rent	NON-DWELLING RENTAL: Revenue source is comprised of units in which space has been identified and approved by HUD and rented to doctors, human	429,674.34		

GOVERNMENT OF THE DISTRICT OF COLUMBIA
 CHARGES FOR SERVICES
 FISCAL YEAR 1992 REVENUE

AGENCY	REVENUE SOURCE SHORT NAME	EXPLANATION/DESCRIPTION OF THE REVENUE SOURCE	REVENUE RECOGNIZED	FEDERAL SOURCE	OTHER REDUCTIONS
Consumer & Reg Affairs (CR)	Jus Dept Finger	services agencies, etc. JUSTICE DEPARTMENT FINGERPRINTING: Fees collected to recover cost of process finger prints which are required of applicants of ABC licenses, parking lot attendants, tour guides, private detectives, etc. The fingerprints are forwarded to the FBI for analysis and identification.	23,696.00		
Police Dept (FA)	Data P.Srv - O.G.	DATA PROCESSING SERVICES: The revenue for this account comes from the following sources; surrounding city governments, and other police agencies for WALES program services, and 1% of Capital Police detail reimbursement.	161,479.06		
Police Dept (FA)	Jus Dept Finger	JUSTICE DEPARTMENT FINGERPRINTS: This is revenue collected by providing fingerprint services to the public for FBI use.	85,682.00		
Correct Industr (FP)	SI - Crime P - O.G.	SALE OF CORRECTIONAL PRODUCTS - OTHER GOVERNMENTS: Revenue received through this source are for the sale of goods and services provided by the Correctional Institution Fund to tax subsidized entities other than the District Government Agencies, such as; the Federal government, states, counties, cities, territories, and possessions of the U.S. These sales consist of such items as hardy services, license tags, printing, desks, furniture, etc.	2,003,454.10		
Public Schools (GA)	Cap Page School	CAPITAL PAGE SCHOOL: The program provides education and instruction to young men and women while they are serving as pages for the U.S. Senate. Revenue Source - U.S. Senate	194,970.38		
Taxicab Commis (TC)	Jus Dept Finger	JUSTICE DEPT FINGERPRINTS: This account contains pass-on fees derived from potential taxicab drivers for processing of fingerprint cards. Procedures require the transfer of these funds to Metropolitan Police Department on a monthly basis and they in turn transfer the funds to the FBI in accordance with District statutes and Public Law 92 - 544.	173,368.00		
Personnel Offc (BE)	Rmb Frm Dir Gov	RMB FRM OTR OOV: The Office of Personnel receives reimbursement from the U.S. Park Police and the U.S. Secret Service. The revenue represent a percentage of estimated program costs based on actual cases processed for these agencies in the prior fiscal year by the Police & Firefighter's Retirement and Relief Board.	274,466.35		
Police Dept (FA)	Rmb Frm Dir Gov	REIMBURSEMENTS FROM OTHER GOVERNMENTS: Revenue sources are: 69% Capital Police Detail, Drug Enforcement Administration, Clinic services provided to U.S. Park Police and Secret Service, and White House	554,979.03		

GOVERNMENT OF THE DISTRICT OF COLUMBIA
 CHARGES FOR SERVICES
 FISCAL YEAR 1992 REVENUE

AGENCY	REVENUE SOURCE SHORT NAME	EXPLANATION/DESCRIPTION OF THE REVENUE SOURCE	REVENUE RECOGNIZED	FEDERAL SOURCE	OTHER REDUCTIONS
Public Schools (OA)	Reb. Frm. Otr. Gov	Police. These reimbursements are from federal agencies REIMBURSEMENTS FROM OTHER GOVERNMENTS: This program provides ROTC training of DODIS students. Revenue source - Armed Forces	255,796.02		
DHS (JA)	Reb. Frm. Otr. Gov	REIMBURSEMENTS FROM OTHER GOVERNMENTS: Collection of repayment of student loans from students of U.S. Department of Education for defaulted student loans.	191,249.14	95,624.57	95,624.57
DOT (KA)	Reb. Frm. Otr. Gov	REIMBURSEMENTS FROM OTHER GOVERNMENTS: Accumulate maintenance costs of Mail Transport. Reimbursed 50% by the General Services Administration.	208,036.55		
DOT (KA)	Lorton Landfill	LORTON LANDFILL: Accumulate personal services costs for DFW staff working on site. Fully reimbursed by Fairfax County.	472,742.06		
Intragovernmental			44,567,232.27		
		Non-appropriated charges for services	46,738,624.92	1,615,973.71	95,624.57
		Total charges for services	148,723,052.60	1,615,973.71	95,624.57

