

Chapter 4

Government Finances and Human Resources

	Page
Office of the Chief Financial Officer	149
Budget and Accounting Overview	150
Summary of Government Finances	153
Factors Affecting the District’s Financial Position.....	155
Financial Outlook	155
Individual Income Taxes	157
General Sales and Use Tax.....	159
Real Property Tax.....	161
Lottery and Charitable Games.....	162
General Fund Transfer.....	164
Partnership and Grants	165
Core Services.....	165
Grant and Resource Development.....	165
Capacity Building.....	166
Donations	168
New Initiatives	169
Human Resources	170
Office of the Director	170
Benefits and Retirement	170
Compensation and Classification	170
Compliance and Legal.....	170
Policy and Staffing	170
Workforce Development	171

Office of the Chief Financial Officer (OCFO)

OCFO Mission and Organization

The mission of the Office of the Chief Financial Officer (OCFO) is to enhance the fiscal and financial stability, accountability, and integrity of the District government.

The OCFO is primarily responsible for:

- Overseeing and directly supervising the financial and budgetary functions of the District government
- Operating and maintaining a coordinated financial management system to budget, collect, control, and properly account for more than \$12 billion in annual operating and capital funds
- Preparing the District's annual budget, representing the District in the federal appropriations process, and monitoring budget performance during the fiscal year
- Borrowing on behalf of the District, collecting receipts, payments, and transactions for the District, and investing the District's funds
- Administering and enforcing the District's tax laws, collecting revenue for the District, and recording deeds and other written instruments affecting a right, title, or interest in real or personal property in the District
- Developing, implementing and monitoring the District's accounting policies and systems and producing the audited Comprehensive Annual Financial Report (CAFR)
- Forecasting revenue for the District government, developing fiscal impact statements for proposed legislation, performing tax expenditure analysis, and providing advice on economic development matters

The OCFO organization consists of: Central Financial Operations, Agency Financial Operations, and Chief Financial Officers for Independent Agencies, each of which is discussed briefly below:

- **Central Financial Operations.** Deputy Chief Financial Officers report directly to the District's Chief Financial Officer (CFO) and manage the following central financial operations:
 - *Office of Budget and Planning* - prepares, monitors, analyzes, and executes the District's budget, including operating, capital, and enterprise funds, in a manner that ensures fiscal integrity and maximizes service to taxpayers
 - *Office of Finance and Treasury* - manages the cash and other liquid assets of the District government; coordinates payments to vendors and service providers; accepts payments for services and taxes; manages District borrowings and debt repayment; invests cash not needed for immediate disbursement; maintains relationships with the investment community; and manages the 529 College Savings Plan, the 457 Deferred Compensation and the 401(a) Defined Contribution Plans
 - *Office of Financial Operations and Systems* - brings accountability, discipline and integrity to the District's financial processes by ensuring that standardized accounting practices, procedures, systems, and internal controls are embedded throughout the District's financial operations; produces the CAFR; and administers the District's payroll and retirement systems
 - *Office of Tax and Revenue* - administers and enforces the District's tax laws, collects revenues for the District, and records deeds and other written instruments affecting a right, title, or interest in real or personal property
 - *Office of Revenue Analysis* - forecasts revenue for the District government, develops fiscal impact statements for proposed legislation, and performs tax expenditure analysis.
- **Agency Financial Operations.** Agency financial operations are divided into clusters which are aligned, for the most part, with the District's major appropriation titles as presented in the annual budget. Associate Chief Financial Officers (ACFOs), who report directly to the District's CFO, manage

agency financial operations. They serve as the District CFO's key representatives to the City Administrator, Deputy Mayors and agency directors and program staff in order to manage the District's finances. Most of the Education agencies are currently managed by the ACFOs for the Government Operations cluster and the Human Support Services cluster.

The ACFOs manage the following financial clusters:

- *Economic Development and Regulation* - includes the Department of Insurance, Securities, and Banking, the Department of Consumer and Regulatory Affairs, the Department of Employment Services, the Department of Housing and Community Development, the Office of the People's Counsel, and the Public Service Commission
 - *Government Operations* - includes the Office of the Attorney General, the Office of the Chief Technology Officer, the Office of Finance and Resource Management, the Department of Real Estate Services, the DC Public Library, the Office of Public Education Facilities Modernization, the University of the District of Columbia, and the Executive Office of the Mayor
 - *Government Services* - includes the Department of Motor Vehicles, the Department of Public Works, the Department of the Environment, and the Department of Transportation
 - *Human Support Services* - includes the Child and Family Services Agency, the Department of Health, the Department of Human Services, the Department of Mental Health, the Department of Parks and Recreation, Department of Youth Rehabilitation Services, and the Office of the State Superintendent of Education
 - *Public Safety and Justice* - includes the Department of Corrections, Fire and Emergency Medical Services Department, and the Metropolitan Police Department.
- **Chief Financial Officers for Other Agencies.** The Agency Chief Financial Officers for the following agencies report directly to the District's CFO:
 - DC Public Schools
 - Washington Convention and Sports Authority

In the case of the DC Lottery and Charitable Games Board, the Executive Director reports directly to the District's CFO.

Budget and Accounting Overview

Budget Process

During the first quarter of each fiscal year, agencies begin the budget formulation process for the upcoming fiscal year. Around March of each year, pursuant to Section 442 of the Home Rule Act, the mayor submits an operating budget for the upcoming fiscal year to the Council for review and approval. A financial plan for the District's capital projects is also submitted. The Council holds public hearings and adopts the budget through passage of a Budget Request Act (BRA). The mayor may not submit and the Council may not adopt any budget which presents expenditures and other financing uses that exceed revenues and other financing sources. After the mayor approves the adopted budget, it is forwarded to the President and the U.S. Congress for approval. The U.S. Congress holds public hearings and enacts the District's budget through passage of an appropriations bill, which is signed into law by the President of the United States.

The legally adopted budget is the annual Appropriations Act passed by Congress and signed by the President. The Appropriations Act authorizes expenditures at the agency level and by appropriation title, such as Public Safety and Justice, Human Support Services, or Public Education. If an Appropriations Act is not passed by Congress by October 1, the start of the new fiscal year, the District operates under a Continuing Resolution, a temporary funding measure that keeps federal agencies and the District operating. In some years, a year-long Continuing Resolution is passed by Congress instead of an Appropriations Act.

The District may reallocate budgeted amounts in accordance with the District's Home Rule Act, its reprogramming process and the Appropriations Act. In addition, during the course of each fiscal year, the OCFO updates the revenue estimates within which the District operates. The District must reduce its budget if revenues fall during the fiscal year, and it may under certain conditions increase its budget if revenues increase. The OCFO facilitates all changes to the budget, in accordance with the policy priorities of the mayor and the Council.

Budgetary Control

The District maintains budgetary controls designed to monitor compliance with expenditure limitations contained in the annual appropriations act. Both automation and sound governance provide strong budgetary controls. The District uses the Budget Formulation Application (BFA), which is an on-line system, to manage the budgeting process. Agencies enter their line-item budget requests into the BFA and their entries form the basis of the data used in the budgeting process. The budget submissions are then reviewed by the OCFO for compliance with pertinent laws. The mayor then reviews the budget, makes policy decisions, ensures the budget is balanced to the OCFO's revenue forecasts and submits the Mayor's proposed budget to the Council. The Council conducts oversight hearings and reviews, makes changes, approves a balanced budget, and submits the BRA to the mayor for signature. If the mayor approves the BRA, the mayor sends the budget request to the President for transmittal to the Congress. The proposed budget, as it is contained in the BFA database, is assigned specific accounting attributes and is uploaded into the District's accounting system of record, which establishes the budget authority for each recipient. The budget authority provided in the system of record is then reconciled by the OCFO to ensure it matches the levels approved by the Appropriations Act. The budget levels are also reviewed by the auditor during the District's annual audit to ensure compliance with federally approved amounts and that all budget adjustments are properly documented and approved.

Specific reporting requirements have been established to enhance the District's budgetary control policies and practices. Consistent with DC Official Code § 47-355.04, Agency Heads and Agency Fiscal Officers jointly submit a monthly spending plan for the fiscal year to the District's CFO by October 1 of each fiscal year. In addition, pursuant to DC Official Code § 47-355.05, the CFO is to submit quarterly reports to the Council and the mayor that present each agency's actual expenditures, encumbrances, and commitments, each by source of funds, compared to the agencies' approved spending plans. This report is required to be accompanied by the OCFO's observations regarding spending patterns and steps being taken to ensure that spending remains within the approved budget. These reports are used by the District's Anti-Deficiency Review Board to review cases of overspending.

The District uses encumbrance accounting as a means of strengthening budgetary controls and financial reporting. Under this method of accounting, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the related appropriation that will be needed for the expenditure. Thus, the recording of encumbrances is a valuable tool used by the District to ensure that expenditures are within the amounts budgeted.

Basis of Accounting

The District's financial statements are prepared in accordance with GAAP. All governmental funds use the modified accrual basis of accounting, which requires revenues to be recognized when they are susceptible to accrual (that is when they become measurable and available). Expenditures are recorded when the related fund liability is incurred.

The District's government-wide financial statements, proprietary fund statements, and pension and private purpose trust fund statements are prepared using the accrual basis of accounting. The government-wide financial statements, proprietary funds, and pension and private purpose trust funds use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. The pension trust and

Other Post Employment Benefit (OPEB) trust funds recognize additions to net assets from participants' contributions when due, District contributions when due and a formal commitment for payment has been made, net investment income as earned, and expenditures for benefits and refunds when due and payable. The private purpose trust fund recognizes additions to net assets when participants' contributions are received.

