

# YEAR 2000 PREVIEW

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## HEARING

BEFORE THE  
SUBCOMMITTEE ON THE  
DISTRICT OF COLUMBIA  
OF THE  
COMMITTEE ON  
GOVERNMENT REFORM  
HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTH CONGRESS

SECOND SESSION

JANUARY 21, 2000

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## **YEAR 2000 PREVIEW**

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**FRIDAY, JANUARY 21, 2000**

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON THE DISTRICT OF COLUMBIA,  
COMMITTEE ON GOVERNMENT REFORM,  
*Washington, DC.*

The subcommittee met, pursuant to notice, at 10:10 a.m., in room 2154, Rayburn House Office Building, Hon. Thomas M. Davis (chairman of the subcommittee) presiding.

Present: Representatives Davis, Morella, and Norton.

Staff present: Howie Denis, staff director/counsel; Anne Barnes and Melissa Wojciak, professional staff members; David Marin, communications director; Jenny Mayer, clerk; Jon Bouker, minority counsel; and Jean Gosa, minority assistant clerk.

Mr. DAVIS. Good morning. The hearing will come to order. Welcome to the first hearing of the new millennium of this subcommittee.

It is a very cold morning in Washington. I was telling Ms. Norton it was so cold on Capitol Hill this morning Members of Congress had their hands in their own pockets just to stay warm. It's one of those days.

You know, back in the last century, and sometimes it seems like almost 100 years ago, the District of Columbia was in the midst of a crisis of epic proportions. Exactly 10 years ago, the commission, chaired by Dr. Alice Rivlin, prophetically warned of an impending disaster. Exactly 5 years ago when this subcommittee was created, the disaster was upon the city and, therefore, upon the entire Washington area.

At our very first hearing on February 22, 1995, I stated that the District of Columbia faced a spending problem of monumental proportions and a management failure as well. The crisis was so severe that the District government couldn't deliver basic services. There was very real concerns that the city would run out of cash to pay debt service or meet its payroll.

We formed a bipartisan bond with the ranking member of the subcommittee, Eleanor Holmes Norton, and we've worked together ever since to resolve the crisis working with city officials, working with the administration and others and then move forward.

I am grateful for all of the subcommittee members and congressional leaders in both parties, House and Senate, for devoting so much effort to these issues. I am grateful as well to the Clinton administration for working with us in a very cooperative manner. We have put partisanship and politics aside when it comes to our Nation's Capital.

As Congress has a unique quasimunicipal charge under the District clause of the Constitution, this subcommittee's issues are likewise unique. Along with bringing the Control Board into existence in 1995 and revising the city's budget process, we created the position of chief financial officer for the city. We then opened a window for the Treasury Department to deal with the District's cash and short-term budget problem. The District's bond rating had slipped to junk status, and the GAO had testified under oath that the city was insolvent.

It was never the intent of Congress, nor do I believe that it ever should be our role, to micromanage this city. Our purpose has been to create a team to rescue and revive the Nation's Capital, and I think we have done that.

The first chief financial officer is, of course, now the elected Mayor Tony Williams, who is now in the second year of his administration. In his first testimony before this subcommittee on March 19, 1996, then CFO Williams stated that his top priority was to re-establish credibility by taking steps to improve the District's financial management. This and much more was done.

As Mayor, he has given himself goals, and he has achieved many of them. The MCI arena and the new convention center project would not have been possible without the fresh start that we made together.

In 1997, the Revitalization Act relieved the city of many of its fastest-growing budget items to put the city in a far stronger position to perform basic municipal services, dealing with the unfunded pension liability, closing Lorton, striking a more equitable balance with Medicaid. All of this helped to maintain our momentum toward economic recovery.

1999 was a banner year for the city and the subcommittee. The memorandum of agreement between the Control Board and the Mayor was ratified into legislation that originated right here. In fact, it was the very first enactment of the 106th Congress to be signed by the President, and as a result, substantial authority was shifted from the Control Board back to the Mayor. We thus gave Mayor Williams the tools to do the job.

Last year also saw passage of landmark legislation to enable D.C. high school graduates to pay in-State rates at public colleges in Virginia and Maryland.

What the District needs now more than anything else is more taxpayers. I am gratified that the city's population finally appears to be stabilizing. The real estate market is up-aided by the incentives we helped to provide and the leadership that the city's voters have provided. There is a great demand for rental units. More regional residents are making leisure trips into the city, a very healthy sign of economic activity.

The Control Board was created to work itself out of a job. Within the foreseeable future, that's going to occur. And I expect testimony today on what the process will be and what progress needs to be made. But make no mistake, the District government must not just play out the clock and then revert to the bad old days of fiscal mismanagement. We will all do our job to keep the city on the right track. They who keep the city can never rest.

There are many serious ongoing concerns that demand our oversight and attention. And the documented cases of abuses, deaths, and missing records involving the mentally retarded is outrageous. It's unacceptable. We are demanding answers, and we are going to continue action, and the Mayor's rebuilding efforts this week are welcome.

We also intend to monitor reform efforts involving the fire department, pothole repairs, rat infestation, and management practices. I also want to work with the city to get a better handle on the receiverships to see if those departments are better or worse off than they were before. And I want to make sure that our coordination with the independent agencies, such as water and sewer, is providing the region with the best service at the lowest cost.

We will continue to work toward enhancing the tax base of the city so that the economic climate is healthy and resources are available for needed services.

So I thank Mayor Williams, Dr. Rivlin, and Council Chair Cropp for being with us here today. I appreciate the job you are doing. I look forward to your testimony as we proceed on our bipartisan visions for the Nation's Capital.

[The prepared statement of Hon. Thomas M. Davis follows:]



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I’m grateful to all Subcommittee members and congressional leaders in both parties, House and Senate, for devoting so much effort to our issues. I’m grateful as well to the Administration for working with us in a cooperative manner. As Congress has a unique quasi-municipal charge under the District Clause of the Constitution, this Subcommittee’s issues are likewise unique.

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It was never the intent of congress, nor do I believe that it should be our role to micro-manage the city. Our purpose has been to create a "team" to rescue and revive the Nation's Capital. This we have done.

The first CFO is of course now the elected Mayor, Tony Williams, who is now into the second year of his Administration. In his first testimony before the Subcommittee, on March 19, 1996, then CFO-Williams stated that his top priority was to "reestablish credibility" by taking steps to improve the District's financial management. This, and much more, was done. As Mayor he has given himself goals, and achieved many of them.

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They who keep the city can never rest. There are many serious ongoing concerns that demand our oversight and attention. The documented cases of abuse, deaths, and missing records involving the mentally retarded is outrageously unacceptable. We are demanding answers and continuing action.

We also intend to monitor reform efforts involving the fire department, pothole repairs, and management practices.

I also want to work with the city to get a better handle on those entities still in receivership to see if those departments are better or worse off than before. And I want to make sure that our coordination with the independent agencies, such as Water and Sewer, is providing the region with the best service at the lowest cost.

We will continue to work towards enhancing the tax base of the city so that the economic climate is healthy and resources are available for needed services.

So I thank Mayor Williams, Dr. Rivlin, and Council Chair Cropp for being with us today. I look forward to their testimony as we proceed with our bi-partisan vision for the Nation's Capital.

Mr. DAVIS. I want to now yield to Delegate Norton, the ranking member of this subcommittee and my partner here for the last 5 years.

Ms. NORTON. Thank you very much, Mr. Chairman. Many thanks to Chairman Tom Davis for this hearing to start off the last operating year of the financial authority. My appreciation as well to Tom for his friendship and for the collegial and bipartisan way in which he has always dealt with me and with the city. It will be a sad day if the Republicans retain control of the House when he leaves. Otherwise, I would be pleased to have him as my ranking member.

My congratulations.

Mr. DAVIS. I take it that is a compliment.

Ms. NORTON. My congratulations to Mayor Williams, Chairwoman Cropp and the City Council, and Chairwoman Rivlin and the Authority all who have cooperated to reconstruct a government that increasingly we all can be proud of.

The Financial Authority statute automatically sunsets the authority after 4 consecutive years of balanced budgets. As a matter of fact, the District has far surpassed this goal. The District not only achieved a balanced budget 2 years ahead of the statutory goal, it has run healthy surpluses each year.

At the same time, the District government has made substantial improvements in its management both before and after the present administration came into office. Anyone who lives in the District and has experienced its service delivery has seen the improvement.

The Control Board has ratified this view of the District government and deserves credit for the seamless transition to full control by elected officials the Authority has fostered while maintaining its oversight responsibilities consistent with the statute. At the same time, all involved would be quick to acknowledge that many important reforms and operational improvements can be accomplished only after more time is devoted to them and that significant problems can be found alongside considerable progress.

The questions that Chairman Davis and I will raise in this hearing fulfill our oversight responsibilities, but, consistent with the way he and I have always operated, do not seek to micromanage the District government. Based on their records, city officials and the Control Board need no advice from Congress on how to proceed to fully reform the operations of the District government.

However, I would make one suggestion this morning, in light of the Mayor's self-audit of the D.C. Mental Retardation and Developmental Disabilities Agency, which has laid the predicate for dismissals, new personnel, and other improvements the Mayor has already initiated, Mayor Williams deserves praise for conducting his own no-holds-barred objective audit. Its very usefulness, however, suggests that had there been in place a systematic plan for self-audits of every other agency, the District might have caught this tragedy before it reached 116 deaths.

To one degree or another, every agency of the city government needs a thoroughgoing audit that would assure systematic improvements rather than reform by crisis. It is time to draw up a plan and set a timetable to do an audit of each agency in operation of the D.C. government.

I feel obligated to raise another early warning this morning, but this one is not addressed to the elected officials or the Control Board. Their best efforts do not assure the stability of the District government or even its solvency over the long term according to experts. The region's premier analyst, Stephen Fuller of George Mason University, last week projected that the District economy will peak in 2001 and will decline every year thereafter for 4 consecutive years.

According to Dr. Fuller, "You can't assume the District economy stays healthy just because it's had a couple of good years." He cites the growth in construction as responsible for much of the increase in the District's economic output, and, of course, construction does not produce permanent jobs.

I must add that the District went through good times in the 1980's because of a construction boom in downtown office space and by the early 1990's was already showing signs of insolvency.

Almost all the financial reform effort thus far has gone into controlling expenditures, with the burden falling largely on the District, plus an enormous boost from the President's Revitalization Act. I am very gratified that Congress passed and extended my \$5,000 homebuyer credit and added important D.C.-only tax credits for businesses we negotiated. But valuable and productive as these credits have been, Congress must do more to help the District enlarge its revenue base. Either the city must get tens of thousands of new residents and businesses in short order, or revenue must come from another source.

Because the District has no State to fall back on, the only available source is the Federal Government. It would be folly to wait until 2001 or after to see how long the District can hold on. The District cannot afford to wait. That is why I have prepared a set of bills for introduction this year. Among them will be an annual public safety Federal payment that was often included in prior years in addition to the annual Federal payment. This amount for police operations is necessary to assure that the city does not go down paying costs such as the half million dollars spent on the neo-Nazi demonstration and thousands of others who come every year to petition the Congress and the President, not the District government.

To cite another example, if the region insists that the non-resident commuters use D.C. services free of charge, I am obligated to seek a subsidy from the Federal Government to pay the cost of the services used.

I also have new ideas about State functions that were not taken by the President's Revitalization Act that continue to burden the District, and I will detail these ideas soon. This avenue in particular must be explored, considering that the only reason the District of Columbia is able to report a balanced budget and surpluses is the President's revitalization plan, which removed pension liability and the costs of the courts and Lorton prison and reduced Medicaid liability. These and other similar measures must be explored.

If Congress has better ideas, let's begin to hear them now before it is too late. The District is doing its part to overhaul its finances and operation, but the Congress has yet to move beyond its initial contribution of instituting a Control Board, an indispensable vehi-

cle to assure recovery whenever a city becomes insolvent. However, Congress has not streamlined its own cumbersome processes. As a result, Congress adds substantial unnecessary costs to the District government by requiring that its budget be micromanaged and often delayed here and the District laws be held over. Yet Congress could accomplish any change it desires at any time without cumbersome preemptive measures instituted by standing congressional committees.

District residents, Mayor Williams, Chairwoman Cropp and their colleagues deserve better. They deserve to be met at least halfway on the revenue needs of the Nation's Capital and the costs of bureaucracy Congress adds to the city's finances and operations. These problems will be far more difficult for the Congress to face than the substantial help we have given to the city thus far.

The Congress and the city have much to be proud of in what has been jointly achieved. I have every reason to believe that the Congress will want to build on this good work to assure the permanent stability and continuing improvement of the Nation's Capital.

Thank you very much, Mr. Chairman.

Mr. DAVIS. Ms. Norton, thank you very much.

[The prepared statement of Hon. Eleanor Holmes Norton follows:]

ELEANOR HOLMES NORTON  
DISTRICT OF COLUMBIA

COMMITTEE ON  
TRANSPORTATION AND  
INFRASTRUCTURE

SUBCOMMITTEES  
SURFACE TRANSPORTATION  
PUBLIC BUILDINGS AND  
ECONOMIC DEVELOPMENT



**Congress of the United States**  
**House of Representatives**  
Washington, D.C. 20515

COMMITTEE ON  
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OVERSIGHT

SUBCOMMITTEE  
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DISTRICT OF COLUMBIA

CIVIL SERVICE

CO-CHAIR  
CONGRESSIONAL CAUCUS FOR  
WOMEN'S ISSUES

**STATEMENT OF CONGRESSWOMAN ELEANOR HOLMES NORTON**  
**SUBCOMMITTEE ON THE DISTRICT OF COLUMBIA**  
**OVERSIGHT HEARING ON THE GOVERNMENT OF THE DISTRICT COLUMBIA:**  
**YEAR 2000 PREVIEW**

January 21, 2000

Many thanks to Chairman Tom Davis for this hearing to start off the last operating year of the Financial Authority. My congratulations to Mayor Williams, Chairwoman Cropp and the City Council, and Chairwoman Rivlin and the Authority, who have cooperated to reconstruct a government that increasingly we all can be proud of. The Financial Authority statute automatically sunsets the Authority after four consecutive years of balanced budgets. As a matter of fact, the District has far surpassed this goal. The District not only achieved balanced budgets two years ahead of the statutory goal; it has run healthy surpluses each year.

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Mr. DAVIS. Now I would like to hear any statement the vice chairman of our subcommittee, the gentlelady from Maryland, would like to make.

Mrs. MORELLA. Thank you, Mr. Chairman. I appreciate your efforts to hold this important oversight hearing on major issues affecting the District of Columbia during the year 2000. And I look forward certainly to hearing the testimony of Mayor Williams, Chairwoman Rivlin of the D.C. Control Board, and Chairwoman Cropp of the District of Columbia City Council.

January is named for Janus. That was a god that had two heads, one that could look back and one that could look ahead. I think this is what this oversight hearing is about.

You have heard from the Chairman A litany—a chronology actually of the accomplishments through the years, having been added to by Congresswoman Norton.

Incidentally, as an aside, I think the Chairman has shown tremendous leadership and commitment to the District of Columbia, and the ranking member has also. We do care about what happens to the District. It is our star in the center of our entire region. So I want to say that I am pleased that, as a result of the strength, expertise, and management capabilities of the District leadership, such as the distinguished panel we have before us, we have made some tremendous strides.

I want to personally commend you, Mayor Williams, and your team, and Councilwoman Cropp, on the team that demonstrated that we didn't have a Y2K millennium bug that wasn't handled. I remember the concerns that we had in terms of the District was starting a little bit late, are they going to be in good shape. I hope it has given an opportunity for an appraisal and an assessment of what we have in terms of technology so we can move ahead with other issues, and I would be very interested in the role of long-term technology improvement plan for the District of Columbia and what it will play in the future prosperity of the District.

In addition to the testimony we are about to hear on efforts to revitalize the Nation's Capital, I just want to comment briefly on two other matters that I hope will be formally addressed here. One is the issue that concerns me, and it is status of the District's Mental Retardation and Developmental Disabilities Agency. And I refer to the Washington Post reports that there had not been any investigation of the causes of 116 deaths in homes for the mentally retarded, combined with admissions of document shredding, and these are serious concerns.

And I am encouraged, Mayor Williams, that you are or have appointed a coalition of private groups lead by the Lieutenant Joseph P. Kennedy Institute, and I have great respect for that institute, to temporarily manage the care of the city's mentally retarded wards. I would, however, like an update of the progress for the record here today.

Second issue is also related to a report in the Washington Post. On January 15, Martin Luther King, Jr.'s birthday, the Post quoted D.C. Taxicab Commissioner Sandra Seegars urging cab drivers to pass up "dangerous-looking" people. When asked for an example of a dangerous-looking person, Commissioner Seegars stated, "A young black guy, OK, with his hat on backward, shirttail hanging

down longer than his coat, baggy pants down below his underwear, and unlaced tennis shoes.”

Is this an invitation to return to the days of 1993 when, according to the Post, a Lawyers Committee for Civil Rights survey found that one-third of the taxi drivers in the District routinely refused to stop for black customers? At a time when we are facing rising concerns about racial profiling, I am curious and interested in what impact a statement like this has on our society.

I would also like to know how the District government will balance the need to ensure the safety of taxicab drivers versus the rights of citizens not to be discriminated against on the basis of a racial profile.

That having been said, I again want to welcome you, and thank you very much for appearing before us, and we look forward to hearing your comment.

Thank you, Mr. Chairman.

Mr. DAVIS. Thank you, Mrs. Morella.

[The prepared statement of Hon. Constance A. Morella follows:]

**Oversight Hearing on the Government of the  
District of Columbia, Year 2000  
Subcommittee on the District of Columbia  
January 21, 2000**

Mr. Chairman, I appreciate your efforts to hold this important oversight hearing on major issues affecting the District of Columbia during the Year 2000. I look forward to hearing the testimony of Mayor Williams, Chairwoman Rivlin of the D. C. Control Board, and Chairwoman Cropp of the District of Columbia City Council.

I am pleased that as a result of the strength, expertise, and management capabilities of the District Leadership, such as the distinguished panel before us today, we were successful in correcting the District's Year 2000 problem. I know several residents and

outside observers were concerned that the District of Columbia did not embark upon their Y2K remediation effort until very late. Therefore the Mayor and the team of professionals he assembled should be commended for ensuring that the District was Y2K compliant by the critical timelines. I look forward to hearing what role the long term Technology Improvement Plan for the District of Columbia will play in the future prosperity of the District.

In addition to hearing your testimony on efforts to revitalize the Nation's Capital, I would like to comment specifically on two matters that I would like formally addressed, either here or in the very near future.

The first issue that concerns me is the status of the District's Mental Retardation and Developmental Disabilities Agency. Recent *Washington Post* reports that there hasn't been any investigation of the causes of 116 deaths in homes for the mentally retarded, combined with admissions of document shredding, raise serious concerns. I am encouraged that Mayor Williams will appoint a coalition of private groups led by the Lieutenant Joseph P. Kennedy Institute to temporarily manage the care of the city's mentally retarded wards. However, I would like an update on the progress on these negotiations for the *Record*.

The second issue is also related to a report in the *Washington Post*. On January 15, (Rev. Dr. Martin Luther King Jr.'s birthday) the *Post* quoted D.C.

Taxicab Commissioner Sandra Seegars urging cab drivers to pass up “dangerous looking” people. When asked for an example of a dangerous looking person, Commissioner Seegars stated: “a young black guy, okay, with his hat on backwards, shirttail hanging down longer than his coat, baggy pants down below his underwear and unlaced tennis shoes.” Is this government endorsement of what some refer to as “rational discrimination” an invitation to return to the days of 1993 when, according to the *Post*, a Lawyers Committee for Civil Rights survey found that “one-third of the taxi drivers in the District routinely refuse to stop for black customers”?

At a time when we are facing rising concerns about racial profiling, I am curious what impact a

statement like this has on our society. I also want to know how the District government will balance the need to ensure the safety of taxicab drivers versus the rights of citizens not to be discriminated against on the basis of a racial profile.

Mr. DAVIS. I am going to now call on our distinguished panel of witnesses to testify, Mayor Anthony Williams, Dr. Alice Rivlin, and the chair of the Control Board and City Council, Chair Linda Cropp.

As you know, it's the policy of this committee that all witnesses be sworn before they testify. If you just rise with me and raise your right hands.

[Witnesses sworn.]

Mr. DAVIS. Mayor Williams, why don't we start with you. Then we will go to Dr. Rivlin. And then, Ms. Cropp, you will be our cleanup.

**STATEMENTS OF ANTHONY WILLIAMS, MAYOR, DISTRICT OF COLUMBIA; ALICE RIVLIN, CHAIR, DISTRICT OF COLUMBIA FINANCIAL RESPONSIBILITY AND MANAGEMENT ASSISTANCE AUTHORITY (D.C. CONTROL BOARD); AND LINDA CROPP, CHAIR, DISTRICT OF COLUMBIA CITY COUNCIL**

Mayor WILLIAMS. Chairman Davis, Congresswoman Norton, Congresswoman Morella, thank you for having us here today and giving us the opportunity to testify before you at this oversight hearing. I want to begin by thanking you for your continued support for our city and its efforts to show that democracy can work and that we can achieve great autonomy and self-determination.

