9 Columbia

Alice M. Rivlin

2838 Chesterfield Place, NW Washington, DC 20008-1015

February 27, 1997

Melanne Verveer
Office of the First Lady
The White House
Washington, D.C. 20500

Dear Melanne:

I am following up on the good conversation we had with the First Lady about her desire to highlight successful community efforts in D.C. I attach a list of really good efforts in different parts of the city. Well planned visits to several of these projects would give Mrs. Clinton a first hand view of the serious problems of the city and the people who are working to fix them. She could interact with groups of citizens, talk about her own commitment and get some press attention to people making a difference.

Let me know what else you need and how the First Lady would like to proceed.

I hope things are going well with you.

Warm regards,

Alice

Alice M. Rivlin

cc: Carol Thompson Cole
Ann Dibble Jordan

Phone: (202) 362-6947 Fax: (202) 363-2759

Common Theme: Linking Poor Mothers, Youth and Children to Work and Education

CTC

Ward 1 Columbia Heights Youth Build Project

Collaboration of Latin American Youth Center (LAYC) and Development Corporation of Columbia Heights (DCCH)

This collaboration of two outstanding community-based organizations offers young people ages 16-24 a 12-month training and education program in the building trades that leads to GED's and job placements. The program is multicultural involving 33 Latino, Caribbean, African-American and African youth. **These young people graduate on March 18.** Through the program 10 attractive, affordable homes are being renovated for ownership in a neighborhood dominated by subsidized housing.

LAYC is the premier agency serving Latino and other immigrant young people in the city. DCCH has a strong record of redevelopment through the Nehemiah project and other successful economic development programs including micro lending. Bob Moore has the best handle on the economics of the neighborhood of any CDC leader. DCCH has found a private developer to partner with them in redeveloping Clifton Terrace--probably the most notorious housing complex in the city. (HUD is very eager to sell the property.) There are enormous numbers of Section 8 certificates about to expire throughout the entire neighborhood--adding great peril to families, especially when combined with welfare reform.

Community Family Life Services

Community Family Life Services (CFLS) was incorporated in 1969 and to provide a wide range of social services to low-income and homeless persons in the metropolitan area. Among the services offered are: emergency crisis intervention including rent and utilities assistance, food and clothing distribution and counseling; employment services including on-the-job training opportunities at 3rd and Eats restaurant and Deja Vu, a Bethesda thrift store; permanent and transitional housing; and youth programs.

CFLS works to stabilize individuals who have been homeless by helping to meet a continuum of needs. One of the more interesting site visits might be CFLS-operated 3rd and Eats which attracts 600 customers daily for breakfast and lunch. Located near Judiciary Square, the restaurant is a training ground for low-income, unemployed clients who are trained in the culinary arts and some aspects of retail management. About 25 students are trained annually in the 16-week program which covers food preparation and handling, among other topics. Upon graduation from the program, trainees have obtained jobs averaging $7.00 per hour with such restaurants as the Hard Rock Cafe, Phillips and Hogates.

CTC

Urban Family Institute

The Urban Family Institute was founded in 1991 by Kent Amos to create urban neighborhoods in which every family has the resources and support necessary to realize their full potential to ensure that no child grows up without close guidance, discipline, and nurturing of caring adults. The program currently is in operation at the 175-unit public housing development at 620 Morton St, NW. Each school day between 3:30 and 7:30pm, 17 mothers are working with 100 children in a basement recreation room of one the project buildings. The program is currently operating on a shoe string budget and much of the renovation work for the facility was done by the parents.

Ward 8 Jubilee Enterprise, Trenton Park

Jubilee Enterprise is engaged in a partnership with community residents to transform neighborhoods through the development of large-scale apartment complexes. Their work in Ward 8 has redeveloped over 1,000 units in 3 properties. The resident leaders attest that both the changed living environment and the involvement of residents at each step of the rebuilding efforts are allowing people to break out of the cycle of poverty. A Jubilee Enterprise visit could include all 3 properties or just one. Trenton Park is 60 percent Section 8 and has a number of families on welfare and in marginal employment situations. Livingston Manor has several special programs for formerly homeless families in collaboration with other nonprofit groups and churches. Park Southern has a mature residents council run by very sophisticated community leaders.

Alternate: North Capitol Neighborhood Housing's Tyler House and Home Institute for Preschool Youth (HIPPY) at Center City Community Corporation

Greater Washington Board of Trade

CTC

1) Ward 7 Community Business Partnership

The Community Business Partnership matches Board of Trade (BOT) members' expertise and access to markets with small, neighborhood business owners in a partnership with two premier CDCs: Marshall Heights Community Development Organization (MHCDO) and the Development Corporation of Columbia Heights.

This is a new program with great promise. The kick-off event on February 18 at the Chesapeake Bagel Bakery at 3839 Minnesota Avenue, NE was terrific. The Bagel Bakery and a mop manufacturing company owned by James Powell (who employs welfare mothers and sells industrial mops to Giant Food, Inc. and others) are located across the street from each other. A visit would offer a focus on Ward 7 jobs and job creation. MHCDO has a great record on job creation--bringing a shopping center they now own back on line and getting a Safeway built with hundreds of jobs for neighbors. NOTE: Officials from the Navy Yard attended the BOT event and are looking for help with developing restaurants, shops and service for the 5,000 existing employees and 5,000 NEW employees coming into the Navy Yard.

Challenge for summer jobs

2) Metropolitan Region The Potomac Conference

The Potomac Conference is a group convened 2-3 times a year by the Board of Trade. It is a very high level group of about 60 elected officials and CEOs from throughout the region. The group recently examined the implications of federal downsizing in detail and is fostering new relationships with federal officials to address the issue. We have asked the Potomac Conference to address welfare reform in the same way in the coming months.

With initial funding from the Meyer Foundation, Wider Opportunities for Women and the Greater Washington Research Center are preparing a presentation on welfare reform that includes: the number of families affected and timing of their possible loss of benefits; the wages necessary for them to become self-sufficient; the type and location of current job vacancies in the region and what would be necessary to link welfare recipients to these jobs; and the attitudinal barriers of CEOs and recipients. The presentation to the Potomac Conference should be ready by September.

Ward 8 East of the River CDC Learning Center

East of the River Community Development Corporation (ERCDC) was established in 1988 to address the economic development, housing and community service needs of the Ward 8 (Anacostia/Congress Heights) community. ERCDC provides strategic economic development, supports and implements housing revitalization and construction, provides technical support and expertise to area residents and entrepreneurs and stimulates community and social service activity to improve the quality of life in Ward 8. ERCDC has helped over 100 businesses and renovated and constructed 500 units of housing since its inception.