Internal Controls

Internal control is defined as a process, effected by an entity's governing board, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in one of the following categories: (a) efficiency and effectiveness of operations; (b) reliability of financial reporting; and (c) compliance with applicable laws and regulations. Reasonable assurance is defined as a high, but not absolute, level of assurance or confidence about whether the financial statements are free of misstatement (whether caused by error or fraud.) The District's management is responsible for establishing and maintaining adequate internal controls designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are processed and summarized to allow for the preparation of financial statements in conformity with GAAP. The greatest challenge in establishing and maintaining adequate internal controls is ensuring that the control framework developed by management is comprehensive—that is, broad enough to achieve its intended purpose. The District has established a sufficiently comprehensive framework that includes the following five components:

- A favorable **control environment**, one in which those working in the organization possess the necessary individual attributes, including integrity, ethical values, and competence of the highest levels
- Continuing **risk assessments**, processes used to identify, analyze, and manage risks that may threaten the entity's ability to operate efficiently and effectively
- Design and implementation of effective **control activities**, control policies and procedures which are developed and implemented to ensure that management's planned actions to mitigate risks are successfully executed
- Effective **information and communication**, methods and systems used to disseminate information needed to conduct, manage, and control an organization's operations
- On-going **monitoring**, review of the effectiveness of controls to timely make the necessary modifications, when warranted

Accounting System

The District's accounting system of record is the System of Accounting and Reporting (SOAR). As such, SOAR-generated data is the District's "official" financial/accounting data. SOAR is used to record District transactions with taxpayers, grantors, other governmental entities, vendors, suppliers, contractors and the general public, including the collection and receipt of taxes, fees for services, grant funding, transfers, funding from other sources, as well as expenditures. The system of record is used to generate the data used in the CAFR.

The District's accounting system is organized and maintained on a fund basis. The types of funds used are determined in accordance with GAAP, and the number of funds established within each type is guided by the minimum number of funds principle and sound financial management practices.

SOAR is designed to satisfy a wide variety of financial reporting needs, and provides for the establishment and use of unique codes (accounting attributes) to distinguish the various "pools" of funding within agencies. Agency budgets are "loaded" in SOAR using each respective agency's established SOAR structure and the appropriate objects (expenditure/expense categories.) As transactions are recorded in the system, financial data may be aggregated into financial and managerial reports at various levels of detail (State Fund, GAAP Fund, Appropriated Fund, Fund Detail, Agency or some combination of these elements).

Summary of Government Finances

The financial reporting of the District of Columbia consists of the primary government and its component units. The primary government is the District of Columbia government, which consists of all the agencies that make up its legal entity. The Water and Sewer Authority (WASA), the Washington Convention and Sports Authority (WCSA), the Housing Finance Agency (HFA), and the University of the District of Columbia (UDC) are the District's component units. Upon approval of the District's FY 2010 budget, the Sports and Entertainment Commission was dissolved, and its duties were divided among the Washington Convention Center Authority (subsequently renamed as the Washington Convention and Sports Authority) and the Office of Property Management (subsequently re-named the Department of Real Estate Services). The District's component units are independent agencies for which the primary government is financially accountable. The financial data for these component units are reported separately from the financial data of the primary government. The Tobacco Settlement Financing Corporation (the Tobacco Corporation) is presented as a blended component unit in the District's CAFR, as required by GAAP for state and local governments. The District of Columbia Housing Authority (DCHA) and the District of Columbia Courts are related organizations, because the District is not financially accountable for their operations.

In addition, the District is a participant with other local jurisdictions in Maryland and Virginia to plan, construct, finance, and operate a public transit system serving the Metropolitan Washington Area Transit Zone. In February 1967, the Washington Metropolitan Area Transit Authority (WMATA) was created to fulfill the stated purposes of the public transit system. The District does not have explicit measurable equity interest in the public transit system and therefore, does not include the financial activities of the system in its financial statements.

The District's financial condition and operating results for fiscal years 2008 through 2010 are presented in the following tables:

Table 4.1.
Condensed Statements of Net Assets FY 2008 Through FY 2010 (Dollar amounts in thousands)

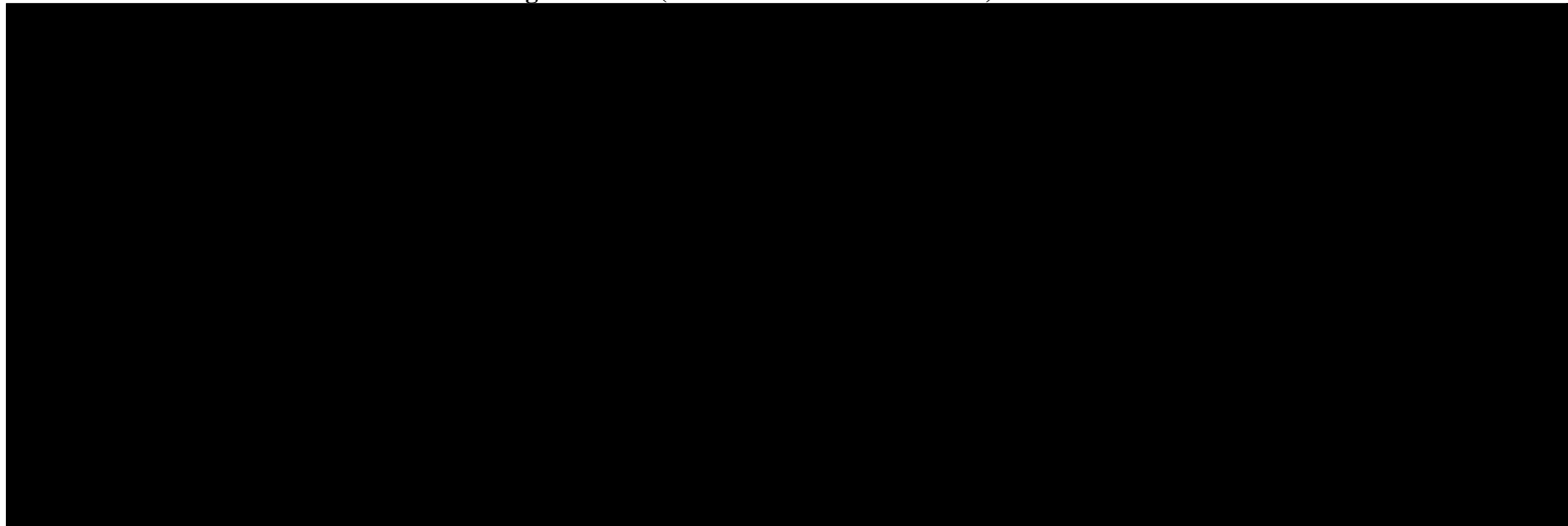
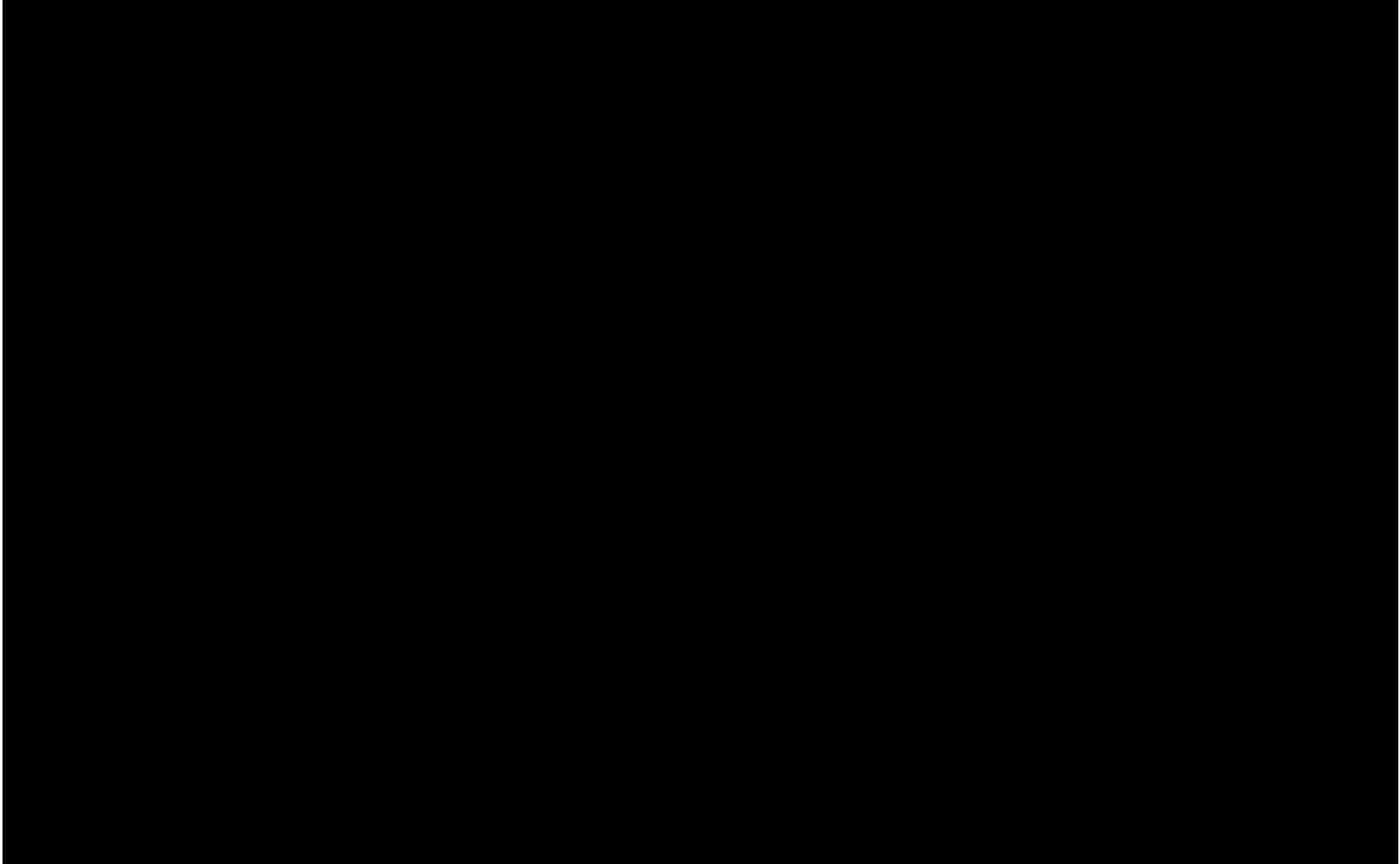