I want to also make it a point of saying thank you to Chairman Davis and the members of the committee, Congresswoman Norton, Congresswoman Morella, for your support for the District's college access bill. I really believe that this law, over the long term, is going to have an unparalleled long-term positive impact on our city, and all of you should be proud of your work in that regard. We certainly recognize it here in the city and are going to be working mightily to see that it is implemented well and speedily.

A little more than a year ago, I was honored to be elected Mayor. It has turned out to be, day by day, one of the most rewarding experiences of my life. When I came to this job, I came with a simple vision, and I maintain that vision, and that is that our citizens in our city, America's flagship city, deserve the very best. That means strong schools, safe streets, clean communities, affordable housing, reliable transportation. It means access to health care. It means vibrant economies downtown and in our neighborhoods. Most of all, it means all of us in our city putting our bodies and souls in motion, empowering men, women, and children in all our communities to work and solve our problems together.

Now, the first thing we had to do was to create a sense of urgency in our government to set ambitious goals and deadlines so that all of us, the Council, the Congress, Control Board, and most importantly our citizens, can see our progress and hold us accountable and begin to restore faith in our government.

There were short-term action plans, some 28 of them. We held ourselves accountable for achieving real results. While we didn't get everything accomplished, and we missed a few self-imposed deadlines, we accomplished a vast majority of our action goals; 20 goals were completed, 5 are under way toward completion, and only 3 were pretty much missed.

Now, although we have much to do, I am very, very proud of what we have achieved in the short term. But while I believe some of these goals are not unparalleled in their magnitude or scope, they have done step by step, item by item a lot to restore our citizens' faith and confidence in our government.

To give you just a few examples, streets and alleys still have a lot of room for improvement, but they are noticeably cleaner. During yesterday's snowstorm, I got a number of calls not from people complaining, but calls from people saying they were pleased to see policemen at the intersections. They actually thought that we were doing, in some respects, a better job with our roads than surrounding jurisdictions. I haven't heard that a lot.

In August we had a gun buy-back program. We took more than 3,000 guns off the streets. Monday-morning quarterbacking can say, well, were they the right guns, wrong guns. The fact of the matter is we listened to one of our policemen. We were proactive, worked with Chief Ramsey, worked with the Alcohol, Tobacco and Firearms folks and got 3,000 guns off the streets.

We created a record 10,000 jobs for high school students this summer. A little known fact, but we created the highest number of jobs last summer than any administration in the District's history. I am very, very proud of that.

Making progress with the phones. You can now call a single number, 727-1000, to reach any agency in the District government with your request. You get a case number. We track that case number. We have set up a quality control team of citizen volunteers and our own people who track our progress in responding to mail, e-mail, and our phone calls. Again, there is a lot of room for improvement, but we recognize our problems, and we are managing against those problems.

Now, in the second year, I believe we are going to have to operate on two parallel tracks. One is to continue to produce these visible results that I have talked about while we are making the structural changes that all of you have alluded to in respect to, for example, MRDDA, or Retardation Development Disabilities Agency.

Now, during the first year, we put a new management team in place, and I am proud of the new structure we have put in place with our deputy mayors, that will allow each deputy mayor to approach a cluster of issues and work the interrelationship between those issues. For example, there were a number of different agencies that work on issues relating to children and families. They're not single silos. All these issues work together. We have one person to work those issues, one person to work the public safety issues.

I am proud of that. I am proud of the fact that we are implementing something called the Management Supervisory Service. This is legislation from the Council a couple years ago that we are aggressively implementing that is going to see that midlevel managers will be held more accountable while at the same time having a greater incentive to excel in their jobs.

We are making a new commitment in training, millions of dollars going to training, continuing education for our workers, making a massive commitment now with our new coordinator with the receiverships, Grace Lopes, to see that we are working with the Federal judges to bring our receiverships back under the fold of regular

District government and regular democratic government in the District.

Labor strategy is a big, big part of our upcoming agenda next year, I would say a foundation for everything we are going to do, because reforming management is only one-half of the equation. I think it is very, very important that we work with our labor unions to help improve service delivery in the District, and not until we fundamentally change for the next century our relationship with our employees that the District will reach its goal that we all want to achieve.

During this past year we have begun working with labor very, very intensively on a number of issues. We have made very good our promise—on a promise made by this individual CFO, by the Council, by the Control Board to give our workers a bonus for their sacrifice during the financial crisis. And I am proud to say we have carried through on that promise. We have created good faith. But I think, as everybody would admit, now the hard work begins.

Working with outside counsel, we are going to be negotiating a labor agreement that I hope will achieve the following: one, provide gainsharing opportunities for employees, essentially profit-sharing for the public sector; two, achieve real success on six pilot programs; and managed competition, so that we can fairly compare what we have achieved in managed competition, allowing our employees to compete in the real world, comparing that with what we have achieved with other devices, such as a labor-management partnership that we are working very, very closely with our unions to achieve. That is a matter of sitting down with our employees, looking at a broken system and working with them to find a solution and find ways to fix it.

Does this work? It absolutely works. I would argue that the turnaround in our tax collection system—and we had Nat Gandhi here, I believe, who is our deputy CFO. Nat and I worked turning around the refund system, not by paying millions of dollars to consultants, but by sitting down with our employees and a new management team and working out a new solution. We went from one of the worst in the country to sending refunds—people forgot they were owed a refund by the time they got it—to now we are providing refunds ahead of the IRS.

Now, Congresswoman Norton mentioned risk management. We consider this to be a crucial part of our agenda for next year. As a matter of fact, we have included a component of risk management in every contract with our deputy mayors, with our agency heads, and this is going to be part of our evaluation system for the Management Supervisory Service as well.

Risk management is an absolutely essential component of effective management. I am proposing that we establish an Office of Risk Management as part of the fiscal year 2001 budget. And the responsibilities of this office would include, one, addressing areas of risk involving employee disability issues; addressing areas of risk involving insurance issues; conducting reviews of the areas of greatest risk. This is based on a program or issue focus, although I have no problem with the Congresswoman's focus on agencies, focusing on our areas of greatest risk, doing the audits, doing the reviews, and instituting risk elimination, mitigation, avoidance ef-

forts in cooperation with the important agencies such as Office of the Inspector General and Office of CFO; determining the appropriate performance measures to work us out of these bad situations; and, very importantly, establishing review committees as an appropriate tool to review specific situations and determine causation where it's appropriate.

I want to just give a brief overview of the financial snapshot from my point of view.

I think it's easy to sit here and report that after 3 straight years of balanced budgets and a 4th year projected to be balanced that the District is now entering into a new century of unparalleled prosperity from a financial point of view. But I think that we should be on guard; that while we have gone farther and faster, and I still believe this in similarly situated American cities, we still have a long way to go.

So we've made progress on expenditure control. We've made great progress in our fiscal relationship with the Federal Government. We are beginning to inch along in our way to revive our economy.

But I think there are still warning signs ahead. Members of the committee alluded to them. I am very, very cognizant of them. I think we approach each and every one of our budgets with that in mind, one that there is still work to do in expenditure control.

If you look at our agencies in comparison to benchmarks in other jurisdictions, there are still economies to be realized, I'll put it that way. If you look at it from cost per capita or cost per unit of service, there are a number of different dimensions from which you can look at this. There is a lot of progress, a lot of progress to bring back our economy, and I will be talking about that in a second.

I guess I would like to begin now and through this budget cycle to just pour a little bit of rain on the parade so that we keep a proper focus on the challenges that confront us. And I will say frankly that I may have juiced the parade up a little bit too much last year going into the budget with all—you know, you have just been inaugurated, you are obviously going to have a bright outlook. It may not have had a fully balanced, fully nuanced view of our future going into this. And I think we need that. I will just leave it like that.

Another key focus going into the next year, and I just want to be very, very brief with this, are going to be children and our neighborhoods. I say children and neighborhoods because this is on the basis of our Citizen Summit, on the basis of something we are calling Neighborhood Action, where we are linking citizen input to our budget, linking citizen input to our contracts with our vendors and our employees and our agency managers.

Citizen input is a tool to bring together the faith community, the business sector, the nonprofit sector to better support our children, to better support our neighborhoods.

In the area of children, I am particularly proud of the college access program, proud of our summer jobs program, proud of our one-stop shop centers that we are having now for—employment centers we are building in six of our neighborhoods in cooperation with the private sector, the safe passages legislation that we passed with our Council wherein we are going to be tracking on a case-by-case

basis the children in the District and holding ourselves accountable for clear, measurable results in terms of health, in terms of nutrition, in terms of education.

In neighborhoods and economic development, I believe that we have to spend an enormous amount of time and effort in neighborhood development in the following areas: No. 1 is recognizing that it's important to bring new investment to the District. And in the future we need to find a way, and we are beginning discussions now with the technology leaders in our region, find a way to seize on strategic opportunities, international trade and, very, very importantly, seize on opportunities in the technology sector, bringing in new technology investment to the District.

No. 2, very, very importantly, trying to catapult on, Congresswoman Norton, your efforts with the home buyer tax credit and others, to make an effort and to say to ourselves we will as a District government set a goal of, maybe it's 50,000, maybe it's 60, maybe it's 100,000 new residents over the next 10 years, and try to achieve that goal. Because, as Chairman Rivlin and others have said, we have got a number of jobs in the District. What we need are tax-paying residents in the District, and that is going to be a key part of our economic strategy.

I am proud to say that we are beginning to assemble a first-rate team in economic development. And this team I think is going to put this District on the forefront of other cities over the coming years in housing development.

I also want to note something over the last year that I think really does set a good precedent and two things that really do herald I think the changes that are afoot and under way.

No. 1, in ward 8, for example, where residents have been working for more than 20 years to attract new development, 2,000 new units of housing are now under construction, 2,000 new units of housing. And this is, I think, without even including the Hope 6 grant we got this year. This is more housing right now in ward 8 than the rest of the city combined.

Another example is back in October when Hugh Panaro and the owners of XM Satellite Radio passed up a chance to locate in the suburbs, and they came and they made their home on New York Avenue, bringing 300 jobs to Northeast and beginning a renaissance of this important corridor in our city.

Finally, I think I would be remiss if I didn't mention on natural resources and our effort to work with this Congress, our Congresswoman and the Federal Government to bring back the Anacostia River, to promote the redevelopment of brownfield sites and to show that economic development and natural resource management can go hand in hand.

And finally the issue of Y2K. I have to say a word about the Y2K issue because I think it's one of our signal achievements over the last year. You know, over the course of the last year we testified to this subcommittee a number of times. And on two of those occasions we focused exclusively, as Congresswoman Morella was mentioning, on Y2K readiness. Simply put, we made it.

The District, though, didn't make it alone. We certainly want to recognize and need to thank members of this committee as well as our Federal partners at OMB, Sally Katzen and John Koskinen,

the Treasury Department, HHS, the Clinton administration in general for helping make the District Y2K compliant.

As of now, the entire system's infrastructure of the District continues to run without problems; 95 percent of the District's systems are operational and all city-wide technology infrastructures are operating normally, including and most importantly our public safety operations.

The several-year effort most intensified over the last couple of months produced the expected results, an entire city-wide readiness and technological spring cleaning that resulted in the complete upgrade of antiquated systems, producing higher standards of greater efficiencies, which is a fancy way of saying that we have used the occasion of Y2K, the crisis of Y2K, to seize an opportunity.

And I want to thank the leadership of Suzanne Peck and Norman Dong for using the occasion of Y2K to begin putting in an infrastructure in this city that is going to allow this city to, I think, really excel over the next 4 or 5 years in on-line service to citizens, to excel with a webpage that we are going to be launching in another couple of months or so that will be second to none in its utility and functionality. So we really are using this occasion and making progress.

I get a number of calls from our citizens, and I am sure you do as well, complaining about all the road cuts and the coordination of the road cuts. And if you look at our city, sometimes I just want to jump out of the car, I'm just so frustrated looking at these road cuts because it is frustrating. That is the bad news.

The good news is that all these road cuts show us that this city in another year or so is going to be one of the most technologically connected cities in the world. We are like St. Louis back in the 19th century with the confluence of the Missouri and Mississippi Rivers. We are here at one of the major hubs of technology. And I think the moral of this story going into the next century is use the resources, the tools, the partnerships, that we have to really seize this advantage.

So, as I say, the residents of our city need and they deserve and they expect a government that works for everyone, particularly our youngest and our most vulnerable citizens. That is a commitment that I have made as our mayor. I believe that we have made progress. There is much more to be done, but I want to thank this committee, and particularly Chairman Davis for his partnership, his support of our city and self-government in our city, his support of this administration and his belief that the District really can be America's flagship city.

So I want to thank you, Chairman Davis, and thank members of the committee.

Mr. DAVIS. Thank you, Mr. Mayor.

[The prepared statement of Mayor Williams follows:]



ANTHONY A. WILLIAMS  
MAYOR

**The First Year: Looking Back, Looking Forward**

**Testimony of Mayor Anthony Williams**

**Subcommittee on the District of Columbia  
Committee on Government Reform and Oversight  
U.S. House of Representatives**

January 21, 2000

Chairman Davis, Congresswoman Norton, and Members of the Committee, thank you for the opportunity to testify before you today. I also want to thank you for your continued support of the District and its efforts towards greater autonomy and self-determination.

Let me start by saying thank you for all your work on the District of Columbia College Access Bill. I truly believe that this law will have an unparalleled long-term positive impact on this city. Congresswoman Norton, Chairman Davis, thank you.

**Piloting the Plane: Year One**

A little more than a year ago, I was honored to be elected Mayor. It has been one of the most rewarding experiences of my life.

I came to this position with a simple vision: that our citizens deserve the best city in America -- the very best. That means strong schools, safe streets, clean communities, affordable housing, and reliable transportation. It means access to health care. It means vibrant economies downtown and in the neighborhoods. Most of all, being the best means putting our bodies and souls in motion -- empowering men, women, and children of all communities to solve problems together.

The first thing we had to do was create a sense of urgency in our government. To set ambitious goals and deadlines so that you could see our progress and hold us accountable, to begin to restore faith in our government. Through our short-term action plans, we held ourselves accountable for achieving real results. While we didn't get everything completed, and missed a few self-imposed deadlines, we accomplished the

majority of our action goals. And although we still have much to do, I'm proud of what has been achieved in the short-term.

Our streets and alleys are noticeably cleaner. And during yesterday's snowstorm our roads set the standard for "passability", not "laughability".

In August, through our gun buyback program, we took more than 3,000 guns off the streets.

We created a record 10,000 jobs for high school students this summer. And I'm proud to tell you that we are extending the program year round, to give our youth even more opportunity.

We're even making progress with the phones. You can now call a single number -- 727-1000 to reach any agency in the District government. You'll talk to a highly trained person who can answer your questions and make sure you get the service you need.

In the second year, we will operate on two, parallel tracks: continue to produce visible results based on needs identified by our citizens and make the structural changes needed to make government work.

#### **Management Reform**

During the first year, we put a new management team in place so that we could better serve the people. We brought in the talent and experience we need to make the District one of the best-run cities in the country. We have implemented a new Deputy Mayor structure, which will provide hands-on, expert management. We've hired a number of new agency directors who are capable of implementing our vision for the city.

We are implementing the Management Supervisory Service, so that mid-level managers will be more accountable and will have greater incentive to excel in their jobs. We are making a new commitment to training. We need to ensure that our workers have the tools they need to do their jobs well. And we have launched a new initiative to bring receiverships back into the government as quickly as possible, so that the District will have one government, working together, accountable to the public. These major changes will have a significant cumulative effect, over the course of my Administration, in the way the District government operates and, as a result, is perceived both on Capitol Hill and throughout the nation.

#### **Labor Strategy**

Reforming management is only part of the equation. As Chief Financial Officer and during my campaign for Mayor, I stressed the importance of working with our labor unions to help improve service delivery in the District. Not until we fundamentally change our relationships with our employees will the District reach its goal of an

improved and efficient government.

During this past year, my administration has begun to work with labor on many issues. We began my making good on a promise made by the previous administration to give workers a bonus for their work during the financial crises. And I am proud to say that I carried through on this promise. But now the hard work begins.

Working with outside counsel, we will begin negotiating a new labor agreement that will achieve the following:

- Provide gainsharing opportunities for employees-essentially profit sharing for the public sector. This will allow employees to be rewarded for increases in productivity or cost savings.
- Managed Competition: We need to ensure that our government is being managed and run in a way that is efficient. Managed Competition is one tool to achieve that objective. Employees will compete with the private sector on such services as maintenance, rat extermination, or fleet management. I am committed to providing the tools to employees so that they can compete-training, resources, consultants. But labor must be willing to explore this tool along with others that I propose-such as reengineering and working through our Labor Management Partnership Council to improve agency operations.
- Work Rule Flexibility: The City must continue to serve our customers to the standard that they deserve. That is why we must work with our unions to ensure that employees are available to work at times when customers need service.

#### **Risk Management**

Another component of effective management is the management of risk. This year, I am proposing to formally establish an Office of Risk Management as part of the FY 2001 budget. The responsibilities of this Office would include:

- Addressing areas of risk involving employee disability issues;
- Addressing areas of risk involving insurance issues;
- Conducting reviews of the areas of greatest risk and instituting risk elimination, mitigation, avoidance, or mitigation efforts in cooperation with the agencies and the OIG, CFO and OEM;
- Determining performance measures against which to measure the Districts' success in identifying, mitigating, avoiding, eliminating, and minimizing areas of risk; and
- Establishing "review committees" as appropriate to review specific situations, determine causation for the problems identified, and develop and implement remedial and preventative actions.

The Office of Risk Management would have overall coordination responsibility for risk management issues affecting all City agencies, and be empowered to establish relationships with all independent agencies such as the schools and WASA, and with the

receivers. However, the individual agencies need ultimately to be responsible for identifying and addressing their areas of risk. They also would maintain operational activities related to, for example, disability eligibility, administrative hearings and the like.

#### **Street Repairs**

Street repair is a good example of these management changes. Potholes are one of the most important responsibilities of the Mayor; they are certainly the most visible. One can be the deepest thinker, or the loftiest orator, but if you do not fix the potholes, you will not be judged a success. We are not as good as we can be, but the roads are in much better shape than they were a year ago. I am pleased to report that the District DPW comes off of a successful "Pothole Blitz" in the Spring of 1999 where 95% of the potholes reported were repaired in 48 hours or less. Currently, the District has an above the National Standard (96hrs.) program of responding to pothole requests within 72 hrs. More importantly, many potholes in the District, as in many other municipalities, are a result of utility work and the cuts of telecommunications companies laying fiber-optic cable. While fiber-optic cables have many benefits for the city, it also provides challenges that we are addressing.

#### **A Financial Snapshot**

Looking ahead, I am pleased to report to the Committee that after 3 straight years of balanced budgets and a fourth year projected to be balanced, the Government of the District of Columbia is ready to meet the challenges and accept the responsibility for delivering services to more than 550,000 people—in other words, to operate as a working government. While we still have much work to do, our government has both the elected leadership and the professional management teams in place to make the District one of the best-run cities in America. I will continue to ensure the financial stability of the District in the months and years ahead.

#### **Looking Forward**

This year my focus will be the continued improvement in the management of the government and a focus on several key policy areas: Our children, our neighborhoods and our natural resources.

#### **Children**

One in every three children in the District is growing up in poverty. How can that be in the capital of the richest nation in the world? If we do nothing else as a people, a community, a city, we have to take care of our children. I see our children's potential. I've heard their dreams. But are we doing enough to help them achieve those dreams? Not by a long shot.

We need to fundamentally change our system to nurture our children so that they become all they are supposed to be in life. We have to do more than try to catch children after they have fallen through the cracks. That is why I have spent so much time and effort this year on trying to restructure the governance of our school system. Our system of educating the District's youth is failing. A sound education is a safety net for and down payment to our children's future.

Other cities have done it, and so can we. Studies from Philadelphia and Baltimore and other communities show that quality after-school programs reduced juvenile crime and helped students perform better in the classroom. But here in the District, at least 45,000 of our students still don't have access to good programs.

I am committed to the idea of supporting children even before they enter school. That's why I want to do as Vermont and other communities have done, and make sure that every newborn is visited by a nurse or a trained health professional.

We also have to support parents as first teachers of our children. Over the course of this Administration, I want to open at least six parent learning centers in our neighborhoods to get parents involved in early learning so that kids are ready to learn when they start school. These are just a few of the commitments I want our government to make to our children.

### **Neighborhoods**

Beginning this month, we will open one-stop career centers in seven neighborhoods. These centers, each one operated with a local business partner, like CVS Pharmacy or Giant Food, will provide job placement, career counseling, and resume assistance. They will connect District residents to good jobs available in the city and region. Families need strong neighborhoods to raise children. That's why I believe our next goal has to be Building and Sustaining Healthy Neighborhoods. Almost every month a public crime or murder reminds us that crime is still the biggest threat to our neighborhoods and sense of community. We have to accelerate and sustain our efforts to reduce crime. Because neighborhoods cannot thrive where fear prevails.

