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NEW VISIONS FOR THE DISTRICT OF COLUMBIA

HEARING

BEFORE THE

COMMITTEE ON GOVERNMENT REFORM

HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTH CONGRESS

FIRST SESSION

JANUARY 22, 1999

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NEW VISIONS FOR THE DISTRICT OF COLUMBIA

FRIDAY, JANUARY 22, 1999

HOUSE OF REPRESENTATIVES,
COMMITTEE ON GOVERNMENT REFORM,
Washington, DC.

The committee met, pursuant to notice, at 9 a.m., in room 2154, Rayburn House Office Building, Hon. Thomas M. Davis presiding.

Present: Representatives Davis, Morella, Horn, and Norton.

Staff present: Peter Sirh, staff director, Howard Denis, counsel, Anne Mack, professional staff member, Ellen Brown, clerk, and Trey Hardin, communications director, Subcommittee on the District of Columbia; and Jon Bouker, minority counsel, and Jean Gosa, minority staff assistant, Committee on Government Reform.

Mr. DAVIS. Good morning and welcome.

This hearing is being convened under the auspices and with the cooperation of the Government Reform Committee. I am grateful to Chairman Burton for his leadership in facilitating this hearing, and I also wish to thank the ranking minority leader, Henry Waxman, and all the members of the full committee for their help.

Pursuant to the rules, I've been authorized to administer oaths to witnesses. As per Chairman Burton's authorization, this hearing will be conducted in accordance with the Rules of the House and, to the extent possible, the Committee Rules of the 105th Congress. Without objection, I ask Chairman Burton's letter to me of January 19, 1999, be entered into the record.

[The letter referred to follows:]

DAN BURTON, INDIANA
CHAIRMAN

HENRY A. WAXMAN, CALIFORNIA
RANKING MINORITY MEMBER

ONE HUNDRED SIXTH CONGRESS

Congress of the United States
House of Representatives

COMMITTEE ON GOVERNMENT REFORM
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WASHINGTON, DC 20515-6143

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January 19, 1999

The Honorable Tom Davis
U.S. House of Representatives
224 Cannon House Office Building
Washington, D.C. 20515

Dear Tom:

Pursuant to my agreement with the Ranking Minority Member, I am authorizing you to conduct a hearing prior to the full Committee organizational meeting. This hearing will be an oversight hearing on "New Visions for the District of Columbia," and will be held in 2154 Rayburn House Office Building at 9:00 a.m. on January 22, 1999.

Pursuant to clause 2(m) of House Rule XI, I am authorizing you to administer oaths to the witnesses at the hearing.

As the Committee has not formally adopted its rules, the hearings will be conducted in accordance with the Rules of the House, and to the extent possible, the Committee Rules of the 105th Congress.

Sincerely,

Dan Burton
Chairman

cc: Honorable Henry Waxman

Mr. DAVIS. I look forward to continuing the excellent bipartisan working relationships which we have enjoyed from day one of this subcommittee's creation 4 years ago. I am so grateful to the ranking member, Eleanor Holmes Norton, for helping to make that possible, as well as my vice chairman, Connie Morella, and my colleague, Steve Horn, who is here on my left.

The District of Columbia Subcommittee is proud to have played a constructive, bipartisan role in the revitalization of the Nation's Capital. Back in 1990, the Commission, chaired by Dr. Alice Rivlin, had warned of an impending crisis in the District of Columbia.

By 1995 the District, and consequently the region, was in the midst of such a profound crisis. The Rivlin Commission had noted, to take just one example, that the District government, even considering its county and state functions, had about 40 percent more employees then comparable cities. I stated in our first hearing on February 22, 1995, that the District of Columbia faced a spending problem of monumental proportions and a management failure to enforce controls.

The crisis was so severe that the District government couldn't deliver basic services. There were very real concerns that the city would run out of cash to pay debt service or meet its payroll. The District clause of the Constitution gives Congress a unique role in the Nation's Capital.

I think we can all be proud of the responsible way in which Congress has stepped up to the plate and worked together in exercising this function. It's been my great, great pleasure to work closely with my ranking member as we helped the District alleviate the unprecedented crisis we found 4 years ago. I am also grateful to the Clinton administration for working with us. This could not have been done had we had both ends of Pennsylvania Avenue going in the same direction.

Along with revising the District's budget process, we created the position of Chief Financial Officer to work from within the government. A window was opened to the Treasury for dealing with the District's cash and short-term budget problems, as well as the District's bond rating which had slipped to junk bond status.

It was never our intent, nor do I believe that it should be Congress' role, to involve itself intimately in the relationships that were created within the city in such a bipartisan fashion. Our purpose in acting as we did with the passage of Public Law 104–8 was to create one team to rescue and revive Washington, DC.

The legislation creating the Control Board and the position of Chief Financial Officer was signed by President Clinton on April 17, 1995. Anthony Williams was not appointed as Chief Financial Officer until October 1995, but he was worth waiting for. The Control Board and the CFO working together, helped the District government to find weaknesses and implement solutions. Mayor Williams, I say was worth waiting for. I think there's some instruction there as you look for your chief administrative officers; sometimes acting precipitously you don't always get the best people right off and we learned a lesson in getting you as CFO was a godsend.

Public Law 104–8 makes it abundantly clear that the CFO is an organic part of home rule government. Nothing else would make

sense as the position is a permanent one, which will exist long after the Control Board moves into its dormant phase.

As Chief Financial Officer, Tony Williams supervised and performed the financial responsibilities of the Mayor, as well as those duties normally assigned to a CFO. These duties included tax collection and assessment, bill paying, approving contracts, allocating available money in compliance with the appropriations and ensuring that the budget is adhered to. In Mr. Williams' testimony to the subcommittee at an oversight hearing on March 19, 1996, he stated that his top priority was to reestablish credibility by taking steps to improve the District's financial management, and this was done.

Today we are very excited about the prospect of hearing testimony reflecting the solid accomplishments and a real surplus that the Control Board, the Mayor and all the City Council and all of us who worked together to make positive changes can take pride in having helped to achieve.

The MCI Arena and the new Convention Center project wouldn't have been possible without the enhanced credibility we achieved by working together to resolve tough issues. Passage of the D.C. Revitalization Act of July 1997 moved us into the next phase. We relieved the District of many of the fastest growing items of its budget, putting the city in a far stronger position to perform basic municipal services. Dealing with the unfunded pension liability, closing Lorton, and striking a more equitable balance with Medicaid helped to maintain our momentum toward achieving economic recovery.

We are here today with enthusiasm and optimism. As now Mayor Anthony Williams said in his inaugural address on January 2, 1999, this is indeed a time for renewal and recommitment. I commend as well the City Council and its chair Linda Cropp for working with us and for taking a positive bipartisan approach.

The phrase "new era" and "new day" is on everyone's lips, and rightly so. I applaud the emphasis in Mayor Williams inaugural address to basics, such as filling potholes and sweeping streets, washing away graffiti, repairing road signs and collecting garbage.

While we are gratified that crime is down and home sales are up, we also recognize the continuing need to restore Washington's image in the eyes of the world. So even though the city is a far more stable place than it was 4 years ago, we clearly have a long way to go. Regional priorities, such as traffic congestion, must be addressed, to take just one example. And whether it's traffic, economic development, education or public safety, it has always been my philosophy that we need a healthy city to have a healthy region.

Mayor Williams' action in requiring his cabinet members, agency heads and senior staffers to come up with detailed plans for improving services, to require department heads to sign performance agreements is very intriguing to say the least.

I will be very interested to know how those agreements are being implemented. Mayor Williams has put himself under some deadlines and he established similar goals and targets as CFO, and he was very able to achieve some very concrete solid results.

The memorandum of agreement between the Control Board and the Mayor has my full support, and I will be introducing legislation

with the ranking member, Ms. Norton, and vice chairman, Connie Morella, to facilitate its provisions. The time has come to shift substantial authority from the Control Board to the city's elected Mayor and to give the Mayor the greater flexibility he has sought over top personnel. In other words, I want to give Mayor Williams the tools he has requested to do the job.

I also expect to be introducing legislation to afford high school graduates from the District of Columbia opportunities to pay in-state tuition to State universities outside the city, so they will have the same opportunities that people and students in the other 50 States have.

I look forward to today's testimony as we proceed with our joint efforts on behalf of the Nation's Capital, and I would now yield to Delegate Norton, the ranking member of the Subcommittee on the District of Columbia and our partner here, for an opening statement.

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

My sincere thanks to Chairman Tom Davis, who has initiated this hearing so early in the 106th Congress allowing the new Mayor, the new Council, through its chair, and the new Control Board chair to affirmatively lay out their plans and ideas for the District.

The officials who appear before us today have strong records, both of bringing improvements to the city government and of unequivocal support for home rule. All three have demonstrated that the necessary reforms they are undertaking to create a new resident oriented city government are part and parcel of home rule and give self-government its essential meaning.

Chairman Davis arranged a very good and encouraging meeting with Speaker Dennis Hastert, Mayor Williams and me yesterday. Speaker Hastert, the House leadership and others in the new Congress have indicated that the Congress wants to help, not hurt; to step up, not step in. However, for all the city's traditional and justifiable concern about undue interference, the truth is that full and permanent recovery cannot occur without assistance from the President, the Congress and Federal agencies alike.

We have already begun to think through how the Federal Government may be useful in helping to meet a revenue gap which may show up in a few years. The fiscal crisis that began early in this decade forced the District into a one-sided focus on the expenditure side at the expense of the revenue side of the budget. That emphasis was in response to unusual amounts of overspending that resulted in the loss of the most important asset any city can have, a credit rating allowing it to borrow money.

However, the city government, the Federal Government, and the private sector are all now deeply engaged in planning an action on the revenue side. For example, this week the Mayor and I spoke at the opening of City First Bank, the first community development bank to open in the District, a financial institution that could not have been established without assistance from the Federal Government, Georgetown University, and several private financial institutions. Howard University, Fannie Mae, and the District government have kicked off an ambitious plan for home ownership and reinvigoration of the historic neighborhoods surrounding Howard.

I have recently worked with private business interests, HUD, and the District government to secure infrastructure funds from HUD for a privately financed shopping center in ward 8. It will house a 12-screen movie theater and a supermarket to replace Safeway, the last remaining supermarket in the ward, which precipitously left in October.

During budget negotiations in October, the White House helped me get $25 million into our appropriation to fund an economic development corporation. I very much appreciate that Chairman Davis has indicated an interest in pressing a District-wide enterprise zone, such as the one I proposed last Congress. We already have evidence that new thinking on urban tax policy can produce revenue for the District, and my $5,000 homebuyer credit has helped produce a home ownership boom that is slowing the loss of the residents, including the middle income population, whose flight has ravaged the city during this decade.

These significant public-private initiatives are only a small part of the mounting evidence that the District has climbed out of its fiscal crisis and is unquestionably moving quickly ahead. However, there are governance tools that the new administration needs if it is to be held accountable and if residents and the Congress are to be assured that revenue from them will be productively used, not wasted in the bureaucracy.

The chairman has already agreed to the first such tool. I very much appreciate that Chairman Davis has indicated that in early February the committee will mark up the first section of H.R. 214, the D.C. Democracy 2000 Act, which will become a Davis-Norton bill and will go to the floor as one of the first bills of the 106th Congress.

This provision puts into law what the Control Board has already done in delegating to Mayor Williams the responsibility for the nine agencies removed from executive control in 1997. The bill also eliminates any doubt that the Mayor alone has the power to hire and fire his cabinet and managers.

The heart of the District of Columbia 2000 Act is not yet ripe. But I appreciate that the chairman does not have a closed mind on whether the Control Board should sunset in the year 2000, a year earlier than anticipated.

I have proposed this provision, not only because democracy delayed is democracy denied, but also because the District already has significantly surpassed the goals set for it by Congress. Instead of a balanced budget by 1999, the District will have 3 straight years of balanced budgets plus surpluses by 1999.

The Congress gave the city the authority to borrow to eliminate its accumulated deficit, but the city will eliminate that deficit without any borrowing. With the administration of the city in the hands of a Mayor who came to office with a 3-year management and financial track record in this city and surpluses he helped produce, the burden should be on those who insist on an un-elected overseer for elected officials.

Congress has been quick to criticize, even punish, the District for low performance. Let us now see if Congress will be as quick to recognize the city's concrete accomplishments and a new administration with more than lip service when the District outpaces congres-

sional expectations and mandates. However, from the beginning I have indicated I would not press H.R. 214 until the city develops a track record that can command passage this year.

It is difficult to get bills empowering the District through the Congress and impossible without a strong case. I believe that the city can accrue the necessary evidence in time for the District's historic year 2000 on its own like any free American jurisdiction. At the same time, the Mayor, the City Council, and I are neither lulled by the present surplus revenues nor naively optimistic about the city's financial future. Part of the surplus consists of revenues that were not spent because of operational problems in the District.

Further, in the face of wholesale flight from the city, the good economy has kept revenues from reflecting the depth of the loss of middle income taxpayers. We know what must be done, and it is clear that our elected officials can do it. Some long-term fiscal problems remain to be solved, but the fiscal crisis that necessitated a Control Board is over.

Even the best run city government, however, will have to work hard to convince the Congress that a payment in lieu of taxes or a substantial Federal payment is not only fair, but is necessary.

At an appropriate time, I expect to work with the Mayor, the City Council, and Chairman Davis on how to achieve reliable and regular revenue sources for a city without a state and without the power to tax commuters. Today, I welcome Mayor Williams and Financial Authority Chair Rivlin in their first appearance in the Congress in their new roles, and Council Chair Cropp once again to the subcommittee.

I look forward to today's hearing, particularly for the way it begins to lay the groundwork for the appropriate return of authority and hopefully new assistance to the District. I want to note that, among those in attendance in this hearing are Councilwoman Charlene Drew Jarvis, Councilman David Catania, Control Board Member Eugene Kinlow and Statehood Senator Paul Strauss.

I thank you, Mr. Chairman.

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

ELEANOR HOLMES NORTON
DISTRICT OF COLUMBIA

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

SUBCOMMITTEES
SURFACE TRANSPORTATION
PUBLIC BUILDINGS AND ECONOMIC DEVELOPMENT

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

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

SUBCOMMITTEE
RANKING MINORITY MEMBER,
DISTRICT OF COLUMBIA

CIVIL SERVICE

CO-CHAIR
CONGRESSIONAL CAUCUS FOR WOMEN'S ISSUES

STATEMENT OF CONGRESSWOMAN ELEANOR HOLMES NORTON ON THE INTRODUCTION OF THE DISTRICT OF COLUMBIA DEMOCRACY 2000 ACT

January 6, 1999

MR. SPEAKER. Today I am introducing the first bill in my D.C. Democracy Now Package. The bills to follow, as many as half a dozen, will be introduced at appropriate times throughout the 106th Congress.

The purpose of the first of these bills, the District of Columbia Democracy 2000 Act (D.C. Democracy 2000) is to ensure that the new city administration has sufficient control of the District government to be held accountable in preparation for the expiration of the control period. Among the other bills that will be included in the Package are: D.C. Budget Autonomy Act; D.C. Legislative Autonomy Act; D.C. City Employee Tax Fairness Act (Commuter Tax for District Government Employees); and Delegate Vote Restoration.

I am introducing D.C. Democracy 2000 first because it is the most urgent. This bill is essential to assure the stable transition to full self-government already begun by the District of Columbia Financial Responsibility and Management Assistance Authority. The heart of D.C. Democracy 2000 is the early return of Home Rule, allowing the Authority to expire a full year ahead of schedule. At the time that the Authority Act was passed, the District's insolvency led the Congress to estimate that it would take four years of balanced budgets to achieve the necessary stability. However, the District's reforms have far outstripped the estimate of Congress. It now seems clear that by Fiscal Year 2000 the District shall have had three consecutive years of balanced budgets. If the failure to achieve balanced budgets could delay the return of Home Rule, it should follow that the prudence reflected in continuous years of surpluses should be equally recognized. Further delay is especially unwarranted in light of the continued oversight of the City Council and Congress.

The District has just revolutionized its political culture by election of a new Mayor who earned his stripes as a tenacious Chief Financial Officer who cut budgets, prevented overspending, and helped create surpluses. To match the new Mayor, a new City Council has already shown a new, strict approach to oversight that holds the executive and the city agencies accountable. Moreover, the District has used most of its surplus revenues to pay down its accumulated deficit. As a result, the District is expected to eliminate its operating deficit without using the authority to borrow that Congress granted the city in the Revitalization Package in 1997. This is performance that not only deserves recognition. It is performance that deserves

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encouragement by the return of authority that was stripped away only because of a fiscal crisis. Needless to say, it would lift the spirits of District residents to begin the Year 2000 with Home Rule restored.

The bill also includes a section that would give the Mayor authority to hire and fire department heads. This section carries out the purpose of the Authority Act "to ensure the most efficient and effective delivery of services, by the District government during a period of fiscal emergency." P.L. 104-8, Title I §2(b)(2). On January 2, Alice Rivlin, for the Authority, signed a memorandum of agreement delegating authority to the Mayor to run the District government to the fullest extent allowed by existing law. Viewed from the front lines of the District government's present progress, the Authority's considered judgment was that a transition to Home Rule through the delegation of power to the new Mayor was necessary in advance of the transfer of ultimate power at the end of the control period; a clean line of reporting authority unmistakably identifying the responsible officials was necessary for efficient and effective government operational reform; and Mayor Williams, in his role as Chief Financial Officer, had already demonstrated his capacity to administer complicated operations.

This section amends existing law to complete a transfer of power that the Authority desired but could not make because of the wording of the statute. The Authority transferred to the Mayor its jurisdiction over nine operating agencies, but believed it was unable to return the authority to hire and fire department heads. In returning this power, this section seeks to enhance and facilitate the Mayor's ability to control managers. It eliminates the possibility of an illusion of an appeal to a higher authority beyond the Mayor to acquire or retain a position.

The advantage of having a government that knows that it and it alone will be fully accountable cannot be overestimated in a democracy. Whatever justification some may have found for the denial of self-government has been stripped away by the growing fiscal health of the District government and its prudence in management of its finances and operations. Beyond securing more revenue, city officials have already shown that they know what to do with it. Their decision to use surplus revenues to pay down the city's accumulated deficit demonstrates they can and will make tough financial choices. In the face of the sacrifices that District residents have made and the unanticipated surpluses that have been produced, there is no justification for delaying a return to coherent and fully accountable self-government.

Congresswoman
ELEANOR HOLMES NORTON
District of Columbia

NEWS

For Immediate Release
January 6, 1999

Press Contact: Donna Brazile
(202) 225-8050
Web Site: http://www.house.gov/norton/

NORTON BILL CALLS FOR EARLY RETURN OF HOME RULE

Washington , D.C.--As the 106th Congress opened today, Congresswoman Eleanor Holmes Norton (D-D.C.) introduced the first bill in her 106th Congress D.C. Democracy Now Package. The District of Columbia 2000 Act, the first of as many as a half dozen bills to come, was written to ensure two goals: (1) that the new city administration has the necessary control of city agencies to be held accountable; and (2) to sunset the control board a year ahead of time in light of the District's fiscal progress.

The sunset provision, the heart of the bill, responds to the rapid pace of the District in regaining solvency with unanticipated surpluses in consecutive years, surpassing the goal of four years of balanced budgets. In introducing the bill, Norton said: "If the failure to achieve balanced budgets could delay the return of Home Rule, it should follow that the prudence reflected in continuous years of surpluses should be equally recognized."

The bill also would give Mayor Williams the ability to hire and fire, a power that the control board withheld only because it felt compelled by statute to do so.

Following are excerpts of her statement:

> The purpose of the first of these bills, the District of Columbia Democracy 2000 Act (D.C. Democracy 2000) is to ensure that the new city administration has sufficient control of the District government to be held accountable in preparation for the expiration of the control period. Among the other bills that will be included in the Package are: D.C. Budget Autonomy Act; D.C. Legislative Autonomy Act; D.C. City Employee Tax Fairness Act (Commuter Tax for District Employees); and Delegate Vote Restoration.
>
> I am introducing D.C. Democracy 2000 first because it is the most urgent. This bill is essential to assure the stable transition to full self-government already begun by the District of Columbia Financial Responsibility and Management Assistance Authority. The heart of D.C. Democracy 2000 is the early return of Home Rule, allowing the Authority to expire a full year ahead of schedule. At the

time that the Act was passed, the District's insolvency led the Congress to estimate that it would take four years of balanced budgets to achieve the necessary stability. However, the District's reforms have far outstripped the estimate of Congress. It now seems clear that by Fiscal Year 2000, the District shall have had three consecutive years of balanced budgets. If the failure to achieve balanced budgets could delay the return of Home Rule, it should follow that the prudence reflected in continuous years of surpluses should be equally recognized. Further delay is especially unwarranted in light of the continued oversight of the City Council and Congress.

