

Chapter 4 Economic Development

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Goals and Trends

The overarching goal for economic development in the District of Columbia is as follows:

Strengthening the District's economy by sustaining its core industries, attracting new and diverse industries, accommodating future job growth, fostering the success of small businesses, revitalizing neighborhood commercial centers, improving resident job skills, and helping a greater number of District residents find and keep jobs in the Washington regional economy.

Economic development is about more than simply increasing the number of jobs and improving the District's finances. It is also about fostering good quality jobs with higher wages and better preparing District residents to fill those jobs. It is about spreading the benefits of our strong regional economy and providing career advancement opportunities for working parents, young adults and others. Economic development strategies are also critical to improving the quality of life in our neighborhoods, and bringing shopping, restaurants and basic services to communities that do not have these amenities today.

In recent decades, the District faced chronic negative trends that limited its ability to meet the needs of many residents. These trends include population loss, job decline, high unemployment and poverty rates, fiscal insolvency and the loss of spending power to the suburbs. Economic indicators also pointed to growing geographic disparities, with areas in the northwest portion of the city particularly advantaged and areas east of the Anacostia River particularly disadvantaged. While there have been positive signs on many fronts since 2000, the historic east-west divide in the city has only deepened.

In 1950, the District accounted for nearly 75 percent of the metropolitan area's employment. In 2008, it accounted for 23 percent. While these statistics appear startling, the real story is the growth of the regional economy rather than the decline of the District's: from 1990 to 2008 total non-farm payroll employment in the metro area has increased by 30 percent (from 2,250,100 to 3,006,800), while the District's employment increased by 0.3 percent from (686,000 to 704,800).

The economic paradoxes of the District of Columbia have been widely documented. The city has more jobs than residents but an unemployment rate that is twice the regional average. Jobs in the District provide some of the highest wages in the country, but over 20 percent of the city's residents live below the poverty line. The region has the fastest annual job growth rate in the country – about 2.3 percent -- yet unemployment in the city is rising. Billions of dollars of income are generated in the District, the majority of which the city is unable to tax because its earners live in other states.

Fortunately, some of the negative trends of the past are showing signs of reversal. Between 2000 and 2008, the District captured a much larger share of regional employment growth than it did in the 1980s and 1990s. It is positioned at the center of a regional economy that is strong and growing; total employment in the metropolitan area was just over 3 million in 2008, the highest of any region in the country with a comparably-sized central city. For the tenth consecutive year, the District has seen significant private-sector employment growth, particularly in high-value industries as professional and technical services, administrative and support services, and education and health services. However, the economic vitality in the District and the region has been hampered by the current recession that has gripped the nation since late 2007.

Lately, the District has undergone a massive transformation and revitalization of neighborhoods with upscale condominiums, restaurants and retail establishments that have drawn middle- and upper-class residents with high disposable incomes: areas once shunned like H Street, NE, U Street, NW and

Colombia Heights have become thriving cultural districts. The once-blighted Anacostia Riverfront is undergoing a face-lift, with a new Washington National's baseball park and a planned waterfront cultural district.

In the decade between 2006 and 2016, the District is projected to add over 645,000 jobs. The challenge for the city is to successfully link more of these jobs to District residents. This will not only create wealth and opportunity within the city, it will offset commuter traffic, reduce social service expenses and improve the quality of life for thousands of households. Confronting this challenge successfully will require a multi-pronged strategy to improve our educational system, increase vocational training, strengthen workforce preparedness and improve the regional transportation network to support job access.

Defining Our Economy Now and in the Future

In 2008, private sector jobs made up 67 percent of the total employment, with over 470,000 workers. Federal government jobs accounted for twenty-seven percent, (twice the average percentage for the U.S. as a whole) employing over 190,000 workers. Private sector employment was concentrated in four major industry sectors, which together made up over half of the total non-farm employment: professional and business services, educational and health services, other services except public administration, and leisure and hospitality (see Table 4.1). Economic development strategies must explore ways to sustain these industries while leveraging them to attract new businesses and jobs. Diversifying the economic base can also expand job opportunities for residents and should help the District fare better during economic downturns.

Table 4.1. Employment By Category: District of Columbia and Suburban Areas*

(Annual Average Employees in Thousands)							
(Calendar Year)	2002	2003	2004	2005	2006	2007	2008
<i>District of Columbia</i>							
Federal Government	192.4	192.4	192.5	193.8	192.8	190.8	193.4
District Government***	34.4	33.4	33.9	35.3	35.4	36.3	37.5
Local Government**	4.9	4.8	4.9	4.6	4.8	3.9	3.8
Mining, Logging & Construction	3.1	2.5	2.4	2.1	1.8	1.7	1.6
Manufacturing	12.4	12.9	12.4	12.6	12.5	12.7	12.9
Service Producing	648.8	650.1	659.4	667.5	673.4	679.4	690.4
Trade, Transportation, Warehousing & Utilities	27.9	28	27.9	27.8	27.9	27.7	27.9
Information	25.4	24.5	23.8	22.6	22.2	21.9	20.7
Financial Activities	30.8	30.8	30.6	30.2	29.4	29.2	28.3
Professional & Business Services	139.1	141.7	143.9	148.4	152.1	152.8	153.1
Educational & Health Services	89.6	88.6	92.2	92.2	93.9	98.5	102.2

(Cont.)

<i>Leisure & Hospitality</i>	48.2	49.6	50.9	53.7	54.2	55.5	58.1
<i>Other Services, Except Public Administration</i>	56.1	56.3	58.8	59	60.7	62.8	65.5
<i>Total Non-Farm</i>	664.2	665.5	674.2	682.2	687.6	693.8	704.8
<i>Washington Suburban Areas (Excluding D.C.)</i>							
Federal Government	140.7	143.8	147.5	147.1	149.4	151	154.7
Other Government	228.4	242.1	244.3	251.3	258.1	264.6	271.4
Mining, Logging & Construction	160.3	165.6	174.9	184.5	189.7	183.2	171.5
Manufacturing	59.7	54.3	53.7	52.8	51.2	49.5	47.9
Service Producing	1,843.60	1,899.10	1,952.10	1,997.90	2,038.30	2,063.70	2,082.60
Trade, Transportation, Warehousing & Utilities	359.8	364	371.7	378.7	376.8	377.1	370.9
Information	89.9	85.1	82.2	77.2	74.7	72	70.7
Financial Activities	120.2	125.1	126.8	130.2	132.1	130.2	125.7
Professional & Business Services	420.9	445.2	472.1	498	512.4	522.3	530.3
Educational & Health Services	205.5	205.4	210.7	216.9	223.6	230	235.8
Leisure & Hospitality	177.5	183.3	190.2	191.5	195.2	198.8	204
Other Services, Except Public Administration	101.3	105	106.7	106.9	116	117.8	119
Total Non-Farm	2,063.70	2,119.00	2,180.70	2,235.20	2,279.30	2,296.40	2,302.00

* Data is compiled from statistics produced by the District of Columbia's Current Employment Statistics (CES) program, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics. CES is a monthly survey of non-farm business establishments used to collect non-farm payroll employment, worker hours and payroll, by industry and area. Data is benchmarked to QCEW and excludes agricultural, proprietors, self-employed, unpaid family workers, and private household workers. The data is not comparable to previously published data due to reclassification of industries based on the North American Industry Classification System (NAICS).

** Principally consists of Washington Area Metropolitan Transit Authority

*** Annual average of all District government employment, including summer youth and seasonal workers

Source: D. C. Department of Employment Services, Office of Labor Market Research and Information

Table 4.2 shows the District of Columbia private business employment, number of establishments and average annual pay from the Quarterly Covered Employment and Wages (QCEW) program. In 2007, total private sector employment was 448,888, representing an eighteen percent increase from 2001. Private sector employment accounted for 66 percent of total employment in the District in 2007, compared with 65 percent of total employment in 2001. Private businesses, numbering 33,162, generated over \$31 billion in wages in 2007 – up from just over \$22 billion in 2001. In 2007, employment in services totaled 434,569, which is 97 percent of the total private sector employment. The service sector payroll was \$30.2 billion. Within the service sector, professional and business service is the largest industry sector, accounting for 33 percent of private employment with an average annual pay of \$89,807. Between 2001 and 2007, other services, excluding public administration, had the highest growth, with a 13.5 percent increase in employment, while manufacturing declined the most, with a 50.5 percent decrease in employment.

According to the 2006 – 2016 District of Columbia Industry Projections prepared by the Department of Employment Services, Office of Labor Market Research and Information, the city is expected to grow at 0.85 percent annually and create over 645,000 jobs over the next decade. However, with the onset of a recession in December 2007, the pace of employment growth could slow down.