Last summer we began an intensive effort in six pilot neighborhoods to reduce crime and increase safety. In Trinidad, Shaw, and other neighborhoods, we brought together community leaders, police and District agencies to pool our resources and work cooperatively. We shut down drug markets, enforced housing code violations, cleaned alleys, improved lighting, and built a strong working relationship between local police officers and members of the community. And already, residents are feeling the results of their efforts, as we are seeing a reduction in crime in each one of those neighborhoods.

### Neighborhood Economic Development

And we're not going to stop with these six neighborhoods. This is the kind of approach that we can and will use street by street, block by block until every neighborhood in this city becomes healthy and sustainable.

We need to spread development into our neighborhoods, to create opportunity where citizens live. By creating a business-friendly environment and offering incentives for people to live and work in the city, we are beginning to see new life in many older neighborhoods. For example:

In October, Hugh Panero and the owners of XM Satellite Radio passed up a chance to locate in the suburbs. Instead, they will be making their new home on New York Avenue, bringing 300 jobs to Northeast and beginning the renaissance of this important corridor and helping to spur the District's efforts to become a hi-tech destination.

In Ward 8, where residents have been working for more than 20 years to attract real development, 2,000 new units of housing are under construction – more than the rest of the city combined. I am also committed to continuing to assemble the best team of housing experts in the country. I want the District to be the leading municipal producer of housing in the country.

In November, I had the pleasure of knocking down the first of six abandoned buildings on Martin Luther King Avenue and Good Hope Road, as the down payment on a promise to bring real economic development to Anacostia Gateway.

We are guided by a belief that no neighborhood should be left out of our economic prosperity. That's why in November, we brought together more than 3,000 residents for a Citizen Summit, so that citizens could set priorities for our city and their neighborhoods. This is part of an ongoing effort called Neighborhood Action, involving citizens, businesses, the faith community, non-profits, and foundations. We're going to be incorporating the messages we hear from citizens into our Strategic Plan for the city. We will hold our agencies accountable for meeting the citizens' priorities.

This initiative reflects my belief that the best solutions are those grown at the local level. I believe the next great step for our city is to invest power in our communities, our neighborhoods, our small businesses, our local schools, the church around the corner, and the youth group that's trying to get going.

### Natural Resources

A final major priority is the restoration of the District's natural resources. This past year I launched an initiative to commit serious resources to restore the District's tree

population which, through years of budget cuts and neglect, has fallen to dangerously low levels. I also want to continue to work to restore the Anacostia River. Last year the District allocated \$5 million to the restoration of the Anacostia. If you travel down to the river you will see a number of improvements. Working with the Army Corps of Engineers, the State of Maryland and others, we are restoring 46 acres of wetlands to the river. I am also pleased to report that the District has legally regained possession of Heritage and Kingman Island after years of legal battling. I want to again thank Congresswoman Norton for her continued efforts on behalf of the river. This year our efforts must focus on the continued clean-up of the rivers, and with your help and resources, we can make substantial gains over the next few years.

### Y2K

I would be remiss if I did not come before this Subcommittee and not say a word about the Y2K issue. Over the course of the last year I testified before this Subcommittee 5 times. On two of those occasions the hearing focussed exclusively on Y2K readiness. Well, simply put, we made it. But the District did not make it alone. We certainly want and need to thank members of this Committee as well as our federal partners at OMB, the Treasury Department, HHS and the Clinton Administration for helping to make the District Y2K compliant. As of now, the entire systems infrastructure of the District continues to run without any problems. 95% of the District's systems are operational and all citywide technology infrastructures are operating normally, including all public safety operations.

The several year effort produced the expected results: A citywide readiness and a technological "spring cleaning" that resulted in the complete upgrade of antiquated systems producing higher standards with greater efficiencies. However what was unanticipated was the completion of citywide contingency plans, quantum leaps in business process improvements and the creation of a performance based culture. It is my hope that we can build on this success and continue to work towards a completely accessible e-government.

### Conclusion

The residents of our city need and deserve a government that works for everyone – particularly our youngest and most vulnerable citizens. That's the commitment I've made as Mayor, and I intend to hold our government – and myself – accountable for visible, lasting improvements.

Mr. DAVIS. Dr. Rivlin, you have been with us, but even before we started, you have been predicting this 5 years before it happened and worked through to help.

Ms. RIVLIN. Well, it happened, but now it is getting better.

Thank you, Mr. Chairman. I want to join my colleagues in expressing appreciation for the work of this committee. I think the District is very fortunate to have the leadership of this committee on both sides of the aisle and the District and its surrounding jurisdictions represented so prominently and so ably on this committee and its enormous strength for those of us who work in the city and care about its future.

Your letter of invitation asking me to testify covered a great many questions. I believe you want to hear most from me about the Authority's transition plan for suspending its activities, so I will get to that fairly quickly.

The Authority, as you remember, was created by act of Congress in April 1995 at a time when the District was in financial disaster. It was in terrible shape, and there was no way of hiding that.

Now, almost 5 years later, the District is in much better financial shape. In fact, the recovery, as you all know, has been quite dramatic. We have had two balanced budgets behind us. We are about to have a third. We are into year 4 where we also confidently expect that we will have a surplus.

The District's bills are getting paid. Its taxes are being collected. Debt obligations once again sell for market rates. And from a financial standpoint, there has been much progress.

But it is important to recognize that the District needs to expand its economic foundation. Its tax base is still too narrow. Vigorous and sustained efforts are needed to attract and to keep new residents and add and to enhance business opportunities. Otherwise, we are in trouble going forward.

The District also has considerable deferred maintenance and a history of inadequate infrastructure investment. Its decayed and outmoded infrastructure will take substantial resources to correct. The District is focusing on modernizing its infrastructure, using that word loosely, to require—broadly that is, to cover streets, roads, and computers and all sorts of things. And I urge the Congress to assist the city's elected leadership with the necessary resources.

Over the past year, the Mayor has assembled a strong team of experienced professionals to run major agencies of the District, and this team has worked hard to put together the Mayor's strategic priority action plans which are very impressive indeed and which we expect will improve the performance of the District visibly over the next year or so. Indeed, visible, measurable improvements have already occurred in the delivery of many District services, and more will be evident in the coming months.

Despite the improvements, however, we are all conscious that serious deficiencies remain in the delivery of many public services in the District. Tragically, as you have noted, some of the egregious problems of neglect and mismanagement affect some of the District's most vulnerable citizens.

We have also made considerable investments in technology, but problems remain with managing technology, including financial in-

formation systems. We are particularly concerned that systems modernization urgently needs to be completed, employees hired and trained to maintain and use these systems.

Reform will not come easily or quickly to a government that has been neglected and mismanaged for many years. It will take sustained and concentrated effort to effect permanent change. But we can all be proud that the process is under way and moving forward.

Mr. Chairman, I turn now to my main topic, the time by which the Authority must suspend its activities. How do we become a city without the Authority?

In order for the Authority to suspend its activities, the Financial Authority Act requires that the District government must end the fiscal year with a balanced budget for 4 consecutive years as verified by the comprehensive annual financial report. The District must have access to private credit markets at reasonable interest rates; and any obligation incurred by the Authority from the issuance of securities, and in fact there have been none, must be certified as discharged; and all short-term requisitions by the District government from the Treasury must also have been repaid.

The various statutory requirements read together almost certainly take the Authority through the end of fiscal year 2001. If, as we expect, the District achieves a balanced budget in fiscal year 2000, it will have satisfied the statutory requirements to terminate the control period. However, the District would still be in a control year at that time since the fiscal year 2001 is a year for which a financial planning budget approved by the Authority will be in effect.

So, as we interpret the statute, the Authority would continue its normal functions through September 2001, with the exception of approving the budget for fiscal year 2002, which the Authority was merely required under the statute to review and report on to the Mayor, the Council, the President, and the Congress.

Over the year and a half between now and the time that we hope to suspend activities, the Authority will be working hard with the Mayor, the Council and the leadership of the city to ensure that we believe the District government is in good shape and strong fiscal health.

We will be working on three major fronts: strengthening the decisionmaking processes of the city, strengthening management of D.C. agencies and the effectiveness of service, and growing the city and its tax base.

We also plan to make recommendations to the Federal and District governments for improvements in the governance structure of the District to fulfill one of the purposes of the Financial Authority Act.

On strengthening decisionmaking processes, good decisions must be based on accurate, timely information which is available and well understood by the participants in the decisionmaking process. While considerable progress has been made with strong leadership from both the chief technology officer and the chief financial officer in bringing D.C.'s information systems at least up to the standards of the late 20th century, if not quite into the 21st, much remains to be done.

The well-known difficulties with implementing the new payroll system called CAPPs, the source of the infuriating teacher payment errors; and the implementation problems of the new financial management system called SOAR, which have complicated the closing of the fiscal year 1999 audit, illustrate the need for sustained attention to improving the District's ability to produce timely, accurate information for decisionmakers. The Authority will be working hard with the CFO and the CTO to facilitate the upgrading of D.C. information systems.

Good decisions also flow from decision processes in which participants know their roles and work well together to get the decision made, even when they disagree strongly about what the outcome should be.

Last year's budget process left much to be desired, even though it resulted in a consensus budget strongly supported by the Mayor, the Council, and the Authority. Inadequate preparation and unresolved differences between the Mayor and the Council forced the Authority to play a major role in brokering a final compromise. This year we hope that earlier agreement on fundamental assumptions underlying the budget and better communication between the Mayor and the Council will enable the consensus budget process to flow more smoothly with less active intervention from the Authority.

A major process issue that must be resolved soon is how the District of Columbia public school system is to be governed. The Authority is prepared to turn over governance of the school system but must be assured that there is a new governance system in place that will serve the best interests of the city and its children.

In view of the need to resolve the issue of school governance and to establish a workable system, which may require one or more referenda, the Authority is prepared to be responsive to a request from local elected officials to delay the return of school governance until the end of this calendar year.

On strengthening management and the effectiveness of services, the Authority will be working closely with the Mayor and the Council and the Inspector General and others to strengthen management and accountability for producing effective services responsive to citizen needs and concerns, including developing performance benchmarks for services.

We believe the city's work force must be heavily involved through labor management partnerships and other arrangements in improving the efficiency of operations, outreach to the public, and a sense of pride in services delivered.

We are particularly concerned that important services, for example, mental health and child welfare, remain in receivership and accountable to judges, not local officials and citizens.

We will be working hard with the Mayor and the Council to help the agencies in receivership to achieve service standards acceptable to the courts and established a firm basis for seeking their return to local control.

Finally, growing the city. Although the financial future of the city looks far brighter than it did 5 years ago, its continued fiscal health, as others have stressed, is by no means assured. The city has a narrow tax base and much of its current prosperity could

fade if the national and regional economic boom were to lose its momentum. The city has lost a third of its population in the past 20 years and has suffered job loss with the downsizing of both the Federal and the D.C. governments.

The continued fiscal health of the District of Columbia depends on growing its job base and its resident population, especially the latter. The Authority will be working with the elected officials of the District and its business, labor and nonprofit leadership to help create a vibrant process of economic development.

In conclusion, Mr. Chairman, much progress has been made in Washington. However, much hard work remains. The Authority looks forward to closing down on September 30, 2001. Meanwhile, we will be cooperating with the Mayor and the Council to be sure that the city is functioning well and no longer needs us.

Thank you.

Mr. DAVIS. Thank you very much, Dr. Rivlin.

[The prepared statement of Ms. Rivlin follows:]

Testimony before the  
Subcommittee on the District of Columbia  
of the  
Committee on Government Reform  
U.S. House of Representatives  
**Alice M. Rivlin**  
January 21, 2000

Good morning Mr. Chairman and Members of the Subcommittee. On behalf of my colleagues at the District of Columbia Financial Responsibility and Management Assistance Authority ("Authority"), let me say that it is a pleasure to be here with you today to discuss the future of the District of Columbia.

The letter of invitation to testify before your Subcommittee included quite a long and varied list of issues to discuss. I will, after a few brief remarks on those topics, move right into the issue I believe you most want to hear about from me, that is the Authority's Transition Plan for suspending its activities.

The Authority was created by an Act of Congress in April 1995, to assist the District in restoring its financial solvency and improving its management effectiveness. At that time, the District Government was a financial disaster. It was running a significant operating deficit and had a large accumulated deficit. District bonds could not be sold at market rates, and the U.S. Treasury and the Federal Government were the District's only source of non-tax revenue.

Now, almost five years later, the District is in much better financial shape. In fact, the financial recovery has been dramatic. For Fiscal Year 1998, the District ran an operating surplus for the second straight year. We have paid off its accumulated debt and will have a significant fund balance for Fiscal Year 1999. The city has strengthened its internal controls and budgeting processes, is better able to monitor expenditures and is acting in a more financially responsible fashion. We have unqualified audit opinions for Fiscal Years 1997 and 1998, and anticipate one for Fiscal Year 1999.

Moreover, the District's bills are getting paid, its taxes are being collected, and debt obligations once again sell at market rates. In fact, Fitch, Moody's and Standard and Poor's upgraded the District's credit rating to investment grade. From a financial standpoint, we are pleased with the progress that has been made.

Although there has been much progress in financial matters, it is important to recognize that the District needs to expand its economic foundation. Its tax base is still too narrow. Vigorous and sustained efforts are needed to attract and keep new residents and enhance business opportunities.

The District also has considerable deferred maintenance and a history of inadequate infrastructure investment. Its decayed and outmoded infrastructure will take substantial resources to correct. The District is focusing on modernizing its infrastructure, and I urge you, the Congress, to assist the City's elected leadership with the necessary resources.

Over the past year the Mayor has assembled a strong team of experienced professional managers to run major agencies of the District Government. This team has worked hard to put together the Mayor's Strategic Priority Action Plans. These plans are aggressive ideas designed to have a long-lasting impact on the physical, social and economic conditions of the city. There are projects designed to develop safe and healthy neighborhoods, strengthen families and invest in our youth. Moreover, these programs will maximize the performance of the District government's employees, its systems and operations, and expand, diversify and stimulate our economy.

Visible, measurable improvements have already occurred in the delivery of many District services and more will be evident in coming months. The Mayor and the Council are giving special attention to public safety and public works. Under the strong leadership of the Superintendent, public education outcomes are also beginning to improve.

Despite the improvements, however, we are all conscious that serious deficiencies remain in the delivery of many public services in the District. Tragically, some of the egregious problems of neglect and mismanagement affect some of the District's most vulnerable citizens.

We have also made considerable investments in technology, but problems remain with managing technology, including financial information systems. We are particularly concerned that systems modernization urgently needs to be completed, and employees hired and trained to maintain and use them.

Reform will not come easily or quickly to a government that has been neglected and mismanaged for many years. It will take sustained and concentrated effort to effect permanent change, but we can all be proud that the process is underway and moving forward.

#### Suspension of Authority Activities

Mr. Chairman, I now turn to my main topic, the time by which the Authority must suspend its activities. How do we become a city without an Authority?

In order for the Authority to suspend its activities, the Financial Authority Act requires that the District Government must end the fiscal year with a balanced budget for four consecutive years, as verified by the comprehensive annual financial report ("CAFR"). The District must have access to private credit markets at reasonable interest rates and any obligations incurred by the Authority from the issuance of securities (there have been none) must be certified as discharged, and all short-term requisitions by the District Government from the U.S. Treasury must also have been repaid.

The various statutory requirements read together almost certainly take the Authority through Fiscal Year 2001. If, as we expect, the District achieves a balanced budget in Fiscal Year 2000, it will have satisfied the statutory requirements to terminate the control period. However, the District would still be in a control year at that time, since Fiscal Year 2001 is a year for which a financial plan and budget approved by the Authority will be in effect.

So, as we interpret the statute, the Authority would continue all its normal functions through September, 2001, with the exception of approving the budget for Fiscal Year 2002, which the Authority is merely required to review and report on to the Mayor, the Council, the President and Congress.

Over the year and a half between now and the time we hope to suspend activities, the Authority will be working hard with the Mayor, the Council and the leadership of the City to ensure that we leave the D.C. Government in good shape and strong fiscal health.

We expect to be working on three major fronts:

- Strengthening the decision-making processes of the City;
- Strengthening management of D.C. agencies and the effectiveness of services; and
- Growing the City and its tax base.

We also plan to make recommendations to the Federal and District governments for improvements in the governance structure of the District, to fulfill one of our purposes in the Financial Authority Act.

#### Strengthening the Decision-making Processes

Good decisions must be based on accurate, timely information, which is available and well understood by the participants in the decision-making process. While considerable progress has been made, with strong leadership from both the Chief Technology Officer (“CTO”) and the Chief Financial Officer (“CFO”), in bringing D.C.’s information systems at least up to the standards of the late 20<sup>th</sup> century, if not the 21<sup>st</sup>, much remains to be done. The well known difficulties with implementing the new payroll system (“CAPPS”), source of the infuriating teacher payment errors; and implementation problems with the new financial management system (“SOAR”), which have complicated the closing of the Fiscal Year 1999 audit, illustrate the need for sustained attention to improving the District’s ability to produce timely, accurate information for decision makers. The Authority will be working hard with the CFO and the CTO to facilitate the upgrading of D.C. information systems.

Good decisions also flow from decision processes in which the participants know their roles and work well together to get the decisions made, even when they disagree strongly with what the outcome should be.

Last year’s D.C. budget process left much to be desired, even though it resulted in a consensus budget strongly supported by the Mayor, the Council and the Authority. Inadequate preparation and unresolved differences between the Mayor and the Council forced the Authority to play a major role in brokering a final compromise. This year we hope to ensure that earlier agreement on fundamental assumptions underlying the budget and better communication between the Mayor and the Council will enable the consensus budget process to flow more smoothly with less active intervention by the Authority.

A major process issue that must be resolved soon is how the D.C. Public School system is to be governed. The Authority is prepared to turn over governance of the school system but must be assured that there is a new governance system in place that will serve the best interests of the City and its children.

In view of the need to resolve the issue of school governance and to establish a workable system, which may require one or more referenda, the Authority is prepared to be responsive to a request from local elected officials to delay the return of school governance until the end of this calendar year.

Strengthening Management and the Effectiveness of Services

The Authority will be working closely with the Mayor, the Council and the Inspector General to strengthen management and accountability for producing effective services responsive to citizen needs and concerns, including developing performance benchmarks for services. We believe that the City's workforce must be heavily involved, through labor-management partnerships and other arrangements, in improving the efficiency of operations, outreach to the public and a sense of pride in services delivered.

We are particularly concerned that important services, for example, mental health and child welfare, remain in receivership and accountable to judges, not local officials and citizens.

We will be working hard with the Mayor and the Council to help the agencies in receivership to achieve service standards acceptable to the courts and establish a firm basis for seeking their return to local control.

Growing the City

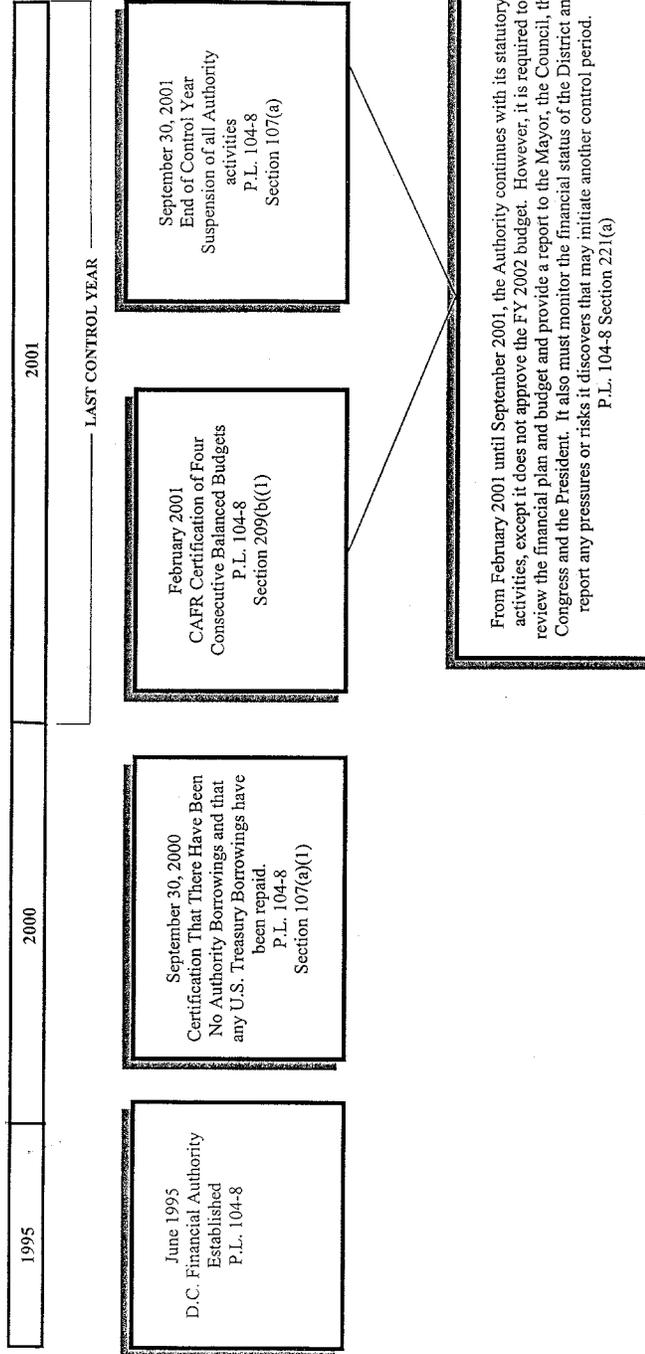
Although the financial future of the City looks far brighter than it did five years ago, its continuing fiscal health is by no means assured. The City has a narrow tax base and much of its current prosperity could fade if the national and regional economic boom were to lose its momentum. The City has lost a third of its population in the past twenty years and has suffered job loss with the downsizing of both the federal and D.C. governments.