The District has just revolutionized its political culture by electing a new Mayor who earned his stripes as a tenacious Chief Financial Officer who cut budgets, prevented overspending, and helped create surpluses. To match the new Mayor, a new City Council has already shown a new, strict approach to oversight that holds the executive and the city agencies accountable. Moreover, the District has used most of its surplus revenues to pay down its accumulated deficit. As a result, the District is expected to eliminate its operating deficit without using the authority to borrow that Congress granted the city in the Revitalization Package in 1997. This is performance that not only deserves recognition. It is performance that deserves encouragement by the return of authority that was stripped away only because of a fiscal crisis. Needless to say, it would lift the spirits of District residents to begin the year 2000 with Home Rule restored.

* * *

The advantage of having a government that knows that it and it alone will be fully accountable cannot be overestimated in a democracy. Whatever justification some may have found for the denial of self-government has been stripped away by the growing fiscal health of the District government and its prudence in management of its finances and operations. Beyond securing more revenue, city officials have already shown that they know what to do with it. Their decision to use surplus revenues to pay down the city's accumulated deficit demonstrates they can and will make tough financial choices. In the face of the sacrifices that District residents made and the unanticipated surpluses that have been produced, there is no justification for delaying a return to coherent and fully accountable self-government.

###

106TH CONGRESS
1ST SESSION

H. R. _____

IN THE HOUSE OF REPRESENTATIVES

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

A BILL

To restore the management and personnel authority of the Mayor of the District of Columbia and to expedite the suspension of activities of the District of Columbia Financial Responsibility and Management Assistance Authority.

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

SECTION 1. SHORT TITLE.

This Act may be cited as the "District of Columbia Democracy 2000 Act".

SEC. 2. FINDINGS.

Congress finds as follows:

(1) Among the major problems of the District of Columbia government has been the failure to clearly delineate accountability.

(2) The statute establishing the District of Columbia Financial Responsibility and Management Assistance Authority proved necessary to enable the District to regain financial stability and management control.

(3) The District has performed significantly better than the Congress had anticipated at the time of the passage of the Authority statute.

(4) The necessity for a financial authority has resulted in a diffusion of responsibility between the Mayor, the Council, and the Authority pending the time when the District government would assume the home rule status quo ante.

(5) This lack of clear lines of reporting authority, in turn, has led to some redundancy and confusion about accountability and authority.

(6) The Authority statute requires the Authority to "ensure the most efficient and effective delivery of services, including public safety services, by the District government" and to "assist the District government in...ensuring the appropriate and efficient delivery of services".

(7) With the coming of a new administration led by Mayor Anthony Williams, the Authority has taken the first step to ensure the accountability that will be necessary at the expiration of the control period by delegating day-to-day operations over city agencies previously under control of the Authority to the Mayor.

(8) The Congress agrees that the best way to ensure clear and unambiguous authority and full accountability is for the Mayor to have full authority over city agencies so that citizens, the Authority, and the Congress can ascertain responsibility.

(9) The transition of authority to the new administration will take nothing from the Authority's power to intervene during a control period.

(10) The congressional intent embodied in the Authority statute contemplates full home rule by the District government when it attains the necessary stability.

(11) Congress assumed that it would take 4 years of balanced budgets to achieve the requisite stability.

(12) The District has exceeded congressional expectations by submitting 3 years of balanced budgets plus [redacted] surpluses.

(13) The Authority is an emergency body that should not be held past the existence of the emergency at a cost to democratic self-government.

(14) To take account of conditions that improved beyond expectations, full self-government should return to the District one year ahead of time, in the year 2000.

SEC. 3. RESTORATION OF MANAGEMENT AND PERSONNEL AUTHORITY OF MAYOR OF THE DISTRICT OF COLUMBIA.

(a) IN GENERAL.—Subtitle B of title XI of the Balanced Budget Act of 1997 (DC Code, sec. 47–395.1 et seq.) is repealed.

(b) CONFORMING AMENDMENT.—Section 1604(f)(2)(B) of the Taxpayer Relief Act of 1997 (Public Law 105–34; 111 Stat. 1099) is repealed.

SEC. 4. SUSPENSION OF ACTIVITIES OF DISTRICT OF COLUMBIA FINANCIAL RESPONSIBILITY AND MANAGEMENT ASSISTANCE AUTHORITY.

(a) IN GENERAL.—Section 209(b)(1)(B) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995 (DC Code, sec. 47–392.9(b)(1)(B)) is amended by striking "4" and inserting "3".

(b) CONFORMING AMENDMENTS.—(1) Section 107 of such Act (DC Code, sec. 47–391.7) is amended—

(A) in subsection (a)(1), by inserting "or any other Act" after "this Act"; and

(B) in subsection (b), by striking "this Act," and inserting "this Act or any other Act,".

(2) Section 456 of the District of Columbia Home Rule Act is amended—

(A) in subsection (a)(1) (DC Code, sec. 47–231(a)), by striking "the District of Columbia Financial Responsibility and Management Assistance Authority" and inserting the following: "the Mayor (or, in the case of a fiscal year which is a control year under the District of Columbia Financial Responsibility and Management Assistance Act of 1995, the District of Columbia Financial Responsibility and Management Assistance Authority)"; and

(B) in subsection (b)(1) (DC Code, sec. 47–232(a)), by striking "the Authority" and inserting the following: "the Mayor or the District of Columbia Financial Responsibility and Management Assistance Authority (as the case may be)".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the enact-

ment of the District of Columbia Financial Responsibility and Management Assistance Act of 1995.

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Time to give D.C. democracy

By Eleanor Holmes Norton

The District is quickly discarding its old crisis identity. To begin with, residents have chosen a new mayor and a new city council, and the president has appointed a new Financial Authority (control board). New personnel do not guarantee permanent change, but I believe that more is going on in the District than the emergence of some new faces. Change in the city today is being driven from the bottom, not the top. Because the change comes from the voters' hard knocks and tough lessons, it is as close to permanent change as you are likely to get in a city. Such deep change occurs only when there has been a shift in the political culture itself. This sea change is one of the reasons Congress should pass the D.C. Democracy 2000 Act, my first bill of the 106th Congress. D.C. Democracy 2000 would sunset the control board a year early and allow the District to begin the year 2000 on its own.

The bill, H.R. 214, is both practical and aspirational. It is practical because it takes the Congress' own standard — a balanced budget within four years — and calls the question. By the end of this fiscal year, the District not only will have balanced its budget two years ahead of the congressional mandate but will have racked up three years of surplus revenues that were never expected when the control board statute was enacted. Further, the city likely will not have to use the borrowing authority Congress gave it to eliminate the accumulated deficit D.C. has been carrying for years. We will pay down the deficit from our own revenue.

The bill is also aspirational. It sets a high mark and asks the city to reach for it. I recognize that this is a city that has had trouble meeting ordinary standards. However, with three straight years of balanced budgets and surplus revenues, the District already is surpassing the mark Congress set.

District officials and residents need to be encouraged to keep raising the bar, and the Congress needs to recognize when the city has met high standards. The surplus revenues would probably not have been possible without the good economy, but would definitely not have happened without prudent budgeting by District officials.

The control board has been vital to this achievement, and its early passing into history would be the greatest tribute to its success. The surpluses did not emanate from the work of the control board, however.

DISTRICT FORUM

The surplus revenues are largely the result of the CFO's tax collection improvements and structural spending restraints, the good economy, and the Council's awakening to the rude realities of D.C.'s limited resources and high taxes. If the last election shows a change, not only in personnel, but in our political culture, then the Congress should respond to the city that has been the instrument of that change.

I believe that the harsh experience resulting from the city's most serious crisis in a century has been indelibly imprinted in the political culture. The flagging patience of residents with service delivery problems and the takedown of home rule bite by bite throughout the fiscal crisis will not be forgotten.

D.C. Democracy 2000 is the first in a series of about a half dozen bills designed to take the District to home rule and beyond. I will be offering these bills, each at opportune times, throughout the 106th Congress. Together, this series forms my "Democracy Now Package."

The two parts of D.C. Democracy 2000 track the practical and aspirational theme of the bill. Part I gives the mayor authority over his own agencies, including hiring and firing his cabinet and managers, removing any illusion that there is a higher authority that is really in charge and to whom accountability is ultimately owed. I have asked that this part be marked up immediately after Mayor Williams testifies before the D.C. Subcommittee on Jan. 22. To his credit, D.C. Subcommittee Chairman Tom Davis has indicated that he will mark up this first part to give the mayor the tools he needs to be both responsible and accountable.

However, I will not seek hearings for several months on part II of Democracy 2000 that would sunset the control board early. The city needs time to build a track record on Mayor Williams' watch. The District has a mayor who ran on a personal record of accountability he had already established before he decided to run. Producing is what got him elected. The city has a council that even before the last election had instituted oversight and checks and balances as never before. The city is not only running balanced budgets but surpluses. It is showing it knows what to do with surplus revenues. The District is paying down its debt and thus improving its credit rating; Consequently we are saving millions in interest that can now begin to nourish the many programs that were underfunded during the crisis.

A control board is not a security blanket. It is an emergency mechanism. I know an emergency when I see one. The District is a big city that has a lot of work to do, but the crisis that necessitated the control board is over. I called for the control board when the city became insolvent and could not borrow. I believe I also know recovery when I see it.

If the city continues to beat congressional expectations, the Congress should act on the good news as quickly as it did on the bad news. Enacting the bill would be a show of confidence in the new administration. By late in the year, a record from the administration and the Council will be in, and passage of D.C. 2000 should not be controversial. Congress has been quick to respond to poor showings and to the old political culture, including stripping the city of large chunks of basic democracy. Surely, if the evidence holds up, the Congress that sits at the helm of America's democracy, will want the earliest return of its nation's capital to democratic norms.

Eleanor Holmes Norton is delegate to the House of Representatives for the District of Columbia.

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

Let me recognize our vice chairman, Mrs. Morella, for any comments she may wish to make.

Mrs. MORELLA. Thank you, Mr. Chairman.

This is pretty exciting. Here we are together considering new visions for the District of Columbia. I want to welcome our panelists, certainly welcome our new Mayor, Anthony Williams and welcome Linda Cropp, who is here with us, who is the chair of the District of Columbia City Council and, of course, Alice Rivlin, chair of the D.C. Financial Responsibilities and Management Assistance Authority. We've spread that title out.

I'm very proud to serve on the District of Columbia Subcommittee and certainly very proud of the achievements that have been made to add to the luster and strength of the District of Columbia. As a result of the D.C. Revitalization Act, the Federal Government has relieved the District of certain burdensome expenses, such as the unfunded pension liability and the Federal Government has also assumed a larger share of the Medicare costs and has taken over the operations of the prison system.

Relieved of these cumbersome administrative tasks, local officials are now able to concentrate on the daily operations of the city. The city government can devote more time to improving police and fire services, collecting trash, fixing potholes, maintaining neighborhoods, and improving schools. These are the toughest tasks of all and the most important because they touch the lives of everybody on a day-to-day basis.

This hearing does mark a new beginning; although we continue our bipartisan efforts from the 105th Congress, we do so with a refreshing new landscape. As the Chief Financial Officer Anthony Williams has testified before this subcommittee on many occasions. This is the first time that he is here today as Mayor Anthony Williams. I'm certainly pleased to welcome him in his new role.

Although Mayor Williams has been on the job for less than a month, he's already made a difference. I, too, applaud him for his commitment to fix potholes, sweep the streets, pick up the garbage, rid buildings of graffiti. It has been gratifying to see him with rolled up sleeves pouring over city documents and directing his staff to improve city services in a timely fashion. And I even note in today's Post, too, the Mayor's commitment and demand for a better short-term action plan from city agency directors.

Yes, he's tough on others, but he is just as tough on himself. I look forward to working with Mayor Williams and also with the City Council, its great members and its very able and effective chairman, Linda Cropp.

There is much to be done, although I want to make it clear that I strongly believe that Congress should not try to micromanage the District of Columbia. That would be counterproductive, would encroach on the legislative roles of the Mayor, the City Council and the Control Board. We can, however, be helpful in many ways. And like you, Mr. Chairman, and Ms. Norton, I think it's time to restore substantial authority from the Control Board to the newly elected Mayor and to give him the flexibility he needs to effectively fulfill his role.

I also want to commend you, Mr. Chairman, for the bill that you're about to introduce to give high school graduates in the District of Columbia the opportunity to attend State universities throughout the country at in-state tuition rates. It looks like a really good and fair proposal, and I'm pleased to be a cosponsor with you, and I want to work with you in any way I can to get the legislation passed and implemented.

As a former teacher, I'm most concerned about the status of education in the District of Columbia. At the hearing last September on the District of Columbia school system, I was alarmed at the declining test scores in math and science of students in the poor sections of the city. Thousands of D.C. students are leaving school without the fundamental skills needed to find a job and function as productive members of their communities. Consequently, there are a high number of unemployed workers in the District who are undereducated and undertrained, unable to meet the emerging technological needs of the workplace.

We must work together to find a way to break this cycle of failure and defeat. The present economy is an information economy. People who can process information to develop goods and services and use technology effectively will excel in the next century. We must prepare those who are undereducated and underserved so that they, too, will be prepared for the new economy.

It will mean lower taxes, better services, a higher quality of life, not only for the District, but for the region as a whole. In addition to work force development, there are many critical regional issues that challenge us to work together as a team, traffic congestion, growth management, water and air quality and getting our computers ready for the year 2000.

I look forward to the testimony from our excellent panel. I want to thank you, Mr. Chairman, for holding this very important meeting and for your leadership, Ms. Norton's leadership and Mr. Horn's leadership.

Mr. DAVIS. Thank you very much, and let me now introduce my distinguished colleague from California Mr. Horn, whose family roots go back deep into this city.

Mr. HORN. 1840's to be exact, and I'm the only one who hasn't been born here but I went 1 year to high school here, Mr. Mayor. And this has been a great city over the years and the members of this subcommittee and the Speaker are very committed, as the previous Speaker was, to help the government be a very responsive government.

I congratulate you on your excellent record in the past as a public servant. I know you bring tremendous skills to the leadership and chief executive of this city and not too many mayors have had your experience. So you're way ahead of the game. And I've gone through your program proposals. I think they're excellent.

And I think you need the power to appoint, to discipline, to remove managers, not only at the top level, but also in the intermediate level. I remember one of the things that took me 5 years to get accomplished from the board of trustees of the California State University system and that was to provide flexibility of management. We could appoint, we could remove, and we could pay according to their commitment on a particular contract, 6 months, 1

year. In other words, we provided a results-oriented government. We asked: what are you going to accomplish in this time period? I believe that you should be the judge of whether or not your managers have accomplished what was agreed on their contract. That will turn a bureaucracy around very rapidly.

I think also that what you've said in here about children and health is very important, and recreation. And I would hope that the neighborhood school, which is really the visible aspect of government for people around them, would be able to combine health services at the local level, recreational services after school. Schools seldom have their lights on after 3 p.m. The community should be able to use those playing fields for little children under appropriate supervision.

As I mentioned to your predecessor Mayor in one of these hearings, I stood for 3 hours in line in a sports shirt. No one knew I was a Member of Congress, and I just wanted to see how people were treated. The motor vehicle department was not treating them very well in that northeast operation; one, they didn't even have their people informed as to what kind of service was there.

So I happened to stand for 3½ hours after asking five people who said, "oh, yes, this office will do that," and then when I finally get to the window, it was sorry, it is 5:30—that's over in the municipal building." That's not very good; 200 citizens that day were standing in the heat, no one from management came out to say, "come on in, we're going to cue you up and it's cooler in here than it is out there." The signs were misleading. The security guard was helpful, but untrained.

So a little bit of initiative obviously was needed, and several hundred residents, black and white, in this city weren't too happy with their experience. Neither was this Member of Congress.

Economic development I think is key. And I recall when Disney was talking about desecrating a few Civil War battlefields to bring the feeling of history to people who had come to Washington.

Washington is where much of our history has occurred and is occurring. Disney ought to be approached to build in the District of Columbia. That means Disney building new housing as a condition for them to occupy certain land. It means jobs for the citizens of this District.

As for the public schools, the Mayor of Chicago has taken over education, and so should you. That will place responsibility.

I know you have the interest. I think any powers we need to give you we should give you. And somebody mentioned micromanaging, my last micromanagement would be one pothole at Independence and 3rd——

Mayor WILLIAMS. Take that address down.

Mr. HORN. It just about took my axle out the other night, Mr. Mayor. But you have my strongest support. Anything I can do to help, I will.

Thank you, Mr. Chairman.

Mr. DAVIS. Thank you very much, Mr. Horn.

I just want to note for the record, although Mr. Horn who had grandparents who were born in the city, parents born in the city, kids born in the city, Mr. Horn wanted to be born in the city, but

he thought it was more important to be with his mother on that important day, and he couldn't be here.

I would like to call our panel of witnesses to testify: Dr. Alice Rivlin, the Control Board chair; Mayor Anthony Williams; and the City Council chairman, Linda Cropp.

As you know, it's the policy of the committee that all witnesses be sworn in before you testify.

[Witnesses sworn.]

Mr. DAVIS. Thank you. You can be seated.

I ask unanimous consent any written statements be made a part of the permanent record.

We will begin with Dr. Rivlin, who needs to leave by 10:30. Dr. Rivlin will be testifying before this subcommittee for the first time; followed by Mayor Williams, who will be testifying before the subcommittee for the first time as Mayor; and City Council Chair Cropp, who is now a frequent visitor and has testified before this committee.

Dr. Rivlin.

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

Ms. RIVLIN. Thank you, Mr. Chairman. I'm delighted to be here in this capacity. I think the citizens of the District may not realize how lucky they are to have the strong, constructive, bipartisan leadership of this committee helping us as we move into our new era.

It's also a pleasure to be on this panel with the new Mayor of the District, Anthony Williams, and with the chair of the Council, Linda Cropp. I think the District is very fortunate, and I say this even when I'm not with them, to have such strong, qualified elected officials at the helm to lead us as we move into this new era of effective, responsive city government.

And, Mr. Chairman, I do believe we are entering a new era in the District. There is renewed energy in the city and a sense of hope that the cooperative efforts of the District, the region and the Federal Government will help us build on the progress that the Nation's Capital has made in the last few years.

The District of Columbia Financial Responsibility and Management Assistance Authority, and I never can get through that whole title, affectionately known as the Control Board, has enormous respect for Mayor Williams. My four colleagues on the board and I are working hard to build a collaborative and constructive relationship with him.

We're also working closely with the new Council. The Council has three energetic new members elected in November. Both the new and the returning Council members are endeavoring to build on the positive results that the city has recently achieved. Altogether, it is a promising time to be working for the revitalization of the Nation's Capital.

As you have noted, Mr. Chairman, the Authority was created by an act of Congress in April 1995 to assist the District in restoring

financial solvency and improving management effectiveness. At the time, the District was virtually bankrupt. It was unable to pay its employees or its contractors. It was running a significant operating deficit and had a large accumulated deficit. Since the District's bonds could not be sold at market rates, the U.S. Treasury was the city's only source of funds.

Moreover, the District at that time was not responding adequately to the needs of its citizens. Streets were filled with potholes and often went unplowed in winter. Citizens seeking ordinary services, such as motor vehicle inspections or building permits, encountered long delays and often confused records. Medical care for the needy, child welfare services and assistance to the elderly were often lacking and inadequately provided. Crime was rising. Neighborhoods were decaying. The public schools were deteriorating. Residents and businesses were fleeing the city.

Now, nearly 4 years later, the District is in much better shape. Thanks to the efforts of many people, including the former members of the Authority and my predecessor Andrew Brimmer, Mayor Williams in his former position as CFO, members of the Council, the President and the Congress, the District has not only stemmed the deterioration, it has considerably improved its overall condition.

When the books are closed on fiscal year 1998, which ended in September, they will show that the city ran an operating surplus for the second straight year and was able to pay off in its entirety its accumulated deficit. The city has greatly improved the integrity and internal controls of its budgeting process and financial systems. The bills get paid, the taxes are collected, and the District's securities sell at market rates. From a financial standpoint, the city's comeback has been remarkable.

However, while—and there's always a however—while the fiscal progress has been gratifying, it is important for everybody to understand that the city still faces an uncertain financial future. Its tax base is narrow and can grow only if vigorous efforts to attract new residents and enhance business opportunities are sustained and successful. Deferred maintenance and inadequate investment have left a legacy of decayed and outmoded infrastructure, from bursting pipes to leaky roofs and decrepit or nonexistent computers, and that will take substantial resources to put right.

