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**Government of the District of Columbia**



**Executive Office of the Mayor**

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U.S. Senate Committee on Homeland Security and Government Affairs

The Subcommittee on Oversight of Government Management,  
the Federal Workforce and the District of Columbia

The Honorable George V. Voinovich, Chairman  
The Honorable Daniel Akaka, Ranking Member

***Examining the Challenges the District will Face  
Today, Tomorrow, and in the Future***

Testimony of  
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Mayor  
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Tuesday, July 18, 2006  
342 Dirksen Senate Office Building  
10:00 a.m.

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Good morning Chairman Voinovich, Ranking Member Akaka, and other distinguished members of this subcommittee, good morning. Thank you for inviting me to testify before you today on, *Examining the Challenges the District will Face Today, Tomorrow, and in the Future*. I appreciate the working relationship we have established and also appreciate your interest in the future of the District of Columbia.

## **SUCSESSES**

I was asked to discuss the successes and challenges the District has experienced during my two terms as Mayor and to identify the challenges I anticipate the new mayor will face. Let me start with an assessment of my two terms. Over the past eight years, the District government has had to address the following areas of need:

- Financial Stability and Integrity
- Basic Service Improvements
- Accountability
- Education
- Economic Development
- Citizen Engagement

### **Financial Stability and Integrity**

When I took office as the District's first Chief Financial Officer in 1995, the District was running a \$500 million deficit. The submission of the FY 2007 budget represents the District's ninth consecutive balanced budget. We finished FY 2005 with a \$370 million general fund surplus and a \$1.6 billion fund balance. This dramatic turnaround has increased the confidence of the financial markets as the three bond rating agencies who once essentially rated our debt as junk bonds, have assigned ratings of A (Fitch), A+ (Standard & Poors) and Positive (Moody's). These improved bond ratings lowered interest costs and saved the District millions of dollars each year.

This decade of financial improvement and stability for the District is distinguished by a marked increase of faith in our ability to self-govern now demonstrated by our residents, the financial markets, and Congress. Our improved financial state has also provided flexibility to invest in improvements in government service that were not possible 10 years ago.

## **Basic Service Improvements**

When I took Office as Mayor in 1999, residents had to navigate a frustrating and confusing maze of offices, phone numbers and people in order to make the simplest request of the government. One of the first changes I made was to institute a single point-of-contact phone number for services, 727-1000. Last August, the Mayor's Citywide Call Center took its one-millionth request for service or information. Now residents can call that phone number, request a wide range of services—from bulk trash collection to rat abatement to tree trimming. Callers receive a tracking number that allows for them to oversee the progress being made in addressing their concern. Residents can make similar requests via the District Website. As of the end of FY 2005 (September 2005), agencies with services available via the Call Center or the website had completed 87% of those services on-time. That we even have this type of data for agencies to identify and improve problem areas of performance is indicative of how far we have come.

Another example of basic service improvement is the dramatic turnaround at our Department of Motor Vehicles (DMV). DMV is significant because almost every adult resident of the District of Columbia interacts with the DMV. From 1999 to 2000, the best way to describe DMV was an operation experiencing a melt-down on multiple levels. Going to a DMV facility could turn into an all-day affair as customers frequently experienced waits of 2, 3 or 4 hours before they could get to a service representative. Upon arriving at the counter, customers frequently found that they did not have all of the documents necessary to complete their transaction, primarily because they could not get the correct information from us. As to getting information on the Internet, let alone completing a transaction on-line: that was not an option.

When I first came into office, a tremendous amount of the e-mails that I received from residents were complaints about their experiences at DMV. A comprehensive review by the department of its policies and procedures resulted in the updating, rationalizing, and modernizing of the regulations governing DMV activities. This allowed all 300 pages of the DMV website content to be updated with information that is now consistent and complete. Concurrently, all DMV employees were re-trained on policies, procedures, and customer service skills, along with improvements to the service center facilities.

Today, District residents can complete an array of motor vehicle transactions – from renewing licenses and registrations to paying tickets – via the Internet. When residents do need to visit a DMV facility, they are greeted at a concierge desk to determine the nature of the transaction and to direct them to the service representative best able to help. During peak periods, managers are able to see work loads in real-time, adjust assignments and, when necessary, step in to provide direct service. Average transaction times for most services in DMV are less than an hour where the time standing in line before you ever saw a representative seven years ago exceeded two hours. The DMV was designated the Most Improved Government Agency by the Federation of Citizens Associations in April 2006 – an indication of just how dramatic the turnaround for that agency has been.