East of the River has opened a youth learning technology center that serves 20-25 on an after-school basis to become trained in computer skills.

Ward 1 & 8 Living Stage

The Living Stage company has been working with a group of teen mothers for 3 years. The women are ages 15-18 and all attend high school in Southeast. Their children range in age from 1 to 3. The company works with the mothers through theater and therapeutic techniques to improve their self esteem and parenting skills. The young women have experienced serious home and school problems, but most have good relationships with their children's fathers and have professional aspirations for themselves. Most of the girls live with their own mothers who receive welfare.

They meet at Living Stage, 14th and T Streets, NW every Tuesday from 12:30-3:30.
A visit could include the opportunity to watch the girls work with the company (behind a mirror) and then talk with them and possibly meet their children. The visit could also be done in two parts--with the opportunity to talk with the girls in their Southeast neighborhood.

Wider Opportunities for Women (WOW)

Wider Opportunities for Women sponsors a support group for welfare recipients who are attending college. The meetings are held at WOW, 815 15th Street, NW, on the final Tuesday of each month at 6:00pm for two hours. Child care is provided. A stop gap fund has been created through private funds to help welfare mothers stay in college; members are assisted with financial aid, school loans, and other resources; and mentors are invited to attend many of the sessions to talk about their transition to careers. About 20 women come to each meeting, most of them with some of their children. They represent attendees from Howard, UDC, American, George Washington and Trinity College. Dinner is provided for mothers and children and guests. In addition, WOW has been doing a small sample longitudinal study to identify the barriers welfare recipients face to attend college and to document the wage and career benefits of college attendance. By mid-spring, WOW hopes to have forty participants in the research project, which includes quarterly interviews with each participant.

Alternately, this meeting could be held at the **D.C. Private Industry Council Community Business Center** located in the Shaw neighborhood at 100 Florida Avenue. This facility is being used--supported by federal HHS monies--to train low-income individuals for jobs or self employment in the printing and copying business by operating a business and teaching work skills to welfare recipients, homeless adults, and former offenders.

EASY OPPORTUNITIES

* CTC open now Do in winter

Wards 7 & 8 Fort Dupont Ice Arena

Located in northeast Washington at the border of Wards 7 & 8, this sports facility is in one of the worst public housing areas of the city. For years, it has served as the only city facility for ice hockey, mainly for students attending independent schools, such as Gonzaga.

The Friends of Fort Dupont Ice Arena (FFD), comprised mainly of parents whose children attend private schools, incorporated themselves as a charitable organization and assumed management of the rink from the U.S. Park Service last year, thus saving the rink from closing. In addition, FFD sought out neighborhood groups with whom to partner to create a community outreach program for area children and undertook a capital campaign to raise funds for the renovation of the rink.

The result is the "Kids on Ice" program, involving approximately 100 children who live in the Kenilworth-Parkside development, and students who attend Sousa Junior High and Kimball Elementary Schools. Next year, the program expects to accommodate 1,000 children or more.

In kind contributors include NIKE, Guest Services, Embassy Suites Hotels, and Clark Construction. The University of Michigan is also involved in providing rink management services. Several hundred thousand dollars also has been raised for the renovation costs.

National History Day/Project of The Historical Society of Washington, D.C.

National History Day fosters academic achievement and intellectual growth in secondary school students (grades 6-12). A series of local fairs will take place on March 20 (Hart Middle School, SE), April 8 (Shepherd Elementary School, NW) and May 3 (Martin Luther King Library) to select the District of Columbia Public School (DCPS) participants to represent the DCPS at the national contest in June.

The Historical Society assumed sponsorship of the program in 1992-93, when the school system could no longer fund or manage it. The students will present in one of the following categories: Historical Papers, Individual and Group Projects, Individual and Group Performances, and Individual and Group Media Presentations.

Kennedy Center's Concerts for Everybody Program

The Kennedy Center will kick off its new 6:00 p.m. free public programming in the great hall of the Center on February 28, 1997. The daily 45-minute free concerts will feature many community performing arts groups.

Northwest Church Family Network, Inc.
C/O 206 New York Ave. NW, Washington, DC 20001 • (202) 347-7510

April 17, 1997

Ms. Melanne Verveer
Chief of Staff, First Lady's Office
The White House
Washington, D.C.

Dear Melanne:

I am writing in follow-up to our conversation yesterday regarding the possibility of Mrs. Clinton touring Northwest Church Family Network at her convenience or attending our opening tentatively scheduled for the afternoon of June 12. As I mentioned, ten of the 30 units have been renovated, and at the opening, the Board will be officially welcoming ten families to their new homes.

Let me briefly describe the Network and our goals. This is a collaborative effort of Holy Redeemer, St. Aloysius, and Holy Trinity to provide semi-permanent housing (three to five years) in a safe, nurturing environment to 30 women and their children in transition so that the mothers can have the opportunity to develop the skills they need to become self-sufficient. A program manager will work with the families to ascertain their needs -- child care, any additional job training, on-going addiction counseling, etc. -- and link the family to the needed services in the neighborhood such as Perry School, HIPPY, etc..

Much has happened in a short amount of time. The two run-down buildings located at 206 New York Ave., N.W., were purchased for $350,000 in February 1996, just 14 months ago. Partnering with Paul McElligott's North Capitol Neighborhood Development for hands-on technical assistance and with Pete Forster at Clark Construction for in-kind services, the Board has been able to leverage grants and loans from McAuley Institute, Fannie Mae, D.C. Community Partnership, the Jesuit Community, local churches, foundations and individuals. Our fundraising to date totals some $330,650 (70% of that being from the private sector) of the estimated needed $1 million, but as a result we have been able to retire some of the purchase debt and renovate the ten units! The renovation of the remaining 20 units is scheduled to be completed by Fall 1997. As needed, rents will be subsidized by churches, individuals, and groups who will be asked to "adopt a family."

In addition, we are now holding final interviews with the candidates for the program manager who will join the Network in May as our first staff person.

I think the Network is an example of what churches and other groups can do locally to address a national problem, and this is why the Board thought Mrs. Clinton would be interested in seeing the project. Mrs. Clinton's leadership on this issue and her lending her name to these efforts are invaluable as groups and communities here in D.C. and around the country try to make a difference for those who need housing as they acquire needed skills. Please look over the attached list of Board members. You know several Board members as well as our partners and know of the dedication and skill that they bring to an effort like Northwest Church Family Network.

This provides an overview of the project and our plans. Needless to say, we would be happy to provide any additional information that would be helpful.

On behalf of the Board, I greatly appreciate your considering our request. I know that Mrs. Clinton is very busy and understand that she simply cannot respond to all the requests she receives so I'm grateful to you for whatever you can do.