Similarly, while the quality of the District's public services has demonstrably improved—and those lines, Congressman Horn, are shorter than they were before—much remains to be done. In response to the National Capital Revitalization and Government Self-Improvement Act passed by the Congress in 1997, the Authority has in the past year laid the groundwork for long-term, sustainable improvements in the quality of public services. Through the process of management reform and the establishment of a chief management officer to focus on service delivery improvements, the District has made measurable progress in the quality and efficiency of service.

In recognition of the new era in the District, the Authority and the Mayor have signed a memorandum of agreement describing their new relationship. The memorandum makes clear that, while the Authority retains all of the responsibilities under the statute,

the Mayor will be in charge of the day-to-day running of the city and supervision of executive branch departments. The Mayor will also have the responsibility for program and policy matters related to the departments and agencies. There must be no confusion about who is in charge of delivering services, the Mayor is.

The memorandum further states that the Chief Management Officer will report to the Mayor and that most government agencies will report to the Mayor through the CMO. The agreement calls for the Mayor to combine the existing authority and staff of the city administrator with those of the CMO.

The Metropolitan Police Department and the Office of Corporation Council and some smaller agencies will report directly to the Mayor. The public schools will continue to report to the Authority. The agreement can be revoked by either the Authority or the Mayor with 30 days' written notice.

To ensure effective communication and cooperation, the Authority has invited the Mayor to attend meetings of the Authority in a nonvoting capacity. And we have also extended the same invitation to the chair of the Council. We have met three times under the new arrangement, and we are communicating very well.

I am very pleased by the strong working relationships that the elected and appointed officials of the city are developing. We have found shared purpose and common ground in our efforts to improve the District. Together, we are already working to achieve consensus in such areas as the fiscal year 2000 financial plan and budget, strategic plan priorities for the District, the National Capital Revitalization Cooperation and a strategy for accelerating economic development.

The Mayor has publicly stated his strong intentions to make immediate improvements in public services, and Authority members have told the Mayor that he can count on our full support in his efforts to improve the quality and performance of government services. The faster the better. All of us look forward to cleaner and safer streets and alleys, more responsive public officials, a safety net that is compassionate and timely, and all of the other things that citizens expect that their local government will effectively provide. We believe visible short-run improvements are feasible, but we are also conscious that many aspects of the D.C. service delivery are still deeply broken and will take sustained effort to repair.

The Mayor and the Council and the Authority are also working together on long-term priorities for the District.

One of the fundamental goals we have all agreed on is accelerating economic development. The District, through a collaborative process with the private sector, nonprofit organizations and community groups, recently issued an economic development strategy that focuses on a list of specific actions to leverage jobs and growth in the city. We view this approach as the beginning of an intensive effort to make the District more attractive to new business, retaining those businesses and Federal agencies that are already located in the city and creating greater opportunity for neighborhood development, not just activity in the central business district. It is vital that we focus our attention on economic development.

Other long-term priorities the Mayor, the Council and the Authority will stress in the coming months include improvements in

financial management, tax reform to create a more equitable structure, targeted investments in technology and other infrastructure areas and the widespread improvement of public services. We will give special emphasis to investing in our young people and the skills and vitality of our work force.

The Authority is working closely with Superintendent Arlene Ackerman to strengthen the D.C. public schools. There is no question that, as Congresswoman Morella has noted, that our ability to build a bright future for the city and to keep and attract residents requires quality public education and safe schools. We are optimistic that the strides made in the last year to rebuild decaying schools, make facilities safer and increase the quality of education are laying the groundwork for sustained improvement in education; and we are working closely with the Superintendent, the Emergency Transitional Education Board of Trustees and the elected school board to make that happen.

Finally, the District must make the transition to normal governance. This city, like every other city in America, deserves to be managed by professional managers responsible to elected officials who, in turn, are responsible to an engaged electorate. Democracy is the cornerstone of our Nation's heritage; and the District should be an example of how well democracy can work, not a shameful exception.

We all recognize that the District is our Nation's Capital at the same time it is a local community. As such, it occupies a unique and sometimes complex place in our governmental structure. The District is fundamentally intertwined with the Federal Government. The city's prosperity, its well-being, its future are all influenced by how we interact with the Federal Government and responsibly steward the resources that support the city, both as a community and as a capital.

In 1995, and again in 1997, the Congress was sufficiently concerned about the condition of the District that it passed laws aimed at improving the financial and management health of the city. The laws stipulated that control periods would remain in force—and the Authority would remain active—until certain conditions were met. The District was required to first run its operating budget without a deficit for 4 consecutive years and to repay any borrowings by the Authority. More general provisions of the law mandated that the District improve the quality of its public services and strengthen the structure of government in the city and help sort out the functions between the District and the Federal Government.

Mr. Chairman, the District is on its way to accomplishing the goals and objectives of the congressional statutes, but let me stress that we're not there yet. I've highlighted some of the achievements today and some of the issues we will be working on in coming months. Through the cooperation that the Mayor, the Council and the Authority have established, I believe we will continue to make progress in meeting the goals set by the Congress so the District can make the transition to normal government as soon as possible. I know the Mayor and the Council chair join me in welcoming the

opportunity to come back to the Hill and report to the subcommittee as we move toward the statutory objectives that will bring about a timely return to normal governance.

Thank you, Mr. Chairman.

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

[The prepared statement of Ms. Rivlin follows:]

DISTRICT OF COLUMBIA FINANCIAL RESPONSIBILITY AND MANAGEMENT ASSISTANCE AUTHORITY



Hearing before the
Subcommittee on the District of Columbia
Committee on Government Reform and Oversight
United States House of Representatives

Alice M. Rivlin
Chairman

Constance B. Newman
Vice Chairman

Eugene Kinlow
Member

Robert P. Watkins
Member

Darius Mans
Member

Statement of Alice M. Rivlin

January 22, 1999
For Release Upon Delivery

Rivlin

Good morning, Mr. Chairman and Members of the Subcommittee. It is a great pleasure to be here with you today. I welcome the opportunity to discuss the District of Columbia and its recent progress.

It is also a pleasure to be on this panel with the new Mayor of the District of Columbia, Anthony Williams, and with the Chair of the Council, Linda Cropp. The District is indeed fortunate to have such strong, qualified elected officials at the helm to lead us into a new era of effective, responsive city government.

Mr. Chairman, I believe we are entering a new era in the District. It is an exciting time of new leadership and new opportunity. There is renewed energy in the city and a sense of hope that, through the cooperative efforts of the District, the region and the Federal Government, the progress that the Nation's Capital has made in the past few years will accelerate.

The District of Columbia Financial Responsibility and Management Assistance Authority (the Authority) has enormous respect for Mayor Williams. My four colleagues and I are working hard to build a collaborative and constructive relationship with him. We also are working closely with the new Council. The Council has three energetic new members elected in November. Both new and returning Council Members are endeavoring to build on the positive results that the City has recently

achieved. All together, it is a promising time to be working for the revitalization of the Nation's Capital.

District's Status

As you know, the Authority was created by an act of Congress in April, 1995, to assist the District in restoring financial solvency and improving management effectiveness. At the time of the Authority's creation, the District Government was virtually bankrupt: it was unable to pay its employees or its contractors, it was running a significant operating deficit and a large accumulated deficit. Since the District's bonds could not be sold at market rates, the U.S. Treasury was the City's only source of funds.

Moreover, the District at that time was not responding adequately to the needs of its citizens. Streets were filled with potholes and often went unplowed in winter. Citizens seeking ordinary services, such as motor vehicle inspections or building permits, encountered long delays and often confused records. Medical care for the needy, child welfare services, and assistance to the elderly were often lacking or inadequately provided. Crime was rising, neighborhoods were decaying, and the public schools were deteriorating. Residents and businesses were fleeing the City.

Nearly four years later, the District is in much better shape. Thanks to the efforts of

many people, including the former members of the Authority, Mayor Williams in his former position as Chief Financial Officer, Members of the Council, the President and the Congress, the District has not only stemmed the deterioration, it has considerably improved its overall condition. When the books are closed on FY 1998, they will show that the City ran an operating surplus for the second straight year and was able to pay off its accumulated deficit. The City has greatly improved the integrity and internal controls of its budgeting process and financial systems. The bills get paid, taxes are collected, and the District's securities sell at market rates. From a financial standpoint, the City's comeback has been remarkable.

However, while the fiscal progress has been gratifying, it is important to understand that the City still faces an uncertain financial future. Its tax base is narrow and can only grow if vigorous efforts to attract new residents and enhance business opportunities are sustained and successful. Deferred maintenance and inadequate investment have left a legacy of decayed and outmoded infrastructure -- from bursting pipes to leaky roofs and decrepit or non-existent computers -- that will take substantial resources to put right.

Similarly, while the quality of the District's public services has demonstrably improved, much remains to be done. In response to the National Capital Revitalization and Government Self-Improvement Act passed by Congress in 1997, the Authority has

in the past year laid the ground work for long term, sustainable improvements in the quality of public services. Through the process of management reform and the establishment of a Chief Management Officer to focus on service delivery improvements, the District has made measurable progress in the quality and efficiency of service. As the Authority's last annual report details, public services in many agencies are better than they used to be. With sustained effort, they will be even better in the near future.

Relationship with Elected Officials

In recognition of the new era in the District, the Authority and the Mayor have signed a Memorandum of Agreement describing their new relationship. The memorandum makes clear that, while the Authority retains all its responsibilities under the statute, the Mayor will be in charge of the day-to-day running of the City and supervision of executive branch departments. The Mayor will also have the responsibility for program and policy matters related to these departments and agencies. There must be no confusion about who is in charge of delivering services: the mayor is.

The memorandum further states that the Chief Management Officer (CMO) will report to the Mayor, and that most government agencies will report to the Mayor through the CMO. The agreement calls for the Mayor to combine the existing authority and staff of the City Administrator with those of the CMO. The Metropolitan Police

Department, the Office of Corporation Council and some smaller agencies will report directly to the Mayor. The Public Schools will continue to report to the Authority. The agreement can be revoked by either the Authority or the Mayor with 30 days' written notice.

To ensure effective cooperation and communication, the Authority has invited the Mayor to attend meetings of the Authority in a non-voting capacity. The Authority has extended the same invitation to the Chair of the Council. We have already met three times under this new arrangement and are communicating well.

I am very pleased by the strong working relationships that the elected and appointed officials of the City are developing. We have found shared purpose and common ground in our efforts to improve the District. Together, we are already working to achieve consensus in such areas as the Fiscal Year 2000 financial plan and budget, strategic plan priorities for the District, the National Capital Revitalization Corporation, and a strategy for accelerating economic development.

The Mayor has publicly stated his strong intentions to make immediate improvements in public services, and Authority Members have told the Mayor that he can count on our full support in his efforts to improve the quality and performance of government services. And the faster the better! All of us look forward to cleaner and safer streets

and alleys, more responsive public officials, a safety net that is compassionate and timely, and all of the other things that citizens expect that their local government will effectively provide. We believe that visible short-run improvements are feasible, but we are also conscious that many aspects of D.C. service delivery are still deeply broken and will take sustained effort to repair.

Long-term Priorities

The Mayor, the Council and the Authority are also working together on long term priorities for the District. One of the fundamental goals that we have agreed upon is accelerating economic development. The District, through a collaborative process with the private sector, non-profit organizations and community groups, recently issued an economic development strategy that focuses on a list of specific actions to leverage jobs and growth in the City. We view this approach as the beginning of an intensive effort to make the District more attractive to new business, retaining those businesses and Federal agencies that are already located in the City, and creating greater opportunity for neighborhoods development - not just activity in the central business district. It is vital that we focus our attention on economic development: the economic health and future vitality of the District are directly tied to the success of our efforts in this area.

Other long term priorities the Mayor, the Council and the Authority will stress in the comings months include continued improvements in financial management, tax reform

to create a more equitable structure, targeted investments in technology and other infrastructure areas, and the widespread improvement of public services. We will give special emphasis to investing in our young people and the skills and vitality of our workforce.

The Authority is working closely with Superintendent Arlene Ackerman to strengthen the D.C. Public Schools. There is no question that our ability to build a brighter future for the City, and to keep and attract residents, requires quality public education and safe schools. We are optimistic that the strides made in the last year to rebuild decaying schools, make facilities safer, and increase the quality of the education that all children receive, are laying the groundwork for sustained improvement in education. The Authority, in collaboration with the Superintendent of Schools, the Emergency Transitional Education Board of Trustees, and the Board of Education must make the schools a beacon of hope and opportunity for the District. Along with the Mayor and the Council, we are also working closely with UDC to strengthen public higher education in the District.

Return to Normal Governance

Finally, the District must make the transition to normal governance. This City, like every other city in America, deserves to be managed by professional managers responsible to elected officials who, in turn, are responsible to an engaged electorate.

Democracy is the cornerstone of our nation's heritage, and the District should be an example of how well democracy can work, not a shameful exception.

We all recognize that the District is our nation's capital at the same time it is our local community. As such, it occupies a unique and sometimes complex place in our governmental structure. The District is fundamentally intertwined with the Federal Government. The City's prosperity, its well-being, its future are all influenced by how we interact with the Federal Government and responsibly steward the resources that support the City – both the community and the capital.

In 1995 and 1997, the Congress was sufficiently concerned about the condition of the District that it passed laws aimed at improving the financial and management health of the City. The laws stipulate that control periods would remain in force -- and the Authority would remain active -- until certain conditions were met. The District was required to first run its operating budget without a deficit for four consecutive years, and to repay any borrowings by the Authority. More general provisions of the law mandated that the District improve the quality of its public services and strengthen the structure of government in the City, and help to sort out the functions between the District and the Federal Government.

Mr. Chairman, the District is on its way to accomplishing the goals and objectives of

the Congressional statutes, but let me stress that we are not there yet. In my testimony today, I have highlighted some of the achievements made so far and some of the issues that we will be working on in the coming months. Through the cooperation that the Mayor, the Council and the Authority have established, I believe we will continue making progress in meeting the goals set by Congress so that the District can make the transition to normal governance as soon as possible. I know that the Mayor and the Council Chair join me in welcoming opportunities to come back to the Hill and report to the Subcommittee as we move toward the statutory objectives that will help to bring about a timely return to normal governance.

Conclusion

In closing, I wish to say again how pleased all the members of the Authority are that a new, more promising era is dawning in the District. We look forward to a close working relationship with the new Mayor and the new Council. We hope to continue our strong relationship with you, Mr. Chairman, and with the Subcommittee. We all have the same goal: to bring about permanent and positive change for the citizens of the District and the nation's capital.

Mr. DAVIS. Mayor Williams.

Mayor WILLIAMS. Yes. Mr. Chairman and members of the committee, Congresswoman Norton, Congresswoman Morella, Congressman Horn, it's a pleasure to testify here again to the general committee not as CFO to the District, but as Mayor. It's a real honor to be on the panel with Chairwoman Cropp and Chairwoman Rivlin.

And I have a power point presentation I would like to make that states our vision for the Nation's Capital, the progress we've made, current efforts under way and where we see ourselves going.

First, to talk about progress, we can go to the next slide. We talk about the financial health and, just to reiterate briefly, we have balanced the budget of our city for the past 3 years. I would argue that we've gone further and faster than any other American city in a financial recovery. We have in 1998 retired an accumulated deficit we inherited of $350 million, with a surplus on top of that without any resort to financing of that debt. So that was done the old-fashioned, hard way.

We've received a ratings upgrade of the District's bond rating and in our last transaction actually had a transaction that performed at an investment grade in practical reality.

We received a clean audit in our last financial statement and look forward to having one in this financial statement with a lot of hard work.

We have generated a budget surplus of at least $400 million in 1998 and, as I stated earlier, have eliminated that accumulated deficit.

We've also made progress in public safety. Homicides in the District have declined 46 percent since 1991 and are at their lowest levels in 12 years.

Violent crime is down 19 percent, property crimes have declined, and there's also been a decline in total crimes committed.

Our new police chief, who I think is really setting an example of standing up, taking responsibility and taking charge, has announced that a captain is going to be assigned to every watch; and I think this will further strengthen the lines of accountability.

We have got a lot further to go. He is the first to recognize that. But I think he is really a model and an example of where our agency heads to go.

And I might add, our agency heads have a way to go. The action plans that we receive from our agency heads needed work. They didn't have the breadth and the depth that I expected, but I did not characterize and I would not characterize those plans as shoddy. Because, you know, as I'm going to discuss in a second, I'm the coach of a team now, the District government. I'm proud of my team. In the locker room, there's going to be an exchange and probably it won't be pretty and you wouldn't want to televise it, but out on the field, I take responsibility for my managers.

Going on. We want to foster a strong Federal relationship, developing the role initially of the Federal Government as a good corporate citizen. I've traveled to cities around this country looking at best practices. Many of the Mayors in these cities are very envious of us because, unlike any cities like Philadelphia or Detroit, we

didn't lose a huge manufacturing job base in the city. We still have a job base from the Federal Government.

The Federal Government, whether we like it or not—and I happen to like it more than not, it depends on the day—is our No. 1 corporate citizen. And we want to foster that relationship. And one of the key ways to do that is responding promptly and professionally to Federal requests and offers of assistance.

Too often in the past, there have been offers of assistance or have been entreaties from the Federal Government generally or from the Congress or from individual cabinet departments, and phone calls that haven't even been answered. We've got to change that.

We want to be a true model for other cities in our relationship with the Federal Government and proactively engage Federal agencies. If there is any discretionary Federal grant out there in any of the cabinet agencies, we want to be first in line. Not that we're going to elbow other cities out of the way, but we're going to definitely use our proximity to these Federal departments. That's a competitive advantage we have, and we take it very seriously.

A vision for our government—I've stated it for 6 months now. Many people are tired of hearing it. But I think it remains one government, good government and self-government for our city. One city and one government focused on major policy initiatives, whether they be in the areas of labor, whether they be in the areas of continuing management improvements, whether they be in the areas of health care or education or economic development, one city and one government should meet these challenges.

Restoring faith and confidence in our government by major service delivery improvements and, finally, unifying our government and creating a foundation for lasting self-government.

To talk about one city and one government briefly, it's a vision of, very, very importantly, public/private partnerships coming together to meet the challenges that confront our city.

I think everyone would agree that to do the things we have to do in our city, whether they're meeting the needs of children, rebuilding the human services network, that where one half of it has been placed practically in Federal receivership, focusing on the needs of work force development or our workers, economic development, health care, all of these things are going to take the government working with the community, working with our nonprofit institutions, working with the private sector, to successfully realize the government cannot do it alone.

Some of our major initiatives: One major initiative, as I've stated many times, is that our children are our future; and that includes providing a safe, clean environment for our children, providing after-school programs for our children, again in the partnership that I talked about and, very, very importantly, supporting children in a neighborhood context, in a community context with the faith community and the other sectors I've talked about providing that whole continuum of education, including programs for healthy children, school readiness programs, looking at our parks and libraries to see that they're doing their job to support our children and, very, very importantly, supporting our parents so that our parents understand and are oriented on what it means to have a child in school and what those expectations should be.

Some initiatives on rebuilding the human service network. Again, in partnership; the government cannot do this alone. And I will also state, rebuilding this network is going to require—and this is a theme that will come up again and again—is going to require some choices. There's no silver bullet. If there were an easy choice, if there were an obvious choice, it would have been made by now. So it's going to require some choices.

But it involves providing quality health care to the greatest number of our citizens to support our other policy initiatives. It means meeting our children's needs before, during and after school. It means supporting our mothers initially and then families as a whole in moving from welfare to work. And, very, very importantly, it means utilizing more effectively the Federal money we're now receiving for drug treatment and prevention. We receive a significant amount of money from drug treatment and prevention, and we can do a better job with it.

Work force development is very, very important to me. Work force development to me is essentially focusing on the issues of pay and the issues of performance. And both must go together. It's not simply an issue of we're going to have more accountability and workers have to do more and leaving it at that. It's really combining both of those tools together.

It includes managed competition. It includes effective labor agreements, working in partnership with labor, not only on a general management level but, most importantly, down in the agencies where the results are actually going to be achieved.

It means focused and effective training for our workers, each worker having a customized, individual training kit, a development program, if you will, that that worker can pursue, with the support of management, to realize that worker's aims—that employee's aims and our agency and our government's aims as well. It also means, very, very importantly, the information systems and the communication systems to support what our workers are doing.

As a former CFO and as a former background manager, if you will, I am a strong, fervent supporter in the groundwork that's been laid by the management reform program and the need to continue these long-term investments. The last thing I want to do as Mayor, in focusing our short-term visible concrete gains that I believe we can realize, is to do that, rob from the longer term management improvements I think we know we all need. And I echo what Alice Rivlin said in that regard.