The continued fiscal health of D.C. depends on growing its job base and its resident population, especially the latter. The Authority will be working with the elected officials of the District and its business, labor and nonprofit leadership to help create a vibrant process of economic development.

Conclusion

Much progress has been made in Washington. However, much hard work remains. The Authority looks forward to closing down on September 30, 2001. Meanwhile, we will be cooperating with the Mayor and Council, to be sure that the city is functioning well, and no longer needs us.

DISTRICT OF COLUMBIA FINANCIAL RESPONSIBILITY  
AND MANAGEMENT ASSISTANCE AUTHORITY ("AUTHORITY")  
SUSPENSION OF AUTHORITY ACTIVITY TIMELINE



Mr. DAVIS. Ms. Cropp.

Ms. CROPP. Good morning, Chairman Davis, Congresswomen Norton and Morella. I am pleased to appear before you today with my colleagues, Mayor Anthony Williams and Alice Rivlin. Let me join with them in thanking the committee so very much for the work that you have done on behalf of the citizens of the District of Columbia. We think that we are better for it.

As we begin the 21st century, I hope that you share the feeling, from what I am hearing, of the real pride and optimism about Washington, DC, which I have sensed among our residents and our businesses. As I had said before when we first saw it coming, there is a new feeling of our citizens holding their heads up and their shoulders back.

We recognize that there are still lingering problems with the functioning of the District of Columbia government, many of which have been experienced by other cities, some of which are of our own making, and some of which the responsibility lies elsewhere. But I believe that we are well on the right track to addressing most of these problems.

I also hope, Mr. Chairman, that you would agree that the locally elected officials of the District are more than willing and able to do our part, as we expect our Federal and regional partners are willing and able to do their part, in taking the actions necessary to continue our progress and ensure the long-term financial health of this city.

1999 was a very good year for the District of Columbia. A new reform-minded Council and the Mayor have worked hard together, sometimes with constructive tension, often with Congress and the Financial Authority, and always with our residents and businesses, to continue the ongoing revitalization of our city. Taxes have been cut, housing and economic development has been growing, and major legislative reforms have been or are about to be enacted that will improve the functioning of our local government.

Last year was the first year in more than a decade in which the number of jobs grew in our city instead of declined, and the decade-long loss of population has finally begun to stabilize. We still want and need many more residents and jobs in Washington, DC, in order to expand our revenue base and ensure our economic viability for the future. That is why we are redoubling our efforts to make the city a more attractive place to live, to work, and visit.

Neighborhood stabilization and revitalization remains our collective No. 1 priority, which of course cannot be achieved without making real improvements first and foremost in education, in our public schools, along with continuing improvements in public works and public safety throughout the city.

The Council, as you know, initiated a recent dialog that is ongoing with the Mayor and with our citizenry to focus upon how we can improve the governance of our public school system so that we can achieve more accountability and best serve the interests of the children of the District of Columbia. That effort, led by council member Kevin Chavous, chair of the education committee, introduced legislation that would look at the governance of our school system. And it has created an awful lot of dialog, I think healthy, in this city to that end.

Let me take this opportunity to note just a few of the many other major legislative initiatives by the Council during the past year: the Tax Parity Act, which is designed to make the District more competitive with our surrounding jurisdictions in terms of retaining and attracting more residents and businesses; the legislation establishing an independent housing authority to replace the receivership that has been in place for public housing; tax increment financing for major retail and housing development, such as we are experiencing right now at Gallery Place, which is a mechanism that can be and will be duplicated to help spur revitalization of our neighborhoods throughout the city; the legislation providing the chief of the Metropolitan Police Department with additional tools to retain and attract experienced police officers to fight crime; the emergency legislation that was enacted to address in part the fatal neglect of the mentally retarded persons in group homes; and the legislation that it is about to be considered by the Council which comprehensively reforms the system by which the city manages and disposes of its own property.

I would like to provide to the committee a record of a copy of the legislative agenda for Council period 13. It is the first time that the Council has put together an agenda that we expect to accomplish over a 2-year period, a set of goals that we hope to initiate.

This is the strategic planning document that the Council developed again for the first time last year. The agenda identifies 33 Council goals for this legislative period. And we, in fact, will be meeting next week in another strategic planning session to assess our own performance in accomplishing these goals and update and revise our priorities where appropriate and working together with the Mayor and Financial Authority to initiate many of these reforms.

A little more than 2 years ago, the opening of the MCI Center at Gallery Place as a home to professional basketball and hockey helped spark the downtown development boom that we now see evidenced by the many construction cranes in the sky.

Last year, Chinese New Year, sitting in the middle of H Street, as you looked up, you saw seven cranes in the sky of the District of Columbia. The new convention center is under construction on schedule north of Mount Vernon Square. The Carnegie Library is being renovated as the new City Museum of Washington, DC. The Business Improvement Districts authorized by the Council are helping the city clean up and provide additional services in commercial areas. In fact, for the first time in a long time, we even saw Woodie's windows during the holiday season based on the efforts of the BIDs.

New apartments, condominiums, hotels, restaurants, movie theaters, grocery stores, and other retail arts and entertainment venues are being created or planned, not only downtown but in our neighborhoods as well.

The District government, as you know, has experienced 3 consecutive years of budget surpluses, thanks to the sacrifices by our workers, our citizens, and thanks to management reforms, to a strong national and regional economy, and thanks to the revitalization legislation that you enacted to relieve the city of several costly State-like functions that no other city has to pay, plus Federal re-

assumption of the unfunded pension liability that the Federal Government had created and transferred to the city.

We also appreciate, Mr. Chairman, your sponsorship of the legislation enacted by Congress last year with our Congresswoman Eleanor Holmes Norton to provide the District high school graduates with the ability to attend public universities in Maryland and Virginia at in-state tuition rates, plus the new financial assistance to the University of the District of Columbia and to students attending private colleges in the District. This will be very helpful to us, and we need to assure that our students are academically qualified for these higher educational opportunities, which I hope we will be able to expand at both the local and Federal levels.

We expect fiscal year 2000 to end with the budget surplus for the District government as well, which would trigger the beginning of the end of the Financial Authority pursuant to the legislation which you were instrumental in enacting 5 years ago.

At this time next year, when the audit for fiscal year 2000 is completed, we expect to have worked hard to achieve the statutory requirements of four consecutive balanced budget—surplus budgets. We also hope that 2000 will be the year that includes historic steps toward full realization of American democracy for residents of the District of Columbia and that we are finally successful in our long-standing struggle to gain voting representation in the U.S. Congress.

We ask that you give serious consideration to remedying the denial of this fundamental right to our citizens and that you, therefore, take a new and positive look at Congresswoman's Norton's proposal in this regard, particularly her legislation to provide greater legislative autonomy for the D.C. Council and also to allow the District's locally raised revenues and expenditures to be excluded from the annual national politics of the congressional appropriations process.

In closing, let me reiterate some of what I stated to you almost 1 year ago today. Prior to and since the enactment of the Financial Responsibility and Management Assistance Act, this city has gone through some rocky times, some challenging times, and some very creative times.

We have recently entered a new era which all of us here at this table recognize is a transitional time. Implicit in the word "transition" is the concept of rebuilding bridges, of moving toward the day when governance of this city is solely by elected officials who are accountable to the citizens.

A lot of things still need to be done, but the first and major step of recovering from our financial crisis has been accomplished. Implementation of significant reforms to service delivery improvement are ongoing. And we, the elected council and elected mayor, collectively have the vision, commitment, and democratic mandate from our citizens to work together with other stakeholders toward a renewed and revitalized District of Columbia.

Thank you for this opportunity to testify before the Congress. I am, of course, available to answer any questions you may have.

[The prepared statement of Ms. Cropp follows:]

**TESTIMONY OF D.C. COUNCIL CHAIRMAN LINDA W. CROPP  
BEFORE HOUSE DISTRICT OF COLUMBIA SUBCOMMITTEE**

**Friday, January 21, 2000**

Good morning Chairman Davis, Congresswoman Norton, and other members of the House Subcommittee on the District of Columbia. I am pleased to appear before you once again with my colleagues, Mayor Tony Williams and Financial Authority Chair Alice Rivlin.

As we begin the 21st century, I hope that you share the new feeling of real pride and optimism about Washington, D.C., which I have sensed amongst our residents and businesses. We recognize that there are lingering problems with the functioning of the District government -- many of which have been experienced by other cities, some of which are of our own making, and some for which responsibility lies elsewhere -- but I believe that we are well on the right track to addressing most of these problems. I also hope, Mr. Chairman, that you would agree that the locally elected officials of the District are more than willing and able to do our part -- as we expect our Federal and regional partners are willing and able to do their part -- in taking the actions necessary to continue our progress and ensure the long-term financial health of the city.

1999 was a very good year for the District of Columbia. A new reform-minded Council and Mayor have worked hard and together -- sometimes with constructive tension, often with Congress and the Financial Authority, and always with our residents and businesses -- to continue the ongoing revitalization of our city. Taxes have been cut, housing and economic development has been growing, and major legislative reforms have been or are about to be enacted that will further improve the functioning of the local government.

Last year was the first year in more than a decade in which the number of jobs grew in the city instead of declined, and the decades-long loss of population here has finally begun to stabilize. We still want and need many more residents and jobs in Washington, D.C., in order to expand our revenue base and ensure our economic viability for the future. That's why we're redoubling our efforts to make the city a more attractive place to live, to work and to visit. Neighborhood stabilization and revitalization remains our collective number-one priority, which of course cannot be achieved without making real improvements first and foremost in education - - in our public schools -- along with continuing improvements in public works and public safety throughout the city.

The Council, as you know, initiated the recent dialogue that is ongoing with the Mayor and with our citizenry to focus upon how we can improve the governance of the public school system, so that we can achieve more accountability and best serve the interests of the children of our city. Let me take this opportunity to note just a few of many other major legislative initiatives by the Council during the past year: the Tax Parity Act, which is designed to make the

District more competitive with our surrounding jurisdictions in terms of retaining and attracting more residents and businesses; the legislation establishing an independent Housing Authority to replace the receivership that has been in place for public housing; Tax Increment Financing for major retail and housing development at Gallery Place, which is a mechanism that will be duplicated to help spur revitalization of neighborhoods throughout the city; the legislation providing the Chief of the Metropolitan Police Department with additional tools to retain and attract experienced police officers to fight crime; the emergency legislation that was enacted to address in part the fatal neglect of mentally retarded persons in group homes; and the legislation that is about to be considered by the Council which comprehensively reforms the system by which the city manages and disposes of its own property.

I would like to provide for the record a copy of the Legislative Agenda for Council Period 13 (1999-2000), which is a strategic planning document that the Council developed for the first time last year. The agenda identifies 33 Council goals for this legislative period, and we in fact will be meeting together in another strategic planning session next week to assess our own performance in accomplishing these goals, and to update and revise our priorities where appropriate.

A little more than two years ago, the opening of the MCI Center at Gallery Place as a home to professional basketball and hockey helped spark the Downtown development boom that we now see evidenced by the many construction cranes in the sky. The new convention center is under construction on-schedule north of Mount Vernon Square; the Carnegie Library is being renovated as a new City Museum of Washington; business improvement districts authorized by the Council are helping the city clean up and provide additional services in commercial areas; and new apartments, condominiums, hotels, restaurants, movie theaters, grocery stores and other retail, arts and entertainment venues are being created or planned not only Downtown but in other neighborhoods as well.

The District government, as you know, has experienced three consecutive years of budget surpluses -- thanks to sacrifices by workers and our citizenry, thanks to management reforms, thanks to a strong national and regional economy, and thanks to the Revitalization legislation that you enacted to relieve the city of several costly state-like functions no other city has to pay for, plus Federal re-assumption of the unfunded pension liability that the Federal government had created and transferred to the city. We also appreciate, Mr. Chairman, your sponsorship of the legislation enacted by the Congress last year to provide District high school graduates with the ability to attend public universities in Maryland and Virginia at in-state tuition rates, plus new financial assistance to the University of the District of Columbia and to students attending private colleges in the District. This will be very helpful to us, and we need to ensure that our students are academically qualified for these higher education opportunities, which I hope we will be able to expand at both the local and Federal levels.

We expect Fiscal Year 2000 to end with a budget surplus for the District government as well, which would trigger the beginning of the end of the Financial Authority pursuant to the

legislation which you were instrumental in enacting five years ago. At this time next year when the audit for FY 2000 is completed, we expect to have worked hard to achieve the statutory requirement of four consecutive balanced or surplus budgets.

We also hope that 2000 will be the year that includes historic steps towards the full realization of American democracy for the residents of the District of Columbia, and that we are finally successful in our longstanding struggle to gain voting representation in the United States Congress. We ask that you give serious consideration to remedying the denial of this fundamental right of citizenship, and that you therefore take a new and positive look at Congresswoman Norton's proposals in this regard, particularly her legislation to provide greater legislative autonomy for the D.C. Council, and also to allow the District's locally raised revenues and expenditures to be excluded from the annual national politics of the Congressional appropriations process.

In closing, let me reiterate some of what I stated to you almost one year ago today. Prior to and since the enactment of the Financial Responsibility and Management Assistance Act, the city has gone through some rocky times, some challenging times, and some creative times. We have recently entered a new era which all of us here at the table recognize is a transitional time. Implicit in the word transition is the concept of rebuilding bridges, of moving towards the day when governance of this city is solely by elected officials who are accountable to the citizenry.

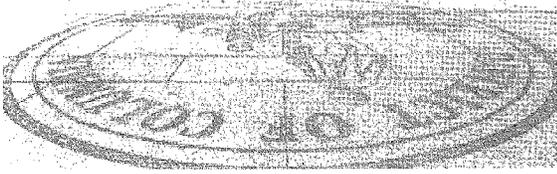
A lot of things still need to be done. But the first and major step of recovery from our financial crisis has been accomplished. Implementation of significant reforms and service delivery improvements are ongoing. And we -- the elected Council and the elected Mayor -- collectively have the vision, commitment and democratic mandate from our citizens to work together and with other stakeholders towards a renewed and revitalized District of Columbia.

Thank you for this opportunity to testify before the Congress, and I am of course available for any questions that you may have.

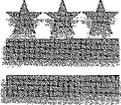
**COUNCIL OF THE DISTRICT OF COLUMBIA**  
*Linda W. Cropp, Chairman*

# Community Building

**And A Government That Works!**



*The Legislative Agenda for  
The Council of the District of Columbia  
Council Period Thirteen*



## Council of the District of Columbia



**Front row:** Phil Mendelson (*At-Large*), Kathleen Patterson (*Ward 3*), Linda W. Cropp (*Chairman*), Jack Evans (*Ward 2*), Kevin Chavous (*Ward 7*).  
**Back row:** Sharon Ambrose (*Ward 6*), Harold Brazil (*At-Large*), Carol Schwartz (*At-Large*), Vincent Orange (*Ward 5*), Charlene Drew Jarvis (*Ward 4*), David Catania (*At-Large*), Sandra Allen (*Ward 8*), Jim Graham (*Ward 1*)

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**Dear Fellow Citizens,**

Since 1975, when the newly elected Council of the District of Columbia assumed its essential role as this jurisdiction's local-state legislature, this body has striven to provide our citizens with an effective, accessible government. Over these past several years, this young government has recognized its boundaries and limitations, its strengths and weaknesses, and its hopes and aspirations. The Council, in tandem with other District elected officials, has served as the voice of the people in establishing and disseminating public policy.

In full recognition of its responsibilities to constantly review and evaluate its productivity and performance, the Council has invested even greater efforts toward oversight, establishing special committees to look into specific need issues, strengthening its work force, and reforming operations and procedures.

We have begun to initiate major revisions to improve our institutional efficiency and effectiveness. Among the Council's reformed operational goals are: an improved process of annual budget review; more thorough and informative District program oversight and evaluation; more effective and timely community notification of impending legislative proposals; and expanded outreach to other elected officials in the District and the metropolitan Washington region.

In this regard, the Council recently convened its annual legislative retreat. The full body came together and defined the overarching issues and themes to be emphasized in the following "Legislative Agenda for Council Period 13." The Councilmembers identified, discussed, and developed thirty-three legislative priorities for the current Council period.

These legislative priorities are the result of a comprehensive, team approach by every member of the Council, in an effort to fully represent the vision, hopes, and aspirations of our members and constituents. Now that there is a consensus around this agenda, as Council Chairman, my goal is to facilitate its approval.

The challenge before us is great, but the Council of the District of Columbia is committed to helping build a government that works. This task will be accomplished by improving service delivery and building our communities. This Council is on the move for the citizens of Washington.

Sincerely,

Linda W. Cropp,  
Chairman, Council of the District of Columbia

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**Goals**

1. Direct job training and welfare-to-work programs toward growth industries
2. Control Medicaid spending and use savings to improve and expand services
3. Expand substance abuse service delivery system
4. Eliminate nuisance properties
5. Implement Council reform
6. Introduce enforceable waste transfer station legislation
7. Assess cost of infrastructure needs and funding priorities
8. Revise Alcohol Beverage Control law
9. Improve public safety by reviewing police staffing and deployment, reviewing use of halfway houses and encouraging emergency response times
10. Enact sentencing reform
11. Oversee plans to build new smart schools
12. Monitor implementation of business regulatory reform and creation of one-stop and on-line services
13. Enact Tax Reform
14. Streamline Tax Code
15. Develop Tax Policy
16. Conduct performance based hearings
17. Ensure effective government and community response to Y2K problems
18. Monitor personnel reform implementation
19. Reform post-87 employee pension plan
20. Strengthen the ANCs
21. Determine status of 40 action items in the District's economic strategic plan
22. Assist in reversing the commute so that District residents connect with suburban job opportunities
23. Stimulate the development of public-private partnerships that connect goals for the hospitality industry with Convention Center planning and tourism
24. Mandate work plan with timelines and accountability to clean the city
25. Expand parking availability
26. Improve service delivery
27. Oversee rapid implementation of the National Capital Revitalization Corporation (NCPC)
28. Enact comprehensive real property management reform
29. Strengthen planning function and coordination with economic development
30. Ensure the financial management system works
31. Integrate the District's technology plan with cable, utility regulation, and tax policies franchise
32. Mandate a District-based special education plan for D.C. Public Schools
33. Develop a plan to modernize facilities & expand recreation programs

## Individual Empowerment

### Education, Employment & Health Care

In the past, District of Columbia social policies focused on providing monetary assistance to needy residents. Today, our policies attempt to view individual needs comprehensively and to provide temporary support until individuals are able to help themselves. With that premise, the Council's social services priorities are directed toward education, employment, and health care.

During the last two years, considerable attention has been given to improving the DC Public Schools System (DCPS). The superintendent, Arlene Ackerman, has the support of the Council in preparing our children to continue their education or enter the workforce. No superintendent can reform our schools alone. Citizens must become an integral part of the change process.

One of the Council's priorities is to establish a State Education Agency independent of other government agencies. The State Education Agency will encompass all state functions of DCPS, and other agencies, that are normally handled by states, such as capital projects, grant-writing, and enrollment audits. The State Education Agency will be headed by a Chancellor of Education who will be under the administration of the Mayor of the District of Columbia.

In addition, the Committee on Education Libraries and Recreation will encourage DCPS to complete the Master Facilities Plan and identify schools for modernization and new schools to be built. Construction and renovation are scheduled to begin in FY 2000. It is anticipated that these schools will be state-of-the-art and will better meet the needs of our students in the 21st Century.

As we continue the movement of our citizens from the Temporary Assistance for Needy Families (TANF) program into meaningful career paths, we must better tailor our job training efforts. As we look at existing employment demands, we must develop programs that ensure our citizens become better skilled and able to obtain employment that makes them truly self-sufficient.