Sincerely,

Charlotte

Charlotte Mahoney
Member, Board of Directors

attachments

cc: Fr. Bava, President

FROM :AARP AS-412 202 434 6470 1997,04-17 17:39 #082 P.03/06

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FROM :AARP A5-412 202 434 6470 1997,04-17 17:40 #082 P.05/06

THE PROBLEM

The "problem of the homeless" comes with a name, with a face. For example, there's "Mary" and her two-year-old ughter. They couldn't make ends meet after ary became ill and lost her job. Their public sistance check didn't cover the cost of rent d other basic needs.

Fearing eviction, Mary abandoned her ıartment and went to stay with one relative ter another. While she regretted losing her dependence, she liked being with family and iends and liked the support and safety they fered her and her child. She had been afraid venings in her apartment. There were drug ealers at her door and gun fire at night.

But Mary's solution, clearly, is short term.

Mary knows she can count on her family to take her in for now, but they have financial challenges of their wn to face. Mary has tried to find a job, in food ervices, but has few child-care resources on which she can rely.

And there are other issues—

- She loves her daughter but feels overwhelmed as a parent.
- She needs training in using resources such as an employment agency or day care.
- She needs counseling in budgeting and strategic planning.
- She needs a support system that can offer her guidance when crises arise so she can make decisions that will benefit her family.
- And she needs a community where she feels safe and secure.

We have a solution for Mary.

NORTHWEST CHURCH FAMILY NETWORK, INC.
Board of Directors

- Father David Bava, President
  Pastor of Holy Redeemer Catholic Church
- Father Frank O'Connor, SJ, Vice President
  Pastor of St. Aloysius Church
- Lisa Goode, Secretary
  Project Director, Congregation Based Shelter Project
- Nikita Malliarakis, Treasurer
  Vice President, Paine Webber, Inc.
- Lawrence Thomas
  Chairman, Advisory Neighborhood Commission 2C (ANC)
- Darryl Colbert
  Program Administrator, St. Vincent de Paul Center
- James Grayton
  Advisory Neighborhood Commissioner, 5A (ANC)
- Charlotte Mahoney
  Senior Program Specialist, American Association of Retired Persons (AARP)
- Father Raymond Lelli, SJ
  Associate Paster, St. Elizabeth Parish
- Tom Howarth
  Vice President, Peyser Associates
- Daniel P. Cunningham
  Senior Regional Manager, The Union Labor Life Insurance Company

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Printed on recycled paper.

NORTHWEST CHURCH FAMILY NETWORK

FROM :AARP AS-412 202 434 6470 1997,04-17 17:40 #082 P.06/06

THE SOLUTION: A PARTNERSHIP WITH FAMILIES

The NORTHWEST CHURCH FAMILY NETWORK (NWCFN) is a nonprofit ecumenical organization committed to a faith-based tradition of reaching out to those in need. Our mission is to form a partnership with homeless families in order to support them in their struggle toward self-sufficiency.

To fulfill this mission, we have purchased an apartment complex and formed a governing board. Network members come from Holy Redeemer Parish, St. Aloysius Parish, Holy Trinity Parish, Bibleway Temple, and the Northwest 1 community near Shaw. We have been raising funds and securing the technical assistance needed to renovate and maintain our two-building complex of 30 units, the Augusta-Louisa Apartments in Northwest Washington, DC.

MORE THAN FRESH PAINT

The complex, at the intersection of New York and New Jersey Avenues, needs renovation, but we intend to provide more than fresh paint. The Network will:

- Provide case management services for each family.
- Offer workshops on family management and other life skills.
- Create and support a home-buyers club.
- Link tenants with community resources.

We hope to build a climate of nurturing support and knowledge through the involvement of the members of our congregations. We seek to work with the tenants to enhance their lives and to improve the community where we

WHO WILL BE LIVING HERE?

Our Network will be accepting families who will be moving out of shelters or other unstable living environments. During this transitional phase they will need a great deal of support, including financial assistance.

All families will be expected to pay a fraction of their income for rent. Most will have entered the job market before moving into the building, while some may be completing vocational training programs.

NWCFN is committed to creating a living environment where families can find permanent housing and can raise their children free from the burden of drugs and violence that often plague our city.

HOW CAN I HELP?

There are many ways you can become a partner and join us in our efforts to build a better city and make a difference in people's lives:

- Offer financial assistance that can help us pay for the renovation.
- Sponsor a family by paying part of their rent for a year.
- Donate your time and talent to the renovation.
- Invite one of our board members to speak to your group.
- Become a tutor for resident children or adults.
- Organize recreational activities for residents.

D.C.

America Reads/Mentoring in DC

- Champion America Reads in DC:
  - Help secure commitments from local colleges, the private sector, and federal agencies to find reading tutors for students. Georgetown and UofM-College Park are on the list of 20 college presidents pledged to use work study students to tutor.
  - Build on recent AU/DC schools/federal agencies meeting to develop and implement a plan to start tutoring each student at the 22 lowest achieving DC schools, and provide summer school and Saturday academies.
  - Call meetings to secure these commitments, attend kick-off events, and visit schools.

Adopt-a-School/Mentoring

- Lead campaign to have private sector organizations, non-profits, associations, Congressional staff and federal agencies adopt DC schools and communities, providing tutoring, mentoring, and other assistance. This would effectively encourage the creation of community schools in DC.
  - FLOTUS received an invitation from the local law firm Holland and Knight to visit a Shaw school and neighborhood that the firm has adopted and is tutoring and providing other services pro bono to with good results.

Education Technology

- Make April DC Net Day or Month -- all DC schools could be wired in one month
  - Participate in the wiring of a school as the POTUS and VPOTUS did last year in CA.
  - FLOTUS participation in Net Day would help secure the necessary corporate sponsorship and donation of wiring kits and technical assistance. NEC staff could arrange this.

Summer Jobs

- Launch major campaign to fill the hole from the planned elimination of $3 million of DC funding for summer jobs for disadvantaged youth. Campaign would involve securing commitments from local employers -- private sector, trade associations and other non-profits -- to hire summer youth and securing financing from foundations and trade associations for those employers unable to afford the full cost.

Highlight Success Stories

- Regularly highlight DC heroes and success stories.
  - Visit the Mother Theresa Home for Infant Children which the FLOTUS helped launch in 1994.
  - Visit a microcredit enterprise in DC.

National Service

- Use Earth Day (April 22) to organize a major volunteer clean-up in D.C. Or help organize a Paint Day or Garbage Day to fix up DC schools or communities
- Participate in roll-out of an internet web site on volunteer activities in D.C. A group called Impact Online has done this for San Francisco and is in the process of doing it for other cities (www:/impactonline.org).