Continuing on in economic development. It's defining the role of our city as the vital center of a regional economy; it's spurring growth; it's achieving jobs for District residents not only in our city but in our region. It's developing our city as an international trade center, recognizing we have the largest diplomatic community in the world. And, finally, appointing a Deputy Mayor for Economic Development who can coordinate not only the planning and development functions but also those functions with our tax programs that, as you know, have a major impact on investment decisions to stay or leave our city.

It's a matter of leveraging public-private partnerships, restructuring the Grants Management Office and related processes, putting them on a fee-for-service program, for example, trying to uti-

lize, to the maximum extent possible, every Federal dollar we have available, establishing budget priorities that leverage and that reflect these partnerships that I talked about.

Health care priorities I talked about, and I will just mention briefly again. It includes children, our low-income adult population and our elderly, very, very importantly, again, a whole continuum of health care making the choices we have to make over the next year to really focus our precious health care dollars. And that means bringing together our private service providers, our HMOs, our labor unions, our public hospitals, Medicaid. I think I've gotten every one together on a health care strategy for the District.

Service delivery improvements. Much has been stated about service delivery improvements and their role in creating both an investment climate in our city and, very, very importantly, restoring hope and confidence in our government.

And I mentioned some of the things that we're focusing on right now, including streamlining the business licensing and permitting process; establishing effective and reliable—or improving—making more effective and reliable our trash collection; cleaning streets and alleys; paving roads. They're all listed here. All of these are the kinds of visible, tangible, concrete improvements that we are working for with our agencies.

And just to give you some illustrative examples in public works, licensing and permitting. In public works, for example, it's a matter of conducting a customer service survey to establish a baseline measurement of where we are with the public. It's a matter of implementing managed competition programs in selected areas and in most of these areas where government isn't even doing the work right now. So in many areas it's not a matter of outsourcing what employees are doing but it's a matter of extending government's reach and government's impact in our neighborhoods in innovative ways.

It's a matter of increasing the involvement in the private sector and internships and mentoring and partnerships. And it's—very, very important when we talk about public works—a matter of partnership with the community. Not to get graphic, but rats eat food left by someone, you know. Trash on the streets doesn't fall from the sky. It comes from somewhere. So those partnerships are very, very important.

To continue on, on a short-term improvement tool kit, I've asked our agencies to come back to me with action plans that distinguish between short-term, visible, concrete results and the longer term strategies our agencies are working on and that I strongly support. But to distinguish the two and in working on these short-term improvements to reach into a tool kit, I want to provide them to make sure that these things happen.

And I list some of them here, you know: Asking what your customers want; thinking first about what your customers want; thinking about how you can do more with less.

In many, many instances we're going from a situation over the last 3 years in our government of where we were getting less for more to where, in the short-term, we're getting more for more and to where, ultimately, we want to get more for less. That's kind of a continuum we're going around. We're telling them to use existing

resources, to reach for the stars, to take a chance, to measure their progress, to lead by doing. Very, very important in talking about that tool kit.

The long-term tool kit includes the area of managed competition, identifying the functions where our employees can be given the resources and can compete. This isn't a matter of taking jobs held by good, diligent government workers and shipping them to Indonesia or something. It's a matter of competing, giving our employees the resources and the tools to compete.

And what I found looking closely at other cities is that we don't lose thousands of good-paying jobs for our workers, but what we do get is we get better quality at lower costs for our citizens, and our employees have pride in the work that they're doing.

The longer-term tool kit also includes a personnel assessment, asking each of our managers to conduct this assessment and to maintain this assessment, not just to ensure accountability but again to support the individual training and development needs of our employees and giving them the resources they need.

I list some of the others here. I think the committee, and I know because of its work in general oversight, is well familiar with performance measurement, activity-based costing and the need for cross-cutting governmental cooperation.

On this next slide, I just briefly try to distinguish between the short-term action plans and the long-term action plans. In the short-term action plans, I am talking about time lines of anywhere from now to 1 year, and I am stating that we have to show our public visible improvements beginning in 6 months. And I keep clarifying this, we are talking about visible improvements realized within 6 months. I am not saying that the city will be completely fixed within 6 months.

We are talking about using existing resources. We are talking about an infrastructure, emphasizing enhanced management, redeploying existing resources. It is a matter of, as I did as CFO and now as Mayor, working very closely with the financial authority, very closely with our managers in personnel and procurement and technology to see that we have the supply lines to get these management changes done quickly, because often the snags are in procurement or personnel or some of these cross-cutting support functions.

Priorities is focusing on improvements visible to the public; I just distinguish in the long term by focusing on priorities. In the long term, we are focusing on priorities that are internal, that are background, that support, day by day, the short-term initiatives, but are nonetheless very, very important.

To give you an example would be the work that we are putting in phones, for example. We want to put in place over the short term measures that will give our citizens prompt and professional response to their phone calls, and I honestly believe that this can happen within 6 months.

On the other hand, I strongly support efforts to put in place the technology and the resources to give all of our citizens one-stop 311 inquiry into our government. Now that, longer term, is going to take resources and it is going to take long-term initiative. It is going to take some improved technology. The short term is going

to take some improvisation and entrepreneurial leadership and know-how. I think we can do both.

Talk about unified government, Congresswoman Norton has spoken to this and so has Alice, and I think the need by this Mayor and this government to command the respect of our country and support the return to full self-government for our city, to support the statement that democracy can work in our city. And democracy working in our city is not just a question of our government working effectively; it is a civic culture and civic leadership working with our government to show that we all working together that can make this thing work.

As I state here, it is important for the executive to regain statutory authority over agencies and their personnel; and I think Members have spoken to this, and I believe that is a first phase in our effort to return self-government to our city, that this is sorely needed, that we need this restoration of accountability and faith in elected leadership as a foundation for the kinds of independence and self-government that we are talking about.

We have spoken to the memorandum of agreement. I would simply state that on the memorandum of agreement much has been stated about the need to give the Mayor this hiring and firing authority, and I strongly support that. I believe it is necessary. But having said that and without contradicting myself, I have got a very, very close working relationship with the financial authority, a good working relationship with the Council, and on a day-to-day basis, I think the job is getting done. So I don't want to leave this committee with the feeling that the job is not getting done and I can't do my job without this authority, but that authority would enhance the ability to move forward on some of these changes.

As I state here on this slide, I fully support returning the statutory power to the Mayor taken in the Revitalization Act, and that this effort to bring the Control Board into a dormant status 1 year ahead of schedule is supported by this Mayor with the understanding that this Mayor not only supports the long-term improvements that have been initiated. I really do believe that, but this Mayor also supports, having been the independent CFO, a strong CFO function in our city and a strong management function in our city.

Now, we are looking for a full-time city administrator and we are going to look all over the country for a full-time city administrator. In the interim period, yours truly, with the help of an expert team of advisers and assistants, is going to manage the government. We are going to do this with outside help and with help from the Federal Government and with assistance that we have tapped from throughout the government to give us the day-to-day cooperation of operational responsibilities, to give us the ability to proactively push this change agenda.

So, saying that over the next 2 months, however long it takes to bring a city administrator, I am going to manage this government is not to say that I am going to micromanage this government. Those functions are going to be delegated out to selected individuals of the kind that I have talked about. But I do think that it is very, very important in this period for us to bring to this management change agenda, both in the long term and actually in the short term, something that we have had missing; and that is some-

thing that I think only elected leadership provides, and that is leadership. We can have great plans, we can have great organization and great controls, but without leadership on the ground in the agencies, we are not going to get where we need to go.

Some people have said, how are you going to do that without completely robbing yourself of any public contact. What I envision is pushing these changes through the agencies, working in the agencies, meeting with employees and doing what I did as CFO. I had 60 "brown bag lunches" with employees as CFO. I am going to have the same kind of contact with employees as Mayor, working with labor unions, working with the employees on the ground, seeing how they do their jobs.

I am talking about improving phones; I am going to answer the phones. I am talking about sweeping the streets; I am going to go out there with our agencies and sweep the streets. We talk about citizen contact; our citizen contact is going to be geared toward working with our neighbors on neighborhood strategies to improve how government services our neighborhoods, working with neighborhoods to take greater responsibility to improve things like graffiti, clean streets and very, very importantly, working with our neighborhoods to get their input on what these short-term plans should be. So this is not robbing ourselves of this critical element of support to get this job done.

I am excited about the opportunity that the citizens of the District have given me and this unique opportunity we have to work in partnership with this Congress, as we have had with the administration, and to work with the Financial Authority, Dr. Rivlin and Chairman Cropp.

So I thank the committee and look forward to answering your questions.

Mr. DAVIS. Thank you very much.

[The prepared statement of Mayor Williams follows:]

A Vision for Our Nation's Capital

Testimony of Mayor Anthony Williams

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

January 22, 1999

Chairman Davis, Congresswoman Norton, and Members of the Committee, thank you for the opportunity to testify before you today. It is indeed an honor and a privilege to share with the committee my administration's vision for the District of Columbia.

Before I get started, I would like to acknowledge two extremely important partners in the District's rehabilitation: City Council Chair Linda Cropp and Financial Control Board Authority Alice Rivlin. Together we have forged a partnership that is completely committed to the best interests of the District and its residents. This commitment and a shared vision of restoring an effective, united government to the citizens of the District has allowed us to work together with a singleness of purpose though we serve in three separate entities.

One of the hallmarks of my administration will be openness and accessibility. I have instituted regularly scheduled meetings between the Mayor and the City Council as well as between the Mayor and the Control Board. I am also instituting regularly scheduled office hours so that citizens can come directly to me and discuss their concerns.

Members of the Committee, I would like to begin my testimony in a different manner than my predecessors. Today I will be using a "PowerPoint" program to assist my remarks. This is not only an effective means of communication, but symbolic of the different technology, that can improve performance and efficiency, but to date has not been utilized by the District.

Progress

The District is a unique entity in this country. As host of the Federal government, it enjoys enormous benefits that are the envy of major urban areas. Through conversations with fellow Mayors around the country, most prominently Mayor Rendell of Philadelphia and Mayor Goldsmith of Indianapolis, I learned that part of a mayor's job is to inform the public of the good that is occurring in their city. That is why I am happy to report that the District of Columbia has made what can objectively be described as significant progress in several important areas.

Financial Health

On the financial front we have:

- Balanced the budget for the past three years;
- Received an upgrade of the District's Bond Rating from Wall Street;
- Received a clean audit demonstrating that our financial house is in order; and
- Generated a budget surplus of nearly $400 million in fiscal year 1998

Finally, as you may have read, we have also **eliminated our long-term deficit**

This progress is gratifying and will be helpful to the District's long term growth. Eventually, these financial successes will impact on the lives of every resident in one form or another, but today they are just numbers on a page of paper. Truer measures of the quality of life of District residents can and must be found.

Public Safety

Significant gains in the war on crime have also been made. Public safety is the most important and basic need of our citizens. If people are not safe in their homes and fear for the safety and well being of their children, then we have failed as a society. Top Wall Street bond ratings do not matter if we can not live in peace. To that end, I am heartened by the downward trend that the district has experienced this decade

- Homicides in the District have declined by 46% since 1991, and are at their lowest levels in 12 years.
- Violent crime is down 19%, property crimes have declined 12% and there has been a 13% decline in the total number of crimes committed.
- To further protect our citizens, Chief Ramsey has recently announced that a Captain will be assigned to every watch and every police district-further strengthening lines of accountability.

These are strong initial steps. But we have a long journey ahead of us, and it would be foolhardy to think that because of these aforementioned successes that we can now tell the passengers it is safe to unbuckle their seat belts and walk around the cabin. Through the hard work of many, we have indeed taken off and are aloft, but I hope we are still in the ascent and I intend to work as if we are still far from our shared goal.

Foster Strong Federal Relationship

We will not get to our shared destination without cooperation. The concept of developing a role for the Federal government as a good corporate citizen is first and foremost. I would like to see the continuation of the premium placed on the restoration of the District that enjoys bi-partisan support of the White House and the Congress. I want to see that the pledge made by Former Speaker Gingrich, to use federal monies to make the District "one of the real urban jewels on the planet" comes to fruition.

In turn, the Federal government, especially the legislative branch, deserves a functioning local government. It deserves a government that promptly and professionally responds to federal requests, not to mention offers of assistance.

I want the nation to be able to look to the relationship between the District and the Federal government as a model for municipal-federal cooperation. Accordingly, I have directed my agency heads to actively engage the federal agencies. When we work together to address problems, we can have an impact. I will, throughout my tenure, look to you in Congress to work toward our shared goal for the District.

Vision

One Government-Good Government-Self-Government

For too long the District has stated what it does not have, rather than explore what more it can do with the resources it has. One of the challenges facing my administration is to begin to command respect from people outside of the district, not just demand it. Throughout my campaign for Mayor I repeated the mantra: One Government- Good Government-Self-Government. These six simple words comprise my vision for the city.

One City, One Government

The District is one city. We need to bring together our different communities: the public and private sectors, the non-profit organizations and members of the faith community, to address the major problems plaguing our city and to accomplish the major initiatives of my administration.

Williams Administration Initiatives

Our Children, Our Future

Children are the top priority of this administration. The young people are our future and they must be our focus. We need to support our children outside of the school setting. Providing a continuum of education that encourages a lifetime of learning. This starts with a safe, clean environment in which our children can learn. It includes a preventative health care program and a safety net, in case they do get sick. This includes challenging after-school programs that help our children to become well-rounded adults ready for a quality post-secondary education. Finally, parents, and indeed all adults, must play a role preparing children for school and encouraging them to graduate

Rebuild Human Service Network

Another concern of my administration is the restoration of the District's human service network. Over the last four years, the human service network in our city has been devastated by budget cuts. We now must invest in our human service network to restore the critical services that our citizens so desperately rely upon. This may mean an initial increase in investments in the short-term to reduce long-term overall costs to the District. But the return on our investment in people is immeasurable.

Workforce Development

The District government needs to do a better job preparing its employees for work. We, as a government, need to ensure that there is flexibility in our labor agreements. I will propose that we consider exploring the benefits of managed competition. We also need to focus on effective training and motivation for the tasks at hand. We need to upgrade our information systems and communications network to integrate operations and maximize efficiency.

Economic Development

The financial success we have experienced in the District is, in some significant part, attributable to the increased tax revenue from an upswing in the economy. But the global economy is going to eventually constrict, and therefore it is incumbent on us to spur growth that does not simply result from a surging macro-economy. As I have stated on many occasions, economic development is critical to achieving jobs for district residents and sustained revenue growth for the city. The District has tremendous assets that other cities do not have, including 22 million tourists, outstanding housing stock, and neighborhoods that are the envy of many. Additionally, we must capitalize on Washington as an international city. We must make Washington an international business city and tap into the embassies and diplomats that live in the city. I will be appointing an interim Deputy Mayor for Economic Development to be responsible for assisting me in moving critical projects forward in the District. This person will also work to implement the National Capital Revitalization Corporation.

Leverage Public-Private Partnerships

I touched on public-private partnerships earlier in my remarks, but because of the importance that I place on them I would like to elaborate further. The Office of Grants Management will play a significant role in this process and I am restructuring the office accordingly. In addition, my office needs to establish budget priorities so that we can concentrate our resources to support these public-private partnerships. Finally, we need to leverage the best practices from leading local companies so that we can learn from their successes and their failures and bring that knowledge to the public sector.

Health Care Priorities

There are few services to the citizens of this city more important than health care. For the most vulnerable in the population – children, the poor, the elderly – the health care they receive from the District government is the only access to health care they have. Ensuring that these citizens receive first-rate health is a top objective of mine.

My first priority is to develop coordinated short, medium and long-term strategies to address the health care needs of the District. When these strategies are in place, we can ensure that all children in this city are immunized and that their parents have access to pre-natal care. By doing this, we will be able to reduce the infant mortality rate, which at any level is too high. For the low-income adult population, many of whom fight a daily battle against drugs, we need a system that will take a comprehensive approach to this problem. Programs need to be created that will focus on prevention as well as rehabilitation and treatment. Finally, we must look after our elderly. They have worked all their lives, and now they deserve our care and attention. To accomplish this, we must have greater access to assisted living and nursing homes.

Service Delivery Improvements

Improve City Services

My election was an emphatic statement by the voters that they want a city government that works. That they want basic services delivered effectively and efficiently. From the very first day of my administration, my office has been fielding phone calls from citizens across this city who are frustrated with a city government that has failed them. I have made a commitment to the citizens of this city that they will be able to see tangible improvements across the board. I envision a government staffed by employees who answer the phone with courtesy and who have been properly trained to do their job. We need to see dramatic improvement in several areas of basic government service that are essential to the quality of life in the District. There are three areas in which we must see progress. Roads must be paved and potholes must be filled. Garbage and recyclables must be collected. And snow and ice must be plowed and removed.

Just as important, businesses need to know that the city is working with them, not against them. To achieve this, we must streamline the process for issuing licenses and permits. Our emergency system must work. That means that when citizens call 911, their calls have to be answered and dispatched promptly.

In addition, trees need to be trimmed, and road signs need to be readable and well placed. And we need a Department of Motor Vehicles that works for the people.

Illustrative Service Priorities

Examples: Public Works

I have set my administration on a course to achieve these improvements. Using the key concept of a customer friendly environment, this government will make the changes needed to revitalize itself. We will go agency by agency, to address the specific needs and requirements of the citizens. Our first step will be to use customer surveys to establish a baseline measurement. From this baseline measurement, we can determine exactly how to develop the scope and scale of reform. This will serve as a first step. Then we will seek to infuse competition to the system through the principle of managed competition. Managed competition is a way that municipalities can improve city services by allowing certain public sector responsibilities to be handled by outside contractors. I had the opportunity to talk with mayors from other major American cities who have succeeded in making improvements by using just this tool. We must also involve the tremendous resources of the private sector in this endeavor. We will do this through partnerships, internships and mentoring programs. These are ways that private entities will participate in the public process. Finally we will increase the involvement of the citizens in standard setting, measurement, and follow-up of the agencies service delivery.

Examples: Licenses and Permits

For too long in this town, businesses have had to fight the city government to get their work done. That must change. The major problem in this city is lack of coordination. To change this, we must create "one-stop shopping" for businesses who need permits to build and expand. This one-stop shop will allow a business to deal with one office, where there is a customer friendly help desk, as well as an "expediter desk" which can help with particular problems.

Examples: Economic Development

Furthermore, this city needs to create a more business-friendly environment. This nation is currently experiencing the longest economic upswing in history, in large measure because of the tremendously strong entrepreneurial spirit which has created thousands of jobs in this region alone. The city government has to help businesses grow and flourish in this city. I have already started out on an aggressive plan to bolster economic development in this city. To achieve this, I have two primary goals:

1) Focus the resources that are currently available on high priority economic development opportunities, and
2) Distribute economic development throughout the city.

These two goals will ensure that we are making the most of what we have, and that all our citizens are benefiting. I have already directed my staff to develop an aggressive strategy for this renewal. We must encourage partnerships with the private sector. We must increase investment in residential housing. We must increase investment in commercial facilities. We need to develop designated commercial corridors in the

District. We must also set up a process to establish a consensus on a plan for downtown. To do this, we should revive and rebuild the Office of Planning. These investments of time and resources are not frivolous. They are the key to a strong rebirth of this city.

Restore Hope and Confidence in District Government

Short Term Initiative/Long Term Initiatives

As you may know, I asked agency heads to develop short-term action plans identifying immediate service improvements without increases in budget or personnel. These plans will be implemented immediately. I am confident that once these plans are underway, citizens will see immediate service improvements. We need to replace "I Don't know" with " I'll find out" and "It's not my job" with "Let me try to help." We need results and it is my intent to see that a return to a functioning District government is everybody's top priority.

Short Term Action Plan

The short-term initiatives are designed to bring immediate impact to the agencies, so that the citizens will once again have faith in the capacity of government to address their needs. Short-term plans are actions that can be taken during the first year. Long-term plans are for actions that can be taken in the first two years. Both short-term and long-term goals look at the resources that are available, the infrastructure that is in place, and the priorities that need to be set. In the short-term, I am asking my department heads to examine what resources they actually have on hand, whether that be in terms of budget or personnel. Clearly, the first battle we have is to do the best we have with what we've got. Managers will need to focus their energies on retraining and redeployment of existing resources and infrastructure. Managers will have to focus on visible improvements to the public.

Long Term Action Plan

Over the longer-term, however, managers will be asked to identify and implement efficiencies in their process. They will need to identify possible infrastructure changes that will be needed, whether this be in technology upgrades, or in procurement, or in personnel. They need to identify priorities that address both internal improvements as well as customer services improvements.