Table 4.2. Private Business Employment and Pay in the District of Columbia

Subject	2001	2002	2003	2004	2005	2006	2007	% Change (2001 -20 07)
TOTAL PRIVATE INDUSTRY								
Number of Firms	28,160	27,670	29,187	29,542	30,321	31,510	33,162	17.80%
Employment	417,062	420,183	421,202	429,194	435,760	440,337	448,888	7.60%
Average Annual Pay	\$52,903	\$54,034	\$56,056	\$59,176	\$61,572	\$65,423	\$69,114	30.60%
Goods-Producing								
Number of Firms	1,129	1,066	1,140	1,083	1,052	1,049	1,164	3.10%
Employment	14,972	15,431	15,546	14,797	14,738	14,328	14,319	-4.40%
Average Annual Pay	\$48,690	\$49,608	\$49,972	\$52,936	\$52,542	\$55,501	\$56,789	16.60%
Natural Resources, Mining & Construction								
Number of Firms	749	736	811	791	806	829	953	27.20%
Employment	11,564	12,384	12,958	12,368	10,846	12,573	12,633	9.20%
Average Annual Pay	\$44,330	\$46,675	\$46,958	\$48,687	\$46,474	\$52,329	\$54,225	22.30%
Construction								
Number of Firms	730	719	799	783	801	828	953	30.50%
Employment	11,491	12,334	12,914	12,339	10,846	12,573	12,633	9.90%
Average Annual Pay	\$43,512	\$45,982	\$46,578	\$48,464	\$46,474	\$58,815	\$58,733	35.00%

(Cont...)

Manufacturing								
Number of Firms	379	331	329	292	247	221	211	-44.30%
Employment	3,408	3,048	2,588	2,429	2,105	1,754	1,686	-50.50%
Average Annual Pay	\$63,453	\$61,412	\$65,153	\$74,412	\$75,822	\$78,232	\$75,997	19.80%
Service-Producing								
Number of Firms	27,031	26,608	28,040	28,391	29,269	30,461	31,998	18.40%
Employment	402,090	404,726	405,555	412,987	421,022	426,010	434,569	8.10%
Average Annual Pay	\$53,060	\$54,205	\$56,308	\$59,605	\$61,889	\$65,757	\$69,520	31.00%
Trade, Transportation & Utilities								
Number of Firms	2,631	2,629	2,637	2,680	2,747	2,801	3,172	20.60%
Employment	27,780	27,536	27,651	27,594	27,415	27,623	27,791	0.00%
Average Annual Pay	\$36,920	\$37,180	\$39,624	\$40,924	\$42,781	\$44,352	\$46,923	27.10%
Information								
Number of Firms	1,231	1,129	1,126	1,030	932	909	919	-25.30%
Employment	25,783	25,449	24,648	23,861	22,435	22,217	21,917	-15.00%
Average Annual Pay	\$75,192	\$76,024	\$78,936	\$84,448	\$90,225	\$91,674	\$97,220	29.30%
Financial Activities								
Number of Firms	1,899	1,918	1,890	1,894	1,909	1,955	2,087	9.90%
Employment	27,605	27,642	27,354	27,166	26,959	26,952	27,124	-1.70%
Average Annual Pay	\$78,364	\$77,064	\$81,016	\$89,804	\$91,306	\$102,103	\$110,357	40.80%
Professional & Business Services								
Number of Firms	7,317	7,403	7,654	7,778	7,899	8,126	9,078	24.10%
Employment	133,242	134,563	134,838	137,014	141,709	143,909	146,722	10.10%
Average Annual Pay	\$65,884	\$67,652	\$69,472	\$74,672	\$78,134	\$83,897	\$89,807	36.30%
Education and Health Services								
Number of Firms	2,365	2,365	2,391	2,346	2,338	2,357	2,484	5.00%
Employment	80,143	80,143	82,848	86,553	86,501	86,669	90,463	12.90%
Average Annual Pay	\$40,820	\$40,820	\$44,772	\$45,344	\$46,347	\$48,878	\$50,491	23.70%
Leisure and Hospitality								
Number of Firms	1,806	1,921	1,951	2,072	2,108	2,141	2,309	27.90%

(Cont...)

Employment	48,953	47,931	49,568	50,896	53,691	54,073	54,968	12.30%
Average Annual Pay	\$24,960	\$25,428	\$25,792	\$26,520	\$28,366	\$29,599	\$30,434	21.90%
Other Services, Except Public Administration								
Number of Firms	6,676	6,957	7,159	7,457	7,632	7,833	8,620	29.10%
Employment	52,269	52,979	52,690	55,188	55,571	56,428	59,337	13.50%
Average Annual Pay	\$50,388	\$52,832	\$55,499	\$58,032	\$61,449	\$63,576	\$66,456	31.90%

Notes: Data is compiled from statistics produced by the District of Columbia's Quarterly Covered Employment and Wages (QCEW) program, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics. Quarterly covered employment and wages are based on unemployment insurance tax reports of employees subject to unemployment insurance laws. The data is not comparable to previous published data due to reclassification of industries based on the North American Industry Classification System (NAICS).

Source: D.C. Department of Employment Services, Office of Labor Market Research and Information

Civilian Labor Force

The civilian labor force is defined as those persons 16 years of age and older who live in a specific geographic area and are employed, or unemployed and seeking work. The size of the labor force fluctuates according to the extent to which people cannot find work, opt to attend school, choose not to work, retire from the workforce or enter employment (e.g., persons returning to work after being out of the labor force). In 2008, the District of Columbia's civilian labor force was comprised of 333,000 persons, representing a 9 percent increase from 2002 (see Table 4.3).

The ranks of employment encompass all civilians who worked as paid employees during a specified week or who were self-employed, and all who were temporarily absent from jobs or businesses because of personal reasons, illness, inclement weather, vacation or labor disputes. An average of 310,000 District residents were employed during 2008, an increase of 25,000 workers from 2002.

Unemployment numbers include all persons who were unemployed during a specific week, but were able and available for work and looking for jobs. Workers waiting to return to work after layoffs and those waiting to report to a new job within 30 days are also counted among the unemployed. Discouraged workers are people who desire to work but do not think that they can find a job. Discouraged job seekers are not counted among the unemployed, nor are they counted in the civilian labor force. An average of 23,000 District residents were unemployed in 2008, an increase of 3,000 residents. An increase of 25,000 employed and 3,000 unemployed residents resulted in an increase of 28,000 residents in the civilian labor force from 2002 to 2008.

The unemployment rate is calculated as a percent of the unemployed residents to total civilian labor force. In 2008, unemployed residents averaged 23,000 persons, or 7.0 percent, up 1.5 percentage points from the previous year.

Table 4.3. Employment And Unemployment In The District Of Columbia*
Annual Averages (In Thousands)

	2002	2003	2004	2005	2006	2007	2008
Labor Force	305	306	311	318	321	327	333
Employed	285	285	288	297	303	309	310
Unemployed	20	21	23	21	18	18	23
Unemployment Rate	6.7%	7.0%	7.5%	6.5%	5.8%	5.5%	7.0%
Youth Unemployment Rate**	32.7%	33.1%	30.1%	21.5%	28.5%	30.4%	N/A

* Civilian labor force is derived from the U.S. Census Bureau, *Current Population Survey*.

** The youth unemployment rate is the sum of youths, ages 16 to 19 years, who are actively looking for work, divided by the number of youths in the labor force.

Source: D. C. Department of Employment Services, Office of Labor Market Research and Information

Labor Force Participation Rates and Unemployment Rates by Demographic Groups

Labor force participation rates (LFPRs) measure the number of citizens employed or looking for employment as a percent of the civilian non-institutional population of 16 years and older. LFPR data help to identify the degree of attachment to the labor force for segments of the population and may provide an indication of the potential existence of discouraged workers, or workers that have dropped out of the labor force. In 2007, males had higher participation rates than females; Hispanic males had the highest participation rates; Black females had the lowest participation rates; and African Americans had the highest unemployment rate and low LFPR. Also, 52 percent of the District's civilian labor force were women, 52 percent were White, 43 percent were African Americans and ten percent were Latinos. White males accounted for the largest percent of persons in the labor force at 28 percent.

Table 4.4. Employment Status of the Civilian Non-Institutional Population By Sex, Age, Race & Hispanic Origin, 2007 Annual Averages (in 000's)						
Race & Sex	Civilian Population	Civilian Labor Force			Unemployment	
		Participation Rate	Number	Employment	Number	Rate
Total Pop 16+	467.0	68.1	318.0	300.0	18.0	5.5
Men	213.0	72.0	154.0	146.0	8.0	5.0
Women	254.0	64.7	164.0	154.0	10.0	6.0
White	199.0	79.5	158.0	155.0	3.0	2.2
Men	99.0	83.2	82.0	80.0	2.0	2.1
Women	100.0	75.7	76.0	74.0	2.0	2.2
Black or African Americans	245.0	58.0	142.0	129.0	13.0	9.4
Men	105.0	60.7	64.0	58.0	6.0	9.1
Women	140.0	56.1	79.0	71.0	8.0	9.7
Hispanic or Latino Ethnicity	37.0	80.0	30.0	29.0	1.0	4.3
Men	21.0	88.0	18.0	18.0	1.0	3.7
Women	17.0	70.1	12.0	11.0	1.0	5.1
Source: U.S. Census Bureau, Current Population Survey						

In terms of age groups, generally the groups with the least number of years of experience in the labor market have the highest unemployment rates and vice versa (see Table 4.5). In 2007, unemployment rates for the District were higher than the national averages in all age categories except the 65+ age group. The 16 – 19 years age group had the highest unemployment rate at 29.2 percent, almost double the U.S. rate of 15.7 for this age group. The lowest unemployment rates were for the 65+ years age group, with an unemployment rate of 2.8 percent for the District compared to the U.S. rate of 3.3 percent.