Welfare to Work

- Help secure commitments for each organization in the DC areas to hire a former welfare recipient from DC, consistent with the President's goal.
- Highlight successful DC organizations moving workers from welfare to work. Example: Capital Commitment in Anacostia places disadvantaged workers and former welfare recipients in high-paying telecommunications jobs. It receives some funding for DOL, but most funding from the private sector and foundations.

DC

WASHINGTON INTERFAITH NETWORK
FOUNDATION MEETING

October 19, 1996

DATE: October 21, 1969
TIME: 3:00 - 4:30 pm
LOCATION: Map Room
FROM: Katy Button

I - PURPOSE

To convene the leaders of the Washington Interfaith Network (WIN) and foundation representatives for a discussion of WIN's plan to keep Washington's schools open after school and to explore possible funding sources for the effort.

II - BACKGROUND

Washington Interfaith Network

The Washington Interfaith Network (WIN) is an affiliate of the Industrial Areas Foundation (IAF), which was created in 1940 by Saul Alinski with a mission to "empower the downtrodden." IAF is best known for its housing programs modeled after its East Brooklyn affiliate's "Nehemiah Housing Plan." IAF affiliates have produced 2,350 houses in New York, 300 in Baltimore and 85 in Prince George's County. IAF also has programs that address crime and unemployment. You spoke at the WIN kick-off rally in May of this year, along with Secretary Cisneros.

WIN's mission has three major components: 1) to build and sell as many as 1,000 new, affordable Nehemiah homes with financing assistance and land donations from HUD (and they are making good progress on this); 2) to increase crime and public safety awareness in targeted neighborhoods using several strategies, including community policing; and, 3) to develop after-school programs in as many as 10 DC schools to provide low-income children with a safe, enriching environment. This third initiative will be the subject of today's discussion. Like other IAF affiliates, WIN seeks to organize community involvement through parents, local churches, and community leaders.

WIN's After-School Initiative

The major thrust of WIN's work at present is implementing their plan to keep DC's schools open from 3:00-6:00 pm, often the most dangerous hours of the day for America's children. This extended day program is intended to provide a safe environment for academic, recreational and cultural enrichment activities for DC's low-income children. WIN has already identified the first school for the program, J.O. Wilson, whose principal, Erma Fields, will be at the meeting (You heard Ms. Fields spea at the kick-off rally in May). WIN believes that a key component to the success of the programs will be active and involved principals. The programs, as you know, will also rely heavily on volunteers and local leadership, instead of paid staff.

Each school's program will cost approximately $150,000 per year. WIN's funding strategy for the after-school program will rely on three sources, all of which are in the process of development. The first is a small fee (about $7.50 a week) paid by parents whose children are enrolled. This fee would be waived the first year of the program to allow very low-income families to save for the following year. The fee would generate approximately $50,000 per school per year. The second source of potential funding would be a sports ticket surcharge on Washington's sports teams. Ideally, $1 would be added to the ticket price of Bullets, Capitals and Redskins game tickets. This would also raise approximately $50,000 per school per year. The third source of funding will be long-term commitments from Foundations and the private sector. This would raise about $50,000 for each school each year.

WIN hopes that the combination of these three funding sources will ensure the sustainability of the after-school programs, as well as encourage the involvement of the entire Washington community in the effort. Many of the foundations who will be represented at the meeting are already familiar with the work of IAF and WIN. The Fannie Mae Foundation, for instance, is tentatively committed to support the project, although a definitive announcement is not yet ready. (Melanne talked to Wendy Sherman, the Foundation director, who said they are close to closing a deal, but that they are not in a position to make an announcement yet.)

II - PARTICIPANTS

- The First Lady
- Melanne Verveer
- Reverend Leo O'Donovan, President, Georgetown University
- Kathleen Santora, Office of Father O'Donovan
- Carol Thompson Cole, OMB liaison with the DC community
- Roberta Achtenberg, HUD Assistant Secretary (Secretary Cisneros was very interested in attending, but is out of town)

<u>WIN Participants</u>
- Reverend Joe Daniels, WIN Education and Youth Team
- Carol Wheeler, WIN Education and Youth Team
- Reverend Lionel Edmonds, WIN Strategy Team

- Carolyn Hoskinson, WIN Education and Youth Team
- Erma Fields, Principal, J.O. Wilson School
- Michael Gecan, WIN/IAF Senior Organizer
- Deborah Visser, WIN Foundation contact

Foundation Participants
- Julie Rogers, The Meyer Foundation
- Terry Freeman, Foundation for the National Capital Region
- Lisa Williams, Fannie Mae Foundation
- Kathy Whelpley, Washington Regional Assoc. of Grantmakers (she also attended the adoption meeting that you convened)
- Margaret O'Brien, Prince Charitable Trusts
- Sharon King, Heron Foundation

IV - SEQUENCE OF EVENTS

- HRC makes opening remarks and asks participants to introduce themselves
- Background on WIN Organization and After-School Strategy
  Reverend Joe Daniels
  Carol Wheeler
  Erma Fields, Principal, J.O. Wilson School
- General Discussion
- HRC makes closing remarks

V - PRESS

Closed Press

VI - REMARKS

Talking points provided by Melanne Verveer.

WIN FOUNDATION MEETING

Seating Chart

Julie Rogers (Meyer) | **Terry Freeman** (Capital Area) | **Lisa Williams** (Fannie Mae) | **Kathy Whelpley** (Wash. Grant.) | **M. O'Brien** (Prince)

Deborah Visser
(WIN)

Sharon King
(Heron)

Father O'Donovan
(Georgetown)

Roberta Achtenberg
(HUD)

Rev. Lionel Edmonds
(WIN)

C. Hoskinson
(WIN)

Carol Thompson Cole
(OMB)

Carol Wheeler
(WIN)

Michael Gecan (IAF/WIN) | **Erma Fields** (J.O. Wilson) | **HRC** | **Rev. Joe Daniels** (WIN) | **M. Verveer**

Meeting with Washington Interfaith Network and Foundation Leaders
The White House
October 21, 1996

AGENDA

I - **Welcome and Opening Remarks**
First Lady Hillary Rodham Clinton

II - **Introduction of Participants**

III - **Background on WIN Organization and After-School Strategy**
Reverend Joe Daniels
Carol Wheeler
Erma Fields, Prinicipal, J.O. Wilson School

IV - **Description of Critical Long-Term Issues**

How many of after-school programs can be started?

How much support is needed and for how long?

What mechanisms can be developed to ensure the sustainability of these efforts?