MISCELLANEOUS CHARGES

GOVERNMENT OF THE DISTRICT OF COLUMBIA
 MISCELLANEOUS CHARGES
 FISCAL YEAR 1992 REVENUE

AGENCY	REVENUE SOURCE SHORT NAME	EXPLANATION/DESCRIPTION OF THE REVENUE SOURCE	REVENUE RECOGNIZED	FEDERAL SOURCE	OTHER REDUCTIONS
O P M (BF)	Interest Income	INTEREST INCOME: Revenue collected from investments of public funds	23,166,154.42		
Superior Court (FC)	Interest Income	INTEREST INCOME: Represents interest income earned on certain account balances (where the Court does not receive that the interest is to accrue to the court (for which it deposits). This interest income is transferred to the D.C. Treasurer. None of this interest income is collected from the federal government.	67,108.27		
Public Schools (OA)	Interest Income	INTEREST INCOME: Revenue collected from interest earned on implicit fund clearing account.	1,405.51		
D P R (CA)	Deposit - Used Pyp	DISPOSABLE UNCLAIMED PROPERTY: This account contains the amount turned over to the District by banks and businesses according to the District laws concerning unclaimed property, e.g., dormant bank accounts, payroll checks, insurance proceeds, and money orders.	15,303,287.49		
Corrections (FL)	Reim From Otr Gov	REIMBURSEMENT FROM OTHER GOVERNMENTS: This account contains amount collected as reimbursement from the federal government for the housing of federal prisoners in department facilities. Reimbursement checks, payable to the D.C. Treasurer, are remitted monthly to the department for deposit.	8,874,913.00		
D O T (KA)	Reim From Otr Gov		111,371.50		
Admission Services (AS)	Concessions fee	CONCESSIONS INCOME: Telephone commission and vending machine commission.	343,137.27		
O P M (BF)	Other Revenue	OTHER REVENUE: Miscellaneous unclassified revenue and adjustments	2,742,576.56		
D P R (CA)	Other Revenue	OTHER REVENUE: This account is used to collect the fees for the recordings of all deeds to real estate in the District. It is also used for the collection of fees imposed on transfers of real property.	120,847.37		
Corp Counsel (CB)	Other Revenue	OTHER REVENUE: This revenue account is comprised primarily of costs assessed by judgments rendered against parties suing the District. In FY 1992, most of the revenue collected resulted from a settlement payment from one manufacturer of asbestos. These funds are transferred to the District of Columbia General Fund.	455,216.49		

GOVERNMENT OF THE DISTRICT OF COLUMBIA
MISCELLANEOUS CHARGES
FISCAL YEAR 1992 REVENUE

AGENCY	REVENUE SOURCE SHORT NAME	EXPLANATION/DESCRIPTION OF THE REVENUE SOURCE	REVENUE RECOGNIZED	FEDERAL SOURCE	OTHER REDUCTIONS
Consumer & Reg Affairs (CR)	Penalty Regt	PESTICIDE REGISTRATION FEE: Fee charged to individuals and companies who seek such pesticide chemicals and their containers. Each individual and company must be registered with the District before he can offer his service to the public.	44,030.00		
Consumer & Reg Affairs (CR)	Other Revenue	OTHER REVENUE: Fund established to capture all other revenue categories that can not be identified to specific code	87,820.54		
Consumer & Reg Affairs (CR)	Civil Infra Adj	CIVIL INFRA-ACTION: Fund established to record the amount collected for civil infraction fines written by DCPA's inspection and investigation for violation of governmental laws and regulations by individuals, businesses, businesses, etc.	463,155.51		
Police Dept (PA)	Other Revenue	OTHER REVENUE: The sources of this revenue account are witness fees, subpoenas, uniform use fee, and reproduction of medical records.	344,475.45		
Fire Dept (FB)	Other Revenue	OTHER REVENUE: This revenue source is used for the deposit of miscellaneous receipts. This includes insurance payments for damage to department property, expert witness fees, etc.	26,209.41		
Superior Court (SC)	Other Revenue	OTHER REVENUE: Represents funds which were held in the registry of the Court and identified as being "unclaimed". After prescribed periods in this status, the unclaimed funds are transferred to the D.C. Treasurer. None of this "unclaimed" money is collected from the Federal government.	217,557.69		
DHS (DA)	Other Revenue	OTHER REVENUE: Payment of medical records, out of freedom of information, witness fees, etc.	90,473.09		
DOT (DA)	Bus Shelter - DVR	BUS SHELTER ADVERTISING: Revenue received under the Franchise Bus Shelter Contract for shelter advertising	430,825.68		
DOT (DA)	Other Revenue	OTHER REVENUE: Miscellaneous primarily revenue received from contractor bid requirements	40,301.09		
		Sub-total for Appropriated Miscellaneous Charges:	52,835,402.34	0.00	0.00
DOES (CF)	Victims Claims		93,798.76		
Prattal Services (PT)	DUP Project		19,466.35		
Energy Office (JP)	Strip Well Exam		336,689.27	336,689.27	