Table 4.5. Employment Status of the Civilian Non-Institutional Population By Sex & Age Group,						
2007 Annual Averages (in 000's)						
Age Group	Civilian Population	Civilian Labor Force			Unemployment	
		Participation Rate	Number	Employment	Number	Rate
16-19 years	27	25.1	7	5	2	29.2
20-24 years	50	69.4	35	32	3	9.5
25-34 years	106	86.6	92	87	5	5.1
35-44 years	84	84.6	71	68	3	4.1
45-54 years	78	79	62	59	3	4.4
55-64 years	61	64.5	39	38	2	3.8
65 years and over	61	20.7	13	12	**	2.8

Source: U.S. Census Bureau, Current Population Survey

Stabilizing and Diversifying Our Economic Base

The District can do more to leverage the strengths of its economy and the region’s skilled and highly educated labor force. It already has an enviable mix of assets that includes the national capital’s high-performing industries, top-notch colleges and universities, amenity-rich neighborhoods and a transportation system that links the entire metropolitan region. To increase its competitiveness within the regional economy, the District will need to further diversify its economy in sectors that have growth potential and/or are underperforming.

Several industries that do not appear in Table 4.6 may become more important to the District’s economy in the future. For example, the District has a burgeoning “knowledge” economy comprised of universities, think tanks, broadcasting, publishing, Internet media and data processing firms. The District is already outperforming the region in many of these industries, and it can and should do more to enhance their competitiveness in the future. Expanding knowledge-based industries can position the District to capture a larger share of federal “spin-off” benefits, particularly given its already strong competitive edge in the technology sectors.

The District is also a center of international business. The foreign missions and offices of global economic organizations such as the World Bank Group and the International Monetary Fund (IMF) represent a major economic sector in their own right, with a cumulative direct economic impact in the region of over a billion dollars, and much more in terms of contracting. More importantly, the concentration of missions and institutions makes the District a unique place to conduct business for companies engaging in international investment or transactions.

Tables 4.6 and 4.7 provide some indication of where the District's economy may be headed. Between 2006 and 2016, computer systems design and related services are expected to exceed all other sectors of the economy in both the amount and rate of growth. The industry is expected to be among the fastest growing sectors of the local economy in the future. Elementary and secondary schools, legal services and Management, Scientific and Technical Consulting Services are expected to lead in job creation over the decade.

The top 15 industries listed in Table 4.7 represent more than half of the job growth expected in the city during the 10-year period between 2006 and 2016. Some of the gains reflect continued growth of core industries like the professional and business services, universities, leisure and hospitality, and non-profits.

Table 4.6. High Growth Industries, District of Columbia, 2006 – 2016					
NAICS	Sector / Industry	Total Jobs		Employment Change (000s)	
		2006	2016	Absolute	APGR*
<u>Five 4-digit industries with greatest employment growth</u>					
541500	Computer Systems Design and Related Services	18,131	25,106	6,975	3.85%
611100	Elementary and Secondary Schools	18,069	24,079	6,010	3.33%
541100	Legal Services	35,788	39,945	4,157	1.16%
541600	Mgt, Scientific, & Technical Consulting Services	14,162	17,004	2,842	2.01%
561300	Employment Services	12,467	14,803	2,336	1.87%

Source: Department of Employment Services Office of Labor Market Research and Information in cooperation with the Virginia Employment Commission, the Maryland Department of Labor, Licensing and Regulation, the West Virginia Bureau of Employment Programs and the U.S. Bureau of Labor Statistics.

*APGR = Annualized Percent Growth Rate

Table 4.7. Top 15 Projected High Growth Industries, District of Columbia, 2006 – 2016		
NAICS	Industry Title	Employment Growth
541000	Professional, Scientific, and Technical Services	18,512
611000	Educational Services	9,848
561000	Administrative and Support Services	8,286
541500	Computer Systems Design and Related Services	6,975
813000	Religious, Grant-making, Civic, Professional, and Similar Organizations	6,606
611100	Elementary and Secondary Schools	6,010
541100	Legal Services	4,157
722000	Food Services and Drinking Places	3,568
541600	Management, Scientific, and Technical Consulting Services	2,842
621000	Ambulatory Health Care Services	2,530
624000	Social Assistance	2,467
561300	Employment Services	2,336
721000	Accommodation	2,143
611300	Colleges, Universities, and Professional Schools	1,869
561600	Investigation and Security Services	1,751

Source: District of Columbia Department of Employment Services: District of Columbia Employment Projections by Industry and Occupation, 2006 – 2016.

The District of Columbia is poised to greatly benefit from the ‘green economy.’ Expansion and more green jobs are assured because the U.S. Congress recently passed the America Reinvestment and Recovery Act (ARRA) that provides infrastructure development programs for adopting environmental technologies and helping green industries to expand. Several parts of the bill are important to the Washington Metropolitan area. The America Reinvestment and Recovery Act (ARRA) calls for retrofitting all federal buildings to meet modern efficiency standards and provides financial assistance and funds for job training. The Fenty Administration and the District of Columbia City Council have also taken steps and passed legislation to expand green initiatives. These efforts will be in addition to normal building activities and suggest noticeable expansion of jobs. The number of existing “green” jobs in the greater Washington, D.C. area is so great that a modest ten-percent increase could add over 15 thousand jobs to the region’s economy.

Sustaining the Federal Presence

Although the number of federal jobs has declined over the years, the federal government still remains a significant factor in the city's economic development agenda. Not only does the federal government buffer the District's economy from cyclical boom and bust cycles, it generates significant private employment. The District's status as the nation's capital and seat of the United States government is intrinsic to the local economy. The federal government employed 193,400 workers in the District in 2008, and federal activities account for almost 40 percent of the region's economic output. It accounts for one in every 2.7 jobs in the District. The continued presence of the federal government and related uses is a key source of the District's preeminence in the region. Supporting this presence is important to maintaining the District's central position in the metropolitan economy.

Decentralization of federal jobs from the city has been a concern since the 1950s. The combination of interstate highways, suburbanization of the workforce, lack of available land and national security issues resulted in the relocation of many federal offices to Maryland and Virginia in the 1950s and 1960s. Despite the government's continued strong presence in the District, its "60/40 rule" regarding federal employment in the capital has functioned more as a guiding policy than a strict mandate. Looking forward, the District should continue to retain as much federal employment as it can. Federal jobs have historically provided tremendous job opportunities for District residents, ranging from entry level and clerical jobs to advanced managerial and highly skilled positions.

Increasing Access to Employment

At the heart of an economic development agenda for the District is the need to create good quality jobs and wages for District residents. "Quality" jobs should offer stable employment with opportunities to advance. By improving the District's educational system and job readiness programs, more residents may participate in the workforce, and the benefits of a stronger and more diverse economy can be more widely realized. According to employment projections prepared by the Department of Employment Services (DOES), forty-eight percent of the jobs to be created by 2016 will require a bachelor's degree or higher. District residents need to be equipped with the education needed for these jobs so they can fully participate and benefit from economic growth.

In addition, the need to improve occupational skills, job training and job placement in the city is clear. The District's unemployment rate has been several percentage points above the region's, and often twice as high. Since 2000, the District has seen the peculiar trend of job growth coupled with rising unemployment. Comprehensive action is needed on multiple fronts to address the issue of long-term unemployment. Continued efforts are needed to improve education, job training and job readiness so that residents are equipped with the education and skills necessary to enter and remain in the workforce in jobs and careers that provide sufficient wages. Job readiness requires more than just reading, writing and arithmetic skills; it also requires essential life skills—so-called "soft skills," such as problem-solving, interacting with others, behaving responsibly and organizing time effectively.

There is also a need to recognize that many of the job opportunities potentially available to District residents are located outside the city. In fact, nine in ten of the new jobs created in metropolitan Washington during the next 20 years will be in the suburbs. Many of these jobs will be service, repair, sales and clerical positions suitable for entry-level employees or employees without advanced degrees. Thus, an important part of improving access to employment is improving access to the region's job centers.

Workforce Initiatives

Minimum Wage in the District of Columbia

The Department of Employment Services (DOES) ensures the compliance of District employers with the *District of Columbia Minimum Wage Act*, the *Wage Payment and Wage Collection Law*, *Wage Garnishment Act*, the *Enhanced Professional Security Act*, the *Living Wage Act* and the *Accrued Sick and Safe Leave Act*. These laws impose work place standards by which employers must abide and provides wage protection for the worker. Additionally, this agency has responsibility for establishing reasonable allowance levels for work-related situations or special conditions usually associated with employer-employee relationships, for example, travel, uniforms, meals and lodging. As a result of payroll audits conducted for compliance, DOES recovers hundreds of thousands of dollars yearly in unpaid wages and redistributes to thousands of underpaid employees.

The *D.C. Minimum Wage Revision Act of 1992* set the District's minimum wage at \$1 above the federal minimum wage. Currently, the District's minimum wage is \$7.55 per hour and will increase to \$8.25 per hour on July 24, 2009.

Most workers in the private sector must receive time and one-half their regular rate of pay for any hours worked in excess of 40 hours per work week.