V - **General Discussion**

VI - **Closing Remarks**

WASHINGTON INTERFAITH NETWORK
AFTER-SCHOOL INITIATIVES
OCTOBER 14, 1996

BACKGROUND

When 2,200 WIN delegates met on May 28, 1996, to launch Washington Interfaith Network, they did not envision starting a single after-school effort. Instead, they publicly committed their time and talents to a wide-ranging and long-term attempt to improve the in-school and after-school lives of the students of the District.

Their initial efforts at out-reach included conducting approximately 1,000 individual meetings with parents, teachers, principals, students, and others involved in the day-to-day lives of the young boys and girls. In one of the first of those individual meetings, WIN leaders met the principal of J.O.Wilson School, Ms. Erma B. Fields, and began planning what WIN hopes will become the first of ten new, effective, after-school initiatives in District schools. The cost of this one effort -- which would involve 200 children in 3:00 to 6:00 PM activities and a significant number of parents in 6:00 to 9:00 PM experiences -- would be approximately $150,000 per year.

This is not an insurmountable sum to raise for one year, or even several years, but the degree of difficulty increases dramatically when ten schools are involved. And supporters and potential supporters will ask the hard question early on: How can this one effort -- or ten efforts -- be sustained over time?

TWO ADDITIONAL FUNDING SOURCES

The days of 100% government funding of worthy and effective social programs are over. In planning new responses to persistent problems, leaders and organizers and allies must take more seriously how best to sustain these efforts.

One additional source of funding is clear: dues or modest fees paid by parents whose children attend these efforts. A fee of $7.50 per week per child would generate $1,500 per week, or $54,000 per year. We suggest that the dues fee begin in the second year of the effort -- giving parents of very limited means an entire year to prepare and save. This fee would be far below all other child-care alternatives available to most parents. It would also encourage more ownership of the effort by the parents.

This financial support by parents would cover a little more than one-third of the entire cost. To sustain these efforts over time a second source of funding must be identified and pursued. That second source of funding should be stable, from the private sector, connected to the world of youth.

The world of sports is awash in money -- large subsidies from local governments and extraordinary profits and salaries for owners and players. WIN and IAF recommend pursuing professional sports teams in the District and the region and asking that they add a surcharge on all ticket sales. This surcharge would serve as a dedicated source of funding for after-school initiatives.

In the District, the Wizards will play approximately 40 home games in their new center. A surcharge of $1.00 per ticket would generate approximately $20,000 per game, or $800,000 per year.

If the Greater DC region were taken into account, the surcharge concept could be presented to the Ravens, the Capitals, the Orioles, and the Redskins. Adding a fifty-cent per ticket charge to every Orioles sale (77 home games times 40,000 times 50 cents) would generate a little over $1,500,000 per year. A two dollar surcharge on every Redskins ticket sale (8 games times 50,000 times $2) would produce $800,000. As you may know, our Baltimore affiliate, BUILD, is seeking Ravens and Orioles support for its proposed Child-First Authorities. The Angelos family recently committed $500,000 from their personal savings to the first year of the Child-First Authority effort.

The public subsidies poured into new football and baseball complexes give local citizens an opportunity to request financial reciprocity dedicated to the most vulnerable children of the region. Industrial Areas Foundation organizations in Baltimore and Prince George's County provide more leverage to push for this support.

CONCLUSION

This new mix of funding -- foundations, parents, and ticket surcharges -- will generate a new wave of after-school initiatives that will benefit children, parents, the schools involved, and the city as a whole.

PROJECTED FOUNDATION SUPPORT NEEDED

This assumes that the first year of each effort will be totally supported by foundations.

In the second and third years, $100,000 per year per effort will come from foundations and $50,000 per effort per year from parent dues.

In the fourth and fifth years, $50,000 per effort will come from foundations, $50,000 per effort per year from parent dues, $50,000 per effort per year from a sports ticket surcharge. After the fifth year, we would have 10 efforts up and running and the yearly amount needed from foundations would be $500,000, unless more funds were generated from the ticket surcharge.

	96-97	97-98	98-99	99-2000	2000-01	01-02
J.O. Wilson	$150k	$100k	$100k	$50k	$50k	$50k
School 2		$150k	$100k	$100k	$50k	$50k
School 3		$150k	$100k	$100k	$50k	$50k
School 4		$150k	$100k	$100k	$50k	$50k
School 5		$150k	$100k	$100k	$50k	$50k
School 6			$150k	$100k	$100k	$50k
School 7			$150k	$100k	$100k	$50k
School 8			$150k	$100k	$100k	$50k
School 9				$150k	$100k	$100k
School 10				$150k	$100k	$100k
TOTALS:	$150k	$700k	$850k	$1,050k	$750k	$600k

Starting in year seven (2002-03), the 10 after-school efforts will require $500,000 of foundation support per year, $500,000 of parent support per year, and $500,000 of ticket surcharge support per year. The foundation support could be reduced if the ticket surcharge support is greater than projected here.

Draft Staff Paper — Options to Restructure Federal Assistance to the District

This memo provides a status report on DC Task Force progress on possibilities for restructuring Federal assistance to the District. Our work in this area has convinced us that the status quo -- with extensive Congressional involvement in District affairs, in return for an imprecisely justified discretionary Federal payment -- should be changed.

The memo, therefore, sets out alternative strategies. The first issue is how the existing Federal payment of $712 million (including a special annual payment of $52 million for pensions) should be restructured. Two approaches are summarized in Part I of this memo. Under either approach we propose to end these payments; terminate the Federal Government's right to approve the District's annual budget; and increase the District's authority to discharge its responsibilities.

- Under one approach the Federal Government would directly assume certain governmental functions in which it has a clear interest, capability and/or responsibility. In exchange, it would end the untargeted Federal payment to the District. Part I summarizes a range of activities that could be assumed by the Federal Government.

- Alternatively, a form of Federal payment would be retained. However, it would be made into a mandatory, formula-based payment, in place of the current discretionary payment.

The second issue, considered in Part II of this memo, addresses technical assistance by Federal departments in areas like education, procurement, housing, transportation, and Medicaid that can make a real difference in the District's success as a city. The agencies have been engaged in this process quietly over the past two years. The question posed in this section is whether this activity should be increased in intensity and given a higher profile, perhaps even with involvement of the Vice President.

Part III considers the option of a set of grant- and tax-based economic development incentives. Treasury and White House offices are developing various elements for this option. The question posed is whether this element of a comprehensive package should be pursued.

All of these ideas have been reviewed with principal-level task force members. Most principals prefer the first approach (i.e., eliminating the payment with Federal assumption of specific functions). We have not yet reached closure on this issue, though, nor do we have agreement on all the particular elements that would be assumed by the Federal Government. There is also eagerness on the part of many departments to provide technical assistance to the District. And, there is general support for an economic development option of some sort.