### **Agency and Personnel Accountability**

The service improvements at the Citywide Call Center and the Department of Motor Vehicles are examples of how we have tried to improve performance at all District agencies. Technology and infrastructure improvements were essential to making those improvements but they were paired with hard work on the part of the people who make up the District Government workforce. From the beginning of my administration, I have emphasized setting performance goals and rewarding high performance or correcting poor performance.

Agencies develop strategic business plans that are aligned to performance-based budgets. Agency directors establish personal performance goals aligned to the key result measures in those plans, and I evaluate their performance against those metrics at the end of each year.

Senior and middle managers who comprise the Executive Service, Excepted Service and the Management Supervisory Service establish performance plans each year and they are evaluated at the end of the year. Those evaluations determine both the amount and whether or not the employee will receive a bonus for that year. For the first time in FY 2006, the percentages of Excepted Service employees' raises were determined by their performance rating.

## **Education**

I want to mention several areas in which my administration has attempted to support educational advancement in the District of Columbia. One of the key efforts is to move the District Public Library System into the 21<sup>st</sup> Century. I created the Mayor's Blue Ribbon Task Force on the Future of the DC Public Library System, comprised of local and national experts. The Task Force recommendations included adding multi-lingual support, securing new computers with broadband technology, and providing deep reference materials and programs for children. While we want to make the library experience more appealing and enjoyable, the key goal is to have a new central library which serves as the hub for a more modern public library system. A universally accessible, state-of-the-art public library system has the ability to serve as the foundation for success in the classroom and beyond. Additionally, an invigorated library will serve the educational and recreational demands of the city's youth and adult populations. In this way we can instill a thirst for knowledge in the classroom and a desire for life-long learning opportunities.

The District of Columbia's Tuition Assistance Program is a marquee federal initiative established by Congress in the 1999 District of Columbia College Access Act. This program compensates the District for our lack of a state university system by allowing our high school graduates to attend out-of-state public universities at in-state tuition rates and providing them grants for attending selected private universities. Currently over 6,500 District students pursue educational opportunities in colleges and universities throughout the country that might not otherwise have been feasible. For 75 percent of the students surveyed at Woodson High School, TAG affected their decision to pursue post-secondary education and 65 percent said the program affected their school choice. What is most gratifying is that 55 percent of participants are the first members of their immediate family to attend college.

## **Economic Development**

Over the past eight years, a number of development projects have contributed greatly to the District economic growth.

As home to women's and men's professional basketball, hockey, NCAA tournaments, concerts, and numerous large events, the Verizon Center is a major attraction for the China Town/Gallery Place area. Many may have forgotten when that area consisted of abandoned warehouses, a closed Hecht's Department store, and surface parking lots. Now it is a magnet attracting residents and visitors to museums, sports events, major retailers, and restaurants.

Plans to revitalize the Anacostia Waterfront will bring about a much needed environmental rebirth to the River and the neighborhoods that border it. As the Verizon Center did for China Town / Gallery Place, the arrival of a new baseball stadium will inevitably turn the Anacostia Waterfront into a new epicenter of employment and entertainment for District residents and visitors.

While the District's unprecedented growth over the past decade has certainly been exciting in its ability to attract newcomers to our city, it is important that we not forget those who were already here. We must be mindful that the city's recent economic prosperity has been more advantageous for some than others. For this reason, it is important for us to develop and renovate housing in the District that is attractive and inclusive for those on both ends of the economic spectrum to ensure that we build a District that does not marginalize those who have lived here for a long time and those who make less money.

These projects are part of a larger initiative to reinvigorate communities and turn previously uninviting areas into spaces that will provide jobs, encourage local entrepreneurship, leading people to areas of the city they previously would not have explored.

## **Citizen Engagement**

One of the initiatives of which I am most proud is the manner in which my administration has sought out and engaged citizens in setting the priorities of government. Throughout my two terms, my Office of Neighborhood Action has held town hall meetings in each of the Wards and special meetings on topics of significant interest to residents. What is unique about my administration is our practice of holding citywide Citizen Summits every other year.

Each of the Citizen Summits has involved between 2,000-3,000 citizens in a day-long conversation on setting priorities for the city. The first Summit in 1999 introduced the idea of a Citizen Summit and outlined the first Citywide Strategic Plan. The second Summit in 2001 refined the Citywide Strategic Plan, identified priorities unique to each of our diverse neighborhoods and addressed concerns fresh in the minds of residents due to the wounds laid bare by the events of September 11, 2001.