The process of reform will succeed only if we empower our managers to make decisions, and to gather the information they need. I have laid out some simple rules for them. They need to ask customers what they want, and then they need to make sure they actually listen to what they say. They need to think "outside the box" while at the same time dealing with the current constraints that we face. They need to be willing to take a risk. If they are afraid to fail, they stand no chance of succeeding.

My managers will have greater resources at their disposal. I expect them to use the tools of managed competition to help them succeed. I expect them to conduct regular personnel assessments to make sure they succeed. I expect them to listen to what their customers, the citizens of the District of Columbia, are saying. I expect them to implement performance measures and activity-based costing. And I will make sure that the various parts of this government are actually talking to one another, so citizens won't be forced to make seven phone calls to get one answer.

Only by succeeding in these crucial areas, will we be able to restore the hope and confidence of the citizens of this great city in their government.

Unified Government

Service Improvements and Financial Progress as Cornerstones

As we continue financial progress and begin service improvements, it is important for the Executive to regain statutory authority over agencies and their personnel. This restores accountability and faith in the elected leadership and sets in place the institutional foundation for true self-government and independence.

Memorandum of Understanding

Now that I have given some insight into my vision for the District and its government operation, I want to elaborate on the Memorandum of Agreement signed and effective on January 2nd of this year. The Memorandum of Agreement to restore authority for daily city operations is a very promising start. Eventually, the government will be structured with a full-time City Administrator who will report directly to the Mayor. For the respect and confidence shown in both me and the other elected officials in this city and our ability to work together, I would like to express my gratitude to Ms. Rivlin, members of the Control Board, Congresswoman Norton and the bipartisan group of Congressional leaders who supported it. However, the authority to hire and fire still resides with the Control Board. This prevents true autonomy and denies the Office of the Mayor the full complement of tools available to other chief executives.

Support Norton Bill to Return Full Statutory Power

I am asking Congress to return the full statutory power to the Office of the Mayor. Currently, top Mayoral appointments still require the approval of the Control Board. To reiterate, the Mayor's office needs full authority for hiring and firing in order to maximize the effectiveness of its office. The bill, "Democracy 2000", proposed by Congresswoman Norton, remedies this gap in authority and I urge Members of Congress to support this bill.

Lastly, the Norton Bill calls for an end to the Control Board after this fiscal year, provided that the District continues to balance its budget for one more year. For the record, I also support this provision and urge its passage.

Plain and simple, we need to return to one unified municipal government in the District, led by officials that are accountable to the voters. That is the root of Democracy, and that should be the principal driving the government here in the cradle of Democracy.

Chairman Davis, Congresswoman Norton, thank you very much for your time and for giving me the opportunity to address this Committee.

I am happy to respond to any questions you might have.

GOVERNMENT OF THE DISTRICT OF COLUMBIA

Honorable Anthony A. Williams, Mayor

A Vision for Our Nation's Capital

Subcommittee on the District of Columbia

Committee on Government Reform and Oversight
U.S. House of Representatives

January 22, 1999

Progress

Financial Health

- Balanced the budget for the past three years;
- Received a ratings upgrade of the District's bond rating from Wall Street;
- Received a clean audit demonstrating that our financial house is in order;
- Generated a budget surplus of nearly $400 million in fiscal year 1998; and
- Eliminated our long-term deficit.

Progress

Public Safety

- Homicides in the District have declined by 46% since 1991, and are at their lowest levels in 12 years
- Violent crime is down 19%, property crimes have declined 12% and there has been a 13% decline in the total number of crimes committed
- To further protect our citizens Chief Ramsey has recently announced that a captain will be assigned to every watch and every police district, further strengthening lines of accountability

Progress

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Vision

One Government,
Good Government,
Self Government

- One city, one government
- Major policy initiatives
- Service Delivery Improvements
- Restore hope and confidence in District government
- Unified government

One City, One Government

Public/private partnerships coming together to meet the challenges facing our city:

- Children
- Human services network
- Workforce development
- Economic development
- Improved service delivery
- Healthcare
- Leverage Public/Private Partnerships
  - — Private sector
  - — Faith community
  - — Non profit organizations
  - — Special constituencies

Williams Administration Initiatives

Our Children, Our Future

- Provide a safe, clean environment for our children to learn augmented with a sufficient system of health care
- Provide challenging after-school programs

Support children outside of the school setting

- Continuum of education
- Life long learning
- Healthy children programs
- School to work programs
- Partnerships with the private sector
- School readiness programs
- Parks and libraries
- Parent support programs
- School safety

Williams Administration Initiatives

Rebuild Human Service Network

- Providing quality health care
- Meeting our children's needs – before, during and after school
- Drug treatment and prevention
- Welfare to work training

Williams Administration Initiatives

Workforce Development

- Managed competition
- Effective labor agreements
- Focused and effective training
- Information systems and communications networks to integrate operations

Williams Administration Initiatives

Economic Development

- Define role of DC as vital center of regional economy in a global information technology economy
- Spur growth that does not simply result from a surging macro-economy
- Achieve jobs for district residents in an expanding regional economy
- Develop international trade exploiting the role of DC as an international capital
- Appoint a Deputy Mayor for Economic Development to be responsible for moving critical projects forward and to implement the National Capital Revitalization Corporation

Williams Administration Initiatives

Leverage Public-Private Partnerships

- Restructure Grants Management Office and related processes
- Establish budget priorities to support public-private partnerships
- Leverage best practices from leading local companies

Williams Administration Initiatives

Health Care Priorities

Develop coordinated short, medium, and long-term strategies to address:

- **Children**
  - Immunization
  - Prenatal care
  - Infant mortality
- **Low income adult population**
  - Prevention
  - Treatment
  - Intervention
  - Rehabilitation
  - Drug treatment and prevention
- **Elderly**
  - Geriatric care
  - Nursing homes
  - Assisted living

Service Delivery Improvements

- Streamline business licensing / permit issuance
- Effective and reliable trash collection
- Clean streets and alleys
- Pave roads and repair potholes
- Remove graffiti
- Snow and ice removal
- Safe streets and schools
- Faster and more reliable phone service including 911 service
- Rapid and friendly motor vehicle services
- Timely tree service
- Better signage for roads and public facilities

Service Delivery Improvements

Illustrative Service Priorities

- **Example: Public Works**
  - Conduct customer service survey to establish service baseline measurement
  - Implement managed competition programs a la Phoenix, Indianapolis, et. al.
  - Increase involvement of private sector in other ways - internships, partnerships, mentoring, etc.
  - Increase community involvement in standard setting, measurement, follow-up
- **Example: Licenses and Permits**
  - Conduct customer service survey to establish service baseline measurement
  - Eliminate backlogs - immediately
  - Create functioning one stop programs in multiple locations
  - Create a cross agency development pipeline
  - Link license and permit programs to economic development strategy
  - Establish customer friendly help desks
  - Establish an expediter desk and function
  - Increase, expand hours and days of service

Service Delivery Improvements

Example: Economic Development

Goal: *Focus available resources on high priority economic development opportunities*

Goal: *Distribute economic development program throughout District*

Strategies:

- Leverage public-private sector partnerships
- Increase investment in residential housing
- Increase investment in commercial facilities
- Develop consensus agreement on downtown plan and tactics
- Revive and rebuild Office on Planning
- Develop designated commercial corridors in District
- Support enhanced neighborhood stabilization and development strategies
- Link economic development strategies to a customer friendly license and permit function

Restore Hope and Confidence in District Government

Short-Term Improvement Toolkit

- Ask your customers what they want - then listen to what they say
- Think first about what your customers want
- Think about how you can do better with less
- Think outside the box - think outrageously!
- "Reach for the stars"
- Use existing resources, we don't have additional resources
- Take a chance - take reasonable risks, and maybe some unreasonable ones
- Don't be afraid to fail, be afraid of not trying
- Attempt the impossible, it may work
- Lead by doing
- Measure progress every day - ask your customers if you are doing better - listen to them
- Focus on big issues, don't get bogged down with the little ones

Restore Hope and Confidence in District Government

Long-Term Improvement Toolkit

- **Managed Competition** - Identify specific functions which should be considered as candidates for managed competition. Look in the "yellow pages". Are there local companies that provide the service?
- **Personnel Assessment** - Conduct, or update, your personnel assessment. Use it to make decisions on annual evaluations, promotions, filling positions.
- **Customer Surveys** - Get continuous feedback from customers as you implement your strategies. Make it simple. Perhaps a survey card in any correspondence. Call your customers yourself. Have your managers do the same. Ask everyone how are you doing. Listen to the responses. Act on them.
- **Performance Measures** - Develop a baseline from customers surveys or other ways. Measure results - for the overall department, for yourself. Measure changes over time.
- **Activity Based Costing** - Use the new SOAR capacity to track costs by activities you select. Look at the data. Determine where you can reduce costs, or get more output for the same amount of input.
- **Inter-departmental Coordination** - Look for opportunities to share improvements, link programs with other departments (e.g. licenses and permits with economic development, health care and hospital programs, public safety and schools, etc.)

Restore Hope and Confidence in District Government

Comparison of Short and Long Term Action Plans

Short Term Action Plan

Timeline

- Now to 1 year

Resources

- Use existing resources base (FTEs, $ budgets)

Infrastructure

- Emphasize re-training, enhanced management and re-deployment of existing resources and infrastructure

Priorities

- Focus on improvements visible to public

Long Term Action Plan

Timeline

- Now to 2 years

Resources

- Identify and implement efficiencies

Infrastructure

- Recognize possible need for infrastructure changes (technology, procurement, personnel)

Priorities

- Recognize need to focus on internal improvement strategy as well as customer services

Unified Government

Service Improvements and Financial Progress as Cornerstones of Restoration of Full Statutory Authority

- As we continue financial progress and begin service improvements, it is important for the Executive to regain statutory authority over agencies and their personnel
- This restores accountability and faith in the elected leadership and sets in place the institutional foundation for true self-government and independence.

Unified Government

Memorandum of Agreement

- On January 2, 1999, the Financial Authority and the Mayor signed a Memorandum of Agreement delegating to the Mayor the day-to-day operations of the District government.
- Policy and operational control of the agencies reside in the agency directors, who will now report to the Mayor
- Hiring and firing authority still resides with the control board
- Hire full time city administrator

Support Norton Bill to Return Full Statutory Power

- Congress to return full statutory power to the Mayor
- Mayor needs full authority for hiring and firing
- Disband Control Board in one year if the District has a balanced budget

Mr. DAVIS. Chairman Cropp.

Ms. CROPP. Thank you Chairman Davis, Congresswoman Norton, Congresswoman Morella and Congressman Horn. It is a pleasure to be here before you. I am joined by the chairman pro tem of the Council, Charlene Drew Jarvis, and Councilmember David Catania.

The inclusive approach of the new Financial Management Authority under the leadership of Chair Alice Rivlin serves this city extremely well, and the Council looks forward to working with our new Mayor, Tony Williams, as together we meet the needs of the citizens of the District of Columbia.

Let me briefly review how we got here and then give you the Council's perspective on where we are going. As you know, many of the problems encountered in the District of Columbia have been similar to those faced by other urban cities during the past 2 decades. Other problems have been structural and unique to the District as a city that is not part of a State within the United States—the unfunded pension liability, the escalating costs of the State-like functions such as Medicaid, the prisons and courts, the inadequate revenue base. Most similarly situated cities, no matter how well managed they were—and admittedly we have had some management problems—would not have been able to survive under the same circumstances as the District has had. In fact, I would suspect that some of the cities probably would not have been able to do as well as the District has.

The camel's back was broken in this city by the early 1990's, but the straws have been piling up for a long time, and I am happy to say that the camel is now standing up again and we are moving in the appropriate direction.

The Revitalization Plan of 1997 addressed some of these issues. Thank you. Thank you for your help in that, Mr. Chairman, for the leadership, for your leadership, and also for the Members of Congress who helped us address some of those very crucial structural issues. We applaud our Congresswoman, Eleanor Holmes Norton, for her role in that.

Without Federal reassumption of the pension liability that the home rule government inherited the reality is by the year 2004, the District would have faced a $5 billion liability, costing the District over three quarters of a billion dollars every year, and this problem was not of the District's own volition.

Much progress has been made during the past couple of years with the Council, the Mayor and the Financial Authority playing a role. Certainly the consensus budget that has been developed was extremely helpful. We can finally see light at the end of the tunnel, and this light is not a train coming directly at us.

Painful but necessary reductions in programs, services and personnel, better management of the city finances, the Revitalization Plan and the good fortune of a healthy national economy have all contributed to our recent progress from the brink of bankruptcy with no access to the credit markets and with a $536 million accumulated deficit in 1995 and an annual budget deficit of over $100 million, to paying off the entire debt within 3 years without borrowing and to a current budget surplus of over $400 million. That was not an easy feat. It is not one to take lightly. It is one that truly needs to be applauded.

The fact is that the District has recovered from its financial crisis. We are exceeding the tangible measures that Congress itself established to return limited home rule to elected officials and to allow the Financial Authority to become dormant; elimination of the accumulated deficits, access to Wall Street credit markets, and 4 consecutive years of a balanced budget. 1998 was our 2nd consecutive year of a budget surplus. This year, 1999, will also end in a budget surplus.

We still need to make much more progress in managing our government and improving just very, very basic municipal services—public schools, public works, public safety. Substantial improvements are necessary in all of these areas, but particularly in education. This is needed to retain and attract many more residents and businesses in the city and thereby expand our revenue base, which is critically necessary to our long-term financial health. In this regard, let me express my appreciation to your proposal, Congressman Davis, to provide District high school graduates the ability to attend public universities in States across the Nation and in State tuition rates. This will be very helpful to us, and we at the local level need to ensure that our students are academically qualified to attend these universities.

At the same time, we have our own local university that we must also strengthen and make sure that that option and the option of other universities, which are economic engines in the District, also remain viable.

The Revitalization Act's bifurcation of the management of our government was frankly not helpful in ensuring effective service delivery, nor was the trifurcation of the bureaucracy with the establishment of a CMO, but we are pleased that the Financial Authority has returned the day-to-day operation of the nine agencies and the four cross-cutting agencies to the elected Mayor of the District of Columbia. As Mayor Williams has stated, one government by elected officials helps to ensure good government because the citizenry then has knowledge and the power to hold their elected officials accountable for the effective delivery of public services.

The Council is committed to working side by side with Mayor Williams and Dr. Rivlin's Financial Authority in achieving both short-term and long-term positive visible results for both our residents and our businesses. All of us know what our problems are. We have a zillion reports. I am up to the gazoo with reports of the problems that we have and the recommended solutions.

The renewed Council is definitely about the business of joining our Mayor on the playing field, as he says, to keep moving the ball forward toward the goal of solving our city's problems. The Council will be a constructive partner in this effort. While the Council may not always agree with the Mayor or the Financial Authority on everything, and while we will continue doing strong legislative oversight, we will all continue to be at the table and on the field working hard with all of our private and public stakeholders to ensure the progress of our city.

Over the past year, the Council has passed significant and crucial legislation impacting the District of Columbia as a whole. It has been an extremely hard-working council, playing a major role in leading the government toward positive change. Just as we con-

tinue to help improve the functioning of government agencies, we can demand no less of ourselves as a council. And in that light, 6 months ago the Council initiated a comprehensive study of our own operations and organization by the National Conference of State Legislatures. This study is only a part of the ongoing process to review and reform our legislative operations so that we, like the rest of the government, can optimize our performance.

The executive knows that it needs to speed up the implementation of the business and regulatory reforms that have been enacted by the Council in the past year. These reforms, along with the pending release of the $25 million in Federal funds for the National Capital Revitalization Corp., will greatly facilitate economic development throughout the city, which has been synergized by the exciting downtown projects like the MCI Center and the new Convention Center.

As we revitalize and we deal with economic development in the downtown area, it is extremely crucial, if we would like to see a truly revitalized city, that we also look at the appropriate development of our neighborhoods, for it is the strength of the neighborhoods, the communities, and the local communities that will help make the city as a whole strong. You cannot just have development downtown, not in the neighborhoods, and expect the city as a whole to grow and to develop.

The Council knows that it needs to legislatively build upon the important reforms which we enacted in the procurement, personnel, and workers compensation areas by adopting meaningful tax legislation as well. We simply cannot compete for more businesses and residents without addressing local tax issues that need to be addressed. Tax reform is part of our agenda.

So this year's budget process, even with a substantial surplus, will be a difficult but an extremely important one, because we have to do a lot of things at once. And we will have to make choices, because we cannot afford to do everything that needs to be done. After paying off our debt, we have to set aside a rainy day fund for unforeseen expenses that will inevitably occur when there is a downturn in the economy and less revenue is coming in. We also need to improve dramatically the provisions of municipal services, and we have heard our Mayor talk about that and his desire and will to move in that direction.

We also need to continue to upgrade our work force and both our physical and technological infrastructures need vast infusions of funds after years of no investment or deferred maintenance. We also should probably establish a sunny day fund to take advantage of unique opportunities that arise to maintain or attract major businesses.

Finally, as I just said, we need to begin local tax reform to help grow our economy on the long term. What we are experiencing now will probably not remain, and we need to be prepared in the future for what happens. So the priorities are many and the choices will be difficult, but that is why we are here.

The Council also would like to initiate a locally based process of reviewing the District of Columbia's home rule charter. In the past, there has been some trepidation to opening up the idea of charter review, frankly out of fear of what might happen in the Congress.

However, during the past few years not only has that door been open, but quite frankly, the Congress has blown the roof off, so we might as well locally look at this issue, review it with our citizens, have input and make some very important decisions with regard to our charter.

You know, most States review their constitutions at least once every 20 years. It has been 25 years since the Home Rule Act was first adopted by Congress. And as we prepare for the return of the limited home rule in that act to elected rather than appointed officials, it is probably a good time for a citizen-based effort to review the provisions of that act with an eye toward changes that might be beneficial. For example, something just as simple as changing the title of the leader of the legislative body of "chairman" to a title that may be more gender neutral will probably also be more appropriate.

Also, as the Mayor has talked about ensuring the independence of the city's Chief Financial Officer, the citizens and the Mayor may want to ensure that there is a certain independence of that office, and perhaps other offices such as city administrator, by being the body that steps into the role of the current Financial Authority. But these are issues that should be debated, discussed and decided upon by the local citizens, and we hope that this effort will start.

In addition to local governance issues, we need to revisit other structural problems that the District of Columbia has that relate to our relationship with the Federal Government which are not addressed or which have been exacerbated by the Revitalization Plan, and probably in the future we will get more into that. But the Federal Government payment, as you know, is supposed to compensate the District for the 41 percent of the property base of the Nation's Capital that is tax exempt and receives local services. The elimination of the Federal payment coupled with the continued unique Federal prohibition of the District taxing income at its source where two-thirds of the income earned, even by our own government employees—not private sector, not Federal Government, but our own—severely restricts the city's revenue base. We in the District continue our quest for budget and legislative autonomy. I hope that as we look at this, we will have congressional support in this area.

The District, unlike most other cities, operates a very costly inpatient mental health institution, St. Elizabeth's, which no other city has to operate. Additional Federal measures are needed to expand our residential and business resident base such as Congresswoman Norton's 15 percent Federal flat income tax for District residents.

Last, voting representation in Congress must be provided for our District residents. We must finally bring full democracy to the residents of the Nation's Capital.

In closing, let me say that prior to and since the enactment of the Financial Responsibility and Management Assistance Act, the city has gone through some rocky times, some challenging times, and some creative times. We are now entering a new era which all of us here at this table recognize is a transitional time. Implicit in the word "transition" is the concept of rebuilding bridges, of moving toward the day when the governance of this city is by locally elect-

ed officials who are accountable to our citizens. A lot of things still need to be done, but the first step of recovery from our financial crisis has been accomplished. Implementation of reforms and service delivery improvements are ongoing; and we, the Council, the Mayor, and the Financial Authority collectively have the vision and the commitment to work together toward a renewed and revitalized District of Columbia.

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

Mr. DAVIS. Thank you.

[The prepared statement of Ms. Cropp follows:]

TESTIMONY OF D.C. COUNCIL CHAIRMAN LINDA W. CROPP

BEFORE HOUSE DISTRICT OF COLUMBIA SUBCOMMITTEE

Friday, January 22, 1999

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

Let me briefly review how we got here, and then give you the Council's perspective on where we are going. As you know, many problems encountered by the District of Columbia have been similar to those faced by other urban areas during the past two decades. Other problems have been structural and unique to the District as a city that is not part of a state within the United States: unfunded pension liability; escalating costs of state-like functions such as Medicaid, prisons and courts; inadequate revenue base. Most similarly situated cities, no matter how well-managed they were (and we admittedly had some management problems), would not have been able to survive. The Camel's back was broken in this city by the early 1990s, but the straws had been piling on that back for a very long time.