U Street-Cardozo Metro Station and the historic Lincoln Theater, Ward 1

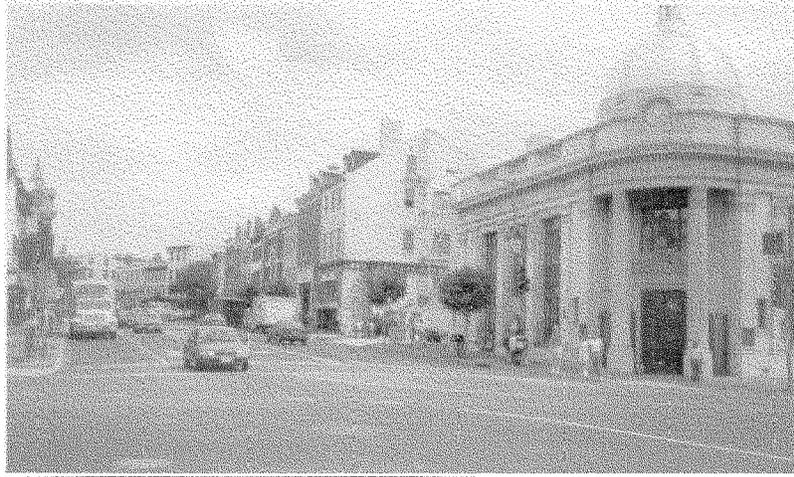
Neither children nor adults can benefit from educational or employment opportunities if they are unhealthy. The District's Medicaid program offers comprehensive health insurance coverage to lower-income residents. An effective approach to cost containment and quality assurance is crucial to meet the growing needs of eligible persons living within the District.

It is also critical in the near term to protect the District of Columbia Health and Hospitals Public Benefit Corporation (PBC) which operates the city's public hospital and health clinics. In the long run, we must persist in ensuring stability in the health care system and also continue to eliminate fraud, waste, abuse, and mismanagement within the Medicaid program.

A health-related problem that touches the lives of so many District residents is substance abuse. The Committee on Human Services has identified as a priority the expansion of assistance and a resulting increase in funding for drug treatment services. This is essential to meet the growing needs of addicted persons within the District of Columbia. It is critical at this time not only to stem the tide of increased drug use by persons 25 years of age and younger, but also to augment and improve the existing programs. Improved quality assurance through post-treatment tracking and other activities would be a part of this endeavor.

## Neighborhood Revitalization

*City Services & Public Safety*



© Georgetown, Ward 2.

The stability of our city is often dependent upon the physical condition of properties in our neighborhoods and perceptions about safety. Broken windows, leaky roofs, overgrown and junk-filled yards, peeling paint, and various health and life safety code violations all combine to impart a lack of concern. Years of disinvestment and abandonment have invited the criminal element to assume residence in certain areas. This is the beginning of a cycle of community degradation.

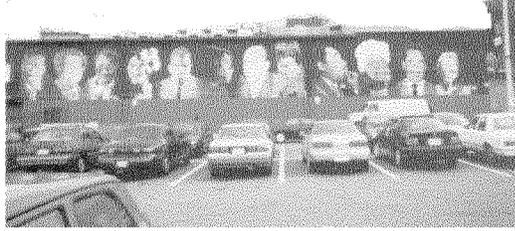
There is a proliferation of properties in poor to deplorable condition. These are in the worst sense of the word "nuisances." Nuisance properties can range from homes with overgrown weeds to the imminent danger to public health posed by drug dealers squatting in abandoned properties that have no water or utilities, or have illegally hot-wired water and utilities.

They may also include community businesses that cater to the criminal market for their financial support. There is an urgent need to revitalize our neighborhoods and the District's building and housing stock as well.

To accomplish this, it is critical that we eliminate nuisance properties throughout the District. The Committee on Consumer and Regulatory Affairs has held hearings and conducted additional research on this subject in an effort to examine potential solutions to this form of urban blight.

Not only is it necessary to properly barricade abandoned properties to prevent trespassers from entering and creating a public hazard, but also it is desirable for the District to create a nuisance property strategy that encourages owners to invest in returning the property to good use.

The committee will be considering legislative remedies including adjusting our condemnation process to reflect best practices in other jurisdictions, and providing tax incentives for property rehabilitation. In addition, the Council must take the lead to eliminate nuisance properties by increasing funding for programs (e.g., Homestead, the Housing Purchase Assistance Program, HOME, etc.) and allowing the Department of Housing and Community Development to sell scattered properties.



● A mural at Minnesota Avenue & Benning Road, Ward 7.

Residents throughout the city also have serious concerns about the effect on neighborhoods of irresponsible Alcohol Beverage Control (ABC) licensees. In many instances the citizens and Advisory Neighborhood Commissions (ANCs) perceive a disconnect between what the residents desire and how the ABC Board is administering the ABC law. In addition, the law, as currently written, is located in both the D.C. Code and the District of Columbia Municipal Regulations.

This leads to confusion in the citizenry of what the rules are for this regulated business and product. The Committee on Consumer and Regulatory Affairs intends to create an ABC task force, hold hearings, and conduct research into the subject so as to draft revised legislation to address many concerns that have already been raised and to make research of the law easier.

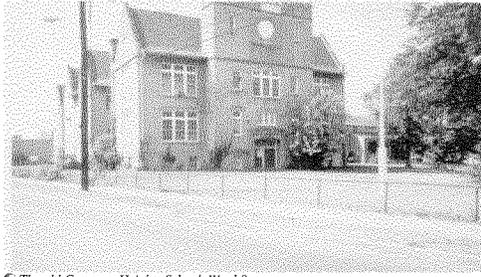
The Council plans to improve public safety by recommending funding for more police officers to the community, decreasing response times and addressing concerns with halfway houses. The Committee on the Judiciary will advocate for an appropriate number of officers to comprise the Metropolitan Police Department.

In addition, the Council will work with the Chief of Police on civilianizing support functions within the police department to free officers for other duties. The community believes that officers

must be visible on the street to deter crime, to respond swiftly, and to assuage citizen's fear of crime.

Recent reports highlighting halfway house escapes also must be addressed. A March 1999 hearing resulted in the suggestion of several administrative proposals, including better coordination between responsible agencies. The Council will encourage the appropriate agencies to implement these administrative remedies. In addition, the Council will consider legislative solutions such as changing the criteria for individuals placed in halfway house settings, reinstating a surety bond requirement, establishing an electronic bracelet program, and other measures.

Finally, the Council will review the parole system. The District of Columbia Advisory Commission on Sentencing is to make recommendations to the Council on policy and legislative changes necessary to move the District to a system of determinate sentencing for all major felony offenses. Currently, the District uses a parole-based system of indeterminate sentencing. By September 30, 1999, the Commission is also required to submit an interim report on current practices in the District. A final report is due April 5, 2000.



● The old Congress Heights School, Ward 8.

## Neighborhood Revitalization

### *A Cleaner City*

A clean city and quality city services will bring economic benefits to our communities and renewed pride to our citizens. If the city is clean and its residents are content, people are more likely to purchase homes here and contribute to our residential tax base. Likewise, new businesses are more likely to locate here and expand our commercial and corporate tax base. And visitors — so vital to our economy — are more likely to return and to tell friends and family that they should plan trips here as well.

Cleaner streets and alleys, well-maintained bridges and roads, vigorous action on rodent abatement, a water supply that meets or exceeds all safety standards, efficient trash collection and recycling efforts, and tree replanting and care are priorities in the Council's efforts to make Washington a truly livable city.

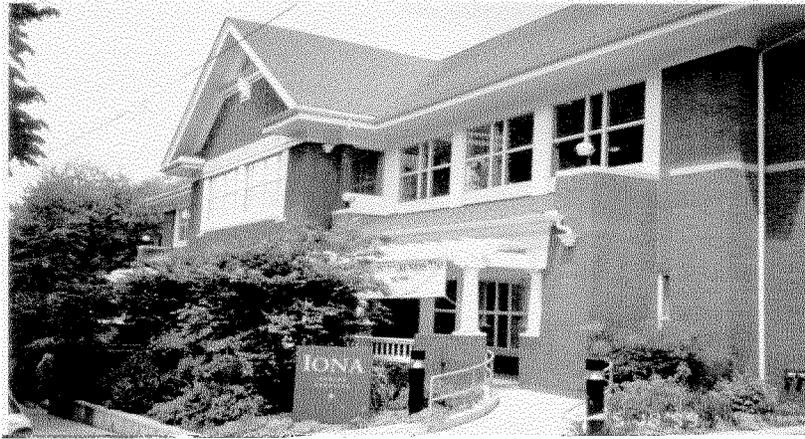
The Council believes that the timely and efficient delivery of services provided by the Department of Public Works is fundamental to the success of the District of Columbia and to the health and well-being of its citizens. The Committee on Public Works and the Environment and the full Council will review, consider, and strengthen laws necessary to ensure service improvements and a cleaner D.C.

The Council is also resolved to settle the city's solid waste transfer issue. Joint oversight hearings between the Committee on Public Works and the Environment, the Committee on Economic Development, and the Committee on Consumer and Regulatory Affairs will be held to determine technological options for solid waste disposal and market alternatives for recyclable materials.

The Council will encourage government-wide participation in recycling and authorize the development of a pro-recycling public information program to encourage public and private recycling. City-wide annual recycling goals will be established.

The Committee on Public Works and the Environment will examine new laws to encourage large-scale efforts to create a cleaner city. This may include establishment of an agency responsible for implementation of all environmental laws and a District of Columbia "Superfund" designed to protect environmental quality and public health.

Additionally, the Council may encourage development of "brownfields" (urban areas that are abandoned or under-utilized because of environmental contamination) through incentives such as tax credits, low-interest loans, or release from liability.

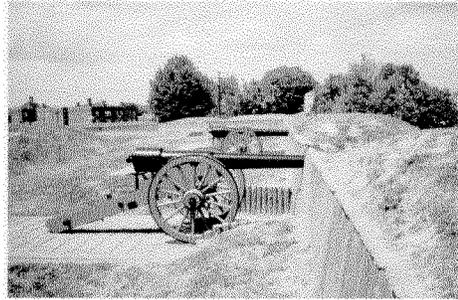


© The IONA Senior Center, Ward 3.

## Economic Stability

### *Economic Development & Taxes*

The strongest peacetime economy of our generation, combined with efforts to enhance the educational levels and work-readiness skills of District residents, strengthens the Council's leadership position to direct job training and welfare-to-work programs to meet the needs of the marketplace. As a result of market analysis and business outreach endeavors conducted by both the Workforce Investment Board and the Washington DC Marketing Center, the Council is better informed to respond to business concerns and decision-making processes that lead to increased hiring and investment in training and retraining District workers.



Fort Stevens, Ward 4.

To complement this information, the Department of Employment Services should be directed to undertake a semiannual sampling survey of six key industry sectors to forecast hiring and investment patterns. Business, Professional, Financial or Association Services; Hospitality; Information Technology & Telecommunications; Universities, Educational or Research Institutions; Biomedical Research or Health Services; and Media & Publications are the District's major industries.

The emergence of telecommunications as a key industry sector in the District is acknowledged as perhaps the most dynamic aspect of doing business today in the nation's capital. Arguably, the District has surpassed New York as the news-gathering center of the world. With the deregulation, merger, and acquisition of major telecommunication companies, the District must examine aspects of this industry sector. (Renewal for 15 years of the District's franchise for cable television affords an opportunity to leverage infrastructure investment from both the public and private sectors).

Conducting oversight hearings regarding this government's telecommunications commitment and potential for economic growth and job opportunities for residents would lead to integration of the District's technology plan with cable, utility regulation, and policy regarding franchise taxes.

The Council will consider retaining outside, independent counsel to advise and assist the Committee on Economic Development in renewal of the cable franchise; establish the Council as franchising authority for Open Video System; and assist the Committee on Consumer and Regulatory Affairs, and the Committee on Finance and Revenue with the analysis of policy regarding franchise taxes.

The Mayor proposes a major reinvestment in the planning functions of the executive branch, along with the start-up of the National Capital Revitalization Corporation (NCPC), which together have major responsibilities for developing a revitalization plan for the entire city. Through appropriation and oversight, the Council must strengthen the planning function and coordinate with the economic development strategy by assisting the Committee of the Whole.

Tax policy can drive the city's future economic growth. It can influence an individual's decision to live in the city, and a business' decision to locate in the city. Creating tax parity with neighboring jurisdictions, coupled with other issues addressed in this agenda, has the potential to increase the District's tax base. Therefore, setting a rational, competitive tax policy is essential. Now that the city is on stable financial footing, it is important to enact tax reform to simplify the tax structure, and to decrease the tax burden on residents and businesses. This process has begun.

On an operational level, the Council must effectively monitor the District's financial situation. The quality of the District's financial reports depends heavily on the success of the new financial management system (SOAR). The Council must conduct periodic hearings to review the implementation of the SOAR system.

## Government Oversight

### Government Oversight & Performance



© Langston Golf Course, Ward 5.

None of the Council's efforts to build a government that works can be accomplished without diligent oversight and monitoring. Each of the Council's standing committees will conduct two rounds of budget hearings, including a round of performance hearings before the Mayor's budget submission to assess agency performance with current budget allocations, using the reports mandated by the Government Managers Accountability Act. The performance hearings will in turn inform the budget hearings held after the Mayor's budget submission and allow the Council to direct resources to those areas where it will have the most impact. The Council used this approach to review the Mayor's FY 2000 budget, which resulted in substantial funding increases for public school reform, neighborhood stabilization, and public works.

Another priority for this year is monitoring the progress of the District's Year 2000 (Y2K) conversion project in all of its aspects: renovation, testing, implementation, and contingency planning for the uninterrupted operation of vital services that depend on information technology systems and embedded microchips.

The Government Operations and Human Services Committees held a joint oversight hearing on Y2K and social welfare programs in February 1999, and the Government Operations and Judiciary Committees held an oversight hearing on Y2K and public safety in June, 1999.

Council Committees plan to hold additional joint oversight hearings on Y2K and to help executive branch officials remove any obstacles to successful completion of the Y2K project. Already, the Council has enacted legislation immunizing the District government from Y2K-related lawsuits — protecting taxpayers from paying twice for the Y2K conversion — and expediting the procurement process for Y2K remediation contracts.

The Council will continue its work on personnel reform to ensure that the District's workforce is well trained, properly supervised and evaluated, and fairly compensated. The D.C. Office of Personnel is now implementing the Omnibus Personnel Reform Act of 1998 by embarking on a review of classification and compensation policies throughout the government and by developing a new performance evaluation system that will be linked to employee salary increases.

The Office of Personnel is also establishing a new Management Supervisory Service for high-level managers who will benefit from higher pay but will have an "at-will" employment status. The Committee on Government Operations will continue monitoring the implementation of personnel reform.

Another major initiative in personnel reform will be the modification of the District's pension plan for employees first hired after September 30, 1987. To date, the investment return of this plan has been subpar, and the Council will work with the executive branch to reflect best pension practices and provide benefits that will attract and retain employees in a partnership between labor and management.

The Council took the first step toward reform of the post-1987 pension plan in June 1999, when it approved a new contract for record keeping, investment management, and trustee services.

## Interjurisdictional Collaboration

### Congress & Neighboring Jurisdictions

Although most jurisdictions review their enabling charters or constitutions at least once every couple of decades, the District of Columbia's Home Rule Charter has not been comprehensively revisited since its original enactment by Congress over 25 years ago.

Although Congress has amended the Charter on an ad hoc basis to address particular issues, locally elected officials and our citizenry have not been meaningfully engaged in a Charter reform process other than the effort during the 1980s to draft a constitution for the proposed state of New Columbia.

As the District government continues its strong recovery from financial crisis and prepares for the return to pre-Financial Authority governance, it is particularly timely to review the structure of our local government as set forth in the Home Rule Charter.

This review will include a locally-initiated examination of the District's municipal, county, and state-like powers and responsibilities to determine whether they are properly allocated and balanced to ensure the most efficient delivery of public services, while maximizing both accountability and democracy in our form of governance.

The Council looks forward to this task and the development of a Home Rule Charter that will take the District of Columbia into the next millennium.

Geography dictates the need for collaboration with Maryland and Virginia. One issue on which all have a vested interest is transportation. As noted elsewhere in

this report, assisting residents in transitioning from welfare to work and boosting our economy are priorities for the District. The dramatic economic growth in the surrounding jurisdictions has created an abundance of opportunities for District residents. As such, it is appropriate to revisit the transportation services, specifically bus routes, currently offered by the Washington Metropolitan Area Transit Authority (WMATA).

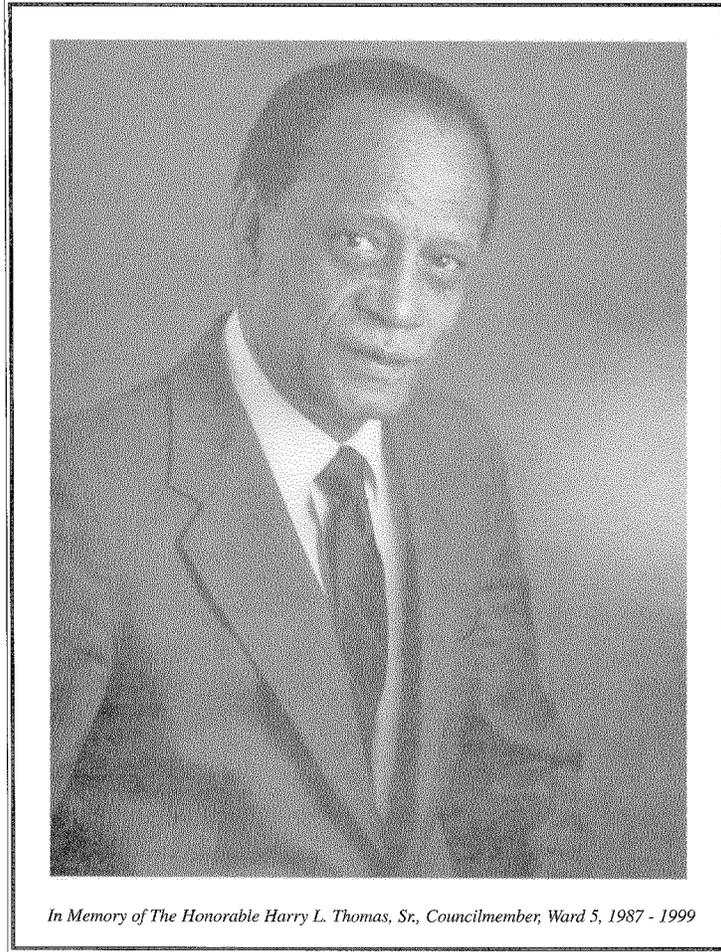
Given the District's high level of unemployment, every effort should be made to connect District residents with job opportunities in the suburbs. The urgency of this subject is intensified due to the impact of recent welfare reform, particularly the federal government's directives limiting the time period for eligibility for benefits.



● The Washington Navy Yard, Ward 6.

## Councilmember/Staff Directory

| Councilmember   | Room | Phone/Fax                        |
|---|------|----------------------------------|
| <b>Chairman Linda W. Cropp</b><br><i>Executive Assistant: William Runsey, Jr.</i><br><i>Chair: Committee of the Whole</i><br><i>Committee Clerk: Christopher Murray</i>                             | 704  | 724-8032<br><i>fax: 724-8085</i> |
| <b>Councilmember Harold Brazil (At-Large)</b><br><i>Executive Assistant: Michael Morgan</i><br><i>Chair: Committee on the Judiciary</i><br><i>Committee Clerk: Jim Abely</i>                        | 701  | 724-8174<br><i>fax: 724-8156</i> |
| <b>Councilmember Carol Schwartz (At-Large)</b><br><i>Executive Assistant: Jacques Rondeau</i><br><i>Chair: Committee on Public Works and the Environment</i><br><i>Committee Clerk: Adam Maier</i>  | 706  | 724-8105<br><i>fax: 724-8071</i> |
| <b>Councilmember David A. Catania (At-Large)</b><br><i>Executive Assistant: Ross Weber</i><br><i>Chair: Committee on Local and Regional Affairs</i><br><i>Committee Clerk: Marc Isser</i>           | 712  | 724-7772<br><i>fax: 724-8087</i> |
| <b>Councilmember Phil Mendelson (At-Large)</b><br><i>Executive Assistant: Chris Weiss</i>   | 720  | 724-8064<br><i>fax: 724-8099</i> |
| <b>Councilmember Jim Graham (Ward 1)</b><br><i>Executive Assistant: Dr. Victoria Williams</i>   | 718  | 724-8181<br><i>fax: 724-8109</i> |
| <b>Councilmember Jack Evans (Ward 2)</b><br><i>Executive Assistant: John Ralls</i><br><i>Chair: Committee on Finance and Revenue</i><br><i>Committee Clerk: Lyle Blanchard</i>                      | 703  | 724-8058<br><i>fax: 724-8023</i> |
| <b>Councilmember Kathleen Patterson (Ward 3)</b><br><i>Executive Assistant: Joanne Ginsberg</i><br><i>Chair: Committee on Government Operations</i><br><i>Committee Clerk: Jason Juffras</i>        | 709  | 724-8062<br><i>fax: 724-8118</i> |
| <b>Chairman Pro Tempore Charlene Drew Jarvis (Ward 4)</b><br><i>Executive Assistant: Audrey Duff</i><br><i>Chair: Committee on Economic Development</i><br><i>Committee Clerk: John McGaw</i>       | 708  | 724-8052<br><i>fax: 724-8120</i> |
| <b>Councilmember Vincent B. Orange, Sr. (Ward 5)</b><br><i>Executive Assistant: Estell Mathis-Lloyd</i>   | 702  | 724-8028<br><i>fax: 724-8054</i> |
| <b>Councilmember Sharon Ambrose (Ward 6)</b><br><i>Executive Assistant: Marge Francese</i><br><i>Chair: Committee on Consumer and Regulatory Affairs</i><br><i>Committee Clerk: Esther Bushman</i>  | 710  | 724-8072<br><i>fax: 724-8054</i> |
| <b>Councilmember Kevin P. Chavous (Ward 7)</b><br><i>Executive Assistant: Denise Reed</i><br><i>Chair: Committee on Education, Libraries and Recreation</i><br><i>Committee Clerk: Adrian Fenty</i> | 705  | 724-8068<br><i>fax: 724-8097</i> |
| <b>Councilmember Sandra "Sandy" Allen (Ward 8)</b><br><i>Executive Assistant: Ron Dennis</i><br><i>Chair: Committee on Human Services</i><br><i>Committee Clerk: Barbara Dunn</i>                   | 707  | 724-8045<br><i>fax: 724-8055</i> |



*In Memory of The Honorable Harry L. Thomas, Sr., Councilmember, Ward 5, 1987 - 1999*

Mr. DAVIS. Thank you. We are going to go right to questions. I am going to start the questioning with our vice chairman, Mrs. Morella. But before I do that, I want to ask one question.