GOVERNMENT OF THE DISTRICT OF COLUMBIA
MISCELLANEOUS CHARGES
FISCAL YEAR 1992 REVENUE

AGENCY	REVENUE SOURCE SHORT NAME	EXPLANATION/DESCRIPTION OF THE REVENUE SOURCE	REVENUE RECOGNIZED	FEDERAL SOURCE	OTHER REDUCTIONS
D H S (JA)	AFDC IVD IE - Fed	AFDC IV - D FEDERAL INTEREST EARNED. This revenue represents the federal share of interest earned on the undistributed Title IV - D.	11,248.00		
D H C D (DB)	Rehab Loan Repy - AP	REHAB LOAN REPAYMENT: Repayments from loans made under the Rehab Program and are to be used for financing future loans.	382,864.32		182,864.32
D H C D (DB)	Rehab Loan Repy	REHAB LOAN REPAYMENT: Repayments of loans made for rehabilitation purposes.	1,839,809.56		1,839,809.56
D H C D (DB)	Rehab Loan Rep MF	REHAB LOAN REPAYMENT: Repayments of loans made for rehabilitation purposes.	1,725,697.61		1,725,697.61
D H C D (DB)	Home Purch Assn	HOME PURCHASE ASSISTANCE: Repayments of loans made to individuals for the purpose of purchasing homes in the District of Columbia.	1,083,307.96		1,083,307.96
D H C D (DB)	Eco Dev La Repy	ECONOMIC DEVELOPMENT LOAN REPAYMENT: Repayment derived from loans for economic development purposes.	1,177,796.47		1,177,796.47
DC City Council (AB)	D C Code	D.C. CODE: This revenue is from the Michie Company for on-line publication of the D.C. Code.	866.63		
City Admin (AE)	YCI Contributions	YCI CONTRIBUTIONS: This revenue source was established to receive contributions from foundations and private donations for the Youth Initiatives Program to use on community projects.	150.00		
Admin Services (AS)	Our Revenue - All	OTHER REVENUE: Sale of QuickCopy, Blue Print, and other printed materials to non-government sources, FEPCO rebate, & Excise Tax.	607,153.92		
Planning & Dvlpn (RD)	Misc Income	MISCELLANEOUS INCOME: Revenue collected from the charges for data files, reports, maps, and other miscellaneous publications of the Office of Planning.	1,808.60		
O F M (BF)	Our Revenue - All	OTHER REVENUE - ALLOCABLE: Revenue collected from Industrial Development Bond fees, delinquent court ordered child support fees; payroll abatements; other miscellaneous revenue.	1,126,940.33		
Office on Aging (BY)	Gifts & Donation	GIFTS AND DONATIONS: This revenue source contains contributions received for the Washington Center for Aging Services training facility. It represents gifts and donations for the Center which will be used to purchase clothing, toiletries, dental services, and medical equipment for indigent elderly residents of the center, whereby such services are not fully covered by medical/medicare.	112,299.80		

GOVERNMENT OF THE DISTRICT OF COLUMBIA
MISCELLANEOUS CHARGES
FISCAL YEAR 1992 REVENUE

AGENCY	REVENUE SOURCE SHORT NAME	EXPLANATION/DESCRIPTION OF THE REVENUE SOURCE	REVENUE RECOGNIZED	FEDERAL SOURCE	OTHER REDUCTIONS
D F R (CA)	Our Revenue - All	OTHER REVENUE: This account contains the amount collected from individuals for providing real property map copies.	51,218.25		
D F R (CA)	TX Forfeiture	TAX FORFEITURE: This account contains the amount collected from real property tax sale bidders who forfeit their down payment from the tax sale.	3,464.00		
Corp Council (CB)	Alcohol Enforce	ALCOHOL ENFORCEMENT FUND: This account contains fines that are assessed against persons convicted of driving under the influence of alcohol pursuant to the Alcohol Enforcement Program, D.C. Law 4-145 and Mayor's Order 83-234. Revenue from this account is used to prosecute offenders of the District's traffic alcohol law and finances the employment of 3 attorneys and one clerical person within the Office of the Corporation Council. These fines are collected and deposited by the Superior Court of the District of Columbia. Funds collected above the costs required to finance positions in OCC are transferred to the Metropolitan Police Dept.	130,596.11		
Public Library (CE)	Int Income-Allc	INTEREST INCOME - ALLOCABLE: Income is derived from invested bequest	20,650.40		
Public Library (CE)	Gifts & Donation	GIFTS AND DONATIONS: Income for this revenue source is derived from various contributions from individuals and organizations, usually in gratitude for some service rendered or to enhance a division at the Martin Luther King Memorial Library or particular branch. In most cases, the reason is stated when the funds are presented.	50,238.15		
Public Library (CE)	Pub Lib Fines	PUBLIC LIBRARY FINES: Funds are derived from payments for overdue, late, and lost books, and for fees for replacing lost library cards.	214,512.02		
Public Library (CE)	Copy Fund Proj	COPY FUND PROJECT: Revenue source contains income generated by coin-operated copy machines in public libraries	155,520.41		
Public Library (CE)	Seas and Umarran	SEEN & UNSEEN: The D.C. Community Humanities Council provided funds for this revenue source for a reading and discussion series on culture through detective stories.	1,000.00		
Public Library (CE)	BLK Hbr/AFAM	BLACK HISTORY - AFAM: Funds are collected from the D.C. Community Humanities Council for a program planned in celebration of Black History Month, a lecture by Dr. Ronald L. Adams, academician, scholar, and author, highlighting the accomplishments of African-American past and present.	250.00		
Public Library (CE)	Poets in Parson	POETS IN PARSON: Funds received from the Modern Poetry Association D.C. Public Library was selected as a demonstration site for reading, listening	500.00		