Private sector employers are required to pay all wages earned at least twice during each calendar month, on regular paydays designated in advance with no more than 10 working days elapsing between the end of the pay period and the regular payday. When employees are discharged, the employer must pay all wages earned on the working day following discharge, and in the instance of an employee who resigns, within seven days or the next regular payday, whichever is earlier. Employers are required to provide sick leave to their employees for instances of illnesses and domestic abuse.

Employees who serve in a "bona fide executive, administrative or professional" capacity are exempt from the provisions of the District's wage laws.

Compensation for On-the-Job Injuries

The Workers' Compensation Program, authorized under the *Workers' Compensation Act of 1979*, D.C. Law 3-77, provides for the monitoring of compensation payments and medical benefits to private sector employees. DOES began processing all new reported injuries on July 26, 1982. Prior to that date, private sector workers' compensation was administered by the U.S. Department of Labor under the Longshore and Harbor Workers' Compensation Act. Under an agreement between the Labor Department and the District government, DOES assumed responsibility on August 1, 1988 for 2,800 pending Longshore workers' cases.

DOES administers a Special Fund, established by D.C. Law 3-77 as amended, which is used to limit employers' liability for payment of compensation and medical expenses in instances when an employee receives an injury that, combined with a previous injury or physical impairment, causes a substantially greater disability or death. The Special Fund is also used to make compensation and medical expense payments in instances when an employer's insolvency or other circumstances preclude payments to injured workers. On March 6, 1991, D.C. Law 8-198 was enacted, which limited employers' liability only to indemnity payments for permanent total disability and death cases. The Workers' Compensation Amendment Act of 1998, D.C. Law 12-229, which was effective April 16, 1999, provides that consideration for Special Fund second injury relief be given only to injuries occurring on or before April 16, 1999. Default cases are unaffected by the amendments. In FY 2008, eleven new cases were accepted for Special Fund relief benefits and a total of \$5,302,515 was expended (Table 4.8).

Table 4.8. Private Sector Workers' Compensation Program

<i>(Fiscal Year)</i>	2002	2003	2004	2005	2006	2007	2008
Reported Injuries	10,372	11,263	10,128	10,165	12,161	10,323	10,297
Special Fund Cases Accepted	10	5	4	3	3	9	11
Special Fund Expenditures	\$2,275,165	\$6,206,496	\$4,982,534	\$3,678,019	\$2,939,078	\$3,571,619	\$5,302,515

Source: D.C. Department of Employment Services

Occupational Safety and Health (Private Sector)

DOES administers the Private Sector Occupational Safety and Health (OSH) Program. The program provides on-site consultation services to private sector employers in the District of Columbia. OSH assists private sector employers to identify and correct hazards and establish and maintain a safety and health management program that ensures, to the maximum extent possible, a safe and healthful work environment.

In FY 2008, there were 246 private sector consultations. Of those, 146 were for initial visits; 42 for training and assistance; and 58 for serious danger follow-up visits.

Unemployment Insurance

DOES administers the District's Unemployment Insurance Program, which provides weekly benefits to workers who are unemployed without fault and who are able, available and actively seeking work. These benefits are financed either by quarterly payroll taxes from private employers doing business in the District or by quarterly reimbursements made by self-insured employers such as the District and federal governments and non-profit employers. No deductions are taken from a worker's paycheck.

The maximum duration of benefits is 26 weeks. The first week of eligibility is a waiting period; no benefits are payable for this week. Table 4.9 shows selected unemployment statistics.

Table 4.9 Selected Unemployment Insurance Statistics*

(Calendar Year)	2002	2003	2004	2005	2006	2007	2008
New Claims	23,608	21,386	19,358	15,495	27,896	28,389	36,833
Weeks Compensated	478,911	431,107	344,859	478,911	312,330	323,980	493,709
Average Weekly Benefit Amount	\$261	\$255	\$257	\$261	\$292	\$286	\$290
Average No. of New Recipients Weekly	466	414	346	466	311	326	407
Number of Benefits Exhausted	13,563	18,151	10,302	13,563	8,839	9,057	10,360
Average Weeks Paid	21.5	20.5	20.5	19.5	19.3	19.1	23.3
Number of Appeal Decisions****	4,044	3,760	3,906	2,322	2,952	2,642	2,564

***Source:** U.S. Department of Labor's *UI Data Summary*. Data includes activity under the regular UI Program that is funded by the District of Columbia. Data does not include activity under the federally funded programs for ex-civilian employees of the federal government and ex-military personnel.

***Legislation adopted by the D.C. City Council increased the maximum weekly benefit amount from \$309 to \$359

****Figures through 2004 include both first level and second level appeals conducted by DOES. For 2005 responsibility for first level appeals passed by statute to the Office of Administrative Hearings (OAH) and second level appeals were abolished.

Source: D.C. Department of Employment Services

The District Unemployment Fund

Payroll taxes are collected from employers on a quarterly basis to finance the payment of unemployment insurance benefits to workers who are unemployed without fault and are able, available and actively looking for work. DOES deposits these taxes in the District Unemployment Fund at the U.S. Treasury. Also deposited in this fund are reimbursable payments for benefits paid to former employees from non-profit employers who elect to be self-insured as well as reimbursable payments from the District and federal government.

Table 4.10 Status of the District Unemployment Fund (In Millions)

(Fiscal Year)	2002	2003	2004	2005	2006	2007	2008
Revenue	\$99,319	\$104,038	\$105,413	\$109,720	\$112,132	\$126,071	\$145,221
Outlays*	\$138,748	\$111,314	\$92,410	\$81,321	\$85,327	\$90,462	\$133,718
Fund Balance	\$298,855	\$297,544	\$321,625	\$359,906	\$364,664	\$400,275	\$411,777

*Outlays include benefits paid under the regular Unemployment Insurance Program. It does not include federally funded benefits paid to ex-civilian federal employees and ex-military personnel

Source: U.S. Department of Labor's *UI Data Summary*

Mayor’s Summer Youth Employment Program

The Mayor’s Summer Youth Employment Program--a component of the youth-focused Passport-to-Work programs administered by DOES -- provides District youth with work-experience and academic-enrichment opportunities. Youth who are 14 to 21 years of age at the program’s start date are eligible to participate.

In FY 2008, the summer program, funded by the District government, registered 21,447 youth and developed work-experience opportunities at community- and faith-based organizations as well as District and federal government agencies (Table 4.11). In addition, through contracted service providers, youth participated in academic-enrichment activities. For the ten-week program, participants who are 14 and 15 years of age are allowed to work a maximum of 20 hours a week and those who are 16 to 21 years of age are allowed to work a maximum of 30 hours per week, earning a subsidized training wage.

Table 4.11. Summer Youth Employment Registrants and Placements

<i>(Fiscal Year)</i>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Registrants	9,036	8,969	9,374	13,271	12,991	15,004	21,447
Employed	6,544	5,494	7,337	10,775	10,718	12,729	18,733
% of Registrants of Reporting to Assignment	72.4	61.3	78.3	81.2	82.5	84.8	87.3

Source: D. C. Department of Employment Services

Senior Services Employment Program

The Senior Community Service Employment Program (SCSEP) fosters and promotes part-time paid training opportunities in community service assignments for unemployed District residents ages 55 and older with poor employment prospects. SCSEP provides opportunities to obtain meaningful unsubsidized employment in the private industry or the public sector. The program also fosters individual economic self-sufficiency. During this period, DOES’s Senior Community Service Employment Programs had 225 District residents enrolled in this program. 125 are actively participating in community service assignments. 13 have been placed in permanent unsubsidized positions, and 87 enrollees are on the waiting list.

Table 4.12. Enrollment In Senior Program

<i>(Program Year)*</i>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
	190	197	131	116	201	225

* Program year is July 1 to June 30

Source: D. C. Department of Employment Services

Workforce Investment Act

The Workforce Investment Act (WIA) was enacted in August 1998. It repealed the Job Training Partnership Act (JTPA) on July 1, 2000 and replaced it with Title I of Workforce Investment Act Systems. The purpose of WIA is to provide workforce investment activities that increase the employment, retention and earnings of participants. WIA programs are intended to increase occupational skills attainment by participants and, as a result, improve the quality of the workforce, reduce welfare dependency and enhance the productivity and competitiveness of the Nation. WIA authorizes several job training programs including adult employment and training activities and youth activities.

Under WIA's adult program, adults receive services through a coordinated service delivery system called the "One-Stop" system. This is intended to provide a seamless system of services to improve employment and training opportunities for individuals.

Under WIA's youth program, youth, generally required to be low-income, receive services such as tutoring and study skills training, alternative high school services and summer youth opportunities. Services to youth are provided through grants made to local providers on a competitive basis.

The District began capturing data on WIA services in PY 2000. During PY 2005 – 2007 the District served more than 6,302 customers through the WIA programs.