Table 4.2.
Changes in Net Assets FY 2008 Through FY 2010 (Dollar amounts in thousands)



Factors Affecting the District's Financial Position

The District, as the central urban location of a large metropolitan area, houses a disproportionately large share of the very poor and needy population. The District's overall poverty rate of 18 percent and child poverty rate of 29 percent are significantly higher than the U.S average and that of neighboring counties including Arlington, Fairfax, Montgomery, and Prince George's. Unlike other urban jurisdictions, the District cannot pool resources across suburban areas to serve its urban poor. Yet, it must provide state-level services such as healthcare, housing and welfare largely through its own resources.

The District's service problems are exacerbated by the higher costs of service delivery. Labor costs in the District are 23 percent above the national average for public services, and the capital costs are 65 percent above the national average. This combination of a significant population in need of services and high costs of service delivery result in high expenditure needs for the District. Specifically, if the District were to offer a basket of public services that prevail as "average" among all the state and local governments, it would have to spend 31 percent more than the national average to deliver it.

In this environment of high expenditure needs, the District's tax base has been externally restricted through federal actions. First, the federal government prohibits the taxation of federal real property and does not provide a Payment in Lieu of Taxes to compensate for the revenue forgone from this prohibition. Second, the Home Rule Act prohibits the District from taxing nonresident income. In the District, this is a significant limitation in the income tax base as about 70 percent of the workers in the District are nonresidents.

These restrictions on the revenue collections imply that the District's residents must share a disproportionate share of the costs of public services, while the benefits generated by the District are shared by a much larger community. It also implies that under slower revenue growth scenarios, District services could become severely impaired.

Financial Outlook

Although the recession officially ended two years ago, the U.S. and local economies have yet to fully recover. In the District, just as federal government employment began to level off, the private sector started adding jobs, though job growth may now be slowing. The commercial real estate sector remains a bright spot as the commercial office vacancy rate is lower than many other similar urban areas and lower than the surrounding area. Wage growth has also increased, although the District's unemployment rate remains close to 10 percent and is projected to remain elevated relative to the historic average rate. District revenue collections have benefited from the economic recovery so far and, bolstered by stronger than expected growth in real property and individual income tax receipts this spring, revenue collections for the current fiscal year are higher than forecasted in February.

The federal government's presence provides an important element of stability to the District's economy, but the current debate over the size of federal government and the momentum in Congress to drastically reduce spending to bring down the deficit is a serious risk to both the District economy and that of the wider metropolitan area. In FY10, government employment in the District grew by 2.5%, offsetting private sector declines.

The District did fare better than many places throughout the recession. Population began growing again in the middle part of the decade and the financial crisis shifted the focus of the financial activity from New York to the District. Housing was affected by the national collapse but sales of single family and condos have rebounded faster than other metropolitan areas. Prices are still below the peaks but the Washington DC metro area is one of the few metropolitan areas in the Case-Shiller housing price index that has had consistent positive growth recently. Commercial real estate has also outperformed expectations and the vacancy rate in the District is the lowest in the metropolitan area and declined in FY 2010 and continues to decline in FY 2011. The total assessed value of real

property did not fall in FY 2011 as much as expected due to this strength and real estate transaction taxes have been very strong though still have not returned to peak levels.

Table 4.3. Revenue and Economic Indicators of the District of-Columbia, FY 2001 through FY 2010

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Local source revenue (\$ 000) (before earmarks)	3,981,750	3,720,799	3,924,119	4,391,506	4,924,143	5,260,789	5,958,053	6,229,811	5,928,847	5,850,019
Growth	6.3%	-6.6%	5.5%	11.9%	12.1%	6.8%	13.3%	4.6%	-4.8%	-1.3%
Employment										
No. Of Employees in DC ('000)	654.4	661.8	665.9	671.4	680.3	686.2	691.7	702.8	701.7	708.4
Growth		1.1%	0.6%	0.8%	1.3%	0.9%	0.8%	1.6%	-0.1%	1.0%
Employees in Gov't ('000)	224.3	231.5	231.1	230.4	233.6	233.4	230.7	234.3	238.7	244.6
Growth		3.2%	-0.2%	-0.3%	1.4%	-0.1%	-1.1%	1.6%	1.9%	2.5%
Population										
No. of DC Residents ('000)	577.7	579.1	577.4	579.5	582.0	585.4	587.9	591.8	597.2	602.4
Change ('000)		1.4	-1.7	2.1	2.5	3.4	2.5	3.9	5.4	5.2
Single-family (SF) housing sales										
No. of SF sales	5,340	5,488	5,700	5,867	5,372	4,275	3,873	3,267	3,821	4,543
Growth		2.8%	3.9%	2.9%	-8.4%	-20.4%	-9.4%	-15.6%	17.0%	18.9%
SF Housing sales prices										
Median (Jan thru Sept) (\$ 000)		274	325	375	485	509	533	520	417	410
Growth			18.6%	15.4%	29.3%	4.9%	4.7%	-2.4%	-19.8%	-1.8%
Average (\$ 000)		372	397	470	592	686	669	672	564	544
Growth			6.8%	18.4%	25.8%	15.9%	-2.5%	0.5%	-16.2%	-3.4%
Condo Sales										
No. of condo sales	2,656	3,066	3,586	3,919	4,426	3,952	4,147	2,979	2,935	3,222
Growth		15.4%	17.0%	9.3%	12.9%	-10.7%	4.9%	-28.2%	-1.5%	9.8%
Condo Sales Prices										
Median (Jan thru Sept) (\$ 000)		220	260	320	375	358	354	365	357	369
Growth			18.2%	23.1%	17.2%	-4.5%	-1.1%	3.1%	-2.3%	3.4%
Average (\$ 000)		236	277	334	407	416	407	411	408	415
Growth			17.4%	20.6%	21.9%	2.2%	-2.2%	1.0%	-0.8%	1.9%
Commercial office space										
Total inventory (million sq. ft.)	101.6	104.4	106.4	109.3	111.2	117.7	122.4	123.6	127.5	131.9
Growth		2.8%	1.9%	2.7%	1.7%	5.8%	4.0%	1.0%	3.1%	3.5%
Vacancy rate (includes sublet)	5.2%	6.7%	6.7%	6.4%	6.1%	6.2%	5.8%	6.6%	10.2%	9.1%

Source: DC Office of the Chief Financial Officer, Office of Revenue Analysis

Table 4.4. Growth in Wages and Salaries in DC, the Washington Metropolitan area, and the U.S.: FY 2005 through FY 2010

(Percent change from prior year)

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
District of Columbia	6.1%	5.5%	5.8%	4.8%	2.2%	3.8%
United States	5.3%	6.0%	6.2%	3.5%	-3.6%	0.4%
Washington Metropolitan Area	7.1%	5.9%	5.8%	4.2%	0.8%	3.0%

Source: Bureau of Economic Analysis. Metro area estimated by Moody's Analytics

Individual Income Taxes

The adjusted gross income reported on the District's individual income tax returns was approximately \$20.3 billion for tax year 2009 (Table 4.5). The net taxable income reported was \$15.9 billion and personal income taxes were about \$1.1 billion for tax year 2009. Between 2001 and 2009, the average annual growth of adjusted gross income was 5.4 percent, while net taxable income and total personal income taxes average annual growth was 5.0 percent and 3.2 percent, respectively.

The individual income tax base consists of the income of individuals who maintain a permanent residence in the District at any time during the tax year and individuals who maintain a residence for a total of 183 or more days during the tax year. The District's tax base also includes the income of individuals who were members of the armed forces and listed the District as their home of record for either a part of or the full taxable year, as well as the spouse of an exempt military person or of any other exempt person such as a nonresident presidential appointee or an elected official.

Those individuals that are exempt from income tax in the District (and as such whose income is not included in the tax base) include elected officials of the federal government, presidential appointees subject to confirmation by the U.S. Senate, United States Supreme Court justices who are not domiciled in the District, employees of legislative staffs who are residents of the state of their elected official, and, of great importance, all persons who are employed in the District but live outside of the District.

Of the 304,959 individual income tax returns filed for Tax Year (TY) 2009, 60.3 percent were filed by single taxpayers, 18.9 percent by married filers, 18.1 percent by heads of household and 2.2 percent by dependent taxpayers (Table 2.6). A comparison of TY 2001 and TY 2009 finds that single filers increased by almost five percentage points and married combined separate increased by just under three percentage points. Conversely, head of household filers declined by 3.7 percentage points and married filing jointly declined by 2.7 percentage points.

When the adjusted gross income (AGI) of tax filers for TY 2009 is examined by income level, among filers with income less than \$30,000 62.1 percent are single filers and 23.4 percent are head of household filers (Table 2.7). Among filers with income more than \$100,000, 55.3 percent are married filers and 40.5 percent are single filers.