The Revitalization Plan of 1997 addressed some of these issues. Thank you, Mr. Chairman, for your leadership in steering its passage through the Congress. Without Federal reassumption of the pension liability that the home rule government inherited, by the year 2004 the District would have faced a $5 billion liability, costing the District over a quarter billion dollars every year. This burden alone was causing municipal meltdown of our financial health, and we appreciate its having been lifted off of our shoulders.

Much progress has been made during the past couple of years, with the Council playing a pivotal role in developing consensus budgets with the Financial Authority, the Mayor and the Chief Financial Officer. We can finally see light at the end of the tunnel, and I'm pleased to report that it's not a train.

Painful but necessary reductions in programs, services and personnel; better management of the city's finances; the Revitalization Plan; and the good fortune of a healthy national economy have all contributed to our recent progress: from the brink of bankruptcy with no access to credit markets and with a $536 million accumulated debt in 1995, and an annual budget deficit of over $100 million, to the paying off of that entire debt within 3 years without any borrowing, and to a current budget surplus of over $400 million.

The fact is that the District has recovered from its financial crisis much more quickly than other cities that have faced similar problems. We are exceeding the tangible measures that Congress itself established to return limited home rule to elected officials and allow the Financial Authority to become dormant: elimination of accumulated debt, access to Wall Street credit markets, and 4 consecutive years of balanced budgets (1998 was our second consecutive year of a budget surplus; this year, 1999, will end in budget surplus as well).

We still need to make much more progress in managing our government and improving basic municipal services -- public schools, public works, public safety. Substantial improvements are necessary in all of these areas, but particularly education, to retain and attract many more residents and businesses in the city, and thereby expand our revenue base, which is critically necessary to our long-term financial health. In this regard, let me express my appreciation of your proposal, Congressman Davis, to provide District high school graduates the ability to attend public universities in states across the nation at in-state tuition rates. This will be very helpful to us, and we at the local level need to ensure that our students are academically qualified to attend these universities.

The Revitalization Act bifurcation of the management of government was frankly not helpful in ensuring effective service delivery, nor was the trifurcation of bureaucracy with the establishment of a CMO, but we are pleased that the Control Board has returned day to day operations of nine agencies and four cross-cutting issues to the elected Mayor of the District of Columbia. As Mayor Williams has stated, "one government" by elected officials helps ensure "good government" because the citizenry then has the knowledge and the power to hold officials accountable for the effective delivery of public services.

The Council is committed to working side-by-side with the Mayor Williams and Dr. Rivlin's Financial Authority in achieving both short-term and long-term positive results -- visible improvements -- for both our residents and our businesses. All of us know what the problems are; we have a zillion reports on our problems and recommended solutions. The renewed Council is definitely about the business of joining our new Mayor on the playing field, as he says, to keep moving the ball forward toward the goal of solving the city's problems. The Council will be a constructive partner in this effort. While the Council may not always agree with the Mayor or the Financial Authority on everything, and while we will continue doing strong legislative oversight, we will all continue to be at the table and on the field, working hard with all of our public and private sector stakeholders to ensure progress for our city.

Over the past year the Council has passed significant and crucial legislation impacting the District of Columbia as a whole, playing a major role in leading the government towards positive change. Just as we will continue to help improve the functioning of government agencies, we can demand no less of ourselves as a Council. It was in this light that six months ago the Council initiated a comprehensive study of our own operations and organization by the National Conference of State Legislatures. This study is part of an ongoing process to review and reform our legislative operations, so that we, like the rest of government, can optimize our performance.

The executive knows that it needs to speed up implementation of the business regulatory reforms that have been enacted by the Council in the past year. These reforms, along with the pending release of the $25 million in Federal funds for the National Capital Revitalization Corporation, will greatly facilitate economic development throughout the city, which has been synergized by exciting Downtown projects like the MCI Center and the new convention center.

The Council knows that it needs to legislatively build upon the important reforms which we enacted in the procurement, personnel and workers compensation areas, by adopting meaningful tax reform legislation as well. We simply cannot compete for more residents and

businesses without addressing local tax issues that need to be addressed. Tax reform is part of our agenda.

So this year's budget process, even with a substantial surplus, will be a difficult but important one. Because we have to do a lot of things at once, and we will have to make choices, because we cannot afford to do everything that needs to be done. After paying off our debt, we have to set aside a Rainy Day Fund for unforeseen expenses that inevitably will occur when there is a downturn in the economy and less revenue is coming in. We also need to improve dramatically the provision of municipal services. We also need to continue to upgrade our workforce, and both our physical and technological infrastructures need vast infusions of funds after years of no investment or deferred maintenance. We also probably should establish a Sunny Day Fund to take advantage of unique opportunities that arise to maintain or attract major businesses. And finally, as I just said, we certainly need to begin local tax reform to help grow our economy in the long-term. So the priorities are many, and the choices will be difficult, but that is why we are here.

The Council also wants to initiate a locally-based process of reviewing the District of Columbia's Home Rule Charter. In the past, there had been some trepidation to open the door to Charter Review, frankly for fear of what might happen in the Congress --- However, during the past few years, not only has that door been opened but the roof has been blown off!

You know, most states review their constitutions at least once every 20 years. It's been 25 years since our Home Rule Act was first adopted by Congress, and as we prepare for the return of the limited home rule in that act to elected rather than appointed officials, it is probably a good time for a citizen-based effort to review the provisions of that act with an eye toward what changes might be beneficial. For example, something as simple as changing the title of the leader of the legislative body from Chairman to something more gender-neutral would probably be appropriate. Also, as the Mayor has talked about ensuring the continued independence of the city's Chief Financial Officer; the Council might want to ensure that independence of that office, and perhaps other offices such as the City Administrator, by being the body that steps into the role (of the current Financial Authority) of approving both the Mayor's appointment and removal of such officers.

In addition to local governance issues, we need to revisit other structural problems of the District of Columbia that relate to our relationship with the Federal government, which were either not addressed or which were exacerbated by the Revitalization Plan:

- Elimination of the Federal Payment is still a major problem. As you know, the President's trade-off for this proposal, in addition to assuming certain costly state-like expenditures, was the proposed elimination of Congressional approval of the District's locally appropriated budget -- which didn't happen.

  The Federal Payment, as you know, is supposed to compensate the District for the 41 percent of the property base of the nation's capital that is tax exempt and receives local services. The elimination of this Payment, coupled with the continuing unique Federal prohibition on the District against taxing income at its

source (two-thirds of the income earned here, even by our own government employees), severely restricts the city's revenue base.

- We in the District continue our quest for legislative and budget autonomy. Congressional review of our locally funded budget and every act of the Council before they can take effect is undemocratic, unnecessary, and makes it difficult for the District government to function effectively.

- The District unlike most cities operates a costly inpatient mental health institution -- Saint Elizabeths -- and receives inadequate compensation from the Federal government (our state) for this operation, not even for the confinement and treatment of persons like Hinckley or Weston who specifically come to the nation's capital to commit serious crimes against Federal targets.

- Additional Federal measures are needed to expand our residential and business revenue base, such as Congresswoman Norton's 15 percent Federal flat income tax for District residents, and expansion of the zero capital gains tax for investments anywhere in the city. The Council of course is on record against any Federal taxation without representation.

- Last, but not least, voting representation in Congress must be provided for District residents. We must finally bring democracy to the residents of the nation's capital. The shameful denial of this basic right has been reinforced in recent weeks by our lack of any vote in the House that impeached a President that District residents voted for, and in the Senate which is determining whether to convict and remove him from office.

  Congressional voting representation is also necessary to give our representative -- as tough as she is -- the equal leverage on the Hill that she deserves, to compete for our fair share of Federal assistance, including the location of Federal agencies where they belong, in the District of Columbia.

In closing, let me say that, prior to and since the enactment of the Financial Responsibility and Management Assistance Act, the city has gone through some rocky times, some challenging times, and some creative times. We are now entering a new era which all of us here at the table recognize is a transitional time. Implicit in the word transition is the concept of rebuilding bridges, of moving towards the day when governance of this city is by locally elected officials who are accountable to the citizenry.

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

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

Mr. DAVIS. Because of Dr. Rivlin's time constraints, we want to move very quickly to some specific questions for her, and then we will ask questions of the Mayor and the Council chair.

Now, Dave Clark, the former chair of the D.C. Council, never complained about the name of the Council or suggest that we change it, but maybe it is something we ought to look at, and I think we have a couple of Members who would be happy to look at that request. Let me start with Ms. Norton who has some specific questions for Dr. Rivlin.

Ms. RIVLIN. Thank you.

Ms. NORTON. Thank you. I do have a question that has to do with the Control Board here, and it is also for the Mayor.

Let me first recognize that State representative Tom Bryant has come in, and we are glad to see him here.

Let me ask all of you a question about the surplus.

Dr. Brimmer has announced a $400 million surplus. I have to look to the officials who are in charge of whether or not there is a surplus for accurate information on this, and so I am going to ask you what is your best and most accurate estimate of the budget surplus for 1998?

Will it be more than $400 million, or less, or do you simply want to confirm Dr. Brimmer's figure?

Ms. RIVLIN. We don't have final figures yet, Congresswoman Norton. He is in the right ballpark. You have to remember that he is talking about the operating surplus. From that has to come the repayment of the accumulated deficit, but we will have a positive fund balance.

Ms. NORTON. I am, therefore, forced to rely on Dr. Brimmer. I am asking for your best and most accurate estimate. Perhaps Mr. Williams, perhaps Chairwoman Cropp can answer. Should I look to Dr. Brimmer for this information?

Mayor WILLIAMS. I think the Congress ought to look to us for the financial information, as to what is happening, along with the CFO in the District.

Ms. NORTON. So what is the answer?

Mayor WILLIAMS. Operating, it is at least $400 million. I would be shocked if it were something different.

Ms. CROPP. I think the only reason that we probably have not said specifically at this point is because the full audit has not been completed, but it is in the process.

Ms. NORTON. When do you expect that audit to be available?

Ms. CROPP. February 1.

Ms. NORTON. Thank you.

I would like to ask that my first slide be put up.

[The information referred to follows:]

Salary of D.C. Chief Management Officer is Greater Than Salaries of Chief Administrative Officers in All Surrounding Jurisdictions (1998)

Jurisdiction	Title	Salary
1. District of Columbia	Chief Management Officer	$155,000
2. Fairfax County	County Executive	$147,000
3. Montgomery County	Chief Administrative Officer	$133,100
4. Prince George's County	Chief Administrative Officer	$127,616
5. City of Alexandria	City Manager	$126,676
6. Arlington County	Country Manager	$122,500
7. Prince William County	County Executive	$120,000
8. City of Fairfax	City Manager	$107,554
9. City of Rockville	City Manager	$105,000
10. Loudoun County	County Administrator	$102,975
11. City of Gaithersburg	City Manager	$100,000
12. City of Falls Church	City Manager	$99,000
13. City of Bowie	City Manager	$98,000
14. City of College Park	City Manager	$87,832
15. City of Greenbelt	City Manager	$82,000
16. City of Takoma Park	City Administrator	$75,256
17. Frederick County	County Manager	$68,857

Sources: Metropolitan Washington Council of Governments; D.C. Government.

Ms. NORTON. First, I want to say that I have full confidence in the Control Board, and the question that I am going to ask really goes to the actions taken by the last Control Board, and my concern is not with a particular official, nor do I want to second-guess what the Control Board has done with respect to the Chief Management Officer. I am enough of a lawyer to know that there was a contractual obligation there. One of the problems that the last Control Board had is that it went willy nilly ahead and got itself into lawsuits.

I am concerned with whether or not the first Control Board has built into the salary schedules of the District of Columbia a structural problem. To find out whether this was the case, the only place I know to look is at market rates, that is, to compare yourself with similarly situated folks.

Now, the first schedule on the screen shows you the salary of the D.C. Chief Management Officer that was negotiated by the first Control Board to be greater than the salaries of chief administrative officers in all of the surrounding jurisdictions of the United States, the nearest available markets, so that the District of Columbia had by far the highest with $155,000 for a population of 540,000. Compare that to Fairfax people, which has almost twice as many people, 914,000 people, $147,000. Compare that with Montgomery, 826,000-plus, or even with Prince George's, 770,000, and you can see the figures down that we are way above them.

Moreover, the history of the first board—and this is relevant to the Mayor because we are about to give the Mayor back what would amount to this authority, albeit with the oversight of the Control Board because it involves money. But the history we are talking about involves not only these salaries but something that rarely happens in government, and that is negotiating large severance packages to outgoing managers. For example, Superintendent Franklin Smith, $180,000; former Inspector General Angela Avant, $90,000, this is severance going out. Former Head of Housing and then Consumer Regulatory Affairs, David Watts, $121,000; former DPW Cell Bernardino, $60,000; Cheryl Dotson, a sole contract person, $250,000.

Now, let me have the second slide. To show you my concern—where is the second slide?

Ms. RIVLIN. Congresswoman Norton——

Ms. NORTON. I want to get my question out.

To show you my concern, my concern is not with a particular officer but with a perhaps systemic problem.

[The information referred to follows:]

Salaries of Representative D.C. Government Managers Are Far Greater Than Average Salaries in Cities of Comparable Size

Management Positions	Washington D.C. 540,000 Residents	Comparable Cities 500,000 to 1,000,000 Residents
1. Chief Administrative/ Management Officer	$155,000	$91,494
2. Chief Financial Officer	$118,400	$85,630
3. Director of Public Works	$110,652	$84,857
4. Director of Planning/ Economic Development	$102,477	$78,531
5. Director of Personnel	$111,311	$81,366
6. Director of Parks and Recreation	$102,530	$83,903
7. Director of Information Services	$136,000	$83,570
8. Purchasing Officer	$128,618	$65,072

Sources: International City/County Management Association *Municipal Year Book 1998; Compensation* (not yet published); Department of Commerce *Statistical Abstract of the United States 1998;* D.C. Government.

Ms. NORTON. The second slide shows the salaries of representative D.C. government managers to be far greater than the average salaries for cities of comparable size. And if you look at those officers—chief administrative/management officer, chief financial officer, director of public works, planning and economic development, personnel—if you go down this slide, you will see that our salaries are 1.7 times greater, 1.4 times greater, sometimes two times greater, far greater than cities of comparable size.

First, are you aware of a provision that was placed in the D.C. 1996 appropriations bill that prohibits funding during any fiscal year employees or contractors whose employment with the District of Columbia is no longer required, and was that considered at the time when these severances were paid out?

The only exception provided in this 1996 provision in the appropriations bill was to services already provided to the District government. Was this provision known or did you consider using it? Will it be used in the future? How are we to justify these salaries? How are we to know that these are not simply built into the structure so that instead of meeting what I usually meet here, which is that our City Council, has the highest salaries in the United States, something that I am confronted with all the time—higher than New York, higher than California. Now I am going to be met on the floor with—and so are all of the officers, so are all of the managers and all of the Cabinet people—much higher for large cities and cities of comparable size. I need to know what is the response I am going to give back when I meet that in the face of these statistics?

Ms. RIVLIN. Congresswoman Norton, I am not familiar with the provision, and I hadn't seen these numbers before, but let me say that the effort to find very highly qualified people to run a complex government that has had very serious managerial problems is not an easy one, and the previous Control Board faced the issue of talking very qualified people into coming into admittedly a very difficult situation and taking over.

Mayor Williams will face the same problem, and trying to get absolutely the best people that we need to run the city will, I think, take looking at who is available and who is willing to come and paying salaries that are sufficient to attract the talent that we need.

Now, with all due respect to the chairman, I actually think it is probably easier to get somebody to run Fairfax County managerially than the city of Washington for reasons of complexity and——

Mr. DAVIS. Let me intervene. There is a huge deferred benefit package that is not included in the Fairfax situation. So taking a look at the total salary is not an appropriate way to look at the total benefit package, which includes hospitalization and retirement benefits. It may include a severance agreement and the like.

Ms. RIVLIN. But let me say that I think these are interesting numbers and that we would like to answer the question in writing and to look at the comparability. But one has to be careful in making comparisons that you are really comparing the same things, and that we put ourselves in a position as a city of attracting the best people because we need help.

Mr. DAVIS. I think one of the biggest problems we have in government today is salary caps; we have it at the Federal level. If we are going to get the best and the brightest in an information age, we are going to have to have a benefits package that is comparable.

Ms. NORTON. Could I just ask that you submit to the committee your view of the 1996 provision in the appropriation, whether it was applied and whether it will apply in the future.

Second, let me say that I could not disagree more with the notion that it is harder to attract people here than to Fairfax County or to any other comparable city in the United States. Let me say why.

I believe if you come to the District of Columbia, which is the center of the universe, when its government is on its knees and you show that you can do your stuff here—not in Fairfax, not in Indianapolis, but in the District of Columbia—you are made for life.

So instead of bargaining, "Can you please, Mr. Whoever-you-are, can you come and help us?" we need at the table people who say, "Let me tell you what you get for coming to the District of Columbia, what a showcase this is for you, and what will happen for you if you succeed," not "Please help us; we will pay you any amount."

And I am very disappointed if your answer is—because my question was a systemic one, and it was no criticism of the payment to any particular person, but I am very disappointed if your answer is this is what it takes to attract talent to the District of Columbia, because I do not believe that you can make the case that, with tough bargaining, that indeed will be the case.

And so I am going to have to ask finally if Mayor Williams can give me any greater assurance with respect to these salaries already built in. Mr. Mayor, we are talking about people who, for example, in some cases were sitting on the job when the city went down, who got $20,000 increases instantly from the Control Board.

Mr. DAVIS. Let me allow Dr. Rivlin to leave.

We appreciate you being here. We may have some other questions that we will submit in writing.

Ms. RIVLIN. Thank you. I am sorry that I can't stay.

Mayor WILLIAMS. Labor economics here, supply and demand, I think when our management and our city were in crisis—I was former CFO—it was hard to get people, and I was criticized for paying people what were considered to be exorbitant wages, but they got the job done. I will say what is past is prologue.

Now I think we are creating a situation where we can be competitive and attract the best and the brightest, and we can buildup competition for these jobs because people want to be part of a change effort, and I think we can begin to see some decline in this overall scale. I do believe that. Not getting into what happened in the past, but prospectively.

Ms. NORTON. Thank you.

Mr. DAVIS. Mr. Horn, do you want to start questions?

Mr. HORN. On this salary thing, I have listened to that over the years in legislative bodies of one sort or another, and I agree completely with what Dr. Rivlin said and the chairman. If you are really serious about a salary study, look at the total benefits package. And while I share the view of Delegate Norton that people should step up to the plate and make this a better city, and they would be made elsewhere.

There are only a few of us that self-flagellate ourselves, and you are looking at one that would take that challenge. But don't expect the average person, who has a lot of places to go to be a first-rate city manager, to do that. And if you are going to pay him or her a salary here, you might start deducting what it costs to get a bulletproof vest, whether it be coming to Congress or just walking the streets of Washington.

I think this is the kind of thing that we hear all the time in Congress from some people. It is an easy shot at public officials to be sort of throwing out the salary.

You have to pay a salary for good people or you are not going to get them. And if you are not willing to pay $10,000 or $20,000, more than other cities for a particular job, it is just pound foolish. You have to have good middle managers or it isn't going to happen.

The Mayor can't sit there and micromanage the whole city. He has to depend on people with vision, people with guts, people who are not afraid to make personnel changes. They can't all land on his desk. And if those people can't do it, he has to deal with those officials and get them out of there and get new people in there.

It won't pain me if he has a clean house in a few months, but that is what needs to be done in a city or a university or a corporation when you are trying to turn it around; and that is why a chief executive gets paid what they get paid, and that is why a competitive administrative person would get the same thing as either a county executive or a city manager. And I think a lot of this is just the easy thing to potshot in town meetings and all of the rest of it.

Let me ask a question, Mr. Mayor, on your own situation. How do you evaluate the work product of the Water and Sewer Authority? Are they making enough progress in repairing the progress of water main leaks? Have you had a chance to look at that yet? Because here we are spending probably thousands of dollars every week on Capitol Hill having bottled water shipped in here because although the Corps of Engineers delivers and outstanding clean product to Washington, as well as to the surrounding suburbs, the fact is in Washington's case the distribution system just hasn't been kept up to date. And that seems to me to be something very important in the infrastructure capital plan; we need to systematically work at that. Do you have any feelings on that?