Table 4.13. Workforce Investment Act Programs

<u>Workforce Investment Act Programs*</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Adult	1,654	1,671	1,081	907	1,000	1,935
Dislocated Worker**	1,085	848	333	184	169	85
Youth	1,441	828	671	645	730	647

* Program year (PY) is July 1 to June 30

** Data for PY 2008 not available

Source: D.C. Department of Employment Services

Project Empowerment, Transitional Employment Program

As part of the Way-to-Work Amendment Act of 2005, the Department of Employment Services (DOES) established a large-scale transitional employment program targeted to chronically unemployed, hard-to-serve, adult, District residents living in “hot spots” and other areas of high unemployment, poverty and crime. The District’s initiative, the *Transitional Employment Program (TEP)*, is a multi-faceted project based on a broad partnership network. The District has established five (5) fundamental goals for this project: prevent formerly incarcerated persons from re-offending; enhance public safety; redeploy and leverage existing resources; assist the offender to avoid crime, engage in pro-social community activities and meet family responsibilities; and ensure program sustainability. TEP has maintained a similar program model to those of the Project Empowerment programs – Welfare-to-Work, Project Empowerment II and Project Empowerment Plus.

Table 4.14. Transitional Employment Program

Fiscal Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Enrollments	*	*	*	*	*	*	*	633	564	748
Unsubsidized	*	*	*	*	*	*	*	268	343	343

*Program began in FY 2006

Source: D. C. Department of Employment Services

Work Opportunity and Welfare-to-Work Tax Credits

The District of Columbia Department of Employment Services (DOES) administers the federal Work Opportunity Tax Credit (WOTC) program. The WOTC program was created by the *Small Business Job Protection Act of 1996*. In 1997, the Welfare-to-Work Tax Credit (WtWTC) was created by the *Taxpayer Relief Act*. The two tax credits continued separately until December 2006 when the *Tax Relief and Health Care Act of 2006 (P.L. 109-432)*, was passed which amended certain target group definitions, introducing new provisions that streamlined the WOTC program by merging the WtWTC into the WOTC. On May 25, 2007, the *Small Business and Work Opportunity Tax Act of 2007 (P.L. 110-28)* extended the WOTC program through August 31, 2011. On February 17, 2009, the President signed into law the *American Recovery and Reinvestment Act of 2009*, which introduced two new target groups: 1) Unemployed Veterans and 2) Disconnected Youth, who begin work for an employer during 2009 and 2010.

The WOTC program helps individuals from certain groups who consistently experience barriers to employment. The WOTC program is two-tiered and credit is based on how long an individual is employed. The actual amount of the tax credit depends on several factors, including the target group of the applicant and the amount of wages earned.

Under *Tier 1* of the *Two-Tier Retention Period*, before claiming the tax credit, employers must retain the WOTC-eligible employee for at least 120 hours but less than 400 hours to qualify for a credit of 25 percent of up to \$6,000 in wages for a maximum credit of \$1,500. Under *Tier 2*, employers must retain the WOTC-eligible employee for at least 400 hours or more to qualify for a credit of 40 percent of up to \$6,000 in wages for a maximum credit of \$2,400. The summer youth hire wages are capped at \$3,000, the disabled veteran hire wages are capped at \$12,000, and the Long-term TANF recipients' wages are capped at \$10,000. The credit is available for the employee's qualified second-year wages, also capped at \$10,000. The credit is 40 percent in the first year and 50 percent in the second year. This is calculated using the actual wages paid or incurred.

- Legislative Authority

Section 8211 of the *Small Business and Work Opportunity Tax Act of 2007 (P.L. 110-28)*, Section 105 of the *Tax Relief and Health Act of 2006 (P.L. 109-432)*, Title 26 of the United States Code (U.S.C.), and Section 51 of the Internal Revenue Code of 1986, as amended.

- Legislative Intent

WOTC was designed to appeal to a wide range of employers, to impose a minimal burden upon participating employers and to promote the hiring of target group individuals. WOTC specifically streamlines the eligibility determination process used by previous tax programs and closes the gaps that appeared between and within some target group designations.

In FY 2009, as of June 1, 2009, DOES provided job seekers and employers with 1,339 certifications that verified their eligibility.

Table 4.15. Work Opportunity and Welfare-To-Work Tax Credit

<i>(Fiscal Year)</i>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<i>(Certifications Issued)</i>	1,214	925	1,442	1,174	562	1,926	2,009

Source: D. C. Department of Employment Services

Apprenticeship Programs

Apprenticeship programs provide area youths and young adults with an opportunity to start early career training. The apprenticeship system includes on-the-job training as well as classroom instruction, through which apprentices learn the skills of a trade. The Department of Labor, Office of Apprenticeship Training Employer Labor Services (OATELS), Bureau of Apprenticeship and Training has certified 850 apprentice-able occupations. The program is open to all residents of the Washington Metropolitan Statistical Area (MSA). Apprentice-able occupations exist in many industries, such as construction, health care, automotive, information technology, aerospace and retail. Available registered apprenticeship trade areas in the District are primarily in the construction industry, which includes electrician, carpenter, sheet metal worker, iron worker, steamfitter, plumbing and glaziers. Other available trades outside the construction industry include pharmacy technician, photo-lab technician, cosmetology, automobile technician, stationary engineer, childcare development specialist and elevator/escalator repair. The length of the program varies, depending on the trade or craft, and requires between one and five years to complete. During the program, the employer pays the apprentice 40 to 50 percent of the starting journeyman wage in a particular trade. Upon completion of the program apprentices receive a national completion certificate as a journey worker of the trade.

To qualify for apprenticeship programs the applicant must be at least 18 years of age. Most programs require individuals to have a high school diploma or GED. DOES's Office of Apprenticeship offers pre-apprenticeship training to District residents to prepare them for registered apprenticeship programs. These pre-apprenticeship programs are provided in partnerships with registered apprenticeship sponsors. Everyone who completes pre-apprenticeship training is guaranteed acceptance as a registered apprentice. Funding for pre-apprenticeship training is based on available local funding.

The District is one of 27 State Apprenticeship Councils (SAC's) authorized by the U.S. Department of Labor to determine apprenticeship registration eligibility. The D.C. Apprenticeship Council was established on May 21, 1946 under Public Law 387, 79th Congress. The D.C. Apprenticeship Council is comprised of 11 members appointed by the mayor: three representatives from employer organizations, three representatives from employee organizations, three public representatives who are not members of either employer or employee organizations and two representatives from the D.C. government (the mayor and superintendent of schools or their delegates). The Apprenticeship Council meetings are held on the last Thursday of every other month and are open to the public. The Apprenticeship Council is responsible for approval and consideration of apprenticeship standards, acts as a second level of appeal for apprentices' complaints, deregisters apprenticeship programs not in compliance with apprenticeship regulations, and ensures that quality training is provided to apprentices.

Table 4.16. Apprentices Program Activities

ACTIVE REGISTERED APPRENTICES

<i>(Fiscal Year)</i>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Apprentices	3,183	3,521	3,711	4,300	4,939	5,083	4,910
Minorities	1,570	1,773	1,908	2,341	2,862	2,877	2,649
Females	146	145	154	194	287	196	172
District Residents	902	705	804	943	794	1,088	930

APPRENTICES REGISTERED IN MAJOR PROGRAMS

<i>(Fiscal Year)</i>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Electrician	583	707	733	883	793	941	1,170
Carpenter	241	240	320	401	302	324	268
Steamfitter	360	426	458	529	525	560	683
Sheet Metal	258	271	318	297	136	289	339
Plumber	224	286	327	324	319	364	387
Iron Worker	175	146	170	164	236	312	347

ENROLLMENT IN PRE-APPRENTICESHIPS

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
	157	178	70	110	200	176	170

Source: D. C. Department of Employment Services

Financial Services

The Department of Insurance Securities and Banking (DISB) regulates all financial services in the District. DISB was established in 2004 by reform legislation which merged the Department of Banking and Financial Institutions and the Department of Insurance and Securities Regulation. The department's mission is to provide the District with a sound financial marketplace in which well-regulated, solvent and ethical providers offer consumers access to the fullest range of insurance, securities and banking products and services while protecting consumers from abusive, unfair and illegal business practices. DISB uses the most current regulatory practices and state-of-the-art information technology to pursue this mission. To maintain an informed position on local, national and international regulatory issues, the Department maintains an extensive network of relationships with consumers, consumer groups, the insurance, securities and banking industries and their key industry associations; with U.S. state and U.S. federal regulatory authorities; and with foreign supervisory institutions.

The Department is committed to providing all financial service consumers and providers in the District with a solid regulatory base to access local and national business opportunities. Although one of the oldest continuously operating departments in the District government, with its first predecessor office established in 1901, DISB stays abreast of the evolving, increasingly global world of 21st century financial services. Today the DISB is one of just four state-level offices in the United States that integrate the regulation of insurance, securities and banking within a single supervisory authority – a practice that is near-universal in jurisdictions outside the U.S.. By 2005, more than 20 other legislative reforms enabled DISB to offer an excellent financial services environment. Attractions include efficient regulatory procedures, sensible consumer protection provisions, experienced accessible regulatory personnel, reasonable capital and reserve requirements, progressive product rules and willingness to consider home jurisdiction license and assets when dealing with firms from outside the District.