The average federal adjusted gross income filed by District taxpayers on their 2009 returns was \$73,660. In 2009, District residents paid \$1.1 billion in District income taxes and \$3.9 billion in federal income taxes. District residents paid on average \$11,556 per federal return in 2009, compared with the national average of \$6,068 or 90 percent more per taxpayer. For TY 2009 the District's average federal tax was second only to Connecticut (\$11,933).

Table 4.5.

District of Columbia Individual Income Tax Data						
Tax Year	Total DC Adjusted Gross Income (\$M)	Percent Increase	Taxable Income (\$M)	Percent Increase	Income Tax Paid to DC (\$M)	Percent Increase
2001	13,958		11,409		877	
2002	13,402	-4.0%	10,823	-5.1%	807	-8.0%
2003	13,664	2.0%	11,084	2.4%	835	3.5%
2004	15,510	13.5%	12,755	15.1%	969	16.0%
2005	15,349	-1.0%	12,564	-1.5%	941	-2.9%
2006	20,481	33.4%	16,847	34.1%	1,188	26.3%
2007	22,545	10.1%	18,601	10.4%	1,235	3.9%
2008	21,095	-6.4%	16,558	-11.0%	1,123	-9.1%
2009	20,263	-3.9%	15,867	-4.2%	1,078	-4.0%

Source: DC Office of the Chief Financial Officer, Office of Revenue Analysis and Office of Tax and Revenue, DC Statistics of Income

Table 4.6.

Percentage Distribution of District Income Tax Returns by Filing Status									
	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total Returns	270,645	266,749	264,046	262,328	270,772	288,263	301,304	304,714	304,959
Single	55.6%	55.3%	55.5%	55.4%	57.2%	57.3%	58.6%	59.4%	60.3%
Head of Household	21.8%	22.3%	22.3%	21.8%	20.9%	20.0%	19.5%	18.7%	18.1%
Married Filing Separately	3.2%	3.0%	3.1%	3.1%	3.0%	2.9%	3.2%	3.1%	3.1%
Married Filing Combined Separate	5.6%	5.2%	5.4%	5.7%	7.2%	8.1%	7.9%	7.8%	8.3%
Married Filing Joint	10.2%	10.6%	10.5%	10.6%	8.5%	8.2%	7.7%	7.6%	7.5%
Dependent	2.9%	2.9%	2.8%	3.0%	2.9%	3.0%	2.8%	2.7%	2.2%
Not Identified or other	0.7%	0.6%	0.5%	0.5%	0.3%	0.6%	0.4%	0.6%	0.5%

Source: DC Office of the Chief Financial Officer, Office of Revenue Analysis and Office of Tax and Revenue, DC Statistics of Income

Table 4.7.**Percentage Distribution of District Income Tax Returns by Filing Status and Income Level TY 2009**

Income Range	Single	Head of Household	Married Filing Separate	Married Filing Combined	Married Joint	Dependent	Other*
Under \$30,000	62.1%	23.4%	2.6%	0.8%	5.0%	5.0%	1.0%
\$30,000 - \$50,000	64.6%	23.0%	3.2%	2.8%	6.3%	0.1%	0.0%
\$50,000 - \$100,000	66.8%	13.0%	4.0%	8.2%	7.9%	0.0%	0.0%
\$100,000 and Over	40.5%	4.0%	3.3%	36.5%	15.5%	0.0%	0.1%

* Other includes domestic partner joint, domestic partner combined separate, and no specified filer type. Filer type is not specified in cases of filers who are not required to file a tax return because their income is below the filing threshold but do so to claim the property tax circuit breaker (schedule H) or to claim income taxes withheld

Source: DC Office of the Chief Financial Officer, Office of Revenue Analysis and Office of Tax and Revenue, Statistics of Income

General Sales and Use Tax

Revenue from the District's sales and use tax is collected using a four-tier structure (see Table 4.8). Sales of tangible personal property and certain specified services are taxed at 6 percent. Sales of alcoholic beverages for consumption outside the premises are taxed at 10 percent. Sales of food and drinks for immediate consumption, the rental and leasing of motor vehicles and sales of prepaid phone cards are also taxed at 10 percent which includes an additional one-percent tax supporting the Washington Convention and Sports Authority. Parking and storage of vehicles are taxed at 18 percent beginning October 1, 2011, and tobacco products, except for cigarettes, premium cigars or pipe tobacco, are taxed at 12 percent. Transient accommodations are taxed at 14.5 percent (with 4.45 percent supporting the Washington Convention and Sports Authority).

From a policy perspective, the multiple rates allow the District to generate additional revenue from visitors through the higher rates on restaurant meals, hotel rooms, and parking. From an administrative standpoint, the multiplicity of rates with special exemptions provided in each category, complicates the administration of the sales tax for the Office of Tax and Revenue and adds to the compliance costs for businesses such as hotels and food stores where transactions may involve several tax categories.

Portions of sales taxes have been earmarked for a variety of policy purposes. The transfer of sales tax revenue to the Convention and Sports Authority was the first sales tax earmark, started in 1999 and totaled \$94 million in FY 2010. In addition to the Convention Center, sales taxes are also earmarked for Tax Increment Financing projects, the Ballpark Fund, the Department of Transportation, and the Highway Trust Fund. In FY 2010, gross sales and use taxes were \$976.7 million with \$155.7 million (16 percent) earmarked for various purposes. Net non-dedicated sales tax were \$821 million (see Table 4.9). In FY 2012, per recent legislation, revenues from a 6% tax on medical marijuana will be distributed to the Healthy DC and Health Care Expansion fund, revenues from the 12% parking tax will all be distributed to support the District's portion of Washington Metropolitan Area Transit Authority (WMATA), and a portion of retail sales tax attributable to expanding the base to include soft drinks will go to the Healthy Schools fund.

In FY 2011, gross sales tax revenue is expected to grow at a rate of 3.8 percent to \$1 billion. Growth in FY12 is estimated at 5.6 percent.

Table 4.8.
Estimated Sales Tax Base and Payments by Tax Type, FY 2010
(\$ millions)

	Retail	Liquor (1)	Restaurant	Parking	Hotel	Transfers	Total
Base	6,435	315	3,177	338	1,407		
Rate	6.0%	9.0%	10.0%	12.0%	14.5%		
Collections	386.1	28.4	317.7	40.6	204.0		976.7
Convention Center Transfer			31.7		62.6		94.3
TIF Transfer						23.0	23.0
Ballpark Transfer						10.0	10.0
Parking Tax Transfer				28.4			28.4
Local Fund	386.1	28.4	286.0	12.2	141.4	(33.0)	821.0

(1) The tax rate on alcoholic beverages for off-premise consumption was 9% in FY 2010.

Source: DC Office of the Chief Financial Officer, Office of Revenue Analysis and Office of Tax and Revenue

Table 4.9.

Sources of Revenue FY 2010	in \$ '000s FY 2010 Actual
Revenue Source	
General Sales and Use Tax (gross)	976,690
Transfer to Convention Center	94,360
Transfer to TIF Fund	22,995
Transfer to DDOT	27,276
Transfer to Ballpark Fund	9,977
Transfer to Highway Trust Fund	1,098
General Sales Tax (net)	820,984

Source: DC Office of the Chief Financial Officer, Office of Revenue Analysis and Office of Tax and Revenue

Real Property Tax

The District taxes real property based on 100 percent of assessed value and bills taxpayers twice annually like many other jurisdictions throughout the United States. The District, also like many other jurisdictions, divides properties into separate tax classes depending on the use of the real property. Each class is taxed at a different rate. The real property taxable class types are residential, commercial and blighted/abandoned (see Table 4.10). The major difference, however, between the District and other jurisdictions is the extraordinarily large proportion of real property that is exempt from paying the District's real property tax – amounting to roughly 57 percent of land area and 35 percent of total assessed value (see Table 4.11). Tax-exempt properties primarily include those owned by the federal government as well as properties owned by foreign governments, non-profit organizations, educational institutions and the District government.

Real Property Tax Base

The value of all real property in the District declined 0.86 percent from \$234.3 billion in 2009 to \$232.2 billion in 2010. The total value of all taxable commercial properties amounted to \$68.3 billion or 29.4 percent of all property in the District. The total value of all residential properties amounted to \$81.9 billion or 35.3 percent of all property in the District. The total value of all exempt properties amounted to \$82.1 billion or 35.4 percent of all property in the District.

In 2010, the total value of taxable commercial property declined 0.35 percent while taxable residential properties declined 3.17 percent. The value of all exempt property grew 1.11 percent. With 64.6 percent of the value of all real property in the District being taxable in 2010, the commercial sector accounted for 45.5 percent of the tax base and the residential sector accounted for 54.5 percent of the tax base. In tax year 2010, the District's total taxable real property had an assessed value of \$232 billion.

Real Property Tax Rates

The District's real property tax system divides taxable properties into three separate classes depending on the use of the real property, and each class is taxed at a different rate. For tax year 2010, Class 1 properties were residential properties and taxed at a rate of \$0.85 per \$100 of assessed value. All Class 2 properties were subject to a split tax rate. The split tax rate for Class 2 properties was \$1.65 per \$100 of assessed value for the first \$3 million of assessed value, and \$1.85 per \$100 of assessed value for the portion of the assessed value exceeding \$3 million. The tax rate on Class 3 properties, which are abandoned properties, was \$10 per \$100 of assessed value. The Class 3 tax rate was intended to serve as a disincentive for property owners who allow their properties to become blighted and abandoned. Beginning with Tax Year 2011, the Class 3 classification was amended to refer only to vacant unimproved land with a rate of \$5 per \$100 assessed value. A new Class 4 was added with a rate of \$10 per \$100 of assessed value for blighted property.