Mayor WILLIAMS. I am spending my initial time on the agencies for which I am directly responsible, and then we will be working on to the independent agencies and make sure that they are coordinated with this change agenda and moving forward in the same fashion. I have not really delved deeply into Water and Sewer, but I will say this. I think that initially Michael Rogers, and now the present management, is moving Water and Sewer years and years ahead of where they were; there is no doubt in my mind. And they have put in place a plan to begin infrastructure improvements and, very importantly, management change efforts over there.

I do think that there is a new spirit of accountability that I have seen over the last couple of weeks where we had a number of water main breaks. Citizens complained, and what they got was the usual finger-pointing. Over a week or two, after some phone calls and some discussions, there has been a new attitude of people willing

to take responsibility for getting these things fixed. That is, I think, an early indication that things are going to be moving in the right direction.

Mr. HORN. The National Park Service unveiled a plan last month to build a parking lot and certain other facilities under Pennsylvania Avenue in the vicinity of the White House. This follows the closing of Pennsylvania Avenue a few years ago, an action which severed a key east-west transportation link in the city. What is your view of the current situation regarding Pennsylvania Avenue and the National Park Service plan for parking in that area?

Mayor WILLIAMS. Closing Pennsylvania Avenue has had a major negative effect on the overall transportation in the District and the marketplace in the District. It is my understanding from briefings that E Street is going to be reopened—I am not sure exactly what the date is—so that will allow two-way travel.

But Pennsylvania Avenue, my general belief is—and this is as part of a long-range agenda with the Federal Government—there has got to be a way that we can use modern devices to protect our President. We all want to do that while at the same time providing this critical east-west link in our city.

Mr. HORN. I agree with you on that. They have legitimate security concerns in that area, and with the nuts roaming around this world, one can't be too careful.

Ms. CROPP. If I may, I concur with the Mayor on that. While we do need to look at the security of the President, it is really important that we open up an east-west linkage across our city. E Street, there is no reason why the traffic cannot move east to west. Because we have traffic moving from the west going east, obviously traffic is flowing there. It would significantly have a positive impact on our traffic flow if it could be two-way, the traffic is moving one-way, unless we are saying that a nut would only come from one direction, because the traffic is moving.

Mr. HORN. Well, I think you make a very good point, and I wish you well, as one that drives in that area fairly frequently.

I think you probably share high respect for Mayor Rendell in Philadelphia, as I do. He is a very impressive mayor and has been before our committee. How do you think his philosophy of rejecting tax increases and emphasizing public-private cooperation, does that apply in the District of Columbia, do you believe?

Mayor WILLIAMS. I think it definitely applies. I think to attract better investment, we have to improve the services of this government. We always call it the three publics—public education, public works, public safety—are the kind of foundation. We need better economic execution of a strategy. We are beginning to do that.

We also need to lower business costs, and a key way to lowering business costs is on the tax side. And in my mind, lowering that cost for business is going to be a partnership between our city and the Federal Government.

I support the legislation that has been introduced—will be introduced by Congresswoman Norton that would relieve a lot of the tax pressure using Federal resources. I think we need to complement that on our side using our precious ability we have to lower taxes, to focus that tax reduction initially on smaller businesses; and I think you will get relief for individuals coming from the Federal

side and relief for smaller businesses coming from the local side. That, coupled with what we are doing to improve service, I think then you have a tremendous climate for investment in our city.

But adding to the tax rates, to me is a stupid way to bring more revenue to our city because it is short-term gain, long-term pain.

Mr. HORN. Mayor Steve Goldsmith of Indianapolis is another mayor, for whom I have high respect. We have had him visit my city of Long Beach, CA, which is about the size of Washington, 450,000, major ports, major aerospace industry and so forth. And as you know, Mayor Goldsmith has encouraged a competitive bidding process for a lot of city services. I don't know to what extent that might be on your agenda, but I am curious, is that an option?

Mayor WILLIAMS. Again, I talked at length about managed competition in my presentation, and I think that is something that we want to pursue very aggressively in our city.

I am a big admirer of Mayor Goldsmith and his hands-on approach to his management. He permanently has no city administrator. He manages his city himself. He didn't even have a chief of staff for some time. I am not arguing or advocating that, I am just talking about a temporary situation, but I just want to put that into the record.

But when he first came to Indianapolis, his approach was just to privatize everything. It was only after some experience with that outright privatization approach that he began to fashion what he has became known for and what Indianapolis has become a mecca for; and that is—I think he said they had 3,600 people visit Indianapolis to look at their approach to managed competition. It is giving his employees and his unions the resources to compete, exposing them to competition. They have kept many of those jobs and functions. They are doing a better job at less cost, and I think there is a direct, relevant example for us in the District.

Mr. HORN. And he has the unions on his side now.

Thank you.

Mr. DAVIS. Mrs. Morella.

Mrs. MORELLA. Thank you. I want to thank Chairwoman Cropp and Mayor Williams for their testimony, and also Dr. Rivlin.

Mayor Williams, last month you met with officials in other cities. I am curious not only what you learned from those meetings, and some of it was in your response to Congressman Horn, but I am interested in hearing from you about your meetings regionally with county executives from Prince George's County, Montgomery County, and with representatives from Virginia. Have you devised methods of working together, and if so, on what issues? Will you be meeting regularly with them? What enlightenment can you give us in terms of regional cooperation?

Mayor WILLIAMS. On regional cooperation, as I have stated many times, I believe that our city has to define itself as a vital center of a regional economy competing in a global economy. And I say "vital center" because this has got to work for the gain of our city as it works for the gain of the region. So I am not interested in exporting jobs out of my city or exporting revenue out of my city, no mayor would. But I recognize in this global economy, there are mutual gains in us working together.

Certainly, and I have seen this with Mayor Rendell and Mayor Archer, there were mutual gains where we work together to bring new investment to the region. Clearly there are opportunities there.

Dennis Archer is an inspiration to me. He has forged a regional alliance. And you could argue that the Detroit region has been much more punishing to him than it has been to us, given all of our history and legacy, because of that huge manufacturing job loss, that huge flight of residents over—about half of the population. But they are working on a regional basis to compete. I think we can do that.

I think there are options for mutual gain in transportation, not only transportation as it benefits the city because, you know, I talked to the mayor in Indianapolis. If you live 90 miles outside of Indianapolis, it takes you 90 minutes to get into town. If you lived 90 miles from Washington, DC, it would take you 3 or 4 weeks to get into town, given the transportation. That is the strategic opportunity we have in Washington, DC, to bring people back into our city; and I think there is potential mutual gain for all of us in that.

There is also mutual gain for us in transportation. Our regional economy, one of the hottest in the world—we are one of the largest centers of technology on the planet, in many areas of our region we have practically negative unemployment. If we can, as part of a welfare-to-work strategy, develop public-private partnerships with firms out in the region and work with WMATA and private sector firms to provide better transportation for our residents, that is a great gain for both of us, because our residents and our city are getting jobs. Firms out in the region are getting dedicated employees, and it is a win-win for everyone.

Down in Phoenix, I saw examples of where they have got the city of Phoenix, Tempe, Arizona, Scottsdale, and all of these different towns around Phoenix. There are no boundaries when it comes to deployment of fire and emergency services. Basically all of the fire and emergency services on a real-time basis are deployed all over that region according to need, and I think there are areas of cooperation between our District and the region, the same way that Fairfax and Montgomery cooperate. I think Montgomery and Prince George's cooperate in that fashion, and I think we can cooperate in this fashion as well, again for mutual gain.

Sharing training facilities, working together on purchasing, recognizing the fact that we want to support our businesses and give our businesses opportunity, there have got to be opportunities for joint purchasing where all of us can benefit.

Those are some of the things on my agenda that I want to push individually in meetings with executives when we meet, and collectively when we meet on a monthly basis.

Mrs. MORELLA. So the "big four" are all going to be involved?

Mayor WILLIAMS. The "big four," but I also look forward to meeting with the folks in Prince William and Loudoun County.

Mrs. MORELLA. Good. Traffic congestion remains one of the biggest concerns in the region and certainly in the city. The city has to be more user friendly to the residents and commuters, and particularly during the rush hours. What steps do you think should be taken, or maybe you have something planned to address the prob-

lem, because I would also ask, are you working with the Secretary of Transportation, Rod Slater?

Mayor WILLIAMS. We have a very, very good relationship with each of the Cabinet secretaries and with the White House task force headed by Carol Thompson Cole and Jack Lew. They have been very supportive.

What we are trying to be is very proactive in our relations with them. So it is not just a matter where they have an idea; we are trying to be much more responsive in getting that idea out on the street, but at the same time coming to them with an agenda of where they can be helpful.

So, for example, in my charge to the agencies to come up with short-term action plans, one of the specific things that I asked them was, show me where you need more flexibility, show me where the Federal Government can provide in-kind resources, show me where in your action plans what you are doing can be complemented by what one of the Federal agencies is doing. And they are coming to me this weekend with that list, and I will be going forward to individual departments, as well as this task force, with this agenda, again to make improvements on the street.

Transportation, in particular in my mind, with the police, it is a matter of focusing on customer service. You know, if you have a traffic jam and the officer is focused on whatever the officer is focused on and is not focused on relieving that congestion and that traffic jam, that is a question again of this customer service focus, because you have a lot of drivers here who need some help.

Ms. CROPP. If I may add to that, the earlier question asked by Mr. Horn, one of the things that we need to do is look at the E Street dual traffic. That will certainly help downtown.

The Department of Public Works is looking at better synchronization of our traffic signals. That is an issue that will help with the flow of traffic, particularly during work hours, as we improve our technology. That will have a significant impact.

In addition, we need to look at something that we have that is working quite well for expansion and enhancement, and that is our Metrorail system, which is one of the best in the world. We need to look at ways to expand it as our population throughout the region becomes more mobile. There is an article today about expansion in the Tysons Corner area. We need to look at expansion for the Red and Green Lines and encourage more carpooling.

If we take a multipronged approach with regard to our traffic signals and looking at our traffic patterns, particularly where you can help us with E Street, and that really has made gridlock occur downtown with Pennsylvania Avenue and E Street. It has impacted traffic from Independence Avenue straight up past K Street, and that is a large segment of this city that impacts not only the District of Columbia, Montgomery County, but also Virginia as people try to move in that direction. So I think that will play a significant role.

Mrs. MORELLA. I agree, education, traffic congestion are two critical issues which affect everybody.

My time has expired, but are you Y2K OK? I heard a comedian last night say something about, I asked somebody about Y2K and they wondered if it was a new cereal on the market.

Mayor WILLIAMS. One of the mayors I talked to said he had no Y2K problem, because the cards in the shoe box were working just fine. But for us, we have a good technology officer. She is getting some added help from the Federal Government, and I believe that with the Herculean effort we are going to put in, as every jurisdiction will be putting in, we will be all right. We will be happy to report in more detail.

Mrs. MORELLA. Steve and I co-chair the task force, and the Federal agencies are supposed to be compliant by the end of March; and I would hope that the District of Columbia would also be compliant by that time to allow some time for testing. I would very much appreciate, and I think this whole subcommittee would, your having that person get back to us with their report and the contingency plans.

Mayor WILLIAMS. In many cases, we are putting in new systems off the shelf which, by their nature, are Y2K-compliant. So we have kind of benefited from the fact that our systems were so far behind we needed to replace them anyway.

Mrs. MORELLA. True, but that requires resources on your part, too, so one has to be ready for it. Thank you.

Mr. HORN. Watch the new systems. We had one Federal agency give us that answer a few years ago, we're getting a new system, it'll be OK. They never checked. They never tested the new equipment to make sure it was 2000 compliant. It was not so your people ought to run tests through there before accepting it.

Mayor WILLIAMS. OK, that's a good point, Congressman.

Mr. DAVIS. Thank you.

Mr. Mayor, just a few questions.

Let me begin with commuter and traffic issues in the city. I would say the city has had a generally good response from the District Police but there have been a few bad episodes through the years.

We had a problem a few years ago with people blocking the bridges and we felt the city was slow to respond. I think we were able to work that out.

We had the slug lines where the city police were moving them and which created a little bit of chaos.

We had the spot checks on the seat belts, which crippled this city one evening.

We had the bridge jumper, which was a tough issue all the way through that I think in retrospect would have been handled differently.

We just want to make sure as we look for regional cooperation in these issues that your police are sensitive to the issues of moving traffic in and out of the Nation's Capital.

Traffic is bad enough, and when you get somebody pulled off the side of a road or anything like this, it just cripples it. That is true within the city as well as out. I just want to emphasize that we've talked about that and I know we're in the same queue.

If you really want the city to succeed, than you want businesses to go downtown. They have to be confident that their workers are going to be able to move in and out about the city in a constructive manner. So I just want to emphasize that point.

I know we're on the same page on that kind of issue, but we keep getting every few months something that perhaps could have been handled a little more sensitively and differently. I know you're sensitive to that, but we just want that to be a priority for the city and for the region. I know it's going to work.

Mayor Williams, do you have any plans right now to propose any tax cuts? You mentioned shortly after the election you would be seeking some tax cuts for small technology firms and other businesses. As you know yesterday in our discussions with the Speaker, Delegate Norton and I were forceful in trying to expand some of the Federal tax breaks that the city receives now throughout the city. We think this could be very helpful in having the city attract capital in that area.

I just want to know, is it too early now to get into any specifics? What's your thinking on that? I will ask Ms. Cropp the same thing.

Mayor WILLIAMS. Right. In my vision, there's an overall package of tax relief for our city. There are tax reliefs for individuals. A home buyer assistance is certainly welcome. I didn't really take a policy position, but supported it as a candidate, support it as a Mayor. Progressive flat tax, I certainly support as a former development official, as Mayor, extending economic empowerment incentives, the capital gains provisions in our city. That's the Federal assistance side of it.

Again, I think my own policy preference—but this is going to be a discussion with the Financial Authority and the Council, but I'm going to be arguing that we ought to take our tax dollars on the local side, OK, complementing what ought to be happening on the Federal side, take our precious local dollars and apply them where they have the most impact.

And I think analysis will show you on the local side you're going to have the most impact providing reduction for a small business. That's 60 percent of your economy. You get the most elasticity, in terms of response, you know, hiring new people, expanding the tax base by their own organizational growth. That's where I would like to see our dollars go.

And our staffs are working up models as part of the fiscal year 2000 budget process that costs these things out and give the Mayor, the Financial Authority, the Council, you know, the ability to make some of these decisions. I certainly would hope that in the year 2000 budget there will be that kind of focused tax reduction.

Mr. DAVIS. We want to obviously work with you on that issue. That's a legitimate concern up here as well.

Ms. Cropp.

Ms. CROPP. Yes, Mr. Chairman, as you may be aware, the Council had commissioned a Tax Revision Commission. Have you seen that report by any chance? We would like to make sure that you get a copy. It's a very comprehensive report, that tax revision.

Mr. DAVIS. My staff has seen it. I have not, but your reference to it has kindled my interest.

Ms. CROPP. Good. If you need a copy, we will make sure you get a copy of it. When the Council commissioned that, it was with the idea that we needed to look at tax reform in the District of Columbia. That is one of the very basic focuses that we are going to do in the upcoming year.

I'm happy that the Mayor and the Financial Authority agree with that. And we're all looking at tax revision, tax reform in some way. There are different opinions as to the approach that we should take, but we are all clear that we need to do it. That homebuyers credit has just been absolutely wonderful, and I think it has had a positive impact in the District. I think the audit will show that there were sizable revenue that was achieved from that.

We need to look at other initiatives such as that that will help the District's economy grow as we deal with tax credit. And as we look at the downturn of the economy, that probably will occur, not only here but nationwide in the future. We need to look at a tax policy that will help look at and address that problem for the future.

Mr. DAVIS. Thank you. It helps the economy, and that did a lot to stop the free-fall in residential real estate and the like. You have a healthy economy in this city. A healthy economy saves the Federal Government a lot of money in terms of bailout costs. I agree with you. I know Mrs. Norton played a role in making sure that was included.

Mayor Williams, in your agency briefings on January 4th, you quote from one of my favorite 20th century philosophers, Fats Domino, when he said a lot of fellows nowadays have a BA and MD or a Ph.D.; unfortunately, they don't have a J-O-B. And job training is critical. In my State of Virginia, we graduate more psychology majors than we do computer science majors by a ratio of about 4 to 1. Yet you have to have the work force today or the jobs leave the region.

The whole region is working on this. It's great to see the big four jurisdictions working on this and bringing the others in. That's one of the things, along with strong support from the business community, that prompted this initiative which would allow D.C. students to pay in-state tuition at out-of-state universities across the country, which you don't have now.

Can you share a few more thoughts? We talked about it briefly in your power points in terms of job training. Focusing on UDC playing a role in job training areas, making sure that city students and city young adults and people who need retraining will get it, either through the private sector or with the government acting as a catalyst or directly. I wonder if you could talk about that a little bit.

Mayor WILLIAMS. A couple of things. You know, I believe that there is a whole continuum of education from preschool through postsecondary graduate school, and what we're looking for is to develop public-private partnerships that support us in that effort. I talked about the public-private partnerships that we're seeking, along with partnerships with the faith community to provide support for children outside of school and preschool; and that will be a major initiative in our budget in year 2000.

It will again be a partnership. It's not just government alone, but all of us. We want to make a major effort on school-to-work. European countries, for example, some other cities and regions have done a better job at school-to-work than we have in our city providing the internships, apprenticeships for students, particularly who don't want to pursue a professional career, you know, want to

be a welder, a technician of some sort or another, providing more opportunities for our students in that fashion.

And I'm committed to pursuing the idea of a technology high school over in Southeast. I think that we can do this in a fiscally responsible way in partnership with the private sector. We've got, again, this concentration of technology, this concentration of technology in the region. I think this is a real possibility for us.

As to higher education, I think, one, our students ought to be given the same kind of opportunities to pursue quality, affordable education as students anywhere in the country. And I strongly support conception—I don't know the details, but I strongly support conceptually the bill that you put forward that would give our D.C. students greater higher education opportunity.

This would complement, in my mind as opposed to detract from the mission of UDC. I support a 4-year mission for UDC. But, you know, I went to Yale as an undergraduate, you know, big institution, big endowment. It has had to focus its educational mission in light of current technology and current realities. UDC with a 4-year mission will and must do the same. It's part of developing a new strategic plan.

And I would—I would as Mayor argue to the Council and to the Financial Authority that we establish a Commission on Postsecondary Education and balance a focused 4-year mission for the University of the District of Columbia along with our need to provide remediation for our students who graduate from high school. Our need to provide continuing education, our need to provide vocational education, all of these things are in the mix, as you know. They all have to be harmonized. But I don't think the two are mutually exclusive at all.

Mr. DAVIS. Do you want to add anything to that?

Ms. CROPP. Let me just go—in addition to that, let me also say that the District needs to truly focus on job training and retraining within the local government. That's an extremely important part of revitalizing the city as a whole.

Unfortunately, as most—well, as the District looked at financial downturn, one of the first things that went was any type of training program. You need that training program more so than ever before, because you're changing the way you're doing government, people are doing different jobs, a lot of people left, new managers are moving up.

One of the things—one of the partnerships that I'm pleased developed out of this crisis was with Fannie Mae and George Washington University in having a training academy for our midlevel managers; and that's something that is extremely important, to train our work force how to be managers.

So—in addition to what we do in early childhood and high school, secondary and higher education, which obviously is extremely important, we must also look at job training for our work force.

Mr. DAVIS. I just would add that I've been through Lorton and talked to some of the inmates there and when they all come out to return to the workforce they need educational opportunities to succeed. We want them to have an equal chance at life. Some of these kids did not have the educational opportunities or they dropped out and didn't have constuctive activities. It seems almost

like a whole generation in this city that didn't get the opportunities and even if they worked and performed couldn't see that there was going to be anything at the end of the tunnel for them.

If we can just give them a career path, where if you stick to the rules, if you work hard, there's going to be some reward. That's what this scholarship program we're talking about is about. If you succeed, you're going to have the same opportunities that the kids in Virginia and Maryland and every other State have and that the breadth—not that UDC is bad or can't be enhanced in many, many ways as a 4-year school, but have the breadth of opportunities that State universities and university systems across this country have.

If you can take just one kid out of Lorton and you make them productive and job producers, these things pay for themselves.

Mayor Williams.

Mayor WILLIAMS. If I can just say, one of the things that's instructive and I think really good about this proposal is that, you know, it complements what the business leadership and the city and the region is doing to provide higher education opportunity as well, and that's to me what ought to be endemic in everything that we do that we're working in partnership.