Since 2005, 149 new District-based financial service institutions have been licensed. The District's positive economic and regulatory picture is complemented by the strongest, most diverse financial service resource network in the country. This includes the District's private sector financial service infrastructure of local and national law firms, accounting firms, consulting operations, research institutions, a host of national financial service trade associations and hundreds of corporate government affairs offices, plus easy local access to all the federal agencies that deal with economic policy at the national and international levels and nearly 200 foreign embassies and international organizations, which give Washington local gateways to world markets.

Insurance

Within the DISB, insurance is regulated by the Insurance Bureau (originally established in 1901 as the Office of the Superintendent of Insurance for the District of Columbia), and the Risk Finance Bureau. The Insurance Bureau's mission is to protect consumer interests by ensuring that traditional insurance companies, reinsurance companies, insurance producers, health maintenance organizations and insurance producers (agents and brokers) comply with all applicable laws and regulations while conducting business in a fair, financially sound and equitable manner. The Bureau monitors the solvency of traditional insurance companies and their conduct in the marketplace by carrying out periodic financial audits and market conduct examinations. The Bureau seeks to assure that insurers and individuals presenting insurance products are qualified and licensed, and monitors their sales and representation conduct in the District. It reviews insurance policies and rates to ensure compliance with applicable laws. The Bureau also addresses consumer complaints, frequently working with the parties to an insurance contract to resolve issues associated with claims and claim payment. The Department's Risk Finance Bureau carries out similar regulatory activity relative to non-traditional, rapidly changing risk transfer mechanisms including captive insurance companies and risk retention groups. It also licenses and examines certified capital companies (CAPCOS). Both bureaus cooperate with the Department's Enforcement and Investigation Bureau in the identification,

investigation and criminal prosecution of individuals engaged in the sale of illegal products and services, in insurance or securities fraud or scams, or in other illegal marketplace activity. DISB coordinates District insurance regulatory practices with the 54 other U.S. state and territorial insurance jurisdictions through active membership in the National Association of Insurance Commissioners (NAIC).

Table 4.17. Profile of Insurance in Washington D.C. 2002 – 2008 ¹

	2002	2003	2004	2005	2006	2007	2008
Insurance Premium ² (\$000)	\$6,641,000	\$7,325,000	\$7,241,000	\$7,446,000	\$8,020,000	\$8,650,000	\$9,191,000
Related DC Revenues (\$000)	\$37,200	\$48,800	\$52,200	\$61,549	\$65,049	\$68,727	\$75,183
Premium Tax Income	\$35,500	\$41,300	\$47,500	\$48,521	\$51,494	\$55,016	\$58,873
Fees & Penalties	\$1,700	\$7,500	\$4,700	\$13,028	\$13,555	\$13,711	\$16,310
Licensed Companies	1,394	1,427	1,410	1,408	1,229	1,260	1,279
DC Domiciled: Insurance Cos.	16	11	12	12	14	17	18
Non-Traditional Cos.	14	22	9	9	20	19	19
Captive Insurers	7	18	40	59	16	7	19
Insurers Domiciled Outside D.C. ³	1,357	1,376	1,349	1,328	1,215	1,243	1,261
Licensed Insurance Producers	37,208	30,590	27,529	40,395	32,021	44,202	56,421
DC Resident Agents & Brokers	1,717	874	727	943	769	949	1,189
Non-Resident Agents & Brokers	35,491	29,716	26,802	39,452	31,252	43,253	55,232
Consumer Complaints Addressed	1,055	1,155	967	864	856	655	608
	2002	2003	2004	2005	2006	2007	2008
Regulatory Actions							
Consumer: Complaints Addressed	1,055	1,155	967	864	856	655	608
Company: Financial Examinations	10	7	8	4	6	4	12
Market Conduct Reviews	4	1	6	120 ⁴	118	117	72
Sanctions	3	0	1	6	1	5	1
Rehabilitations	0	0	0	0	1	0	0
Liquidations	0	0	0	0	0	1	6
Producers: Sanctioned	4	0	2	7	6	12	6

Source: Department of Insurance Securities and Banking

¹ Information Sources: for 2002 – 2008: NAIC, *Insurance Department Resources Reports*; for 2008: DISB preliminary data.

² Calendar Year Basis including Premiums which are exempt from DC Premium Tax

³ Includes Traditional and Non-Traditional Companies

⁴ In 2005, company reports based on survey information were introduced in addition to traditional financial examinations.

Securities

DISB is responsible for administration of the D.C. Securities Act of 2000 (“the Securities Act”). Under the act, the DISB Securities Bureau is responsible for the licensing, examination and regulation of three major categories of persons engaged in the securities industry in the District: broker-dealers and their agents; investment advisers and their representatives; and agents of issuers of securities. The act also authorizes the Bureau to register, or accept notice filings of, securities offerings that are marketed and sold within the District. The following is a summary of the licensing and securities registration/notice filing activity of the Securities Bureau in the years 2002 – 2008.

Table 4.18. Profile of Securities in Washington D.C. 2002 – 2008 ⁵

	2002	2003	2004	2005	2006	2007	2008
Securities Filings ⁶	17,154	16,339	13,637	13,097	21,876	22,995	22,127
Registered Offerings	59	65	88	94	68	45	47
Notice Filings ⁷	17,095	16,274	13,549	13,003	21,808	22,950	22,080
Securities Offerings Value (\$000)	\$89,507,000-	\$87,411,000	\$117,565,000	\$50,824,000	\$44,182,000	\$71,177,000	\$45,505,000
Registered Offerings	\$13,180,000	\$20,270,000	\$36,162,000	\$25,962,000	\$18,019,000	\$22,114,000	\$29,969,000
Notice Filings	\$76,321,000	\$67,141,000	\$81,403,000	\$24,862,000	\$26,163,000	\$49,063,000	\$15,536,000
Related DC Revenues (\$000)	\$11,678	\$10,513	\$12,888	\$11,484	\$9,824	\$10,618	\$10,515
Licensed Securities Firms	2,653	2,600	2,628	2,709	2,876	2,954	2,997
DC Domiciled: Broker Dealers	20	21	23	26	26	25	25
Investment Advisers	34	44	50	59	33	31	24
Firms Domiciled Outside D.C	2,599	2,535	2,555	2,624	2,817	2,898	2,948
Licensed Securities Professionals	92,938	87,2258	90,706	95,444	101,760	109,385	114,474
Broker Dealer Agents	90,075	84,377	87,804	92,385	98,543	105,974,	110,927
Investment Adviser Representatives	2,810	2,832	2,862	3,013	3,177	3,377	3,519
Agents of Issuers	53	49	40	46	40	34	28

Source: Department of Insurance Securities and Banking

⁵ Information Source: DISB Securities Bureau

⁶ The data for securities registration/notice filings begins in 2003, the first full year for which the data is comparable with that of subsequent years.

⁷ Includes offerings by Investment Companies-Mutual Funds and Exempt Offerings

Banking

Within DISB, banking is regulated by the Banking Bureau, originally established in 1986 as the D.C. Office of Banking and Financial Institutions. Pursuant to the Regional Interstate Banking Act of 1985, it became the regulatory authority for financial institutions operating in the District. In 2001, legislation changed the name of the agency from the Office of Banking and Financial Institutions (“OBFI”) to the Department of Banking and Financial Institutions (“DBFI”), and the title of Superintendent was changed to Commissioner. These changes, along with other initiatives, put the department on similar footing with other state banking departments and signaled the District government's commitment to following world-class financial practices. Also noteworthy are changes that modernized the District's Banking Code and provided new services for residents. In 2004, DBFI was merged with the Department of Insurance and Securities Regulation into the new DISB.

The Banking Bureau is the regulatory authority for financial institutions operating in District in all respects permitted by law. The Banking Bureau is charged with chartering and regulating banks and trust companies seeking to establish an office in the District. The Banking Bureau is also charged with regulating mortgage lenders and brokers, check cashers, money transmitters, consumer sales finance companies, money lenders, consumer credit service organizations and non-bank automatic teller machine (ATM) owners that operate in the District.

The Banking Bureau’s chartering, licensing, examination and investigation activities protect District residents from unfair and abusive practices and establish a fair and equitable business arena for all financial institutions operating in the District. At the end of 2008, DISB had licensed 873 non-depository financial institutions and chartered two commercial banks to do business in the District. In addition, there are currently 228 branches of federal and state depository institutions with a physical presence in the District collecting deposits of over \$23 billion.

Table 4.19. Profile of Banking in Washington D.C. 2002 – 2008⁸

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Deposits (\$000)	\$13,400,000	\$15,600,000	\$18,600,000	\$22,600,000	\$24,273,000	\$25,646,000	\$23,438,000
Banking Institutions	217	218	226	240	252	264	262
Commercial Banks & Thrifts	24	25	27	29	32	35	34
State and National	24	25	26	27	30	33	32
D.C. Chartered	0	0	1	2	2	2	2
Branch Offices	193	193	199	211	220	229	228
Non-depository Licenses⁹							
Mortgage Lenders and Brokers	-	826	864	1,054	1,335	1,044	653
Check Cashers	-	149	132	137	159	159	130
Money Transmitters	-	51	47	50	50	50	49
Consumer Sales Finance Companies	-	11	29	20	36	36	33
Money Lenders	-	16	15	11	9	9	8
Consumer Complaints Addressed	-	200	93	99	80	121	156

Source: Department of Insurance Securities and Banking

⁸ Information Source: FDIC.gov – Summary of Deposits

⁹ Records not available before 2003

Technology

Office of the Chief Technology Officer (OCTO)

OCTO's mission is to leverage the power of technology to improve service delivery, drive innovation and bridge the digital divide to build a world-class city. OCTO is the central information technology (IT) and telecommunications agency for the District government. It develops, implements and maintains the District's IT and telecommunications infrastructure; develops and implements major citywide applications; establishes and oversees IT enterprise architecture and website standards for the District; and develops District agencies on technology solutions to improve services to businesses, residents and visitors in all areas of District government.