I. Assume Certain Functions vs. Restructure the Payment

Current law requires the District to balance its $5 billion annual budget by FY 1999. In September,

Draft Staff Paper -- Options to Restructure Federal Assistance to the District

Congress approved an FY 1997 budget and multi-year financial plan that reflected a consensus among the Financial Responsibility and Management Assistance Authority (the Control Board), the Mayor, and the District Council. The plan provides a good start at improving the District's fiscal condition, but lacks some of the hard choices that will be needed to achieve sustainable budget balance and improve the District's long-term fiscal outlook. The District now projects its FY 1997 deficit at $85 million. Absent further measures, this deficit will likely grow in the out-years.

The proposals noted below aim toward five broad goals:

- enhancing the fiscal soundness of the District;
- defining more appropriate economic relationships among the District, surrounding jurisdictions, and the Federal Government;
- improving the attractiveness of the District as the Nation's Capital;
- creating a more efficient local government; and
- supporting democratic local governance.

We believe that consideration of these goals in the development of a comprehensive package will maximize our chances of success.

Approach A: Federal Assumption of Certain Governmental Functions. Under this approach the Federal Government would directly assume governmental functions in which it has a particular interest (e.g., criminal justice) or responsibility (e.g., pensions), but then end the Federal payment. Additional elements of a comprehensive package are also provided.

Candidates for this package are as follows:

Option 1a: Have the Federal Government take over the District's pension plans for law enforcement officers and firefighters, teachers and judges. Prior to 1979, the Federal Government was responsible for these three pension plans and financed them on a pay-as-you-go basis. In 1979, the District of Columbia Retirement Act (Act) transferred to the District responsibility for both the plans and their associated $2.7 billion in accrued unfunded liability. The Act authorized the Federal Government to pay the District's retirement system $52 million annually for 25 years. In 1979, the estimated present value of this payment stream was $646 million, well below the $2.7 billion unfunded liability.

Since 1979, the District government and participants have made contributions to the retirement system that have more than covered the costs of benefits that accrued in each year, but have not been enough to prevent the unfunded liability from growing to its current level of about $5.4 billion. When the Federal payments authorized by the Act end in 2004, the District will be required to cover the full cost of the remaining unfunded liability.

Under this option, the Federal Government would assume both financial and administrative responsibility for these pension plans. These plans have an accrued liability of $8.8 billion; the District government would transfer to the Federal Government $3.4 billion in associated pension assets, leaving the Federal Government to assume the $5.4 billion unfunded liability.

Implementing this option will require the Administration to address a number of potentially difficult issues, including: limiting the liability accepted by the Federal Government, which could otherwise be increased by the District government at no cost to itself (e.g., by raising retirement benefits for current employees); constraining the Congress from using for other purposes the pension assets transferred from the District; and addressing the potential precedent set by having the Federal Government administer a non-Federal pension plan. Finally, an as-yet-undetermined amount of budget resources would be needed to administer the plan.

Option 1b: Have the Federal Government assume a greater portion of the unfunded pension liability by increasing the annual Federal contribution to the District's pension plans. Instead of taking over these plans, the Federal Government could increase the annual $52 million Federal payment to $104 million and adjust that payment by 5% annually for 40 years. This proposal, which was included in the FY97 budget, would eliminate only 60% of the unfunded liability. Other payment streams, of course, are possible. Unlike an outright takeover, this option would leave the unfunded pension liability on the financial books of the District. In addition, this option might require annual appropriations of discretionary funds and could be at odds with the general approach of ending annual Federal payments to the District.

Option 2. Have the Federal Government assume responsibility for parts of the District's criminal justice system. The Federal Government can enhance the effectiveness of the District as the Nation's capital by assuming responsibility for parts of the District's criminal justice system. Under this option, the Federal Government would assume responsibility for the sentenced felons at the Lorton Facility and provide full funding for the District's Court System. There is a long precedent for special Federal involvement in the District's criminal justice system, including having the U.S. attorney prosecute all crimes in the city.

Option 2a: Have the Bureau of Prisons (BOP) assume responsibility for Lorton. Given current conditions at Lorton (e.g., insufficient facilities, inadequate training and professionalism of correctional officers), successfully transferring this responsibility to BOP would require giving BOP both sufficient management flexibility and a 3-5 year phase-in period. To achieve a successful transfer Justice would:

- *Renovate D.C. Facilities to House D.C. Inmates Adequately.* The BOP system can absorb Lorton inmates only after Lorton has been renovated and new capacity has been constructed (presumably on Lorton property). BOP's national system is currently 54 percent above capacity for high-security facilities and 43 percent above capacity for medium-security facilities. Overcrowding will be reduced to about 20 percent over capacity by 1999 for medium-security, and by 2001 for high-security facilities. Transferring a large number of

District felons to Federal facilities before capacity is added could precipitate major institutional disturbances. The Department of Justice estimates that it would cost about $900 million over 3-5 years for one-time renovations and new prison construction to provide more secure housing at Lorton.

- *Flexibility in Absorbing D.C. Inmates.* To help prevent major disturbances, BOP would need to disperse D.C. gangs and "crews" by transferring inmates to BOP prisons throughout the nation. While BOP's general goal is to house inmates as close to home as is operationally possible, no commitments would be made regarding maximum distances or the concentration of D.C. inmates in specific Federal prisons.

- *D.C.'s Sentencing System Changes.* D.C. inmates receive significantly shorter sentences than similarly situated Federal inmates, and are eligible for parole after serving only one-third of their sentences. Federal inmates generally serve 85 percent of their sentence. To avoid tensions between similarly situated inmates facing different sentences and parole, the Administration would seek legislation requiring the sentencing and parole of D.C. inmates in accordance with statutes and regulations applicable to Federal prisoners.

- *Hiring Flexibility.* Current Lorton staff would have to reapply for positions and meet BOP standards.

- *Dismantle Community Corrections Operations.* The District's Community Corrections operations are reportedly fraught with mismanagement and employee misconduct. District felons would be released through Federally controlled community corrections programs rather than through District-operated facilities.

- *Absorb D.C. Parole Board Functions into the U.S. Parole Commission.* The U.S. Parole Commission would be responsible for all D.C. felons with sentences subject to provisions of parole. This would require new legislation.

- *Use phase-in period to keep responsibility for outstanding lawsuits and court orders with D.C.* A number of lawsuits are pending against the District's Department of Corrections (DOC) regarding, among other things, conditions of confinement, medical treatment and sexual harassment. There are also court-directed population caps. Accepting responsibility for all D.C. offenders prior to building and activating new prison facilities would create legal problems for BOP and the Department of Justice, and would require additional legal resources.