Table 4.10. Real Property Tax Classifications and Rates, Fiscal Years 2002 - 2010

Rate per \$100 of assessed value									
Property Tax Class	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009*	FY 2010
Class One (Residential)	\$0.96	\$0.96	\$0.96	\$0.96	\$0.96	\$0.88	\$0.85	\$0.85	\$0.85
Class Two (Commercial)	\$1.85	\$1.85	\$1.85	\$1.85	\$1.85	\$1.85	\$1.85	\$1.85	\$1.85
Class Three (Blighted/Abandoned)**	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$10.00	\$10.00

* Beginning in FY 2009 Class Two properties are subject to a split tax rate. The tax rate for the 1st \$3 million in assessed value is taxed at a rate of \$1.65 per \$100 of assessed value and the additional assessed value (in excess of \$3 million) is taxed at a rate of \$1.85 per \$100 of assessed value.
 ** Class definition in effect FY 2002 – FY 2010. Class Three was amended beginning FY 2011 and a new Class Four was also added.

Source: DC Office of Revenue Analysis

Table 4.11. Assessment Trends: 2002 – 2010 (dollars in thousands)

Property Tax Class	Tax Year 2002	Tax Year 2003	Tax Year 2004	Tax Year 2005	Tax Year 2006	Tax Year 2007	Tax Year 2008	Tax Year 2009	Tax Year 2010
Residential Property (1)(2)(3)(4)	24,902,543	28,379,237	32,701,220	49,982,554	58,090,888	73,126,786	81,400,361	84,544,053	81,862,427
Commercial Property	27,619,604	29,684,430	33,752,889	36,905,213	40,400,447	51,748,487	61,557,827	68,495,502	68,254,862
Total Taxable	52,522,147	58,063,667	66,454,109	86,887,767	98,491,335	124,875,273	142,958,188	153,039,555	150,117,289
Tax Exempt	33,812,037	35,728,289	43,234,068	43,219,725	59,664,865	57,690,545	67,869,520	81,211,121	82,113,504
Total Value (Including Exempt)	86,334,184	93,791,956	109,688,177	130,107,492	158,156,200	182,565,818	210,827,708	234,250,676	232,230,793
Tax Exempt as a % of Total Value	39.2%	38.1%	39.4%	33.2%	37.7%	31.6%	32.2%	34.7%	35.4%
<p>Note: Assessed value is 100 percent of estimated actual value. (1) After deduction of homestead exemption and credit against tax. (2) Does not reflect 2002 and 2003 Cap Assessment of 25% for Class 1 with Homestead Exemptions. (3) Does not reflect the 2004 and 2005 Cap Assessment of 12% for Class 1 with Homestead Exemptions. (4) Does not reflect the 2006 Cap Assessment of 10% for Class 1 with Homestead Exemptions. Source: DC Office of Tax and Revenue</p>									

Lottery and Charitable Games

The DC Lottery and Charitable Games Board (the Lottery) was established by Public Law 3-172 as an independent agency of the District of Columbia. In accordance with applicable laws, the Lottery is responsible for generating revenues through the sale of lottery products and is required to remit monthly gaming revenues less prizes, operating expense, and a reserve not to exceed 2% of annual prize payments to the District’s General Fund. Since the Lottery’s establishment in 1982, total contribution to the General Fund has been more than \$1.6 billion. The Lottery’s annual transfer to the General Fund remains a vital component of the District’s economy, benefiting District residents, suburban commuters, and tourists. The General Fund supports services such as education, parks and recreation, public safety, housing, and senior and child services. The Lottery directly benefits players by paying out more than 50 percent of annual sales in prize money. It also pays commissions to retailers licensed to sell DC Lottery game products.

The Lottery offers 11 games including: DC3, DC4, DC5, Powerball, Mega Millions, Keno, Hot Lotto, DC Daily Six, DC Rolling Cash Five, DC Raffle, and Instant Tickets, which are discussed below.

- **DC3:** Lucky Numbers is a daily three-digit game in which players may wager 50 cents or one dollar with nine ways to win prizes ranging from \$25 to \$500. Sales totaled \$56,361,000 in 2010 and \$60,831,000 in 2009.
- **DC4:** DC Four is a daily four-digit game with a fixed payout. Players may wager 50 cents or one dollar for a chance to win seven different ways. Ticket sales totaled \$68,619,000 in 2010 and \$79,908,000 in 2009.
- **DC5:** DC Five is a daily five-digit game with a fixed payout. Players may wager 50 cents or one dollar for a chance to win thirteen different ways. The DC Five game was launched effective July 19, 2009. Ticket sales totaled \$11,392,000 in 2010 and \$2,908,000 in 2009 due to slightly over two full months of operations.
- **Powerball:** The Powerball game is a five out of fifty-nine plus one out of thirty-nine online lottery game that pays a grand prize on an annuitized pari-mutuel basis or as a cash lump sum payment and all other prizes on a fixed basis. All annuitized prizes are paid in thirty annual graduated installments.

The Powerball game is sponsored by the Multi-State Lottery Association (MUSL), a conglomerate of thirty states, the District of Columbia and Virgin Islands, that combines resources and sales to offer larger jackpots. Party lotteries pool their sales and other resources, but otherwise account for operations separately. The prize structure matrix for the game was last changed effective January 4, 2009. Powerball sales totaled \$20,175,000 in 2010 and \$33,003,000 in 2009. The decrease in ticket sales can be attributed to offset of sales to the Mega Millions game.

- **Mega Millions:** The Mega Millions game is a five out of fifty-six plus one out of forty-six online lottery game that pays a grand prize or a cash lump sum payment and all other prizes on a fixed basis. All annuity prizes are paid in twenty-six annual installments. The Mega Millions game is sponsored by the Mega Millions Group, a conglomerate of twelve states, and participating MUSL members that combine resources and sales to offer larger jackpots. All Mega Millions transactions of the Lottery are handled through the Multi-State Lottery Association. Party lotteries pool their sales and other resources, but otherwise account for operations separately. The Lottery began selling Mega Millions tickets effective January 31, 2010. Mega Millions sales totaled \$4,313,000 for the approximate eight months of operations in 2010.
- **Keno:** Keno is a 10/20/80 game with fixed prizes. Players choose to play from 1 to 10 spots, with each spot having a different prize structure. Players select twenty numbers from a field of 80 numbers. Draws are held every four minutes during valid game times. Payouts range from five dollars to 100,000 dollars. Tier 1 prizes start as a fixed payout and transitions to a pari-mutuel payout when the number of winners per draw exceeds 10. The game is supplemented by Keno Spin which features a multiplier option to the game's prizes. Keno sales totaled \$12,582,000 in 2010 and \$12,578,000 in 2009.
- **Hot Lotto:** Hot Lotto is a five out of thirty-nine plus one out of nineteen online lottery game that pays a grand prize, at the election of the player at time of ticket purchase, either on an annuitized pari-mutuel or cash option basis. All other prizes are paid on a fixed basis. Prizes are expensed at the rate of 50.0% of sales intake less lapsed prizes. The Hot Lotto game is sponsored by the Multi-State Lottery Association (MUSL), a conglomerate of thirteen states and the District of Columbia, which combines resources and sales to offer larger jackpots. The initial jackpot starts at \$1 million and drawings are held every Wednesday and Saturday. Party lotteries pool their sales and other resources, but otherwise account for operations separately. Hot Lotto sales amounted to \$2,871,000 in 2010 and \$3,831,000 in 2009.
- **DC Daily Six:** The DC Daily Six game is a six out of thirty-nine numbers online lotto type game that pays fixed prize payouts ranging from one dollar to 250,000 dollars. Players receive two boards (set of six numbers) for one dollar. Drawings are held nightly seven days a week and players can purchase tickets for the next draw only or the next draw and up to 42 consecutive drawings in predetermined increments. The Division 1 prize payout is fixed for the first four winners. If the number of winners exceeds four then all Division 1 winners share the maximum payout of \$1 million. Payouts for Divisions 2 through 6 are fixed. DC Daily Six sales totaled \$3,382,000 in 2010 and \$3,957,000 in 2009.
- **DC Rolling Cash Five:** The DC Rolling Cash Five game is a five out of thirty-five numbers online lotto type game that pays fixed prize payouts ranging from one dollar to generated jackpot amount. Player received one wager (set of five numbers) for the sum of one dollar. Drawings are held nightly seven days a week and players could purchase tickets for the next draw only or the next draw and up to 42 consecutive drawings in predetermined increments. Division 1 grand prize winnings are pari-mutuel and varied depending on number of players and winners. Prize payouts for Divisions 2 through Division 4 winners are fixed. Lottery management decided to discontinue the game effective July 18, 2009. There were no ticket sales in 2010 and \$2,713,000 in 2009.
- **DC Raffle:** The DC Raffle game is a promotional game designed to run for a certain interval of time and to generate a maximum number of tickets to be sold. A sequential number is printed for each ticket which serves as the bet. Each player wagers a set sum for a ticket and chance to win fixed prizes. Ticket sales commenced on November 18, 2009 and ended on December 08, 2009 for the one promotional game in 2010. Ticket sales totaled \$39,000 in 2010 and there were no promotional games in 2009.
- **Instant Games:** Instant "scratch" ticket games remain a DCLB staple. These games are designed to allow a player the opportunity to determine if he/she is an instant winner at the time of ticket purchase. The price of tickets and prize structure are determined before the production of tickets. Instant ticket sales totaled \$49,972,000 in 2010 and \$45,253,000 in 2009.