OCTO oversees approximately 235 square miles of fiber network, 29,000 PCs, 23,000 phone lines, 10,000 cellular devices, 1,600 aircards, 2 mainframes, 800 servers and 300 switches and routers citywide, providing secure services, communications and an electronic operating environment for more than 75 agencies of the DC Government.

Agency Objectives and Initiatives

Below are the agency objectives for the current fiscal year and the major initiatives to attain them:

Objective 1: Provide and maintain a ubiquitous, reliable and secure computing environment for the government as well as residents, businesses and visitors. **Initiatives:** a) Upgrade and maintain technology for DC Public Schools; b) Migrate from end-to-end paper processes to end-to-end digital processes; c) Provide better access to government services for residents, businesses and visitors by upgrading DC.gov; d) Move one of the District's data centers within 65 miles from the District to ensure security and continuity of operations .

Objective 2: Lower the cost of government operations and enhance service through innovative technologies. **Initiatives:** a) Leverage consumer and open source technologies to transform government operations; b) Democratize access to government data by posting it online for easy, global access; c) Make it easier to conduct business online by automating permitting and licensing; d) Expand benefits and enrollment for DC One Card; e) Enable citizens to contact 911 via a variety of widely-used mobile technologies.

Objective 3: Ensure high-quality service delivery of technology projects and enforce architectural standards. **Initiatives:** a) Ensure accountability and transparency for IT investments by using the "stock market" model approach; b) Lead IT and health care Investment Boards for public education, public safety and health care.

Objective 4: Bridge the digital divide and enable economic development. **Initiatives:** a) Expand wireless hotspots throughout the District; b) Relocate OCTO operations in high-tech campuses.

Figure 4.1 Number of Records/Documents Digitized (Millions)

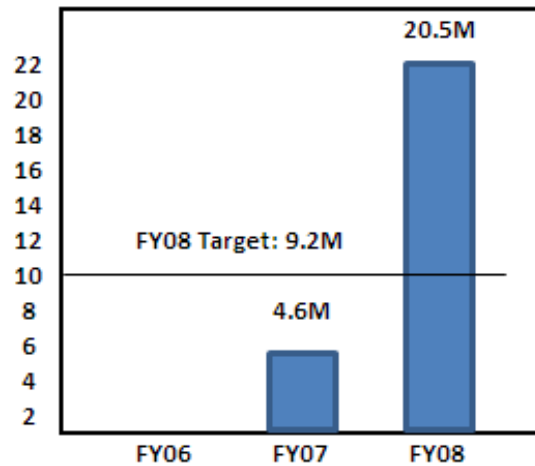
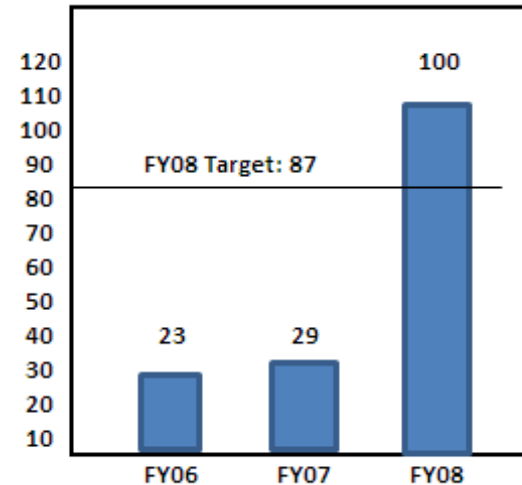


Figure 4.2 Number of WiFi Hotspots within District Buildings



Source: Office of Chief Technology Officer, District of Columbia Government

Key Accomplishments

- Deployed 6,561 new computers to reduce time for administrative duties and provided online tools and resources for DCPS teachers
- Introduced online textbooks in High Tech Campuses and moved schools to a modern network infrastructure to build the 21st Century Classroom
- Streamlined eRate federal reimbursement processes for \$ 30.7M in awards, providing funding to transform the school system's technology infrastructure
- Deployed 1,006 mobile data computers to fire, emergency medical and police officials in the field in partnership with OUC, MPD and FEMS
- Digitized over 6.5 million documents, including records from DCPS HR, DCHR, DOES, DDS, OAG, OPM and OCTO
- Enhanced Health and Human Services applications to allow agency workers to conduct screening interviews and perform detailed assessments of a family or individual to determine potential eligibility for various District assistance programs
- Deployed 250 Wi-Fi hotspots at District buildings and public libraries to provide free and secure internet access to the public
- Enhanced Geographic Information Systems (GIS) data to provide District residents with easier access to District programs and services, such as finding evacuation routes during emergency events, viewing live road conditions and snow plow progress during snow storms, as well as getting crime, property and zoning data
- Moved the Geographic Information System (GIS) program's employees and operations into Jefferson Middle School, so that students are able to learn about and see IT/GIS technologies at work

- Enabled participatory democracy by providing 400 data feeds to the public, and received 47 applications in 30 days as part of the "Apps for Democracy" Contest
- Developed and released new versions of the CapStat website and the DC Data Catalog and Data Feeds to provide better transparency of government operations
- Conducted High Tech Classroom virtual field trips to the Tyrrell Paleontology Museum (Canada) and NASA
- Deployed virtual permitting kiosks in Home Depot to allow District residents and licensed contractors planning home improvement projects to get the materials and required permits in one trip
- Migrated 10,500 District users to a consolidated email platform
- Implemented five enhancements to the electronic human resources management systems—allowing employees to report their time electronically, view their paycheck online, apply for jobs and view application status, track performance evaluations and enroll in and change benefits
- Implemented a real-time project and portfolio management tool to assist in the management and control of citywide capital IT projects
- Going "green" by purchasing more energy-efficient servers and reducing physical servers from 89 to eight in the OCTO Data Centers
- Deployed collaboration software, like Google Apps and Wikis, to District agencies and DCPS to increase information sharing among employees and agencies
- Created a new intranet website for District employees that displays agency news and provides enhanced employee online search capability

Program Descriptions

OCTO has three major divisions: *Enterprise Systems* provides an integrated technology culture to select and develop information technologies that enable and support critical citywide, cross-cutting agency business processes, functions and activities. *Technology Services* provides management, business consulting services and business application support to agencies so that they can effectively develop and maintain new IT applications and improve service delivery through effective integration of technology solutions. *Data Center Operations and Maintenance* provides application hosting services to District agencies so that agencies can focus on their core business and mission while running applications and storing and accessing data in a secure, stable, reliable and cost-effective environment.

Enterprise Systems contains the following 13 programs:

- **E-Government** - provides support for the dc.gov portal website (and its associated portal tools), which is accessed by hundreds of thousands of District residents, businesses and visitors; maintains a large number of mission-critical citywide applications
- **DC Geographic Information System (GIS)** - provides over 500 regular DC government users in public safety, economic development and other public-facing service agencies with data, systems, customer service (training and support), planning and coordination to improve the quality and lower the cost of services provided by the DC Government through the efficient application of geospatial technology

- **WAN/LAN (Wide Area Network/Local Area Networks)** - provides primary data communication foundation for the entire DC Government and supports the local network elements and connectivity at the remote agency locations, agency headquarters and at the core network located within each of the two District data centers
- **Telecommunications** - provides and manages a portfolio of approved vendors and contract vehicles, which allows the District Government to purchase telecommunications products and services in compliance with procurement guidelines, and works with agencies to manage all telecommunications inventories, (i.e., cellular devices, pagers, landlines, data circuits)
- **DC Network Operations Center (NOC)** - provides constant monitoring for critical network components that support the citywide network infrastructure for District Government agencies and DCPS, and enables agencies to use essential enterprise services such as SOAR, PASS, PeopleSoft, Citywide Messaging and access to internet services
- **Wireless/NCRIP (National Capital Region Interoperability Program)** - provides and supports the deployment of wireless infrastructure for use by DC Government employees and the public to achieve increased mobile, wireless connectivity
- **Information Security** - provides and deploys an effective information security architecture that mitigates the technical vulnerabilities within the DC Wide Area Network (WAN), serving 118 agencies, and provides a secure network environment for 153 DCPS schools and administrative sites
- **Web Operations** - provides and hosts the Service Request Center and maintains ongoing critical applications
- **E-mail** - provides collaborative email services for all DC Government agencies, except for UDC, DCOZ and the DC Council
- **Capital Infrastructure Development** - provides and manages the technical infrastructure platform for District-wide Enterprise Resource Planning (ERP) systems (PeopleSoft, PASS, SeeBeyond), provides various software testing/configuration management tools and supports software testing/ change management services for agencies
- **HSMP (Human Services Modernization Program)** - provides data integration and systems modernization solutions that enable District health and human services agencies to share client data across agency boundaries in support of the District's integrated case management and services delivery goals
- **ASMP (Administrative Services Modernization Program)** - composed of the Procurement Automated Support System (PASS) and PeopleSoft payroll and HR management system. OCTO supports the mission of the Office of Contracts & Procurement to maintain and enhance PASS as it supports all District agencies and DCPS. OCTO supports the mission of the Department of Human Resources to maintain and enhance PeopleSoft as it supports the 24,000 District employees and 12,000 DCPS employees

- **CapStat** - provides and democratizes government data by providing a centralized access point for enterprise-wide data and works with the Office of the City Administrator, the CapStat program and District agencies to supply both data and business intelligence tools.