- *Appoint a receiver to run Lorton during the transition period of capital construction and renovations, changes in sentencing systems, and resolution of lawsuits and court orders.*

Option 2b. Have the Federal Government fund the D.C. Court System. The Federal Government could assume responsibility for funding the D.C. Court System either through an Executive Branch agency or through the Judiciary.

Option 3. Decrease to 30 percent the District's share of costs associated with its Medicaid program. Total FY98 costs for the District's Medicaid program will be roughly $880 million. Under current law, the District will pay 50 percent of these costs, the maximum amount that any State must pay. Like many States, the District believes that the Medicaid matching rate does not take into account its high poverty rate and the health needs of its urban population. Unlike States, however, the District cannot spread the cost of an urban Medicaid program across a broader economic region.

Current law allows States to require that localities pay up to 60 percent of the non-Federal share of Medicaid expenditures. Thus, in States with a 50 percent share of Medicaid costs, localities can pay up to 30 percent of total Medicaid expenditures. Currently, 14 States, including California and New York, require local funding of at least some portion of the State's share of Medicaid payments. New York City, for example, pays 25 percent of the cost of Medicaid expenditures in the City; non-city residents subsidize roughly half of the non-Federal share of New York City's Medicaid program (note, however, that New York State does collect a portion of State revenue from the city--part of which may implicitly pay for the State contribution). The District does not have access to such State subsidies.

Under this option, the Federal Government would take on the role of both the Federal and "State" governments for the District, and pay a total of 70 percent of total Medicaid expenditures in the District (compared to the current 50 percent Federal share). The added five-year Federal cost of this option is approximately $1 billion, based on District estimates. Changes in the Federal share would be conditioned on the District improving the management of its Medicaid program. Other options for controlling costs and assisting the District with its Medicaid program could also be explored.

Option 4. Ease taxpayer burdens and improve collection by having IRS collect D.C. income taxes. Having the IRS collect District income taxes benefits the District by reducing its costs and by increasing its collections through more efficient administration. It would also reduce burdens on District residents by reducing the number of forms that need to be filed. Having the IRS collect these taxes would require both new statutory authority and added budget resources for the IRS.

Option 5. Have the Federal Government pay off the accumulated deficit that arises during the next two years, while the Control Board helps bring the District budget into balance. This option could save the District roughly $60 to $70 million annually if the District would have, alternatively, amortized this debt over the next 10 years.

Option 6. Create a National Capital Infrastructure Fund (NCIF) to be supported by an annual appropriation from the Highway Trust Fund (HTF). Eligible projects would include:

1) road and bridge capital costs (including local roads and bridges and the local match for Federal-aid road and bridge capital projects) and 2) transit capital expenses. The District would determine from the list of eligible expenditures how best to spend the funds.

For the period of FY98-FY02, the District plans to spend approximately $42 million per year to support local road and bridge capital costs (including the local match for federal-aid road and bridge projects) and $51 million per year for its share of the Washington Metropolitan Area Transit Authority's (WMATA) capital expenditures. (The District will also spend $123 million annually for its portion of WMATA's operating expenses, however, the NCIF would not cover these costs). It should be noted that the States and Congressional authorizing committees will likely oppose funding the NCIF from the HTF because it would increase the District's share of funds and enable HTF funds to be used for local roads.

As shown on the attached table, Approach A would cost the Federal Government about $1.183 billion in FY98, a $471 million increase over the current level of payments. Over five years, Federal costs would be $5.668 billion, a $2.108 billion increase from the current level. Budget savings to the District Government would be somewhat less, if one excludes capital-improvement and construction costs at Lorton and funding for an economic development initiative discussed in Part III; FY98 District Government budget savings would be $818 million ($106 million more than with the current Federal payments), while five-year savings would be $4.483 billion ($923 million more than with current payments).

Approach B: Restructure the Federal payment. An alternative to assuming District functions would be to overhaul the existing Federal payment. The District must cope with economic and political constraints faced by no other metropolitan area: Its budget must be approved by Congress, which subjects all District programs and policies to an unusual degree of Federal scrutiny and intervention; it is the only metropolitan area that not only must address the usual urban challenges, but also must bear responsibilities typically borne by States (e.g., Medicaid, criminal justice, and higher education); despite these greater responsibilities, Federal law prohibits the District from taxing the income of non-resident workers; and finally, the high percentage of nontaxable property held by nonprofit institutions such as the Federal Government, foundations, and foreign embassies limits the District's tax base. To help the District cope with the burdens imposed by its unique economic and political circumstances, the Federal Government might wish to continue Federal assistance, but restructure the payment to make it both more efficient and more consistent with the principles of democratic self-rule for the District.

Under this approach, the Federal payment would become a mandatory payment defined by some formula (e.g., an indexed annual payment, perhaps based on population, earnings in the District, and/or Federal income tax payments by District residents). In addition, the Federal Government would end the requirement for Congressional approval of the District's annual operating budget. As with other block grant programs to States and localities, Congress would rely only on its regular oversight process to ensure that the payment continued to meet its intended purposes. It is worth noting that development of a formula that would not penalize or reward the District for developments outside of its control (e.g., a national economic recession or boom) could be difficult.

II. Technical Assistance by Federal Departments

Option 7. Increase the intensity and raise the profile of technical assistance to the District Government (and non-profit groups, etc.) provided by Federal departments in areas like education, procurement, housing, transportation, and Medicaid that can make a real difference in the District's success as a city. The agencies have been engaged in this process quietly over the past two years. The question posed in this section is whether this activity should be increased in intensity and given a higher profile, perhaps even with involvement of the Vice President. Decisions on this issue are separable from the choice between the approaches outlined in Part I.

Examples of activities that could be undertaken are:

- The Department of Education would continue efforts to help the District account for and manage Federal and local education funds, support reform efforts to raise achievement, and help the District utilize the substantial programmatic flexibility allowed in use of Federal funds.
- The Department of Defense and OMB's Office of Federal Procurement Policy could improve the District's procurement operations.
- The Department of Transportation could provide technical assistance to improve transportation planning and management of the District's highway construction program.
- HHS could assist with the apparent major managerial and cost problems in the District's Medicaid program.

The main downside from raising the profile of our activities in this area is that Federal leverage and authority in these areas will, by definition, be limited. There will be some successes and probably also some failures. On the other hand, there is a strong argument for getting credit for what we are doing. And, the added attention that the assisted areas would receive from the press and public may raise the likelihood for success over vested interests.

III. An Economic Development Incentive Program

Option 8. Create an economic development incentive program to improve the economic viability of the City. There are many possible approaches that could be undertaken to strengthen the District's economic base. Treasury and White House offices are currently developing various alternatives. We would expect that a program would address several objectives, including the revitalization of distressed neighborhoods, development of a monumental core, and fostering regional economic collaboration.