For the third and fourth Citizen Summits in 2003 and 2005, we took a different tack. Rather than update the Citywide Strategic Plan, we identified priority areas where we had not made as much progress as we would have preferred and drilled down into the details with the residents. The feedback from residents at those day-long summits and at follow-up meetings helped formed the development of the District's budgets. Were we to hold future Summits—and I hope my successor will do so—there are improvements I would make in the way in which citizen opinions are reflected in the District budgets. But I challenge you to find a jurisdiction in the United States that has held comparable events that engage citizens in as deep and complex manner as our Citizen Summits on a recurring basis.

## **CHALLENGES**

Now let me talk about challenges that the District faces.

### **Public Safety**

As is the case with all municipalities, the District strives to provide its residents with a sense of well-being and feeling safe. And as is the case with most urban centers, there are times when our efforts are severely challenged. The District is currently grappling with a surge in crime. Last week Chief Charles Ramsey of the Metropolitan Police Department declared a crime emergency in response to a sharp increase in criminal activity. We have also seen a sharp increase in juvenile criminal activity.

District officials are coming together to address this urgent matter. In addition to youth development strategy to offer alternative activities to young people and a focus on at-risk youth, we are considering legislative approaches as well.

Our goal is to reduce violent crime by 50 percent over the next 30 days.

## **Structural Imbalance**

One key concern that I believe all of us on this panel share is that we worry about the structural imbalance that the District continues to face. Each year, the District prepares a balanced budget and a balanced 5-year financial plan. Nonetheless, there are needs for services that are unmet and that simply cannot be financed. Revenues are not and cannot be sufficient to sustain current or long-term expenditure needs given the sources currently available to us.

The unique structure of the District is that we have the jurisdictional responsibilities of a city, a county, and a state. For us, the financial challenges common to other cities are especially difficult to address and finance because the District must be the city, the county, and the state. The District's fiscal imbalance cannot be resolved without some change in the District's relationship with the federal government.

The Government Accountability Office prepared a report analyzing the District's financial capabilities. The key concerns they identified were revenue restrictions imposed by the federal government and the overburdening of the District government to provide services for commuters and visitors. The most significant restrictions imposed on the District are:

- The inability to tax income at its source, and
- The large percentage of property that is tax exempt because it is owned by the federal government, an international entity, or nonprofits.

While the District has the economy of a core city, it also has the service responsibilities and additional revenue structure of a state. As a result, the individual and business income taxes play a large role in District revenues. Unlike states and some other urban cities, the District is prohibited by the federal government from taxing nonresidents' income – restricting approximately two-thirds of the District's income tax base from taxation at the site where it is earned.



The result of this restriction against taxing much of the income that is earned here is that the District has very high individual income and franchise tax rates in order to generate sufficient revenue to provide services.

Another challenge is that federal restrictions and federal ownership of land remove 42 percent of the city's property (by land area) from taxation. Other non-District exemptions remove another 11 percent. Because federal real property is tax exempt, private property must be taxed at a higher rate simply to generate sufficient revenue to pay for city services.

Federal limitations on the height of buildings – including office buildings and apartments – further limit the real property tax base and the available revenue generated by the real property tax.

The District must undertake its city, county, and state functions with a severely restricted tax base while also providing over \$200 million in unreimbursed services to the federal government. The District is not able to tax the more than one million non-residents who use our services daily without any financial contribution to the city's tax base. This structural imbalance must be resolved.

## **Voting Rights**

Another area of concern is voting representation in the Congress. The District is the capital of the world's greatest democracy and yet its citizens suffer from the exact disenfranchisement that this nation was founded to end. The United States continues to promote, sacrifice, and invest in spreading democracy worldwide, yet denies full democracy to 600,000 people at its very heart.

We are very appreciative of the work that Congresswoman Eleanor Holmes Norton and Congressman Tom Davis have done to put forth legislation that would provide the District a vote in Congress. I hope to see that legislation move forward during this session of Congress.

I urge you to end the injustice of having America's capital city lacking voting representation in our nation's legislature. While the current legislation is a good starting point, anything short of full democracy for the residents of the District of Columbia should be a personal outrage for all Americans.

## **CONCLUSION**

Let me thank you again for the opportunity to come before you this last time. We have faced numerous challenges and I truly appreciate the Committee's willingness to be supportive of and work closely with the District of Columbia.

This concludes my remarks today. I look forward to answering any questions you may have.