Technology Services contains the following two programs:

- **Agency Technology Projects** - provides the Portfolio Management, Project Management and Enterprise Contracts functions. The Portfolio Management function oversees District technology projects. The Project Management function provides a consistent, robust suite of methodology and process standardization (estimation, schedule and financial management tools) and workforce training designed to improve the quality and consistency of project management. Enterprise Contracts reviews District-wide technology contracts for cost avoidance opportunities
- **Business Process Re-engineering** - provides TechStat and OCTO Labs. TechStat, modeled after the CapStat program, looks at OCTO's internal functions and IT functions in other agencies to improve processes, identify efficiencies and hold staff accountable for performance. OCTO Labs pilots and launches innovative solutions within OCTO, like Google Apps, Apps for Democracy, DC's Wikipedia, Procurement Contract Wiki Site and many more.

Data Center Operations and Maintenance contains the following two programs:

- **Data Center Operations & Maintenance** provides reliable, secure and efficient computing environments with sufficient resource capacity to satisfy the information processing requirements of the agencies served by OCTO's two data centers, and sustains the premises, mainframe hardware and mainframe software that support many of the applications used by MPD, DMV, DOES, OCFO and UDC to provide critical DC Government services
- **Data Center-Server Operations** - responsible for the enterprise back-ups, maintenance and management for District-wide enterprise services, including PASS, PeopleSoft and dc.gov and its associated sites, and supporting critical agencies, such as DDOT, DOH, DPW, FEMS, OPRS and UCC.

Cable Television

The mission of the Office of Cable Television (OCT) is to: (1) Regulate the provision of "cable service" in the District of Columbia (as that term is defined by the District's cable television laws); (2) Protect and advance the cable service-related interests of the District and its residents; and (3) Produce and cablecast live and recorded video and other programming by way of the District's public, educational and government (PEG) cable channels.

To accomplish this mission, OCT regularly engages in the following functions (among others):

1. OCT regulates the District's cable service providers by enforcing applicable federal and District cable television laws and regulations (including existing District Cable Franchise Agreements)
2. OCT establishes cable franchise agreements between cable service providers and the District, and it ensures compliance with those franchise agreements

3. OCT works to facilitate harmonious relationships between District cable service providers and their customers by mediating disputes and enforcing applicable customer service regulations
4. OCT facilitates open access to the District Government through the operation of its government cable channels (e.g., TV-13 and TV-16) and its educational cable channel District Schools Television (e.g. DSTV)
5. OCT works to create and maintain an economic and regulatory environment that promotes competition in the cable television industry in the District
6. OCT works to attract the deployment and maintenance of advanced cable services in the District

Our Vision

To be recognized and respected as one of the premier public, educational and governmental (“PEG”) channels.

Our Values

- Dedicated to serving as a communications hub between the District Government and its residents
- Committed to accountability, excellence and responsive and respectful customer service
- Embrace professional and personal development, teamwork and diversity

OCT Quick Facts

- OCT consists of three separate divisions that handle regulatory, programming and operational functions.
- The Programming division is responsible for providing 24-hour programming on TV-13, TV-16 and DSTV, which includes DC Council hearings, mayoral press conferences, community events and public service announcements for many District of Columbia agencies.
- Under the administrative structure and supervision of the D.C. Office of the Attorney General, the Regulatory division is primarily responsible for planning legal strategies, protecting the interests of District consumers and advising agency staff on matters having legal implication.
- The Operations division provides leadership, direction and oversight over all administrative functions in support of the agency.
- OCT’s website makes Council of the District of Columbia hearings available over the Internet for real-time viewing. The agency also provides internet access to all Council hearings and other programs for viewing at anytime, via OCT’s video-on-demand service.
- In 2007, DSTV was placed under the management of OCT. The channels serves as a vital tool aimed toward bridging the digital divide between the faculty, students and parents by providing high quality educational programming.
- In 2008, OCT completed renovation of the DSTV production studio located on the McKinley Technology High School campus. The studio offers a state-of-the-art production environment for the development and execution of programming featured on DSTV and hands-on training for youth interested in the field of broadcasting.
- The District of Columbia is at the forefront of providing its citizens with direct cable competition in its market and is one of the few markets in the country where its citizens have a choice between three cable television providers.

- At present (Spring 2009) Comcast of the District provides cable television service to approximately 122,000 households, RCN Communications provides cable television service to approximately 28,000 households, and Verizon Washington, DC has launched the initial stage of a District-wide fiber-optic infrastructure build-out.
- OCT provides customer service and franchise oversight services for District cable subscribers and the District government to ensure they receive reliable services that comply with District and federal laws and regulations.
- OCT has successfully promulgated customer service regulations that protect District cable subscribers and guarantee levels of customer service from the District’s cable television providers.

Figure 4.3.

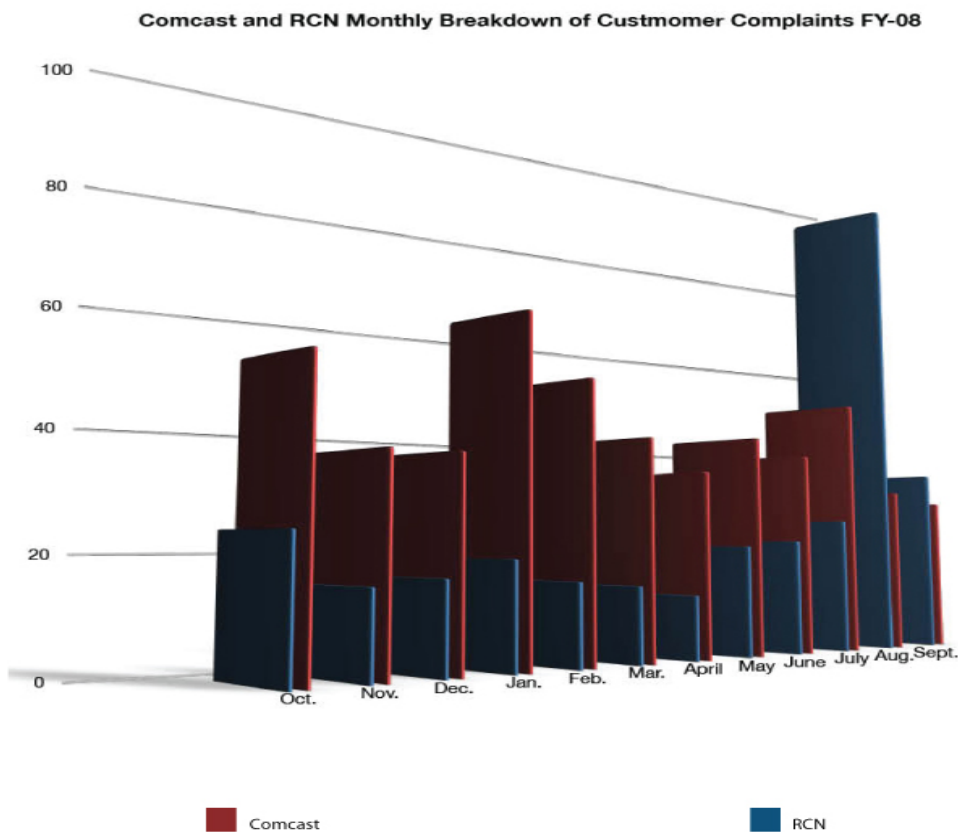
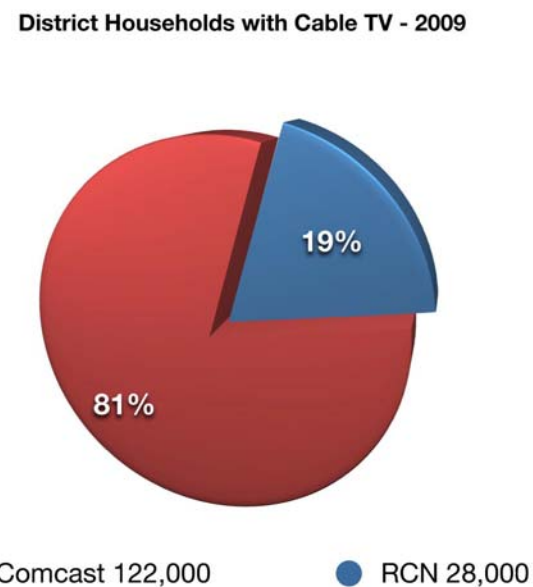


Figure 4.4.



For more information regarding the Office of Cable Television, contact Kenneth Borden at 202.671.0066.