Ms. Cropp, you focused a lot on the economic development, and I think everyone did. Ultimately, that is what is going to be critical for the city, because I think we can get the service delivery and we are moving in the right direction in all of these areas, but if the city does not establish an independent tax base over the long term to sustain it, we have huge problems. There is tremendous opportunity in those areas, whether it is down at the Navy Yard or whether it is at Gallery Place downtown. We are starting to see things moving.

When I get to my round of questions, I want to focus a little bit on some of those strategies, because it is a very competitive market to attract capital in the major cities, and you are competing against a suburban market that is very competitive at this point. But there is a niche there. So we will get into that.

Let me start the questioning if I can with my colleague from Maryland, Mrs. Morella. Let me say that I think we will do 10 minutes, and I will go from you to Ms. Norton and then to myself.

Mrs. MORELLA. Thank you, Mr. Chairman.

I want to thank the three of you for being very honest in your appraisal as you look back and yet applauding yourselves for what has happened with the progress that has been made in the District of Columbia and then looking ahead at what more needs to be done.

A question for the Mayor and anyone else who may want to comment on it is actually related to what I and Congresswoman Norton both referred to in our opening statements, and that is the Mental Retardation and Developmental Disabilities Agency.

I know you took very, very strong action this past week in that regard, essentially firing top personnel and temporarily privatizing the operation. And this resulted no doubt from the deplorable and disgraceful conditions which were allowed to exist, including the documented cases of abuse, deaths, missing records.

I wanted to ask you, where do we go from here? How could this agency have been allowed to function the way it has been? And with regard to that part of the questioning, I guess I would also ask Councilwoman Cropp about what happened to Council oversight of this agency.

Mayor WILLIAMS. Well, let me talk about how we got there and then I'll talk about what we are doing to get out of where we are. I think it is an important question.

When I came into this job, I always believed the key to our success was laying a good foundation; and just as a major part of building a bridge is the foundation, a major part of rebuilding this government is going to be in its foundation. And that is ensuring that we have integrity in our government, that we've got management control in our government, that we manage risk well in our government.

These can sound like arcane technical terms, but they really are, as you're saying, connected to and are synonymous with people not getting good service, renting buildings that are unoccupied, people dying. So we have asked each and every one of our agencies,

through the contracts that we are laying out with each and every one of our agency heads and the evaluation standards for middle managers, to take risk management as one of their top priorities; and we began doing this some months ago, even before this report came to light.

I think a second part of this was alluded to by Congresswoman Norton, and I talked to our inspector general about this, and that is a need to do a systematic auditing, performance auditing, throughout the government so that we have an independent third party evaluating where we are against where we have established a certain standard.

In respect to—and we haven't had this in the past to a level that we should and, frankly, some of the management reform work that was done in DHS didn't pick this up—and I think a fair question to ask is why wasn't it, because there was a thorough review of the management "review" of DHS and did not pick up these problems. And you have got to ask, did you get what you paid for in that connection?

In terms of what we are doing, though, now that we know where we are, what we have done is the following: Recognized that a total rebuild of this system has to take place, but it's not going to be successful unless all the different parties are consulted, all the different parties are briefed, all the different parties feel that they are participating in this, including our labor community, because I think bottom-up action is necessary.

I was criticized early because within days I had not fired two or three people. I think it is easy to satisfy yourself and figure, well, I fired two or three top people, you have solved the problem. You really haven't. And if you haven't done it right, you actually have undermined morale on our management team. I think what you have to do is to look broadly and systematically at the work that needs to be done. And we have done that.

We have done a 30-day report, found these systematic problems on our only self-assessment, and we have done the following. No. 1, bring in a consortium of providers headed up under the Joseph P. Kennedy Institute to manage, short term, this system, the operations of this system, and to see that the services are getting to our disabled citizens. That is No. 1.

No. 2, work with a task force that will work with us in designing a completely new system, new managers. Employees will now compete for jobs in this new system. If they have not succeeded in making it into this new system, we are going to help them with outplacement, severance assistance, we hope relocation within the District government. We are going to be very, very methodical and thoughtful and humane in that. But we really need to rebuild this system.

And also key to this is seeing that, as we rebuild this new system, we not only have new contracts in place, but we have a system of monitoring these contracts. And we are looking to this task force, which includes everyone from HHS to people who are in the community in terms of masters and providers to help us see that that system design works.

So that is a somewhat long, extensive answer. But I think a bottom-up solution was called for, and it was worth the time and worth the method to do it.

Mrs. MORELLA. We would be interested in your keeping us posted in the progress that is made.

Concilwoman Cropp, would you like to comment on that?

Ms. CROPP. I would. There is no doubt that we need better oversight of that whole area. The Council recently, in addition to what the Mayor has done, has passed emergency legislation that would require autopsies on all boards of the city and also requires investigation of every injury of death in mentally retarded and group homes. We join with the Mayor in applauding him with this action that he has taken recently.

I think it also shows what has happened, not as an excuse, but what had happened when that particular area was totally decimated recently, somewhat of funding, that there was a huge, huge cut of more than \$100 million over a very short period of time. It is not as an excuse, but perhaps when you see large cuts happening to any particular area, maybe the onus is on us to more vigorously do oversight to see what impact that type of cut will have from it.

So throughout that process, we have learned that we need to probably take a better approach and a different approach in it.

Mrs. MORELLA. So we have learned the hard way?

Ms. CROPP. Unfortunately, yes.

Mrs. MORELLA. And the way to go.

I and this committee are very interested in not only watching what happens but being willing to help you. If you need any help, let us know.

Mayor Williams, I would like to pick up again on an issue that I raised in my opening statement, and that is the tendency for racial profiling with the taxis. Does that mean that if you are not white and you are black you have to have a three-piece suit on and look like you do with a bow tie, and look so good, in order to hail a cab or not be rejected?

I have actually heard this from other people, too, not only the Washington Post, but I have heard it from people and I know that they have a tough time getting a cab.

Mayor WILLIAMS. Racial profiling is inexcusable, and I can actually say in truth that I have been in cities with my bow tie and have not been able to find a cab. So—I'm a student of Harvard and Yale and I can't get a cab, so everybody is exposed to racial profiling. And that is why I find the remarks of the Commissioner there, I think she has done a good job otherwise, but I think these remarks are inexcusable and unfortunate and they do not reflect the policy of this administration.

I think there are problems here with our cab industry that are going to take some real leadership. We are not going to address the problems in our cab industry based on trying to ferret out, or fathom through ESP or otherwise, some kind of emerging bubbling consensus, because there really isn't. They are so divided on everything. The cab industry is divided. Our cabbies are divided on medallions, permitting, licensing, separators in the car.

After one incident, I told our cabbies we need separators in the car. This is being done in every city and it protects you. And one

cabbie said, well, this is going to interfere with the ambiance of the cab.

So I think we are going to need, all of us as elected officials, to step up and just say, this is how it is going to be done, because I think trying to wait for consensus in the cabbie community is not going to happen. And we are going to need locator devices. I think we need separator devices. I think again we need to get at the deep-seated issues with our cabbies, work with them on the economics of our cab industry so that they're getting the capital, they're getting the assistance to build a first-rate cab fleet, which we don't have.

Mrs. MORELLA. Will you be doing that and the Council also doing that?

Ms. CROPP. Yes, we will be working with the Mayor to take a holistic and comprehensive approach to the taxicab industry. Of course, that type of profiling cannot be tolerated nor encouraged. But quite frankly, if you talk to citizens of the District of Columbia, you could have a three-piece suit on and anything else, and if you are going to certain sections of the city, certain cab drivers won't even take you there and even anywhere. So we need to discourage that totally.

But while we are looking at that and must not tolerate that, I think the other side of the coin is that we need to look at approaches that we can help protect the safety of our cab drivers. And perhaps it is some of the things that the Mayor has said, looking at whether or not they have partitions from the front or back. There are other ways that we need to look at it, and it is a serious concern for taxicab drivers. But while doing that, we must ensure that all citizens can get into a cab, have the ability to go wherever they need to go.

Mrs. MORELLA. I thank you.

Sorry, Dr. Rivlin, I did not have a chance to ask you whether or not the Mayor had consulted with you on the performance plan.

Ms. RIVLIN. The Mayor does a lot of consulting with us.

Mr. DAVIS. Ms. Norton.

Ms. NORTON. Thank you, Mr. Chairman.

Mayor Williams, there were reports earlier this week of a possible strike by non-teaching school personnel. Could you give us a status report on that matter?

Ms. RIVLIN. Well, there's active negotiation going on at the moment. I don't know that I could bring you up to date on the exact status.

Ms. NORTON. But you do not expect a strike anytime soon?

Mayor WILLIAMS. We are hoping there won't be a strike. And I was referring to Alice because I know that Connie Newman, who is taking the lead on education issues at the board along with Arlene Ackerman, has been actively working with the unions to try to resolve this.

Ms. NORTON. That matter raises larger questions that I know have been at the forefront of your thinking and goals, Mayor Williams, and that is to get a hold of labor relations, a key, of course, to assuring long-term stability in the city and reform of the government itself.

You were left, of course, with a system that was very piecemeal, not your own creation, but something that frankly comes out of years of the way labor relations have developed, kind of, on their own motion in the District of Columbia, so that you have some who had negotiated for bonuses, others who had not.

I wonder if you could give us any idea of how you intend to draw together, into one cohesive system, labor relations in the city and how you intend to keep this piecemeal approach, which is broken out in the school system, from repeating itself in other parts, from other personnel in the government.

Mayor WILLIAMS. Well, I think we need a global labor strategy. And for the agencies under my purview, we have—we have retained on a pro bono basis a lead negotiator; and we are working hard with the labor community to see that we have a first-rate labor liaison and office of negotiation that can work these issues, chief among them over time, I think, trying to reduce the number of bargaining units, which makes life hard in terms of negotiation and makes life hard in everything from paying payroll and everything else; and trying to see whether we can do that, trying to work with the schools and our independent agencies and their labor situations.

Independent agencies, we meet regularly with the boards and commissions I think for the first time in a long time to try to bring our boards and commissions more in line with what we are doing in the regular executive branch of government.

So, for example, we bring together the boards and commissions in the economic area, boards and commissions in the children and families area and some other issues—we try to get coordination on is labor.

Ms. NORTON. I really don't understand this difference between boards and commissions and the way in which you are talking in any other part of the government.

Mayor WILLIAMS. Well, you've got WASA for example. They have got labor issues over at WASA. I don't have direct control.

Ms. NORTON. But most commissions, even though they are independent, would not, in fact, be beyond your purview in this regard, would they?

The one thing I really do not understand, and maybe legislation is required, we keep hearing from mayors, well, you know, these are independent agencies. You take a position with respect to the School Board, OK, this really ought to be under one person. I mean, is there something about boards and commissions that makes labor relations or other parts of the District of Columbia not hold together or hang together, and does it require congressional legislation or legislation from the Council itself?

What is the difference between—I can understand WASA, which also has some input from the region, but most of these so-called independent agencies are under—somehow or the other under the D.C. government—and I do not understand the difference between them or your control and the Council's control over them and control over so-called mayoral agencies. And if there is a difference that goes to better management in the D.C. government, then I think that should be brought out and it should be dealt with either by the Council or, if it is a charter change, by us.

Mayor WILLIAMS. To answer the question the best way I can, I don't have direct operational control over D.C. General Hospital or—

Ms. NORTON. How about the lottery?

Mayor WILLIAMS. Well, the lottery, I don't either because the lottery right now is under the independent CFO. So it is a matter of persuasion. It is a matter of getting the right people appointed to these boards like UDC and D.C. General or WASA. But I don't have direct operational control.

Ms. NORTON. Have you looked to see whether that is the way other cities do it or whether that is the best operation? I just do not know. I do not know how they got set up that way. I do not know if it is the best way to do it. I do not know if it is different from other cities.

All I know is that if the Congress is told, I'm sorry, this is an independent agency, that invites the Congress to get into it. So I would like to know how these independent agencies ought to relate to the central government so that we can all work together to do something about it.

Ms. RIVLIN. Well, you are raising a very good issue. And there are really several issues here. One is the independent agency. And we just talked about one. We talked about the school system and that the school system does not report to the Mayor. At the moment, it reports ultimately to the Authority, which is why the Mayor turned to me for the answer on the question of exactly what is going on in these labor negotiations. So it is a complicated situation.

Even within the agencies that report to the Mayor, there are an enormous number of bargaining units, and we have all talked about working together to sort of formulate a strategy with the unions as to how to reduce the number of bargaining units to get a common labor policy across the city as a whole.

Ms. NORTON. I would just ask the Control Board, the Council, and the Mayor to look at the independent agencies to see whether to effect the kind of streamlined government and financially efficient government you are after before changes of any kind are made.

Dr. Rivlin, I recall that last year you had a different view on the tax cuts as originally proposed by the Council. If I recall, you and the Mayor both had different views based on your long-term judgment of the D.C. Economy. I would like to ask you if you think that there should be tax cuts yet again this year within the District?

Ms. RIVLIN. We are just starting into the process of looking at the revenue forecast and the spending forecast for the next year and going forward.

Personally, I think the District is in a situation in which further cutting of taxes, although I can understand why one might want to, is a risky thing to do in view of the needs for improving services and the fact that we can't be sure that the revenue flow into the District, which has been very satisfyingly high in the last couple of years, will continue, especially if we have a downturn or even a leveling out of the rapid growth of the regional economy.

The District treasury has benefited from the same thing the Federal treasury has. Everybody is earning a lot of money and capital

gains are going up, and that is very beneficial to all governments that tax income and capital gains. But it may not continue forever, which is why this important focus on economic development and growing the population must happen.

And I personally would be nervous about any further tax cuts, in fact—tax restructuring is another question—but net cuts until we get on a firmer financial basis going forward.

Ms. NORTON. Until it is assured that more revenue coming into the District.

Ms. RIVLIN. Yeah, until we can form the tax base.

Mr. DAVIS. Dr. Rivlin, as I understand your answer, you are against revenue cuts, it is not the tax cuts per se. If a tax cut could produce more revenue, you would not have any aversion, but it is the revenue cuts you are concerned with.

Ms. RIVLIN. That's correct, Mr. Chairman. But there are often revenue—those who favor tax cuts often have very optimistic views about—

Mr. DAVIS. I do not want to get into scoring. But, for example, the first-time homebuyer's tax cut did not come out of city revenue. That is a tax cut that has probably done more to build the tax base.

Ms. RIVLIN. Oh, yes. That is terrific. My son just bought a house.

Mr. DAVIS. I hear Michael Jordan is buying one, too. I am sure with that tax benefit he can use that, too.

Ms. NORTON. Thank you, Mr. Chairman. I know the chairman will work with me as I try to get more tax cuts of that kind that do not cost the District anything.

Chairwoman Cropp, I want to give you an early warning because I expect Senator Durbin is going to be back. With my \$5,000 first-time homebuyer's tax cut, an independent study was done that showed the nexus between that tax cut. Of course, that tax cut is the kind of cut that you would expect the nexus to be rather clear: Here is \$5,000, come live in the District. And of course, that levels the playing field when it is very difficult otherwise to do so.

There was a lot of skepticism as to whether or not a small income tax cut would have that effect, not because of the District, but because historically that has been very difficult to show.

Now, Senator Durbin, who is a strong proponent of home rule, was so disturbed at the notion that the first thing that the Council would do was to cut taxes—he got close to—to his credit he did not do it—he got close to trying to intervene in the District, itself. That is just how risky he thought it would be. Instead, what he did was to pull back and indicate that the District should, and I am sure he will raise it during the appropriation period—during the next period, track and be able to show what kinds of results it is beginning to get from the Tax Parity Act.

I say this to you, because it is going to happen, and ask whether or not any attempt is being made to see whether some independent source can look at the tax cuts to see what effect they had, and I would like to know what was the average amount of that tax cut for the average D.C. resident.

Ms. CROPP. Well, let me just remind you that with the Tax Parity Act, the initial set of cuts had nothing to do with the income tax. In fact, we won't know that and won't even have an idea of

that for several years out. That wouldn't happen until year 3 of the plan.

Ms. NORTON. So when is the first year that residents will see any reduction in their own taxes paid to the D.C. government from whatever source?

Ms. CROPP. I believe the first year would be the year 2001; 2001 is the first year.

Ms. NORTON. Will it be an income tax?

Ms. CROPP. Yes, that's correct.

Ms. NORTON. What will be the average amount of that income tax reduction?

Ms. CROPP. I would submit this to you: The year 2003, it comes down to 9.3—it comes down to 9 percent from 9.975 percent in the year 2002. So for the income tax piece it will not see it actually until the year 2003.

We have realized, very clearly, that we could not make a tax cut, income tax cut, in the first year, and in fact, that was part of the compromise in order for us to do it in out-years to give us an opportunity for stabilization. And also the tax cut is built upon a certain amount of revenues being there. If, in fact, the dollars are not there, there is a safety valve in that.

There is a very clear safety valve. The Council, in initiating tax cuts, we did not want to do anything that would destabilize the financial picture of the District of Columbia at all. We have worked very hard to stabilize it. So the tax cut is very small, a very small tax cut for our citizens. While we were doing tax cuts for businesses, it was strongly felt that the individual citizen and resident also needed to see something. We needed to have an opportunity to see what we could do to expand our population, and we felt that would happen. But if, in fact, through a formula we do not have the dollars there, then the tax cut would not occur.

We were talking about an awful lot of dollars, surpluses, in the District government; and this tax cut was based on that. The initial tax cuts were for businesses and efforts to try to make sure that we encourage economic growth on that side. But we officially believe that we need to also encourage economic growth on the side of our residents.

Ms. NORTON. Thank you very much.

The dilemma is inherent in how you have expressed your answer. They had to be small, and so the question becomes, can a small tax cut have the effect that was trumpeted, namely, of bringing people into the District. It has got to be small because of the revenue problems of the District; and yet, the smaller it is the less the trumpeted effect that somehow people, on the basis of a small amount of money, are going to decide to move to the District rather than someplace else.

All I ask, because I have no judgment and think that is a matter of data—and I appreciate that the Council did, in fact, try to reflect the revenue problems of the District. But I do say that whatever you can say when you testify before the Senate Appropriations Committee should bear in mind that you need to have in place something that objectively tracks the effect here, because Senator Durbin spent the major part—this is a man who helped us enormously on tuition access, but spent the major part of the rest of

the time voting against our appropriation in subcommittee because of this tax cut. And this is a Democrat who very strongly supports us on home rule.

The best thing you could have is the kind of evidence that indicates that no harm is done, even if somehow the tax cut has not performed miracles. I do not think anybody expected that.

Ms. CROPP. But keep in mind that there is no way to track that for this year's budget.

Ms. NORTON. All I say is this: The man said "track it." If you cannot track it yet, come in with an indication of why you cannot, when you are going to begin and what your methodology will be, or I will have problems up here dealing with a Democrat in the House. And I do not need the kind of problems I had with Senator Durbin last time.

Ms. CROPP. Fair enough.

Mr. DAVIS. We will do another round. Let me start with the Mayor and then ask for comments.

We talked before about the tax base and about how it is coming back. And you talked about the 2,000 additional homes. We are opening facilities that were being closed before. It is moving in the right direction—there is no question about it—that needs to continue. The regional growth has been phenomenal. The city is starting to share in that.

Can you share with us a little bit of your vision? And I know that when a company makes a decision to open a branch office or headquarters somewhere they are making a very competitive decision about what it is going to cost them, how efficient they can be. You understand this and we have had some conversations.