Lottery Agents

The Lottery sells its lottery products at a variety of local businesses including gas stations, hardware stores and supermarkets. The Lottery works closely with business owners to develop customized plans designed to grow their businesses overall, as well as ticket sales. The Lottery paid \$14,478,000 and \$15,316,000 in agent commissions in 2010 and 2009, respectively.

General Fund Transfers

In 2010, the Lottery transferred \$66,750,000 to the District's General Fund. The amount of the Lottery's transfer in 2009 was \$68,775,000.

Table 4.12. Revenues, Expenses, and Changes in Net Assets: FY 2006 – FY 2010 (Dollar amounts in thousands)

	2006	2007	2008	2009	2010
Operating revenues:					
Gaming revenues	\$ 266,391	256,824	252,721	245,370	230,159
Operating expenses:					
Prizes	146,687	145,338	135,060	128,058	118,932
Agent's commissions	16,534	15,991	15,782	15,316	14,478
Contractor fees	14,410	16,000	17,783	16,085	12,767
Advertising	5,249	5,361	4,618	4,900	5,148
Administration	10,638	9,447	9,599	12,132	11,918
Amortization and depreciation	389	200	139	134	150
Total operating expenses	193,907	192,337	182,981	176,625	163,393
Operating income	72,484	64,487	69,740	68,745	66,766
Nonoperating revenues - interest and dividends	1,375	940	628	79	25
Income before transfers	73,859	65,427	70,368	68,824	66,791
Transfers to District General Fund	(73,800)	(65,375)	(70,300)	(68,775)	(66,750)
Change in net assets	59	52	68	49	41
Net assets, beginning of year	3,642	3,701	3,753	3,821	3,870
Net assets, end of year	\$ 3,701	3,753	3,821	3,870	3,911

Source: DC Lottery Board Audited Statements

Partnership and Grant Services (OPGS)

The Mayor's Office of Partnerships and Grant Services (OPGS) mission is to advance the District of Columbia's strategic plan and contribute to the improvement of quality of life for residents of our nation's capital by establishing multi-sector partnerships, and pursuing financial support and technical assistance from public and private resources.

In order to accomplish this mission, OPGS provides services to the agencies of the District of Columbia, as well as to individuals and organizations that provide services to District residents. Our core focus areas include: grant and resource development, capacity building, donation solicitation and management, and partnership facilitation.

CORE SERVICES

Grant and Resource Development

OPGS serves as the District Government's central clearinghouse of information and support related to new competitive federal grants. We accomplish this through the following activities and programs:

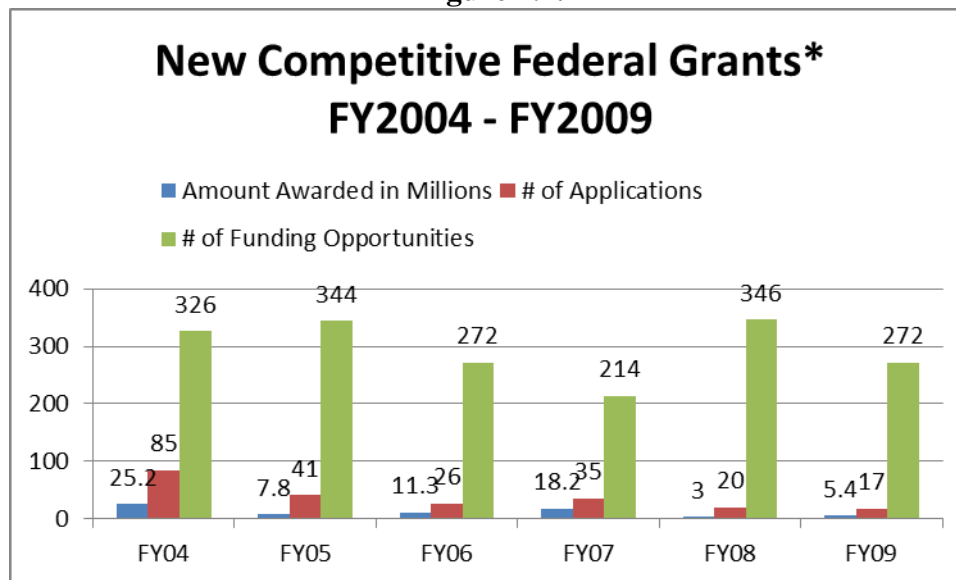
- Research, identify and post new competitive federal grant opportunities and foundation grant opportunities through our Grants Information Data System (GIDS). From October 1, 2004 – September 30, 2009, OPGS identified 1129 new competitive Federal grant opportunities for which District government agencies were eligible to apply.
- Disseminate federal and local Notices of Funding Availability (NOFAs).
- Produce and email weekly funding opportunities and resources reports through *Funding Alert* and *Federal Grants Bulletin*. By the close of FY2009, over 4800 people received the *Funding Alert*.
- Serve as the District's State Single Point of Contact (SPOC) for all federal grant programs covered by Executive Order 12372. In this role we offer guidance and ensure compliance with Executive Order 12372 by answering questions, reviewing SPOC applications and providing State Application Identifier numbers.

Table 4.13. SPOC Applications Processed

Fiscal Year	2005	2006	2007	2008	2009
# of Applications	256	275	315	232	281

- Train grant seekers (District government and nonprofits) on grant search processes and grant application basics.
- Maintain public website with useful resources and information.
- Track applications and receipt of funds District government receives from new competitive federal grants. OPGS tracks new competitive federal grants for which District agencies may be eligible to receive funding, whether or not they have applied for these opportunities, and if so, whether or not they have received funding.

Figure 4.1.



*Based on “self-reported” information from District agencies.

(Note: This is a small percentage of the grant revenues that the District receives. This grant information does not include formula grants, block grants or continuing grant funds. In addition, information on new competitive federal grant opportunities is incomplete as not all agencies report their funding efforts/successes).

The number of new competitive federal grant opportunities that District agencies pursue varies every year. There are several factors that may influence why an agency does not to apply for federal funds. Some of these may include: the agency already attained previous funding for similar project; the opportunity does not meet the priorities of the agency; and/or the agency has supported nonprofit agencies that applied for the grant.

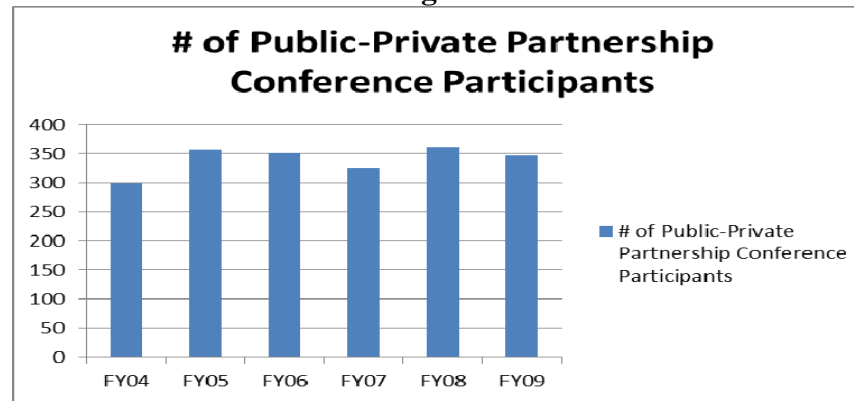
Capacity Building

OPGS provides training and support for District-based nonprofit and faith-based organizations, as well as District government agencies. Beneficiaries of our services learn program and grants management skills. Some of our capacity building program offerings include:

- **Strengthening Communities Grant (SCF) Program:** A two-year \$250,000 American Recovery and Reinvestment Act (ARRA) of 2009 grant was awarded to OPGS to build the capacity of District nonprofits, and community and faith-based organizations by providing comprehensive classroom and webinar training and onsite technical assistance to enhance their job readiness, placement, and retention services for District residents.
- **Annual Public Private Partnership Conference:** OPGS offers an annual day-long regional conference, providing practical information and networking opportunities for nonprofit and faith-based leaders, funders, local and federal government representatives who work with and/or support nonprofit organizations. In May 2009, OPGS held its 10th Annual Public Private Partnerships Conference entitled, “Sustainability in an Era of Change”

at the Walter E. Washington Convention Center, During the conference presentations were provided by Michael Blake, Deputy Associate Director, Office of Intergovernmental Affairs and Public Liaison, Executive Office of the President; Joshua Dubois, Director of the Office of Faith-based and Neighborhood Partnerships, Executive Office of the President; Robert L.E. Egger, Founder and President, DC Central Kitchen, Inc.; and other prominent multi-sector leaders.

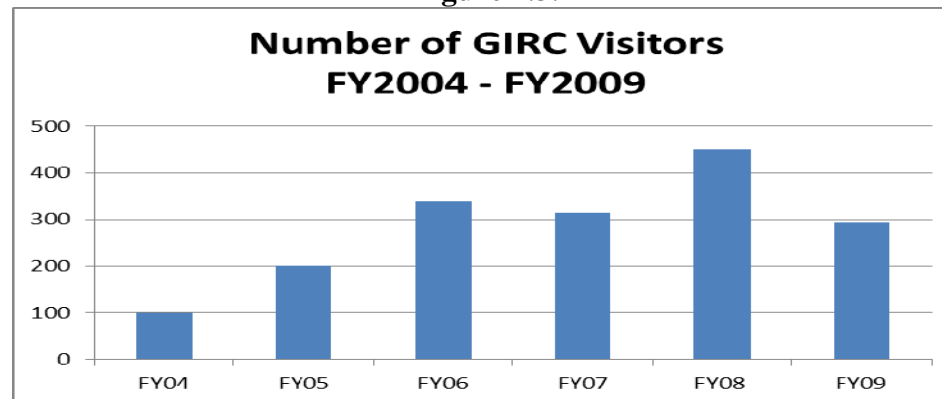
Figure 4.2.