GOVERNMENT OF THE DISTRICT OF COLUMBIA
MISCELLANEOUS CHARGES
FISCAL YEAR 1992 REVENUE

AGENCY	REVENUE SOURCE SHORT NAME	EXPLANATION/DESCRIPTION OF THE REVENUE SOURCE	REVENUE RECOGNIZED	FEDERAL SOURCE	OTHER REDUCTIONS
Public Library (CE)	Amer Lib Assoc	to, and talking about contemporary poetry in America's libraries. AMERICAN LIBRARY ASSOCIATION: The Library Director was elected Vice President/President elect of the American Library Association. The association provides funds to reimburse his official expenses related to these offices during his vice - presidential and presidential year.	7,081.93		
D O E S (CF)	Int. Income--Alic	INT. INCOME--ALLO: Revenue collected from employers for penalty and interest charges associated with the unemployment insurance program.	454,611.24		
D O E S (CF)	UI Emp Surcharge	UI EMPLOYER SURCHARGE: Revenue collected from employers for the unemployment insurance tax surcharge for the district's liability for interest payable to the U.S. Treasury for treasury loans to the U.I. employer's trust fund. (no Federal collections involved)	248,567.71		
D O E S (CF)	Meeting Supply	MEETING SUPPLY: Revenue collected from vending machine suppliers associated with soda/snacks vending machines located in D.O.E.S. facilities	4,293.10		
Consumer & Reg Affairs (CR)	No--Fault	NO--FAULT: Insurers authorized to sell motor vehicle insurance in the District organized an Administration Fund Bureau. The Bureau reimburses the District for costs incurred for administering and enforcing the requirements of the Compulsory/No-Fault Vehicle Insurance Act of 1982.	1,145,333.00		
Consumer & Reg Affairs (CR)	R E Guarantee	REAL ESTATE EDUCATION GUARANTEE FUND: The Real Estate Commission expands funds, not to exceed 20% of the available amount each fiscal year, for the establishment of educational programs for improving the competency of officials, licensees, and applicants for real estate licenses.	122,300.46		
Consumer & Reg Affairs (CR)	Fishing Lic	FISHING LICENSES: Funds are collected through the sale of fishing licenses to the public. Funding qualifies for federal grant matching from the District's Fisheries Grant to protect, preserve, and restore aquatic animal and plant life in the District's waters.	20,451.72		
Consumer & Reg Affairs (CR)	Misc Act	MISCELLANEOUS ACCOUNT: Fund established to recover cost of accounting, reproduction of public records, and other miscellaneous services rendered by staff using non--coin operated machines. The funds cover the maintenance, repair, and supplies of the machines.	6,610.39		
Cable TV (CT)	On Line Games	ON LINE GAMES: The revenue source contains the amount earned and collected from the production of the D.C. Lottery On Line Games. The agency was awarded a 5 year contract.	36,041.18		

GOVERNMENT OF THE DISTRICT OF COLUMBIA
MISCELLANEOUS CHARGES
FISCAL YEAR 1992 REVENUE

AGENCY	REVENUE SOURCE SHORT NAME	EXPLANATION/DESCRIPTION OF THE REVENUE SOURCE	REVENUE RECOGNIZED	FEDERAL SOURCE	OTHER REDUCTIONS
D H C D (DB)	Portals Sites	PORTAL SITES: Funds received from Port Development Associates to pay for public improvement in accordance with the Portals Land Disposition Agreement.	871.40		
D H C D (DB)	Land Acqui-HDO	LAND ACQUISITION: Payments made from long term leases under the LANDC Program.	133,742.00		
D H C D (DB)	Real Int Property	URBAN RENEWAL RENTAL PROPERTY: Payments from the rental of DHIC Property	1,400,512.61		
D H C D (DB)	Site of Land/Sl	SALE OF LAND AND STRUCTURES: Income derived from the sale of DHICD property.	7,596,831.92		
D H C D (DB)	Firm Right La	FIRST RIGHT TO PURCHASE: Repayments of loans made to Cooperatives for the purpose of purchasing their building.	333,942.30		333,942.30
D H C D (DB)	Long Term Lease	LONG TERM LEASE: Income from DHICD property in SW leased to bag-term tenants.	825,977.71		
D H C D (DB)	Other Income	OTHER INCOME: Miscellaneous income from various sources.	3,874,332.57		3,874,332.57
Public Svc Comm (DH)	Cocot Reg Fee	COCOT'S: COCOT (Customer Owned Cords and Credit Card Operated Telephone) installation registration fees are deposited into the District Treasury; no services or items are funded by this revenue. The Commission collects a one-time registration fee of \$15 for COCOT's located throughout the District of Columbia.	2,210.00		
Bus & Econ Develpm (EN)	Com Dev-Act Pro	COM DEV-AST PRO: Repayments of prior appropriated-funded loans. (Oreins originally from the Federal government)	57,500.00		57,500.00
Bus & Econ Develpm (EN)	DC Comm to Prom	DC COMM TO PROM: Reimbursement from D.C. Chamberlitz to promote Washington for visit.com. (Hotel occupancy tax revenue - no federal funding)	330,742.68		
Bus & Econ Develpm (EN)	Cap City Park	CAP CITY PARK: Reas from CEBIP and other properties. (no federal funding)	5,753.02		
Bus & Econ Develpm (EN)	EDFC - DC Contrib	EDFC - DC CONTRIBUTION: Balance of prior years appropriations for EDFC and BFAF. (no federal funding)	430,000.00		
Bus & Econ Develpm (EN)	EDFC - Int Income	EDFC - INTEREST INCOME: Yearly interest earned on principal funds in	186,783.20		