Mr. DAVIS. Ms. Norton and I talked about this and you heard support from Mrs. Morella, and you will hear it from suburban leaders, suburban business leaders like Lou Noto, who really is the brainchild of this plan. We all have a vested interest in these kids succeeding, not going to Lorton but going up the career ladder and being very productive members. This is just one of a series of things I think we can accomplish to take the city to the next step. I'm very hopeful.

Ms. CROPP. Mr. Chairman, I really feel as if I must add this one part as we talk about education. You know, I'm a former teacher in the public schools and a counselor of public schools. I was on the board of education. And, actually, as I reflected on how can you make things better, what could be done, one of the concerns that I truly have as I looked and thought about how children really learn, they learn through their entire environment. That's how children learn. And if they're in schools 6 hours out of the day, there are 18 other hours that impact on who our children are and what they learn.

And as we look at the education of our young people, it has to go beyond the classrooms, and that's why it's so important with what the Mayor is saying with recreation and other things such as that, because that is an important part of the education of our young people. And it's 18 hours, and that will overwhelm the 6 hours that they're in school any day.

And, you know, if it is structured activities like sports or something like that, not that we think everyone would be a Michael Jordan and multimillion dollar contract athlete, but it teaches them certain basic skills such as discipline, how to follow rules, how to play as part of a team. And then those schools help to reinforce positive things for when they go into school for the 6 hours.

So I felt compelled to say that as we look at strengthening education of our young people, if you look at how children learn, they learn through their entire environment, which means that it has to be a comprehensive approach to make sure that those 18 hours

that the children aren't in school are a positive learning environment for them.

Mr. DAVIS. I would like to respond. In the city, it's even more acute. The District can be a real role model, because the District has a much higher percentage of kids from single parent homes—I came from a single parent home—or no parent homes, in some cases, where just having other available options after school besides going home. They need other options available and having that career path available makes a huge difference.

So we can work together on that. We want to complement what you're doing up here on the Hill. We have yielded to you on a lot of these issues in terms of what the glide path is.

Let me now recognize my colleague, Ms. Norton.

Ms. NORTON. Thank you, Mr. Chairman.

I appreciate the answers and your questions on job training, particularly in light of the economic development that's going on in the city. I've really begun to think long and hard about economic development, because what I think the District has to face is those jobs are going to suburbanites, and sometimes in extraordinary numbers.

If you talk to business people from downtown, they will tell you 8 out of 10 of the folks that they hire are from some part of the suburb, because that's the most readily available pool of people that come through the door that seem fully qualified. That's why, for example, in my tax package, one of the most important sections is the section that's says if you have a D.C. employee, not just hire one but have one, you get $3,000 off the first $15,000 that you pay that employee. Unless we're willing to come down with some incentives like that, our own people are not the most readily available people and all of this economic development is not going to do much for D.C. residents.

You need the kind of training you're talking about, and you need incentives for people to hire our folks as opposed to hire everybody else, and that even goes for jobs in the hotel industry.

I appreciate the chairman's humor, who says to me, Eleanor, if we pay them more, they're likely to become Republicans. And I do want to note for the record that the Republican majority has been very ungenerous when it comes to the salaries of Federal employees and managers. And I note the role reversal here at this podium with the great generosity of the Republican majority and the use of taxpayers' money, D.C. taxpayers' money, to pay salaries that they would never abide comparably for the Federal sector.

Mr. DAVIS. Would the gentlelady yield for a second?

Ms. NORTON. I would certainly yield to the chairman.

Mr. DAVIS. I would just add that I know Mrs. Morella has been very critical of this Democratic administration on the way they have used FEPCA, Federal Employees Pay Comparability Act. For each year under existing law, signed by President Bush, Federal employees would be getting more money.

This is not a partisan issue, it is a philosophical issue of how you get the best managers. I would join with you in saying we don't want to overpay people if we don't have to.

Ms. NORTON. My only point, Mr. Chairman—and I expect to see you on the floor the next time that once again—because it has hap-

pened now for more than a decade—Federal employees don't get the statutory raise. I know you will be there since so many of them are in your district.

Mr. DAVIS. I have always been there.

Ms. NORTON. Now, let me also respond to the notion that we have to pay this money to get the talent. Where is the talent? That is my point, Mr. Mayor, that is my point to the empty chair of Alice Rivlin, if you had to pay the money to get the talent, why is it, Mr. Mayor, that you are having to be your own city administrator, revise the plans that have come forward; if, in fact, we had gotten the talent, this is one person who would have taken her hat off to everybody.

I inherited, when I came to this city, the most messed-up agency in town, the EEOC, with a huge backload. I know something about what it takes to attract good people and what it means to be limited in salaries. But I do not expect city officials to sit before me and say you have to understand, Eleanor, we needed this in order to find a talent, without being able to point up to me where that talent is.

And I also want to say that this is an issue of no small moment to District residents. When District residents raise issues that they may not have all the information on, I will come back and give the information. For example, with Camille Barnett's contract, that there were other things here, like the present Control Board is locked in with a bad decision of the prior Control Board to give somebody a 5-year contract. Nobody can tell me that in order to get a competent, a good manager, you had to have a 5-year contract.

But I want you to know that I believe that the residents of this city deserve hard bargaining for their high tax dollars, and I do not believe that hard bargaining occurred when people can write their own checks and severance pay. And I say this also in this context, that the reason I think there is some consternation in the city about it is that city employees all through the crisis took it in the butt, it was they who had to do furloughs with no money. It was they who got no increases.

So I think there is a burden. If you happen to live outside the city, you may not see that burden. But there is a burden for those who live here and have a responsibility here to make sure that you can justify going way above, not just a little above, but way above market rates. And if the answer is we needed to get the talent, then I want a list of the names of the talent that that money bought, because I, for one, don't see it.

I also don't appreciate comments about bulletproof vests to come to work in the District of Columbia. The only people who need bulletproof vests are people who live where cabinet members and managers do not live, and it is that kind of stereotype that is unnecessary and that I will always protest against.

Now, I have a question for the Mayor. Mr. Mayor, there is also concern that for a couple of months, and you've said it would be for a short period of time, you were going to be your own city administrator. I have to confess I'm not as concerned. I think it would be hard for you to find a city administrator who knew the government and the finances of the government as well as you do. I also

trust your judgment. I think you've shown you have the ability to plan and to focus, not to promise what you can't deliver.

I heard you promise that you would resign if you didn't have a clean audit. Far from just having a clean audit, you helped work up a surplus. I'm really not concerned because of your own track record. But I think it would ease the anxiety, at least some have expressed, if you would offer some greater detail about how you would manage the notion of being your own mayor and your own administrator and, in particular, what kind of assistance, from where, in what degree, do you think it will hold you for the full couple of months, what will you be doing in the meantime, what kind of search will you be doing for city administrator, what kind of city administrator are you after?

Those are the kinds of questions I have for you.

Mayor WILLIAMS. Well, on Monday we hope to announce in great detail exactly what this staffing arrangement will be, what this assistance plan will be to give me the tools to maintain direct accountability for the operational administrative functions of the government, assistance from the Federal Government in helping us with the crosscutting issues, making sure they're coordinated, making sure we're looking for ways to get around logjams as they develop in personnel or procurement, assistance from the Federal Government, we hope, in helping us with advice and consultation on moving forward, very, very importantly, restructuring and providing for the right staffing between the Mayor's office and an ongoing city administrator's office and the right kind of span or control, the right kind of contact between those offices in the government.

Because one of the things that I'm trying to avoid now and in the future is too much insulation between the Mayor and these departments, because if you've got a lot—too much insulation, by the time a problem gets up to the Mayor, it's insolvable, you know, because for general—in a general bureaucracy, people don't want to fess up to problems. They try to manage them down at their level, and you've got that problem.

The arrangement that I'm looking at over this 2-month period involves, I think, an unprecedented coordination between my office and the Financial Authority as well, because I think we all have to look at the fact that they're going to be providing management assistance. They can on a very operational basis provide us management assistance in both, providing for continuity in the long-term improvement in the government while focusing on a change effort.

So, specifically, we will have a staff person whose job it will be—reporting to me, a staff person whose job it will be to monitor and make sure we can continue the long-term improvement agenda we already have underway that I support, make sure that on a defensive basis, you know, planes aren't crashing, things aren't coming into conflict, that the agency day-to-day concerns are getting taken care of. We will have a staff person with assistants focusing on these action plans that I talked about. We will have these other private sector Federal people, providing me assistance, all of us working in executive committee, all of them giving me the tools I

believe to do this job over the next month, 2-month period to get these changes.

As for searching for the city administrator, I think we ought to bargain with top officials the same way we bargain with our employees, and we ought to be moving always toward competitive wages based upon the right kind of indicators. Who could argue with that. We are modifying the search committee that we already have in place for a CFO to take a list of candidates as they come forward for the city administrator, and I'm confident that for a lot of different reasons we're going to have a very good list of strong candidates for that position in 2 months that we can bring forward to the Council and Financial Authority for their consultation, recognizing that, depending on how this works out, this is a mayor's decision.

One issue is are we talking about a chief management official or a city administrator. In my mind we're working generally with the Authority. In my mind it doesn't really matter as long as they're doing the operational part of the government. What we call them, I don't want to get all bogged down in him or her.

Mr. DAVIS. Why don't you finish your questions? We will try to wrap this up. I know the Mayor needs to get over to the Senate side.

Ms. NORTON. My questions are aimed at giving you the opportunity to elaborate or explain issues that I know are troubling people, and you're not finding me give you softballs.

Let me give you another one. It has to do with managed competition, which can be a very exciting idea and we know has been used in other cities. Philadelphia, a comparable city has used it. Could you give us some idea of how you would implement managed competition and how you would involve city unions and city employees in the implementation of managed competition for people who, for example, have never had to bid before, don't know anything about and have had no reason to know anything about requests for proposals? How are they going to be on a level playing field with folks out in the private sector who do that kind of thing every day to earn a living?

Mayor WILLIAMS. Right. I think that as part of our overall staffing assessment we're always looking to distinguish between, to be blunt about it, employees who really have a bad attitude. You can be a rocket scientist, and if you've got a bad attitude there's nothing you can ever do about that. And everything that I've talked about for years about accountability has always focused on that employee, not who doesn't necessarily know what he or she is doing, you can work on that. It's that employee who has a bad attitude, right, you've got to address that. Once you've addressed that, you're talking about a group of hard working employees who ought to have the same ability to succeed as anyone else. And I believe it is incumbent on us to work with labor, work with our employees to first of all fashion the criteria we're going to use for this competition.

I will give you some of the factors that you have to look at. Do you have adequate cost information? If you don't have adequate cost information you don't really know what you're choosing in

terms—it's like going to a supermarket and no price tags, you need good cost information.

Ms. NORTON. Market information that doesn't have you overpaying people who do the work?

Mayor WILLIAMS. Absolutely, absolutely; one. And, second, an issue that we want them involved in, another criteria is are there private vendors who can do the job? We've had instances in our city, and you've seen it in other cities, where you've had private vendors that were doing the job, they weren't able to do the job, that's a problem.

Another problem is staging or bundling, if you will. Many of the cities that have pursued this have not pursued outsourcing for the entire city or the entire jurisdiction. What you may do is, you may do one part labor, you may do one part one vendor, one part another vendor. So you have some backup and you really give the employees some opportunity on what they can do.

And finally before you even begin this process, you've got to provide employees with the assistance, the legal assistance, the technical assistance, the tools in terms of these training kits that I talked about for individual employees, so when they bid to do a job it's a realistic bid and you're not just going through a shell game with them, and that I'm committed to do. What I'm trying to do is provide better service at lower costs for our citizens. What I'm not trying to do is just simply drive down wages of good workers simply for the sake of driving down wages. That is not my goal, nor should it be my goal.

Ms. NORTON. One final question, this is really for Ms. Cropp, as well as you, Mr. Mayor, and it's inspired by what the chair said about the charter. I was so pleased to hear you say that the city was going to initiate a look at its own charter, that is not the work and should not be the work of the Congress. And I congratulate you on that initiative.

Let me just say that the Mayor said something in his testimony that is not unrelated to what you said and that is when the Control Board sunsets, he would be concerned that there be an independent CFO, and how to work that into the present government is obviously a problem to consider. The concern expressed to you about opening up the charter is understandable.

It is true that there are members who might be inclined to jump in with both feet, and so it's very important if we open it up, to open it up for the right positions and very responsibly. That's why I focus in on this CFO notion, and I ask this question without having any opinion because I really don't know. I spent the earlier part of my career in New York and noted that the way in which there was real independence in the budget process; it was a comptroller who was elected and who had, therefore, a built-in adversarial relationship to the Mayor. And the one elected official that the Congress might readily add to the charter might be something like an elected comptroller. As you're faced with who appoints this CFO, how do you make him truly independent without writing a lot of legislation to insulate him? How do you make him truly independent from the Mayor, even if he is confirmed by the Council?

I wondered if you've thought about whether that position can be insulated in some way as it is when power goes back to the Mayor,

whether it should be an elected position, or whether there might be other solutions to that problem of fiscal independence?

Ms. CROPP. Ms. Norton, as you indicated you have not reached an opinion, quite frankly, neither have I. I think you have raised a very serious issue that we must look at. Those are the decisions that we must come to. Whether or not it's an elected position, whether or not an appointed position that cannot be removed except for cause, I'm not certain. But that was one of the areas that I think we need to look at as we look at the charter. And, hopefully, as we go about discussing it, we will evaluate which method may be the best method, if in fact that's the direction we want to go.

Mayor WILLIAMS. I would just say as a former financial official, in looking at the District, the problem, I don't think an elected comptroller is necessarily the answer. When New York City went insolvent they had an elected comptroller. I think Philadelphia has an elected comptroller, if I'm not mistaken, they may not. Some cities have had elected comptrollers and they still had these problems.

I think really what we ought to try to do is, through this process, and I support the general idea of citizen involvement in a charter reform as we move back to self-government, that we look at giving independence by statute to this officer and financial reporting. This is also in the Control Act. So even when the CFO turns into a pumpkin after the end of the control period and the powers are diminished that person will still have responsibility for accurate financial reporting. To me that's very, very important.

We have to make sure that this person has responsibility for internal control and integrity, in terms of systems development. I think that's very, very important. And finally, I think personally, and I'm Mayor now, I still think it's very, very important that this person have responsibility, some autonomy, I will put it that way, in setting the revenue estimate for the District, because that's the ballgame.

If you have some independent objective party setting up that revenue investment, it removes from us a temptation to stop playing games. If you look at the history of all of these debacles, a lot of it goes to overestimating revenues, underestimating expenditures.

Mr. DAVIS. Thank you very much.

I will now recognize Mrs. Morella.

Mrs. MORELLA. My question to you, Mr. Mayor, and if Councilwoman Cropp wants to respond, too, is that the D.C. appropriations bill for fiscal year 1999 limits attorneys fees for representation of special needs kids.

I have learned that this provision has been applied retroactively and yet that wasn't the intent of Congress. I wondered if you would respond to that. Congress never intended to have it be extended retroactively, and I am just very concerned about that interpretation of it. And I'm hoping that you will be able to remedy that, and what your comments are on it?

Ms. CROPP. I was not aware of the retroactivity aspect of it. I would need to look into that.

Mr. DAVIS. If you could look at that and get back to us.

Mrs. MORELLA. I would be glad to get a letter off to you about that.

Mr. DAVIS. That's fine.

Mrs. MORELLA. Mr. Mayor, are you familiar with this?

Mayor WILLIAMS. I would echo what Chairman Cropp has stated. I am not familiar with the fact we had gone retroactive with it and would be happy to get more information to you.

Mrs. MORELLA. It requires a clarification coming from you; both of you would be great. Thank you.

[The information referred to follows:]

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8TH DISTRICT, MARYLAND

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CHAIR,
SUBCOMMITTEE ON TECHNOLOGY

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February 3, 1999

The Honorable Anthony Williams
441 4th Street, N.W.
Washington, D.C. 20001

Dear Mayor Williams:

I am writing as a follow-up to the hearing on January 12 before the House Subcommittee on the District of Columbia, and the question that I raised with you regarding the application of Section 130 of the District of Columbia Appropriations bill for Fiscal Year 1999, as contained in the final omnibus appropriations package signed into law on October 21, 1998.

Section 130 places a limitation on fees paid to attorneys who represent special needs children in the District of Columbia. Although this provision went into effect in October of last year, it has come to my attention that the limitation on attorney fees is being applied retroactively. There is no mention in the law or its accompanying report of applying this limitation retroactively.

Also, it is my understanding that this provision is being extended to experts and professionals engaged in the effort of examining, evaluating, or providing services to address the special needs of the children of the District of Columbia. Again, there is no mention in the law or its accompanying report of this limitation being extended to such professionals.

The Individuals with Disabilities Education Act (IDEA) provides for the recovery of reasonable attorneys' fees at market rates. IDEA was passed with the understanding that it applied to cases in all jurisdictions. I am concerned that, under Section 130, special needs children in the District of Columbia do not have the same protections afforded other children with special needs throughout our nation.

I would like to hear your thoughts on the application of Section 130 and the possible repeal of this provision. I greatly appreciate your attention to this matter, and if you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

Constance A. Morella
Member of Congress

You have been doing a great job.

THIS STATIONERY PRINTED ON PAPER MADE OF RECYCLED FIBERS

ANTHONY A. WILLIAMS
MAYOR

February 19, 1999

Elise T. Baach, Esquire
One Thomas Circle
Suite 200
Washington, D.C. 20005

Dear Ms. Baach:

Pursuant to a conversation with my office on February 18, 1999, I am writing regarding the application of Section 130 - the District of Columbia Appropriations bill for Fiscal Year 1999, signed into law on October 21, 1998. Last May, DCPS went to Congress and requested legislation to prohibit or limit payments of fees to attorneys in the District of Columbia representing parents in special education cases. Section 130 cites that special-education lawyers may not be paid more than $50.00 per hour and a maximum of $1,300.00 per case for Fiscal Year 1999 funds. Furthermore, the limitation on attorney fees is being applied retroactively. As you are probably aware, there is considerable concern in the legal community surrounding the effects of this cap.

As the appointed Master for select Special Education cases in the District, I would appreciate your views on this issue. Congressman Tom Davis has agreed to repeal the current legislation as it stands. I want to be sure that the children of the District of Columbia are provided with the same protections afforded other children throughout the nation with special needs.

Your views on the application of Section 130 and the possible repeal of this provision would be most helpful and your prompt attention to this matter would be greatly appreciated.

Sincerely,

Anthony A. Williams
Mayor

Cc: Constance A. Morella

Government of the District of Columbia
OFFICE OF THE CORPORATION COUNSEL
JUDICIARY SQUARE
441 FOURTH ST., N.W.
WASHINGTON, D. C. 20001



IN REPLY REFER TO:

March 2, 1999

BY FACSIMILE

Memorandum

To: Elise Baach

From: Walter Smith

Re: February 19 Letter from Mayor Williams

Dear Elise,

Here is the February 19 letter from Mayor Williams asking your views about Section 130 and its possible repeal.

I would argue to you that you should consider thanking the Mayor for consulting you, but stating that it is not appropriate for you as a judicial officer to be commenting on the wisdom of a particular statute, particularly when the interpretation and appropriate application of that very statute is pending before the very judge who appointed you.

Elise T. Baach, Esq.
Special Master

One Thomas Circle, Suite 200
Washington, DC 20005
(202) 659-7876
Fax (202) 466-5738

March 15, 1999

The Honorable Anthony A. Williams
Executive Office
District of Columbia
Washington, D.C. 20001

Dear Mayor Williams:

Thank you for your letter regarding the application of Section 130 of the District of Columbia Appropriations Act for Fiscal Year 1999. It is gratifying to know that your administration has focused on this issue of importance to students with disabilities and their families. It is an issue which I have considered with care.

Enclosed is a copy of a memorandum I received from the D.C. Office of Corporation Counsel. In it I am urged to decline to comment since the interpretation of Section 130 is in litigation in Petties v. D.C., a case in which I serve as Special Master. In my view there is a difference between the interpretation of a particular statute -- an issue to be decided by courts -- and the wisdom of a statute as a matter of public policy -- an issue for elected officials. Nevertheless, in light of the expressed concerns of your counsel, I am reluctant to respond to your inquiry at this time.

Yours very truly,

Elise T. Baach

Enclosure

cc: Walter A. Smith, Jr., Esq.
Hon. Constance A. Morella

Mr. DAVIS. Thank you very much, Mrs. Morella.

And without objection, all written statements submitted by witnesses will be made a part of the permanent record, and the record will remain open for 10 days.

The subcommittee will continue to work with all interested parties to achieve our objectives, and these proceedings are closed.

[Whereupon, at 1:35 p.m., the committee was adjourned.]