*Conference participation limited by room capacity of 350

- Grants Information Resource Center (GIRC):** One-on-one technical assistance to leaders looking for potential funders for their nonprofit organization and/or resources on how to start a nonprofit organization. GIRC has eight computers and access to the Foundation Center and Grants Direct databases to search for specific grant opportunities. GIRC opened its doors in 2004 and the number of users continues to increase.

Figure 4.3.



Donations

OPGS manages the donation applications approval process for all District agencies, including the public school system. Working with the Office of the Chief Financial Officer and the Office of Attorney General, OPGS administers the Rules of Conduct Governing Donations to the District Government. Steps included in the donation authorization and management process include:

- Review the online donation applications submitted by District agencies.
- Reports on OAG’s legal sufficiency decisions on all donation applications.
- Review all donation solicitations and approve, as appropriate.
- Provide donation management training to District employees responsible for this process.
- Prepare and publish quarterly donation reports on OPGS’ website and in the DC Register.

As a result of our efforts, the District is better able to account for donations made to District agencies, reports the dollar value of those donations, and describes how they are utilized. The table below shows the increase in number of applications submitted by District agencies to OPGS over the past six years, and the total dollar value of the donations (in-kind and cash) that are approved through this process.

Table 4.14. Applications and Authorized Donations Made to the District Government FY04-FY09

Fiscal Year	Applications to Accept Donations	Total \$ Value
2004	246	\$3,406,394
2005	339	\$1,449,990
2006	277	\$1,584,274
2007	195	\$14,284,214
2008	507	\$14,666,714
2009	483	\$15,240,783

Philanthropic Partnership Facilitation

OPGS facilitates the establishment and enhancement of partnerships with corporate, nonprofit and public grant-makers, faith-based and nonprofit organizations, and private donors who support the District’s City-Wide strategic priorities. The partnerships are primarily philanthropic and strategic in nature and based on the premise that no one entity has sufficient resources to address the District’s policy concerns. Thus, OPGS strives to facilitate philanthropic partnerships in which all participants address well-defined problems, agree on mutually beneficial objectives, secure resources to achieve common goals, and share outcomes with District stakeholders. Below are examples of partnerships OPGS facilitated over the past five years:

Fiscal Year	Partnership Example
2004	Partnered with Fannie Mae Foundation which donated \$100,000 to enhance the Strengthening Partners Initiative, a capacity building program for nonprofits.
2005	Facilitated a Protocol Agreement between the City of Tshwane, South Africa and the District of Columbia. The purpose of the agreement was to implement and monitor action steps adopted to support the protocol agreement’s five goals – Information Technology and Public Administration, Citizen Participation in the Public Policy Process, Public Safety Policies and Procedures, Prevention of HIV/AIDS, and the Promotion of

Economic Development and Tourism.	
Fiscal Year	Partnership Example
2006	Partnered with the Maryland Governor’s Grants Office to produce the <i>Grants Made Easy: Post-Award Grants Management Training</i> series for grants personnel in both jurisdictions. This series was designed to equip the participants with the tools to practice stronger grants management. A total of 264 employees from both Maryland and DC governments attended, with 89 personnel from 11 different agencies or offices specifically representing the DC government.
2007	Teamed with Maryland and Virginia Governors to co-host an international grant and trade conference to promote global business opportunities for regional companies and nonprofits including some 100 District entities.
2008	Partnered with the District Department of Health to offer a multi-year training program that provides program and grants management training and technical assistance to local HIV/AIDS service providers.
2009	Partnered with public health officials from the World Bank’s AIDS Campaign Team for Africa, in Washington DC, the City of Tshwane (Pretoria) in South Africa, Tshepang Trust in South Africa, and DC Department of Health’s HIV/AIDS Administration to organize the Stick-To-One-Partner (S.T.O.P.) video conference at World Bank offices in Washington, DC and South Africa. The video conference was designed to share best practices among the 90 participants on ways to prevent the spread of HIV/AIDS between both cities that have established a Sister City Agreement.

New Initiatives

In December 2009, OPGS, collaboration with OAG, OCFO, and District Agency Grant officials, published the City-Wide Grants Manual and Sourcebook. The Grants Manual and Sourcebook is the first-ever uniform set of grant making guidelines that contains “best practices” policies and procedures for the application of and disbursement of private, federal, and local grant funds. It supersedes all prior pronouncements on this subject and provides general city-wide guidance to Agencies’ grant staff regarding the administration and management of their grant making activities. It should be noted that where Federal grant funds are involved District agencies must comply with specific statutory and/or regulatory requirements that in turn apply to the pass-through recipients. For more details about the Grants Manual and Sourcebook, please visit <http://capstat.oca.dc.gov/Archive.aspx?url=http://oca.dc.gov/oca/cwp/view,a,1402,q,611159.asp>.

In April 2010, OPGS, in collaboration with the Office of the Chief Technology Officer and Executive Office of the Mayor, developed an enhanced automated Donation Management System that enables District Agencies including DCPS’ Central Office officials to generate customized donation reports, save data while preparing their application, and track the status of their respective applications. This improved system also streamlines the process and provides greater efficiency and transparency. For more details, please visit <http://opgs.dc.gov>.

DC Department of Human Resources

The DC Department of Human Resources (DCHR) is organized into six administrations, which all report to the Office of the Director (OOD).

- 1) **The Office of the Director (OOD)** - Provides: (1) Executive management and recruitment support; (2) Policy guidance and direction; (3) Strategic and financial planning; (4) Media and public relations; (5) Resource management; and (6) Advice and counsel to the mayor and members of the Executive Cabinet on human resources related matters. OOD manages and distributes work assignments and coordinates the overall agency operations to ensure that the attainment of the agency's goals and objectives. The Office of the Director is comprised of the following divisions:
- 2) **Benefits and Retirement Services** – Assists the District government in its efforts to attract, develop and retain a well-qualified, diverse workforce through the service delivery of the District's benefits programs to all eligible employees and retirees.
 - a. **The Benefits Operation Unit** – The team is chiefly responsible for the service delivery of the District's benefits program and policies to approximately 32,000 benefits eligible employees and retirees. This includes plan management, contracting, and communication of all health, voluntary and retirement programs. Additionally, the group is responsible for the oversight and monitoring of the Police and Firefighters Retirement Relief Board (PFRRB). The PFRRB hears and rules on optional, disability and survivor cases pertaining to sworn personnel of the Metropolitan Police Department, Fire and Emergency Medical Services Department, U.S. Park Police, and the U.S. Secret Service.
- 3) **Compensation and Classification** – Provides expert advice to District government management in the areas of classification, compensation, administration of pay schedules, merit pay, compensation and classification policies, performance management systems, FLSA, and recruitment/retention issues. Establishes official classifications and descriptions, designs and implements pay schedules, and develops classification/compensation/performance management policies, procedures and regulations. More specifically this administration is responsible for guiding HR Advisors and agency directors on various performance appraisal and reward systems.
- 4) **Compliance and Legal** – ensures that agencies comply with human resources laws, regulations, and policies. This division contains the following two (2) activities:
 - a. **Compliance** – conducts criminal background investigations of District government employees, applicants and volunteers. Provides drug and alcohol testing services for employees and applicants, as required, The unit also administers and enforces the District's Residency Preference regulations for employment programs and the Domicile Requirement. This administration also investigates complaints of violations to the District Personnel Regulations and makes recommendations for corrective action; and
 - b. **Legal** – provides legal advice and counsel to the DC Department of Human Resources (DCHR) and its subordinate agencies to ensure that business practices comply with the applicable Comprehensive Merit Personnel Act, DCMR, and other relevant laws, rules, and policies. On a regular basis, the administration is required to provide legal advice to the Director and agency management on a variety of complex legal issues as well as to provide litigation support to the Office of the Attorney General in a variety of HR related legal matters.
- 5) **Policy and Staffing** – Develops and maintains personnel management regulations, procedures and policies which include DC Municipal regulations (DCMR), Electronic-District Personnel Manual (E-DPM) issuances, and operating procedures and guides/handbooks. The Staffing activities include providing recruitment, selection, and placement services to clients and agencies as well as oversight controls for the effective recruitment staff and employee relations.