GOVERNMENT OF THE DISTRICT OF COLUMBIA
MISCELLANEOUS CHARGES
FISCAL YEAR 1992 REVENUE

REVENUE SOURCE		EXPLANATION/DESCRIPTION OF THE REVENUE SOURCE	REVENUE RECOGNIZED	FEDERAL SOURCE	OTHER REDUCTIONS
AGENCY	SHORT NAME				
Bus & Econ Develpm (EN)	IRBF Program	IRB PROGRAM: Allocation of IRB fees. (see federal funding)	1,559.80		
Bus & Econ Develpm (EN)	Guar Loan Funds	GUARANTEED LOAN FUNDS: U.S. HUD - Section 103, Outstanding Loan Fund - Principal Note: all cash receipts recorded between FY 1989 and FY 1990.	394,736.27		394,736.27
Bus & Econ Develpm (EN)	Guar Loan Invest	GUARANTEED LOAN INVESTMENT: Interest on investment of idle funds in Revenue Source OLFAs.	116,481.84		
Police Dept (FA)	SL, Comp - LS FA	SALE OF PROPERTY: Revenue comes from sale of unclaimed properties like vehicles, jewelry, and metal.	86,942.37		
Police Dept (FA)	Our Revenue - ALL	OTHER REVENUE - ALL: Revenue sources are reimbursements for damaged police vehicles and movie contracts.	143,694.87		
Police Dept (FA)	Gifts & Donation	GIFTS AND DONATIONS: Revenues from donations and gifts from private citizens and clubs.	500.00		
Police Dept (FA)	Narc Proc Crime	NARCOTIC PROCEEDS OF CRIMES: Revenue comes from drug interdiction programs within the District. MPD retains 49% of the proceeds (after expenses) in this account. The balance (51%) is transferred to the Office of Organized Management and Development. Proceeds come by checks from the federal government.	666,522.14		
Fire Dept (FB)	Gifts & Donation	GIFTS AND DONATIONS (COFFEE FUND): This revenue source is used to deposit donations collected from the public and commercial sector to fund the coffee unit that provides coffee and other refreshments at the scene of a fire (fire ground) to the fire fighters.	1,200.95		
Fire Dept (FB)	Community Program	COMMUNITY VOLUNTEER FIRE PREVENTION PROGRAM: This revenue source is used to deposit funds collected that assist in providing community programs for public awareness and education on fire prevention.	1,923.98		
Fire Dept (FB)	FPD Injpec	FIRE PREVENTION DIVISION INSPECTION FEES: The revenue source is used to deposit fees collected for fire prevention inspections performed on overtime at the request of the contractor/holder.	263,570.00		
Corrections (FL)	Cone Income - ALL	CONCESSION INCOME: This account represents collection from the sale of concession items to inmates. The proceeds from the sale of toiletries, stationery,	2,564,403.01		

GOVERNMENT OF THE DISTRICT OF COLUMBIA
MISCELLANEOUS CHARGES
FISCAL YEAR 1992 REVENUE

AGENCY	REVENUE SOURCE SHORT NAME	EXPLANATION/DESCRIPTION OF THE REVENUE SOURCE	REVENUE RECOGNIZED	FEDERAL SOURCE	OTHER REDUCTIONS
		study, staff diets, and other expenses are used to stock supplies. The minimal profit realized from this operation is used to support special in-home events.			
Public Schools (OA)	Other Revenue - ALL	OTHER REVENUE: This program provides training for DCFS teachers. Revenue Source - Private	8,117.43		
Public Schools (OA)	Cafeteria	CAFETERIA: Revenue allocated to DCFS by D.C. Government for interest earned on creditable deposits in D.C. Government bank accounts. Revenue Source - D.C. Government	8,510.70		
Recreation (HA)	Youth Lit Pk	YOUTH LIT PKT: Revenue collected from the Mid-Atlantic Case Cola Bottling Company to provide a program emphasizing a healthy, clean, and safe environment.	765.00		
Recreation (HA)	Summer Work	SUMMER WORKS: Revenue collected from the D.C. Private Industry Council Companies. The Department of Recreation served as the pass through for the Department of Employment Services.	24,786.40		
Hum Rn & Min (HM)	Training	TRAINING: This revenue was collected when MBDA had breakfast seminars at the Hum and Min for different business groups.	8,232.23		
Hum Rn & Min (HM)	Copy Fee	COPY FEES: This revenue was collected from fee charged for making copies of different documents for clients.	404.25		
DHS (JA)	Fee Chgs SHPDA	FEES-CHARGES SHPDA: Collection of fee for copies of approval plans for various health facilities.	999.55		
DHS (JA)	Other Revenue - All	ALLOCABLE APPROPRIATED REVENUE: These revenues are derived from Medicare, commercial insurances, and self pay for routine medical services rendered by programs at St. Elizabeth's Hospital.	15,427,131.06		
DHS (JA)	Gifts & Donations	GIFTS AND DONATIONS: Gifts and donations from private sources to be used for the benefits of DHS clients and patients.	43,600.52		
DHS (JA)	AFDC IV - D Child	TITLE IV - D COLLECTION: Child support collections - revenue collected under AFDC Title IV - D program. The net revenue retained by this program will be used to offset AFDC transfer payment.	5,326,327.21		5,326,327.21
DHS (JA)	AFDC FCPR 100181	AFDC FRAUD COLLECTIONS - PRIOR TO 100182: Revenue source consists the amount collected from residents who have been ineligible to receive payments from the AFDC program before 100182.	15,186.05		