Give me a little bit of your vision if you can and so forth where you think you are going, what we need to do better, how we can help you from a congressional point of view. And then I would like to hear from Dr. Rivlin and Chairman Cropp.

Mayor WILLIAMS. Just in general, I think we create the background conditions in terms of tax incentives for our businesses, and we have a range of employee tax incentives, capital tax incentives, including in areas of our city no Federal capital gains with certain provisions, improving public safety in these capital communities where crime has gone down now for the last 2 or 3 months in these areas where we have concentrated our activity. All these things, better public service, creating the background conditions.

A question of marketing. I am the first Mayor to have gone to Las Vegas to, it was actually to a convention, it was to the International Convention of Shopping Centers. And I was out there talking with all the shopping centers from around the country about Anacostia. And we are now in negotiations with some major retailers about locating in the District. We are very proud of that.

I recognize that and I have talked to the folks here on the panel and with you, as well, that this boom isn't going to last forever and we have to make the transition from a retail tourist service economy to try to do a better job with health technology and technology per se. And we have begun a series of discussions with the major industry leaders in technology in our region about directly and personally what it will take to create conditions here, whether we will make some investments.

So, for example, if AOL is going to be locating a data center, I think they are going to be putting a data center in Manassas, we want them to be thinking about the District. If you are making a major location decision, we want to ask you, what does it take to locate here in the District of Columbia?

We have made a major effort to work with folks such as Fannie Mae to move the District ahead in housing, putting together the financing tools, putting together the technical assistance, so that over the next couple of years, I believe we can be one of the top cities in the country in housing. And why I think that is important is because I think it is important for us to talk about not only attracting retail investment or business investment, but how do we attract residents. And that gets me to my final point.

I think a big part of our neighborhood development efforts has to be reform in our schools so that we can target the reform efforts in our schools in a way that parallels and aligns and complements what we are doing in our neighborhoods. We have a HOPE VI grant from the Federal Government, working with the private sector, Federal and city council, with Douglas and Stanton dwellings. And all of us, and Eleanor, were there and we announced this major grant, some \$50 million.

We have got to make sure that the schools in that area are also on a reform track so that we are leveraging effort. And right now that is problematic. Linda talked about the governance discussion that is going on. If we don't get the governance question resolved and really focus that effort down in the neighborhood schools, we really are in the long run impairing the ability of this city to really attract the residents that we need.

Because I think are you seeing cities around the country right now that are attracting single couples, that are attracting gay couples, that are attracting couples that are retired, they have raised their kids and they now want to come to the city. We need to attract now families with children who have confidence in our schools.

Ms. RIVLIN. I agree with all of that very strongly. I think it takes a very coordinated effort from marketing to taxes to improving services, especially schools.

Let me mention just one other thing that the Mayor has focused on but did not mention, namely regulatory reform and improving, which the Control Board took the lead on. In working with the Council, we have had considerable simplification and streamlining of regulations in the District, and I think that we can go further. But the other is the permitting and issuing of various kinds of permits that you need to do something.

The District had a very bad reputation. Business people would say, well, all right, even if I decide to locate here, it's such a terrible hassle. I can't build anything. I can't get permission to do this or that.

I think we've turned that around in quite a dramatic way and the District may end up being thought of as a really good place to start your business from that point of view.

Mr. DAVIS. Thank you.

Chairman Cropp, you brought this up as a big part of your testimony.

Ms. CROPP. Well, it really is a major component of the District's continued health. I think one thing that is happening that is quite different is the Mayor's new team that he has put together to help this, and that is with the deputy mayor for Economic Development and Planning.

For the first time in a long time, the District really has a planning director that can look at not only what is happening downtown but also look at what is happening in our neighborhood. There is a combined focus from the Mayor and the Council on neighborhood revitalization.

It was really heartening for the Council to hear from the deputy mayor for Economic Development that we are going to look at really trying to bring businesses into the community, we are going to look, we are going to have a team together to be aware businesses are talking about leaving the District, to see how we can encourage them to stay there.

One other thing that is happening in the sector outside of the District and that I think is equally as important and that is from the CDCs and the nonprofit housing group. They have recently merged and that merger I think really will be important for neighborhood development to bring in small businesses in the neighborhoods and where you also will see the nonprofit housing group building, restoring housing to encourage our neighborhoods to come in.

So an awful lot is going in that direction and I think it is positive, and I agree with what the Mayor and Alice Rivlin have said.

Mr. DAVIS. I think from the city's perspective it is obvious why you would want this development to come in—tax base, employment opportunities, what it does for the charities, all of those things. But from a suburban perspective, it is important as well.

Let me just tell you why. First of all, if you argue against the commuter tax, we ought to be doing everything we can to make sure you have your own tax base. That takes those kind of issues away when we reach in together.

Second, we talk about our traffic problems in the suburbs. We have an infrastructure to get people into the city and we have people living in the suburbs who, frankly, if they live in the city where we have mass transit available, it makes the whole system run a lot more efficiently instead of the kind of sprawl that we have gotten.

For a lot of reasons, there is an infrastructure in the city that will support more people that is not existing in the suburbs and frankly strains our resources and adds to the traffic.

And finally, you cannot have a society where you have half very wealthy and affluent and thriving and a core there that is not going anywhere. It just does not work that way.

I think the thing that has made me the proudest of sitting here for 5 years and watching the city is not the fact that it is fiscally better off and they are delivering services, but the fact that you are starting to see a tax base come up. This is not a zero sum game. This is not you are taking it from the suburbs and moving it to the city. The whole region benefits when these things happen.

I think a lot of the rhetoric that we heard originally, where you would have one jurisdiction against another, has now dissipated,

and I think everyone has come to the understanding that a strong city makes for a stronger regional climate, a suburban climate. And frankly, having our kids come down here, now you do not worry about it on a Saturday night if they are coming down to the MCI Center. It is the way it was when I was in high school. And there is a long way to go, but I think we're going in the right direction. And you have kind of articulated the vision where you want to go, and we want to make sure you have the tools to go about it and continue to do that.

Ms. CROPP. One thing, Mr. Chairman, I would like to put on the record—and the Mayor speaks of this frequently and he may be able to help me out here—is the housing market in ward 8. They are developing more housing in the ward 8 community than in any other area.

Mr. DAVIS. He noted that in his testimony, 2,000 houses I think he talked about.

Ms. CROPP. And that is a big statement. Wards 7 and 8, if you look at the past two decades, that's where you have seen our largest exodus of our population. And we do see that turnaround as a big statement.

Mr. DAVIS. It is also important that we make these developments work. The worst thing that would happen is to build these developments and have them not continue to sell and the resales and everything else. So we all have an interest in making sure that these developments work, and that will attract more capital.

Mayor WILLIAMS. I was going to say because, Mr. Chairman, the housing market now in the District is so, so strong, we are trying to seize this opportunity over the next couple of years while it is strong to really make an impact on housing.

We committed one of our short-term goals to take 200 units of abandoned housing and turn them into homeownership. We had a housing lottery. I think we had 6,000 people waiting to get a shot at owning one of these homes. That is how strong the market is. We need to take advantage of it.

Mr. DAVIS. I have got a whole series of more questions, but my 10 minutes are up and I am now going to recognize Ms. Norton for some more questioning.

Ms. NORTON. Thank you, Mr. Chairman.

I would like to ask a question about a provision that we, the chairman and I, enacted or passed, actually, as a makeshift measure before the Control Board had an opportunity to get a hold of contracts; and that is the million dollar review by the Council.

We recognize that that is perhaps unique in American government. And the only reason that we included that, it may have passed at the time of the Control Board statute, was because there had been such overspending, there was no Control Board, we kind of looked for somebody else to look at contracts.

Now, I note that we have had to exclude the Water and Sewer Authority, and should have. It was the right thing to do. We excluded the Convention Center because we wanted to make sure that that happened. After the highway money came through, money for which I worked very hard, working with the Council, we got it kind of passed through, whereby you did not have to go through all of the paces.

Far too late, the city recognized, in my judgment because it only put more pressure on the technology people in Y2K, that they should, in fact, not go through these paces here. I want just to say to you, we did not do it because we thought it was anything but a makeshift way to get at contract and procurement problems while you were getting your act together.

My inclination, since it was we who did it and it does not raise a home rule issue, since no government has it, since it adds to the bureaucracy, since we have other ways in place even after the Control Board leaves to, in fact, assure competitive contracting—my inclination would be to say it ought to go. I would like your own opinion on whether or not this unique way to control contracts is necessary or whether it may indeed at another time perhaps with a different council have the exact opposite effect, and that is to say “politicize contracts.”

Ms. CROPP. Well, I think that we need to probably review that. It's a good issue that you bring up. We needed to be able to move quickly with regard to Y2K. At this point I do think that we need to slow down that pace and look at it more carefully.

The whole contracting process, though, we need to make sure that we do streamline it in a way that it does not prevent us from being able to enact on different things outside of those areas that you talked about. And that was part of what we did in the Appropriations Act last year, we looked at the contracting piece. And I think we need to continue to review it.

We may not need to exempt an awful lot of agencies or different programs from it, but we do need to continue to be vigilant as to an approach that we can speed it. The Mayor and the Council, we have initiated a new process where we do summaries at the Council. That has made us move quicker. We need to just review it and continue to watch and see if there are other areas in which we can make it speedy, but at the same time with due diligence with regard to the contracting process.

Ms. NORTON. Do you think this process is necessary to control contracts at procurement in the District of Columbia, each of you?

Ms. RIVLIN. Well, the current process doesn't involve the Control Board. We were reviewing contracts over a million of the District. We have turned that power back when we did the memorandum of understanding to the Mayor.

Mayor WILLIAMS. I think that for contracts under a million dollars the best role for the Council in terms of oversight is to take a performance management approach and spend a lot of time asking as programs are being developed, and then retrospectively as they are being executed, kind of on a diagnostic basis, are we getting what we paid for and spending oversight there as opposed to on a transactional basis, where I think the temptation arises and where sometimes you see, not just with our council but with legislatures in general, excepting present company I guess, a legislature would have a tendency to become a contracts appeals board. And you have seen in our city just contracts endlessly delayed while people jockey the different players against one another.

So what I would like to see is a process where we could work with a relevant committee chair, design a program, work with that committee chair where we can design a contract over \$1 million

and then have the kind of summary review that Linda is talking about, but then understand that we are going to have some intensive scrutiny and review, and I welcome that from the Council, in terms of what did we get in terms of performance from the contract?

Because, you know, we spend an enormous amount of time talking about the performance of our employees. We need to spend a lot of time talking about the performance of our contractors.

Ms. NORTON. I could not agree more on that score. I must say that that has been one of the huge failings of the D.C. government. You got a contract, you kept getting the contract, it did not matter how you did on the contract. This is where the oversight is, of course, particularly needed; and I know that is where the Council and the Mayor are beginning to do it.

I would like finally to ask you a question about the procurement system, period. I know that the Control Board and the city have been working to improve procurement ever since the Control Board was set up. I have to tell you, the impression is still left with me that our procurement system is far more cumbersome than others in the region, that it takes far longer to order almost everything that it does for other systems in the region. Am I wrong?

I get that impression on an ad hoc basis when specific things come to my attention. But it is not my impression that as improved as the procurement system is, if you laid it alongside the other systems in the region, that it would be as efficient as those systems.

I am told, we have to wait because we are waiting for the time period for this contract to come in or for the RPF to come in. I still hear those kinds of things. I am simply trying to get to the bottom of what it would take to get a procurement system like Virginia's, you know, 45 days or whatever it is, out on the street, or you need to order some books and you get them within 30 days. Or maybe I am wrong, since I am, in fact, reacting to ad hoc information.

Mayor WILLIAMS. Well, we were talking about, to speak of economic development and to quote Michael Jordan, who is actually in and of himself a major economic development coup for the city, I was listening to him talking about the team, and I really could imagine one of us talking about agency management because he was talking about accountability; and people need to like, you know, perform for the dollar that they are getting and this and that. He was saying that, you know, it took the Chicago Bulls several years to get up to speed. And I use that by way of analogy because I think Elliott Branch, whom we brought in as our new procurement director, was head of procurement for the entire U.S. Navy, so he has dealt with very, very sophisticated and complicated procurements and he understands, working with Steve Kilman in performance contracting.

Two things I think are very becoming about Elliott's approach and I think are going to redound to our benefit and cut down procurement times. One is, Elliott understands intuitively that we need to spend much more time internally on our multimillion dollar contracts and much less time on the contracts under \$25,000. And he is pursuing and is launching a small purchase card so that we are spending our time and effort where we need to spend our time and effort, because right now we are spending an enormous

amount of time and effort on small purchases and we are letting by the major traffic in terms of dollar volumes. That is completely backward.

Second, you know, as long as you have been here, we have all heard people talking about improving the procurement work force and really haven't seen a lot to show for it. Elliott came in, he briefed the accounts and the Control Board on his program for setting standards, tough standards, and providing the requisite training for his people to give them a chance to meet those standards in the procurement work force in the District government. We haven't had that before and I think that is going to bring the efficiencies and the economies that you've talked about, because when it comes to licensing and permitting, Alice is right, we've made a lot of progress in the District government with business, but if it still takes too long to get a contract that is related to sliding that business in the District, we're behind the eight ball.

Ms. NORTON. Ms. Rivlin, did you have anything you wanted to say, since I know the Control Board has spent a lot of time on the procurement system, in particular?

Ms. RIVLIN. We have. And I would second what the Mayor said. I have a lot of confidence in Elliott Branch. And he is working very hard to improve the system, and I think we are going to see it fairly soon.

Mr. DAVIS. Thank you. Let me just ask a few questions.

We are all aware of the horrible tragedy that resulted with the death of 2-year-old Brianna Blackman. I think that was widely covered. I understand the District's foster care program is under receivership and that the courts have jurisdiction. But I think there has to be closer coordination between the receiver and the District government.

The toddler, of course, had been in a foster care home and was killed by a blow to the head at the home of her biological mother during a 2-week return to the home by order of a local judge. There was no court hearing. The judge apparently never saw the report from Child and Family Services recommending the child not be sent back to the mother. Obviously, something went terribly wrong in this case. This is something that we do not ever want to see repeated in this city.

What are we doing about it? And overall, is the District's foster care program better off now than it was before the receivership?

Let me start with the Mayor, and I will let you talk and then get any comments from anyone else on this.

Mayor WILLIAMS. I would say that one of the biggest problems is, I cannot really confidently or reliably tell you whether we are better off or not, because we don't really have any system of measuring, of knowing whether we are better off or not. And I think it's really incumbent on us as our first order of business with Grace Lewis who we brought in. Grace has got experience working with a receivership up in Baltimore, working with a receivership here. She was got actual hands-on experience working as a master in receivership situations to work with the mental health receivership, work with the child and family services receivership, to put us on a 2-year track to get out of those receiverships. And the way we want to do that is to try to sit down with the masters, sit down

with the judge and agree on a set of standards that we have got to meet and we have got to fulfill and we've got to satisfy, and resource in order to get out of that arrangement. And I think setting that standard will allow us to say what we are actually accomplishing.

I actually find it horrifying that I really can't tell you—I really can't tell you whether we are better off or not. I know that we have got overspending. And I thought the whole purpose of this exercise was to reduce the amount of overspending. I know we have parents who are criticizing us because they are not getting paid, because the adults in all these different jurisdictions cannot bring things together.

I think the answer is trying to, with this liaison, agreeing on some set of standards with a judge. I think—as CFO, I often thought that maybe the answer was some kind of legislation, because the Congress put in place a Control Board to manage better the District government while at the same time you had a number of judges acting on a statutory basis in a receivership situation trying to do the same thing; and everybody is working at cross-purposes.

Mr. DAVIS. Maybe we ought to let the GAO come in here and play referee and give us some data, and maybe we will go in a different direction. This case, I know broke everybody's heart who read about it. And this kind of thing should never happen. I appreciate your candor in terms of how you deal with it. And maybe we need somebody to come in and do an analysis that does not have an ax to grind in this. And GAO would fit the bill and tell us what still is not working well and how it is working.

Mayor WILLIAMS. I think that would be useful actually.

Ms. RIVLIN. At this stage, I am not sure we need another outside player. Because I think the Mayor has taken the steps to bring everybody together.

Judges do not want to run these agencies, really. And the receiver in this particular case has been struggling. But I don't think it's clear that the services are much better than they were.

But I think we now have a mechanism for bringing everybody together and trying to get some standards and some measurable outcomes and then going to the judge and saying, look, this is what the city is able to do and it may be time to end the receivership.

Mr. DAVIS. I do not know. I mean, just when you see a case like this, this should not happen anywhere. It should not happen anywhere. And this is not the first time that we have been on report here that things have not been going so well.

We will look at it. We are not trying to add another element, but we would like somebody to come in and honestly call balls and strikes, and that is what the GAO does on these issues.

Ms. RIVLIN. The GAO would come in and tell you things aren't going well, I'm pretty sure. Whether they are the right people to bring the parties together to do that—

Mr. DAVIS. We may end up working with you to do that at the end of it. But if we could just get more ammunition to change the status quo that right now we are kind of mired in how you get out of this. But I appreciate your comments.

Ms. CROPP. I agree with a lot of what Dr. Rivlin is saying. But I would like to just add, part of the biggest problem was that the District was not provided the appropriate level of service that was needed. That is how we got into it with the receivership.

What the Mayor suggested is, we need to find out what the standards are and then demonstrate our capacity to do it. I think it would be much better for us to get out from under the receivership for things to come under the Mayor.

Part of the other problem that the District had was, for the past decade or two, the District was overly ambitious in what it said it could do. We were the only city, for example, that required that our social workers had to have a master's degree. Therefore, we did not have enough social workers; and that helped to lead us into that problem. We got to a point where we said that foster care homes, that a home could not have more than four or five children in one home. Well, if a foster parent had demonstrated that they had the capacity and the ability to do that, why wouldn't we allow that to happen and keep families, keep siblings together?

So we need to have the ability to be able to change some of those things that the District had agreed to earlier, to establish what the standards are, and to come out from under the receivership.

I think that the existing receiver is struggling, and I'm not certain if we would not be much better now under the leadership of our mayor, and with the Council's oversight, that we could not establish standards and live up to them.

Mr. DAVIS. Let me turn to the fire department if I can for a minute, and then I'm going to get into education. Mayor Williams, are you searching for a permanent fire chief or at this point are you satisfied with the interim chief?

Mayor WILLIAMS. We have a committee under us, Steve Harlan, with the support and participation of Bob Watkins from the Financial Authority doing a national search. We've involved leaders from throughout our city, all the different interests. We are looking for a chief. But all of us recognize that Chief Tippett has really stepped up to the plate and is really beginning to turn the organization around, and all of us support him in that effort. I'll give you just one example of where I'm really impressed with what the chief has done. That is, shortly after coming into office, I don't know how he did it, he looked in a phone book or he went to the Internet, he just looked and he found some used fire ladder trucks and he brought them here to the District. We've been talking over and over and over again about while you have people criticizing the department about the lack of equipment, where we have the money, No. 1, you've got to make the order. No. 2, even while you're waiting for this order to get through the system, what can you do as a stopgap measure to ensure that we're filling the hole with some temporary equipment. And I wasn't getting any answer. Chief Tippett got in, a week later I got—he invited me over to the training center and I looked and there were two ladder trucks.

Ms. NORTON. Did he borrow them or did he have to go through the procurement system?

Mr. DAVIS. Some questions are probably better off not asked. He got them there, right? They were there.

Mayor WILLIAMS. He showed the initiative and he showed the leadership. I think there's a precedent for that throughout the government. We fell behind in leaf collection. I think one of the things we could have done in retrospect is instead of falling behind on leaf collection because our equipment had broken down, go up to one of the higher latitudes where they had already finished collecting their leaves and made some deal to get some leaf collection equipment from there to fill the hole. That's good thinking. I think he's shown that.

Mr. DAVIS. You could still do a national search and arrive and keep him on is the point. You're not abandoning the search. It sounds like he could probably stand up to—

Mayor WILLIAMS. We've got to do due diligence but the search committee has looked at the work he's doing. We're very impressed with his work, I'll say that.

Mr. DAVIS. The average response time for 911 fire department calls, is it improving or not? Do you have a sense of that?

Mayor WILLIAMS. The good thing about 911 is we do have data that people can judge us on. Right now it's not good.

Mr. DAVIS. It hadn't been good for years though.

Mayor WILLIAMS. That's right. What we pledged to do was put in new software. We've done that. We're working with Bell Atlantic on their part of the system that needs some work. I support strongly Chief Tippett's commitment to on a pilot basis do cross training of our firefighters who are the first responders. I think that's more cost effective than building up a huge parallel ambulance fleet. This is being done all over the country. We need to do it here. I think we're going to see those times start to reduce as all those things are in place.

Mr. DAVIS. And you talked about the procurement system, just getting things. One of the things I know that we hear about is the gear and breathing apparatus available to the firefighters who are out there in some very tough situations.

Mayor WILLIAMS. You've got a serious procurement system problem if someone hasn't even ordered the equipment. It's one thing to order the equipment and have barriers in the system, but in some cases no one had made an order.