- 6) **Workforce Development** – provides a range of training and professional development activities, as well as Emerging Leadership Programs to District employees.
- a. **Training and Professional Development** – provides a variety of training and professional development courses that are intended to nurture and grow District’s employees in the following areas:
 - 1. **Workplace Essentials** – Includes, but not limited to, the areas of customer service, communication and analytical reasoning.
 - 2. **Organizational Skills** – Includes current events and issues facing today’s organizations.
 - 3. **Information Systems and Technology** – consists of three major components: the Personal Computer Applications series, the Technical Computer Application Series, and Online Training. The Personal Computer Applications series provides employees with the basic computer literacy skills, advanced systems and program skills. The Technical Computer Application Series focuses on the District’s Geographic Information Systems (DC GIS) program by providing District government employees with the skills they need to use geographic information systems (GIS) in the workplace. The Online Training component provides employees with the opportunity to take basic and advanced courses over the Web at times convenient to them;
 - 4. **Human Resources Development** – Courses are specifically designed to help managers and supervisors understand and manage their HR responsibilities.
 - 5. **Professional Development** – Courses and seminars to help employees stay current or advance in their careers.
 - 6. **Management and Leadership Development** – Includes foundational elements of Management and Applied Learning.
 - b. **Emerging Leaders Programs** – Directly aligned with DCHR’s strategic objectives, the following programs were established:
 - i. **Certified Public Manager (CPM)** – designed to enhance the skills of the District government’s managers and provide them with the tools to be more effective leaders. This nationally accredited CPM program is administered by DCHR through a strategic partnership with The George Washington University;
The Certified Public Manager Program consists of approximately 300 hours of graduate-level instruction. Graduates of the Certified Public Manager (CPM) program will also earn a Green Belt certification in Six Sigma, a methodology which is an integrated, disciplined, proven approach for improving business performance;
 - ii. **Capital City Fellows (CCF) Program** – a mayoral initiative to attract recent graduates of master’s degree programs in public administration, public policy, urban planning and related fields to work for the city of Washington, DC. Candidates compete for two-year fellowship appointments during which they complete four six-month rotations in different city agencies;
 - iii. **Centralized College Internship Program (CCIP)** – a six-week summer internship and offers positions to college students ages 24 and below. Students must be District residents. Students work 40 hours each week during the summer. The program will promote leadership in local undergraduate and graduate students who want hands-on-public-policy municipal government experience; and
 - iv. **High School Intern Program (HSIP)** – a mayoral initiative designed to promote leadership and development in high school students attending DC public high schools. The HSIP is a comprehensive staff-to-student internship/mentoring program that connects students with DC government agencies and employees who can advise, coach, and guide them, as well as provide meaningful work-related experiences.

Table 4.15.
Year-Ending FY2010 Active Employee Demographics (Ethnicity)

Ethnicity	# Employees	Percent of Total
Black, not of Hispanic origin	19,326	57.4%
Not Specified	8,017	23.8%
White, not of Hispanic origin	4,685	13.9%
Hispanic	790	2.3%
Asian or Pacific Islander	605	1.8%
All Other (Less Than 50)	111	0.3%
American Indian/Alaskan Native	109	0.3%
Total:	33,643	100.0%

Table 4.16.
Year-Ending FY2010 Active Employee Demographics (Residency State)

State	# Employees	% Total
District of Columbia	14,841	44.1%
Maryland	15,671	46.6%
Virginia	3,131	9.3%
Total:	33,643	100.0%

Figure 4.4. Personnel Actions Completed in 2009

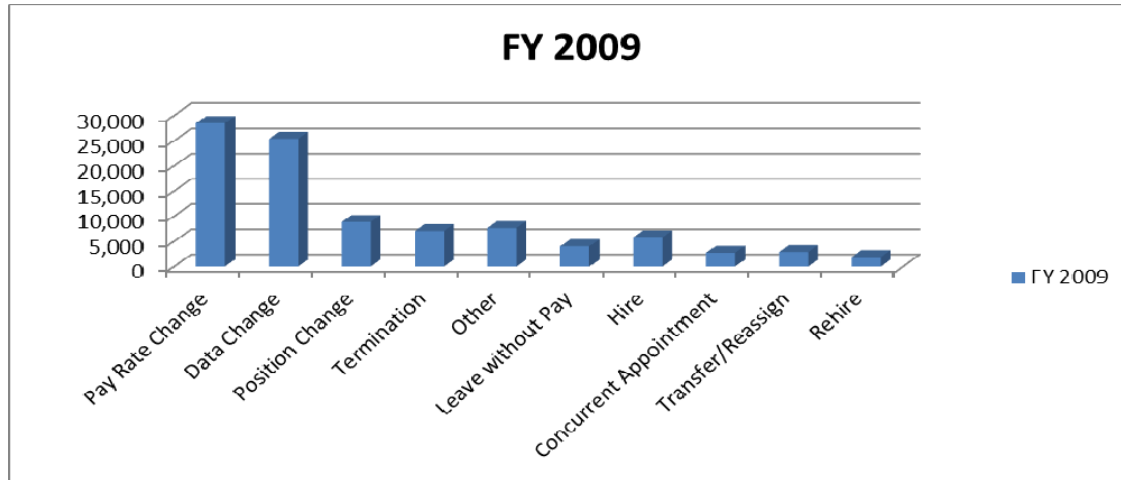


Figure 4.5. Personnel Actions Completed in 2010

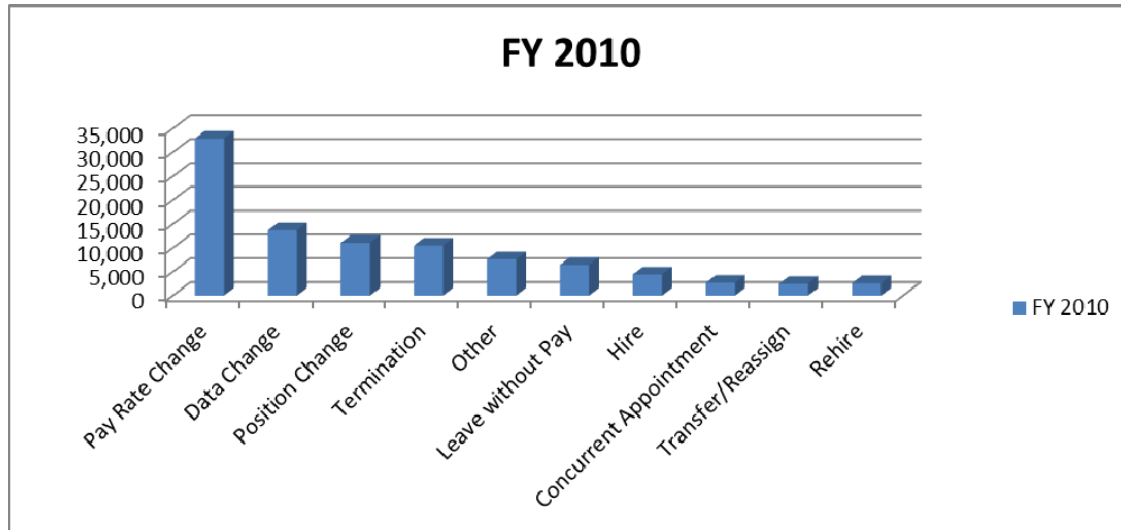


Figure 4.6. Top 10 Agencies Served by the Department of Human Resources Function in FY 2009

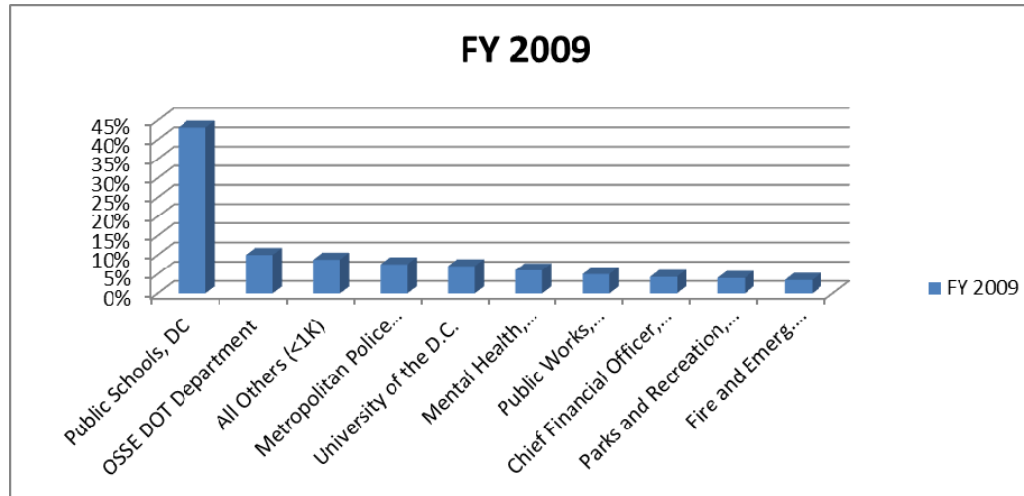
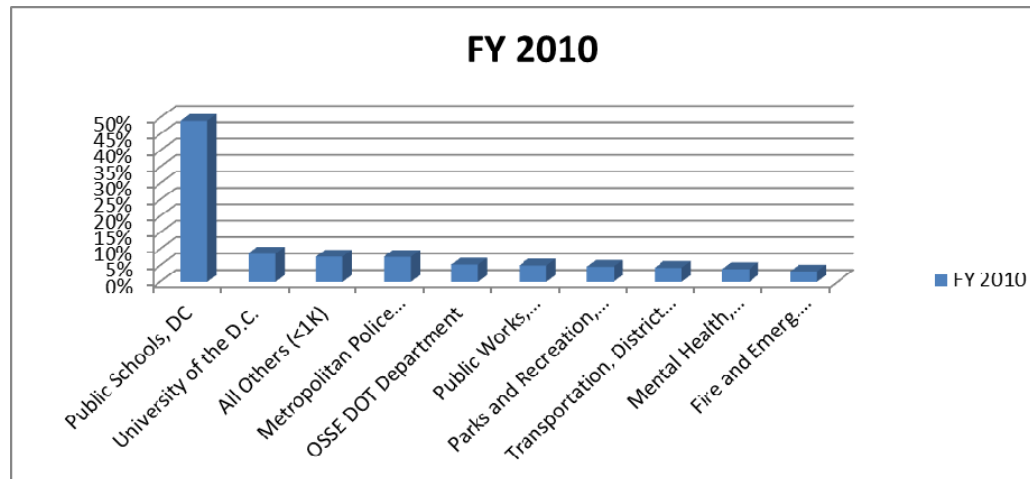


Figure 4.7. Top 10 Agencies Served by the Department of Human Resources Function in FY 2010



Note: The “Other” category consists of an aggregate of the personnel actions completed for agencies that had fewer than 1000 actions.