GOVERNMENT OF THE DISTRICT OF COLUMBIA
MISCELLANEOUS CHARGES
FISCAL YEAR 1992 REVENUE

AGENCY	REVENUE SOURCE SHORT NAME	EXPLANATION/DESCRIPTION OF THE REVENUE SOURCE	REVENUE RECOGNIZED	FEDERAL SOURCE	OTHER REDUCTIONS
DHS (JA)	AFDC FCNFI00181	AFDC FRAUD COLLECTION - AFTER 10/01/92: Revenue source will contain the amount collected from residents who have been determined ineligible to receive payment from the AFDC program after 10/01/91.	179,468.76		
DHS (JA)	FS Fraud OT Col	FOOD STAMP FRAUD/OTHER COLLECTIONS: Revenue source contains the amount collected from residents who have been determined ineligible to receive payments from the food stamp program.	108,395.58		
DHS (JA)	FS TR Frc WH AC	FOOD STAMP TRANSACTION FEE: Revenue source contains the amount of fees that were earned by vendors but were withheld to offset shortages incurred and subsequently paid to U.S. Department of Agriculture.	9,457.05		9,459.05
DHS (JA)	Med Fr Coll-Clt	MEDICAID FRAUD - CLIENTS: Revenue source contains the amount collected from clients for their fraudulent abuse of the Medicaid program. The recoveries are used to offset current expenditures for all services within the Medicaid program.	8,200.20		
DHS (JA)	Med Fr Coll-Pvd	MEDICAID FRAUD - PROVIDERS: Revenue source contains the amount collected from providers for their fraudulent abuse of the Medicaid program. The recoveries are used to offset current expenditures for all services within the Medicaid program.	7,504.00		
DHS (JA)	Medicaid TPL	THIRD PARTY LIABILITY RECOVERIES: This account is used to offset current expenditures for inpatient hospital and nursing home services.	1,186,661.99		
DHS (JA)	Voc Rehab Recm	VOCATIONAL REHABILITATION SERVICES REIMBURSEMENT: This account is used for reimbursements received from the Social Security Administration for services provided to SSI recipients.	(408,374.51)		
DHS (JA)	IV-D Incentive	TITLE IV-D INCENTIVES: This account contains incentive payments made to the District based on the cost effectiveness ratio for AFDC and Non-AFDC child support collections.	781,553.87		
Energy Office (JF)	Emom ESS,SEC		144,385.10		
Energy Office (JF)	Emom SECF		337,736.19		
DOT (KA)	M V Op PR-DR ED	MOTOR VEHICLE DRIVERS EDUCATION: Provider funding for Drivers Education. Source of funding - License Fees.	490,665.00		
DOT (KA)	Mac Great Mich	MISCELLANEOUS ORANT MATCH: Holding account for funding used as	29,377.26		