Mr. DAVIS. Who do you blame then, right? Exactly. My 10 minutes are up. I'll yield back to Ms. Norton. Then I just have a few questions.

Ms. NORTON. Mr. Mayor, continuing on my revenue concern for the District, one clear revenue source has been the lottery. Yet there was some sense that it was up and then it was down. I would like to know where lottery receipts are now relative to prior years. Has the good economy meant that the lottery receipts are continuing to go up? Is it a strong source, as strong a source or a stronger source than it has been for revenue?

Mayor WILLIAMS. Yes, they were up in 1998 under the leadership of the great former CFO—no. Congresswoman Norton, the lottery receipts, we showed them up in 1998. They're going to be down in 1999, and it really isn't a matter of management. It really is a matter that we had some big jackpots built up and they draw in a huge volume. We haven't had the big jackpots in 1999. I really think that we as a city ought to as a conscious effort decide that we're

going to keep our lottery receipts somewhere between 60 to 75 and as long as they're between 65 to 75, be happy and not mount too aggressive a marketing effort. I really believe that. Because I think a lot of times people are playing the lottery and that's not the best. I don't want to be patronizing or condescending, but it's not the best use of income.

Ms. NORTON. I couldn't agree with you more indeed, unless you sell them to Maryland and Virginia. I could not agree with you more. This is a poor people's tax, no matter how you look at it.

Mayor WILLIAMS. I agree with you.

Ms. NORTON. There's nothing we can do about it. They've swept the country. But it means the better educated, the more income you have, the less you are involved in that way of raising revenue. It's too bad. Frank Wolf would very much agree with me on this.

Mr. DAVIS. I was going to ask him how his trip to Las Vegas was when he was doing these other things. It seems to have been a good experience for him.

Ms. NORTON. Of course, given the state of our revenues, we can't afford to let any revenue source we have stabilize now, and that has to be kept in mind as well.

Mr. Mayor, I don't believe any of you mentioned the University of the District of Columbia in your testimony. That's understandable considering what this hearing is about. I want to thank the chairman that as we worked together on the D.C. College Access Act, I asked him to work with me to include the University of the District of Columbia in it to make it a historically black college and university and indeed it was the only historically black college and university that had not been funded and he was entirely supportive of that, stuck with us entirely through that, and considering the hard times that the university has gone through, it was and will continue to be an important revenue source. As delighted as we are about our work on college access, we don't fool ourselves. We know that the majority of the students from this city are still going to—far more students are going to go—to the University of the District of Columbia than are going to, in fact, go elsewhere, and that has a lot to do with our public schools, it has a lot to do with the demographics of our population. I would like to know, especially given the way in which you hope to better integrate the public schools with the D.C. government, what your plans are for better integration of the University of the District of Columbia with the D.C. government and improving our own state university.

Mayor WILLIAMS. I think first and foremost, Congresswoman, in my talks with a number of different people with experience in higher education, including Donna Shalala, and we all know of her remarkable history in education, it really does start with a first rate board. It frankly took me too long, but I think we've come up with just that kind of board. I'll give you an example. We have Reg Gilliam, who's got substantial marketing experience with Hill & Knowlton; George Wiley, accounting experience; Ambassador Mark Palmer, development experience; Peggy Cooper Catritz's experience with our educational system right here in the District, Reverend Willie Wilson's experience and community leadership with the faith community; and very, very importantly and profoundly, Charles Ogletree. He's a professor at Harvard Law School but what people

don't know, extensive experience as the alumni development, he ran the development campaign for Stanford University so he's got extensive experience now in development. And I think that's a combination of the package that we need for UDC. They're ready, and I've been meeting with the board. They're ready to step in with a short-term action plan for the university that talks about modernization, that talks about infrastructure, that talks about all the tools that we know the university needs. But, as you suggest, begin talking about the relationships in its continuing education mission, in its undergraduate mission, the relationship between UDC and our public schools. I was delighted to hear the board members talk about—first of all, I was delighted to see that the board members were very, very diligent and somewhat skeptical, and that's a good thing, in the reading materials they had gotten for their first meeting, asking a lot of different questions about the education environment, if you will, the market, how UDC was going to situate itself in a reform agenda for the D.C. schools, and those are all good things to hear. So it's too early to say exactly what their strategy is, but I know they would love to talk to you and work with the other elected officials as they begin their strategy for improvement. We've got some great people on that board now.

Ms. NORTON. Mr. Chairman, I have just one more question. Mr. Mayor, I was intrigued to hear your testimony concerning risk management and your plans there and I think that's much to your credit. I want to try to understand how it would operate by just plotting it against some examples. Would the risk management notion you have in place have discovered, for example, that 116 people had already died or would it be more current? Would it get to operational and management dysfunction? Would it get to an evaluation of managers so you don't have to fire a manager as, in fact, things come out? I can understand its great benefit across agencies. I'm wondering if it also would deal with these very serious, what I cannot believe are not very serious, unless some magic has happened, problems in the way in which each agency functions as an operational matter.

Mayor WILLIAMS. I told our agency heads in a Cabinet meeting a month or so ago that the bar had now been raised. They all knew that we had some tough standards but I don't believe in moving the goal post and I believe that people need fair notice, so I told my managers, "I am now officially bringing the bar to a higher level. Each of you have got to go into your agencies, go into your agencies and tell me on the basis of your own self-assessment where there are areas of risk. If you've gone and you've done the assessment and on the basis of your assessment we find that there are some problems, you're not going to be held responsible. But if you haven't done an adequate assessment or even with an adequate assessment there has been some management failure and you're responsible, you've got to be held accountable. You've got to be held accountable." I can give you examples. These examples range from the trivial, cell phones, car pools. In Philadelphia, the only way they figured out the number of cars they had is they just said—when Ed DeSeve was in Philadelphia, they said, OK, everybody with a car, you've got to come down to memorial stadium and leave the keys. That's how they did the car audit. The only way

they figured out how many cars they had. TVs, furniture, it's junk like that which is important because it goes to confidence in the government and waste, to police mismanaging informants, not managing investigation of deaths and contracts. All that has to be covered, so that we can look at a corrective plan of action. So as we get this information, we've got to take a range of actions from, one, literally rebuilding the agency because it can't really be fixed all the way to on the other extreme in a much more proactive range, and we're doing this. As we create this management supervisory service, we're saying that, yes, this management supervisory service is going to be at will formally and nominally but really the managers are going to be performing according to objective criteria that are laid out in accordance with these performance standards, one of them being risk management. So in other words, if you're a middle manager, are you managing your resources, your assets, your phones, your cars? Are you managing your risk in terms of exposure and liability? You're going to be held accountable for doing that. So it's not going to be whether I have a headache or not or what I feel, it's going to be an objective standard, and risk management is a big part of it.

Ms. NORTON. Am I to understand that agencies now, you said you spoke to your Cabinet, particularly after the deaths involving mentally retarded people, realizing that they are to do their own self-audit of the kind, for example, that was so well done after on which you are now acting for the mental disabilities agency, do they now know that they're supposed to be looking at that ahead of time?

Mayor WILLIAMS. Right, in cooperation with the CFO and the IG, creating this Office of Risk Management, creating a process for ourselves going in and doing the assessments and taking ourselves the corrective action. I've talked to Linda about this, I've talked to Alice about this, particularly Alice, avoiding what I saw myself in the Federal Government where if you're not careful you just end up with a lot—you're generating a lot of paper but nothing is really happening. We want to avoid a simple paper exercise and make sure that there's a connection between the assessment of a problem and some real corrective measures.

Ms. NORTON. Dr. Rivlin.

Ms. RIVLIN. I thoroughly agree with what the Mayor is saying, but just one more point. I think the Mayor certainly wouldn't disagree with this. Special care has to go into programs where children or the mentally retarded or people who are especially vulnerable where their lives and well-being are at stake. And that's different from managing property or managing other things, all of which we want to do well, too, but there's a special risk there. I think we all need to be conscious of that.

Ms. CROPP. Hand in hand with that, if I may, is the Council's oversight in all of this. One of the objectives that we have been trying to do is to strengthen our oversight, not to be critical but to be a partner in trying to make things function better. Before we have our budget hearings, for example, we are about to go into a set of hearings where we deal specifically with performance measures and we will look at exactly what the Mayor and his agency heads have said that they were going to do, to look at their bench-

marks, to his credit, that he has come up with against other cities and to see where we stand with them. So it's really one of those partnership things. While the executive branch looks at the challenge before the agencies, the Council must also do its part in the oversight of it.

Ms. NORTON. The notion that was in the paper that somebody opined that what we had created was a miniature Forest Haven. We closed Forest Haven but say that then we create little Forest Haven around town. That was spine tingling to hear. I appreciate that Kathy Patterson, to show you the way in which I think confidence is being restored, indicated that she thought that the Council should have uncovered some of this. When you hear that kind of thing, you know that it's going to get better because what we haven't heard are a set of apologetics about it. The chairman has asked me to ask you, Mayor Williams, while he was out of the room, he had to go out of the room for a minute, do you plan to replenish the tobacco settlement fund? If so when and how?

Mayor WILLIAMS. The answer is of course yes and that will be happening in 30 to 60 days, as soon as the reprogramming has taken effect. I also support actually—I'm just not speaking—I'm not speaking for the city here but as a Mayor I personally support separating the tobacco fund more fully as a trust instrument so that we can be assured that into the future this tobacco fund has been segregated properly from the regular operations activities of the District's budget operations.

Ms. NORTON. One more question in that regard. Congress did something very important last time. It is a permanent change which allows you for the first time I think since home rule not to be treated like a Federal agency with respect to any surplus, but set aside some of it and then to do as other jurisdictions do, to be able to allocate the rest of it. Is there a way in which—is there a *modus operandi* you have for carrying out that change that we made in the charter? For example, there is probably going to be a surplus this year. How will the District treat that surplus? Will you have to set aside all of it because of the amount that the Congress said should be set aside or will there be some allocation so that some of it can be used?

Mayor WILLIAMS. I think there is a reserve and there was also I guess a provision of 50 percent of unforecasted revenue. Together I think what we do with it is going to be on the basis of criteria that are established between the Council, the Mayor and the Financial Authority executed by the CFO.

Ms. NORTON. In the budget process coming up?

Mayor WILLIAMS. No, this will be looking back on the reserve that will come into effect—I guess—well, we've done the audit, we'll know where we sit. We've got criteria. We'll have to make sure that expenditures are in accordance with the criteria and are one-time-only expenditures.

Ms. NORTON. One-time-only expenditures would be chosen this year, though.

Mayor WILLIAMS. This will be this year, in year 2000.

Ms. NORTON. Thank you, Mr. Chairman.

Mr. DAVIS. Thank you. I just have a couple of questions. Dr. Rivlin, you were with us when we wrote the Control Board Act.

You were at the White House. We worked very cooperatively together. Before that you were prophesying for years this is where the city was heading if they didn't make some changes and they didn't heed your advise. As we approach now the end of the Control Board's active oversight under the act, are you confident at this point that the Control Board—that the act should allow the Control Board to phaseout at this point and that the city is moving in the right direction and that Mayor Williams and the Council are doing the appropriate things?

Ms. RIVLIN. I am, though I think there's a lot more to be done. But I would not advocate extending the Control Board beyond the period in the current statute.

Mr. DAVIS. I just wanted to get that on the record, not to say that there isn't more to do but the reasons you were created in terms of the fiscal mismanagement and everything else, you have made tremendous progress.

Ms. RIVLIN. That's correct. You will remember, Mr. Chairman, that the act does not say that the Control Board is abolished at the end of the last control year. It says that it somehow, I forget what the words are, but its activities are suspended, it goes dormant, and it could come back if things went into a bad situation.

Mr. DAVIS. Thank you.

Ms. NORTON. Could I just have a word on that? The chairman and I were a party to that, so people won't think that that means that there's a looming Control Board hanging over you, that's a much better way to account for any possible threat of insolvency in the future because the chairman and I would never want to go through what we went through together. We were strong home rule advocates, in fact produced a statute that left home rule in place. The District gave back a lot of that home rule through the appropriation process through the way it dealt with the Control Board. What it does was to set criteria that are rather draconian before any Control Board could pop up. But we would certainly not want to ever have to come before the Congress and start all over again. We would rather have exactly what we have now, which is automatic sunset. And if things really go down the tube, if you miss a payday, for example.

Mayor WILLIAMS. It's not going to happen.

Ms. NORTON. Then of course automatically you would have a board to come in place. Otherwise, the chairman and I, if that were to happen again, I think we might be faced with a receivership and not the notion of a Control Board at all. So I don't think that the fact that there is a dormant Control Board is any threat to elected government in the District of Columbia because we do not see now, neither the chairman nor I, that the circumstances that would give rise to the springback of a Control Board would occur again.

Mr. DAVIS. You're absolutely right. Whoever sits in this chair in the future and whoever sits in yours, you don't want to have to put them through what we went through. I think that strong oversight is the best remedy for no interference quite frankly and a good dialog in terms of everybody sharing. I think we've all learned from our past mistakes. Mayor Williams, I just want to ask you a few questions about the education system in the city. You came up with I think a fairly bold proposal. The Council has taken its cut at it

as we move ahead. I don't know that if my adding my opinion to that helps or hurts your cause or Council's cause in the city, within the city politics but I want to make an observation and allow everybody to respond. We took a major step this year in Congress in giving D.C. students the same right students everywhere else have and that is basically to pay instate tuition, make a college education, a quality college education and broad based choices available at affordable rates, something that is very, very important. College if it's not affordable it's just a dream and people really don't pursue it. But we still have to get people to that level where they're ready for college, where they're attuned for that, and the educational system in the city, I think Ms. Ackerman has done a great job as the superintendent but it's still lacking in a lot of ways. As the Control Board phases out and we go through these other items, we return back to a school board that has basically been dysfunctional for 30 years in my judgment. Mayor Williams, you had a proposal to get some accountability basically under the Mayor's office and Mayor and Council. The way we used to do it in Fairfax before we went to elected boards is the county board would appoint the members of the school board and we were accountable. What is happening to that proposal? How are we going to get to—it's being chewed apart by the local media and so on. But this is the toughest nut for this city to crack. If you really want to get your residential areas booming again, getting people moving into these houses that they're building in Anacostia and other areas, you have to have a school system that people are willing to send their kids or they have to be so wealthy that they'll send their kids to private. And that's a nonstarter. Organizationally how you set that up, what is the accountability, who's in charge is a critical component to that. I think we all understand that the current system prior to the Control Board wasn't working. Mayor Williams, let me just ask you where do we go from here, how do you feel about it and then just say I applaud the leadership you've taken and I think the Council needs to be a partner in this, but going back to where we were before I think gives me some concern, I think it gives a lot of our colleagues some concern. We obviously want this resolved within the city without having congressional interference. As you know, a lot of my colleagues have had absolutely no compunction about interfering in the D.C. educational system at any time. So we're looking for you to try to resolve this.

Mayor WILLIAMS. Right now, Mr. Chairman, as to my proposal, I believe that—I'm willing to say that since as the chief elected official of the city I'm going to be held responsible every day, certainly 3 years from now, for the quality of the education of our children, it's only fair that I be given the authority commensurate with the responsibility, that this is the most critical thing that we're going to do, that we have to put in place a system so that you have a strategy, you can build the support, you can have the operations all working together for our kids. Right now we've got everybody finger-pointing at one another and we're not allowing Arlene to be the superintendent that I think she really can be with the support that she really needs. That's my feeling. Now, in a political point of view despite the support from I think a number of rank-and-file citizens and the leadership of the city, I think we're cresting at two

votes on the Council so we're not doing as well as we could be doing on the Council, and I think the moral of that story is the Washington Post doesn't run the city because clearly if they ran the city we wouldn't be sitting at two votes. Having said that, I think entering this debate I think has really helped because I think that there is, and Linda can speak more authoritatively on this than I can as it goes through the Council, but it seems to me that there is a consensus on the following, that there should be elected leadership for the board, there should be stronger operational authority somewhere with or aligned with the Mayor and that we need to define better the roles and responsibilities of the Board. Those three things. I think everyone agrees.

My problem with what came out of the Council a couple of days ago was that left intact without any modification, you have an elected board that's either completely advisory and frivolous, and I don't think that's going to work, or you have a board with some authority and a Mayor with some authority and we've gone from a situation where we have six or seven people in charge to a situation where we have only three or four but you still have blurred accountability. So I'm meeting with Councilman Chavous this afternoon, have been talking regularly with Linda, be talking with the whole Council and try to work through something that meets the test of focusing accountability and trying in one way or another to satisfy some of the Council's concerns. I think the question though is really not—ultimately the question in our city and other American cities is not whether or not we're going to have an elected board or an appointed board. The real fundamental, important question looming is whether we're going to be able to really see our public school system not only survive but thrive and avoid what more and more people are saying is vouchers.

Mr. DAVIS. That is, as you know, barring substantive changes in the way the city does things, Congress has voted that before, that's a very hot item, and I think if there's an admonition here it's to have you work these issues out so we feel there's some proactivity going on at the local level because my colleagues, I think many of them are not going to hesitate to try to take control if they don't see that. I would also add that within the city itself we are seeing polling numbers on vouchers and other issues where citizens get upset if they're not getting quality. They want to see at least some changes from what we currently have. That's my comment sitting as an outsider and someone across the river who is trying to do everything we can to give those kids the same opportunity in the city that they have out in my District.

Ms. Cropp.

Ms. CROPP. The Council feels strongly that perhaps one of the No. 1 issues that we face is improving the educational system of Washington, DC, so that we can produce children who can be functioning members of society, educated children who will be functioning members of society. The Council feels so strongly about it that this controversial issue of school governance was initiated by the Council. It was the Council who recognized very clearly that the system of governance that we have now was not functioning. Under the leadership of the Education Committee chair Kevin Chavous, a proposal was put forward on school governance. With that an

awful lot of debate, controversy, and I think healthy, has started in this city. We still need to decide on I think what the basic issue ought to be, and that is what system, what form of governance will really produce a better educated child. Now, we keep hearing whether or not it should be with an elected leadership of an elected board of education or whether or not it should be with the appointment by the Mayor. That's where it has centered at this point. I think everyone's goal is to have a better educated child. I would suggest that if the Mayor, if the Post, if Congress, if the President, if the Council can share data with us that would show that an appointment as opposed to an elected board would present a better educated child, I think the Council would be there. The Council will truly be there. We have done research on the issue to try to get that type of information. We constantly hear about cities such as Chicago where it has occurred, Boston, Cleveland, and when you look at the data, data does not support necessarily any improvement at all with the student. Now, if you're talking about the political alignment, yes, there's a difference. But when you look specifically at the students, the data does not support that, that I have seen at this point, and the Council has tried to get it and we want it because it will help us make a more informed decision. Where we have seen a difference is in one school district, where I think it's about 2,700 students, and I think it was Cleveland, where there was significant improvement with the students, and that happened to have been with what the Mayor just said, the vouchers, and it was where the students, 2700 students had vouchers and there was significant improvement there. We have not yet in the District seen that type of improvement across the board. We do think that the governance needs to change. We're in dialog with the Mayor to try to figure out what the best approach for us to take in the District of Columbia. How can we help for the system to be more accountable? We're all pleased that the Mayor is stepping up to the plate and saying, "Hold me accountable." we think that with the Mayor's total involvement with the school system, we will end up with a better school system. The only way education is going to improve is for the Mayor, for the Council, for all of us to understand its strong importance. We're looking at that issue, we're debating the issue and hopefully we will come out with something that will make for a better system.

We have made some changes. We have reduced the number of school boards, members on the school board. What we found as we did the research throughout the country that the average size of a school board is from five to nine members. We had 11 members, way above the average. We heard concern with regard to the school boards being tied up too politically and being too vested in their own ward as opposed to the overall interest of the city as a whole, so we looked at the districts for the school system and we changed that. We're looking at the superintendent, because we strongly believe that the superintendent ought to be a part of the Mayor's Cabinet in the sense that what we do in human services, we talked an awful lot about, the school system needs to be a part of it. What we do with economic development in our work force, the school system needs to help to train our young people to be available for that. So we will continue the discussion and hopefully the outcome will

be one that we all want, and that is one that will present a better educated child.

Mr. DAVIS. Chairman Cropp, thanks. I know your longstanding commitment to education as well. This is the toughest nut to crack. Everything else—I guess my only admonition is we're looking for you to solve this. That's where it ought to be solved, at the local level. It doesn't necessarily happen that way all the time but to the extent you all can work these issues out, it makes it a lot easier. Anything else anyone wants to add at this point?

Let me just say we might want to supplement with a question or two that we'll send you but you've been up here for 2½ hours. We very much appreciate your testimony. I'm most encouraged to hear your comments today. Without objection, the record will remain open until February 1. The subcommittee may be sending written questions to the witnesses to followup on issues raised. We will certainly have additional hearings on these matters. I want to continue to work with all interested parties to achieve these objectives. These proceedings are closed.

[Whereupon, at 12:45 p.m., the subcommittee was adjourned.]