GOVERNMENT OF THE DISTRICT OF COLUMBIA
MISCELLANEOUS CHARGES
FISCAL YEAR 1992 REVENUE

AGENCY	REVENUE SOURCE SHORT NAME	EXPLANATION/DESCRIPTION OF THE REVENUE SOURCE	REVENUE RECOGNIZED	FEDERAL SOURCE	OTHER REDUCTIONS
D O T (KA)	SL, Comp - LS FA	matching requirement for Federal grant program. Source of funding - Charitable Organizations DAMAGES TO DISTRICT OWNED PROPERTIES: Accumulated costs of repairs to traffic signal and street light equipment. Billed to vehicle owners and insurance companies.	8,770.13		
D O T (KA)	Our Review - ALL	OTHER MISCELLANEOUS REVENUE: Miscellaneous costs relating to inspection of construction sites of Pennsylvania Avenue Development Corp. and Washington Metropolitan Transit Authority - Fully reimbursed by the agency responsible for construction.	1,335,491.62		
D O T (KA)	Lorna Leaftr Rht	LORTON LANDFILL: Allocable revenue source established to cover Lorton dumping fee costs which exceed the appropriations. Funding allocated from revenue source 123 - Solid Waste Disposal Fee.	3,660,000.00		
D O T (KA)	Stig & TS Con	STREETLIGHT CONVERSION: Costs relating to removal of streetlights as a result of alley closings and other development. Costs are reimbursed by private parties.	312,849.85		
D O T (KA)	Abra Veh Removl	ABANDONED VEHICLE REMOVAL: Abandoned vehicles are removed from District streets and periodically auctioned. Source of funding - Auction proceeds.	1,394,787.57		
D O T (KA)	Recycling Prog	RECYCLING PROGRAM: Operating costs related to the recycling program. Source of funding - Recycling surcharge fees billed to solid waste haulers	7,379,981.65		
D O T (KA)	DPW Whole Cost	DPW WHOLE COST: Improvements to public space, usually required in connection with new development. Source of funding - Private parties	163,480.00		
D O T (KA)	Nuisance Abate	NUISANCE ABATEMENT: Costs relating to clean-up of private properties. Source of funding - Collection of Fees and Fines from Property owners.	(745,993.46)		
Public Housing (PH)	Tenonl Reat D C		21,400.00		
Public Housing (PH)	Misc Income	MISCELLANEOUS INCOME: Revenue source is comprised of various income from various properties for vending machines, C&P Telephones Co., etc.	283,915.36		
Public Housing (PH)	Syndication Fee	SYNDICATION FEES: Revenue source is comprised of 4 projects which have received loans and are expected to make payments with interest from action \$ (Federal funding).	119,702.13		

GOVERNMENT OF THE DISTRICT OF COLUMBIA
MISCELLANEOUS CHARGES
FISCAL YEAR 1992 REVENUE

AGENCY	REVENUE SOURCE SHORT NAME	EXPLANATION/DESCRIPTION OF THE REVENUE SOURCE	REVENUE RECOGNIZED	FEDERAL SOURCE	OTHER REDUCTIONS
Public Housing (PH)	Vend Mach Comm	VENDING MACHINE COMMISSIONS: Revenue source is to provide the resident tenant with 50% of the gross collections from their individual property for sofa services.	1,384.27		
Taxicab Comm (TC)	Taxi Assess Act	TAXI ASSESSMENT ACT: Revenues for this account are generated from assessments levied on taxicab drivers under D.C. Law 7-37. These funds must be used exclusively by the commission for the payment of its expenses arising from any investigation or proceeding by the commission concerning taxicab rates and regulations.	190,969.75		
Taxicab Comm (TC)	Taxi Insur Act	TAXI INSURANCE ACT: This account contains monies collected from the insurance companies once a year to cover the cost of printing insurance stickers required to be displayed weekly on taxicab windshields.	39,731.44		
Personnel (OE) (BE)	DC Awards	DC AWARDS: The revenue source contains contributions from the private sector to fund the annual Mayor's Awards program.	33,774.23		
O C J F A (BO)	C J S A	CJSA: This account contains money received through a contract awarded by the Justice Research and Statistics Association to evaluate statewide drug enforcement strategies.	10,873.31		
Labor Affairs (BZ)	Public Informat	PUBLIC INFORMATION: The revenue was established to collect private, or outside non-federal funds to support public information programming in Spanish.	23,244.00		
Comm for Women (DF)	Year Twenty Fnd	TWENTY YEAR FUND: This account contains the amount collected from non-profit organizations and groups that co-sponsor Commission for Women programs and special events.	13,008.72		
Fire Dept (FB)	Web Firemarshl	JUNIOR FIRE MARSHALL PROGRAM: This revenue source is used to deposit donations. These funds supplement the department's appropriated funding of the Junior Fire Marshall Program. The program is administered in cooperation with the D.C. Public Schools.	847.31		
Public Schools (OA)	Athletics Cable	ATHLETICS CABLE: To support the athletics programs in the DCPS. Revenue Source - Private	2,800.00		
Public Schools (OA)	Systematic Tchr	SYSTEMATIC TEACHER: To provide tuition assistance to education aides. Revenue Source - Private	16,927.00		
Public Schools (OA)	Proj Accord	PROJECT ACCORD: To facilitate the installation of the D.I.M.E. System	26,872.90		

GOVERNMENT OF THE DISTRICT OF COLUMBIA
MISCELLANEOUS CHARGES
FISCAL YEAR 1992 REVENUE

AGENCY	REVENUE SOURCE SHORT NAME	EXPLANATION/DESCRIPTION OF THE REVENUE SOURCE	REVENUE RECOGNIZED	FEDERAL SOURCE	OTHER REDUCTIONS
Public Schools (OA)	Success R. & W	into P.R. Harris EC Revenue Source - Private SUCCESS R & W: For the salary of the coordinator of the "Writing to Read" program. Revenue Source - Private	(4,271.94)		
Public Schools (OA)	Princ Forum	PRINCIPALS FORUM: To support the expansion of the school Infant Day Care program. Revenue Source - Private	7,005.70		
Public Schools (OA)	Anacostia Presc	ANACOSTIA PRESCHOOL: A bequest to the Anacostia Preschool program. Revenue Source - Private	2,105.74		
Public Schools (OA)	Ross E.S.	ROSS ELEMENTARY SCHOOL: For repairs and improvements at Ross ES. Revenue Source - Private	39,533.44		
Public Schools (OA)	Compr - Math/Sci	COMPREHENSIVE MATH/SCIENCE PROGRAMS: For services and resources in the Comprehensive Math/Science Program. Revenue Source - Private	4,967.00		
Public Schools (OA)	Franklin School	EDUC. TECH.: For innovations in educational technology under the Aegis of Senior High Schools. Revenue Source - Private	0.13		
Public Schools (OA)	Educ Tech	JEFFERSON JHS: To develop Jefferson JHS into a "School of Distinction" a 5 year plan of complet. Revenue Source - Private	11,006.99		
Public Schools (OA)	Jefferson JHS	COMMUNITY EDUCATION: For adult and community education. Revenue Source - Private	(18,516.00)		
Public Schools (OA)	Comm Educ	SAGE SCHOOL MISSION: To reimburse DCPS for the use of two employees working as Sage Analytics Field Representatives for the Sage School Mission. Revenue Source - Private	2,497.82		
Public Schools (OA)	Sage Sch Mission	WASHINGTON POST: To support expenses for high school journalism students. Revenue Source - Private	130,374.22		
Public Schools (OA)	Washington Post		1,175.00		

GOVERNMENT OF THE DISTRICT OF COLUMBIA
MISCELLANEOUS CHARGES
FISCAL YEAR 1992 REVENUE

AGENCY	REVENUE SOURCE SHORT NAME	EXPLANATION/DESCRIPTION OF THE REVENUE SOURCE	REVENUE RECOGNIZED	FEDERAL SOURCE	OTHER REDUCTIONS
Public Schools (OA)	Apple Ed	APPLE ED: For development and implementation of the Apple Education Coursework 3. Revenue Source - Private	1,200.00		
Public Schools (OA)	92 Summer Inst	92 SUMMER INSTITUTE: To support the 1992 summer institute. Revenue Source - Private	35,598.52		
Public Schools (OA)	NBPTS	NBPTS: For teacher assessment, training, and incentive program. Revenue Source - Private	2,072.07		
Recreation (HA)	UPO	UPO: Revenue collected from the United Planning Organization to provide educational assistance and vocational training.	402,967.00		
Recreation (HA)	Stead Estate	STEAD ESTATE: Revenue collected from the Mary Force Stead will to provide funding for one term full time employee for the Stead Playground.	20,228.52		
Recreation (HA)	Head Start Pgm	HEAD START PROGRAM: Revenue collected from the United Planning Organization to provide an avenue to offer alternate types of child care services.	182,139.91		
Recreation (HA)	Head Start Pgm	HEAD START PROGRAM: Revenue collected from the United Planning Organization to provide an avenue to offer alternate types of child care services.	34,607.24		
D H S (JA)	Trauma Imp Fee	TRAUMA INSPECTION FEE: This account contains revenue and expenses for the inspectors of various hospital's trauma centers.	15,200.53		
D H S (JA)	Fed AIDS Hhb	PEDIATRIC AIDS HEALTH CARE: This account contains revenue and expense for providing coordination, interpretation, pre-exam (primary, secondary), and tertiary care for HIV/AIDS patients, children, and youth who have, or are at risk of acquiring HIV/AIDS.	162,622.00	162,622.00	
D H S (JA)	Ed Moonst Ctr F	EDITH MCCONLIN FOUNDATION: This program provides technical assistance to establish family preservation services.	14,545.07		
Energy Office (JF)	Econ II		26,307.15		
Energy Office (JF)	Res Aid Rider		16,927.32		
Energy Office (JF)	Master Meter		16,377.00		

GOVERNMENT OF THE DISTRICT OF COLUMBIA
 MISCELLANEOUS CHARGES
 FISCAL YEAR 1992 REVENUE

AGENCY	REVENUE SOURCE SHORT NAME	EXPLANATION/DESCRIPTION OF THE REVENUE SOURCE	REVENUE RECOGNIZED	FEDERAL SOURCE	OTHER REDUCTIONS
Energy Office (JF)	Urban Youth E.A.		52,534.78		
Energy Office (JF)	WEP		4,888.90		
Public Library (CE)	PI BL Comm Sy	A. FEE FOR BOOKS COMMUNITY STUDY: Funds in the revenue source are collected from the Southland Corporation for conducting a 5 week series of Community-Insur Seminars for foreign born adult new readers	34.85		
		Non-appropriated Miscellaneous Charges	70,701,075.44	499,320.27	16,156,835.32
		Total Miscellaneous Charges	123,538,477.78	499,320.27	16,156,835.32
		Adjustment (reclass)	(564,000.00)		
		Total Adjusted	122,974,477.78	499,320.27	16,156,835.32

BOSTON PUBLIC LIBRARY



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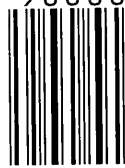
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