As one example, the Federal Government could capitalize a new economic development Corporation designed to encourage broad public and private participation in economic development activities. The Corporation's board would be appointed by the President and/or the Mayor. The Corporation would use an initial Federal grant to develop a strategic plan. Further Federal resources or tax benefits would be made contingent upon approval of the Corporation's plan by the Federal Government, and upon commitments from the private sector to provide matching funds to the Corporation. The expected impacts of this proposal on the District's employment and economic base have not yet been quantified. Two possible levels for Federal funding are summarized in the table below.

Potential FY 98 Federal Spending for the Economic Development Option (BA in Millions)

General resources for citywide development	Option A	Option B
Startup funding (discretionary)	$15	$15
Home purchase and Rehab Tax Credits*	$25	$25
Tax Credit for Rehab of Historical Buildings*	$25	$25
Resources for high poverty census tracts		
Development Bank Capitalization (discretionary)	$5	$5
Tax Credits on Investments in Development Bank	$10	$10
Community Development Flexible Grants (discretionary)	$100	
Tax Credits on Jobs and Capital Investments	$200	
Restricted grant for regional cooperation (discretionary)	$5	$5
Subtotals:		
Discretionary Spending	$125	$25
Tax Credits	$260	$60
Total Federal Spending and Tax Resources	$385	$85

* Similar revenue loss also expected in outyears

Federal Budgetary Impact of DC Proposals

New Federal Expenditures and Tax Benefits	*FY 98 Impact*	*Five-Year Impact*
Criminal Justice (discretionary):	**585**	**2,519**
Lorton Facility operations	176	934
Capital improvements to Lorton Facilities (one-time)	80	80
High and Medium Security Construction at Lorton	200	820
District Court System operations	129	685
Economic Development Initiative (option B):	**85**	**285**
Discretionary spending component	25	25
Tax benefit component	60	260
Unfunded Pension Liability (mandatory):		
Annual payments to District's pension plans	**337**	**1,863**
Medicaid (mandatory):		
Decrease District's share of Medicaid payments to 30%	**176**	**1,001**
Total, Proposed Federal Resources	***1,183***	***5,668***
Discretionary Spending (see note 1)	610	2,544
Mandatory Spending	513	2,864
Tax benefits (mandatory)	60	260
Proposed Offsets (discretionary)	***(712)***	***(3,560)***
Annual Federal payment to the District	(660)	(3,300)
Special contribution to the pension plans	(52)	(260)
Increase in Federal Resources	***471***	***2,108***
Addendum:		
Total budget savings to the District Government (See note 2)	***818***	***4,483***
Increase in budget savings to District Government (i.e., savings net of current Federal payments)	***106***	***923***

Note 1: Table does not include any additional resources given to IRS to administer the District income tax system.
Note 2: Budget savings to the District Government exclude the costs of capital improvements and construction at Lorton as well as the economic development initiative. Also, no effects from IRS collection of DC. income taxes are included.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

December 27, 1996

Mr. President:

I have cleared with Leon sending you the attached memorandum concerning the District of Columbia on an expedited basis. The options have been vetted by Leon, Gene, and the Principals of the D.C. Task Force. The wording of the memorandum is my responsibility. We still have time to include these proposals in the budget if you so choose.

I am looking into the tax issue as you requested.

Frank Raines

12/31

Melanne -
FYI. The POTUS has not yet responded to this memo on the big D.C. budget issues (eg. pensions, prisons, Medicaid). The memo also mentions an economic development program option + possible involvement by the FLOTUS in highlighting technical assistance by the Departments. (See the tabs). - Pauline

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

December 27, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: Franklin D. Raines

SUBJECT: Restructuring Federal Assistance to the District of Columbia

Introduction

The principals represented on the Administration's District of Columbia Task Force are convinced that the current financial arrangements between the federal government and the District should be changed. The current approach features strict congressional controls on District taxing powers and budgets, broad District responsibilities for state, county and local functions, and a relatively static annual federal payment. This memorandum seeks your approval for a three-part strategy for restructuring the economic relationship between the federal government and the District. Although presented as a single package, the elements of this plan are separable and can be acted upon individually should you so desire.

First, the strategy eliminates the current static Federal payment and replaces it with an assumption of pension liabilities; an increased Federal contribution for Medicaid, and a take over of courts and prison funding. A second element of the strategy creates an economic development initiative featuring a District-wide development corporation with capital grants and tax incentives similar to empowerment zones. Finally, Federal agencies will target increased technical assistance to the District.

Background

The status of the government in the District of Columbia has varied enormously since the federal district was carved from the states of Virginia and Maryland in 1791. (Alexandria and Arlington were later retroceded to Virginia.) The city has been governed as a federal department, a territory, and since 1974 under a limited-Home Rule charter. Under none of these arrangements has the District been able to maintain financial solvency for extended periods, if measured by the standards that are applied to other state or local governments. Three factors have led to this result. First, the District and its voters have for almost two centuries wanted an activist government providing a wide range of services and facilities. To some extent this view was necessitated by the many dependent persons who have been attracted to the nation's capital over the decades. Second, Congress and the surrounding jurisdictions have wanted to limit the ability of the District to impose taxes on federal facilities, favored organizations, and non-residents who work in the city. Finally, Congress has exercised its constitutional right to legislate for the District to keep a close rein on the affairs of the city, either directly through appropriating locally raised funds or indirectly by serving as an appellate body for anyone dissatisfied with decisions by local officials.

The District is again in financial extremis. A financial control board has been established to guide the city back to solvency and to reform the administration of government functions. While there has been extensive debate on the reasons for the financial crisis and its solution there has been little discussion of a radical restructuring of the status of the District. You were perfectly correct to point out the in between nature of the District as not quite a city, a county or a state. We are monitoring local efforts to create a charter review process that will address a broader range of restructuring solutions.

Members of the Cabinet and other agency officials, the staff of the task force, and I have spent considerable time meeting with District officials, organizations involved with District affairs, and community leaders discussing the future of the District. We have found uniform concern about the future of the city.

We have paid close attention to recommendations that have been made by the Mayor, the City Council, the Financial Authority, and some members of Congress to rearrange some of the responsibilities of the District government. These recommendations have focused on relieving the District of the financial responsibility for certain government functions and perhaps the administrative responsibility as well. Advocates have argued that the District cannot manage certain responsibilities that have been given to the District by the federal government. They also argue that state government-type activities are too burdensome for a city to carry on its own. Functions frequently mentioned are the pension programs for police, fire fighters, teachers and judges; the mental health system (both transferred to the District government after the Home Rule government took control); prisons; Medicaid; the university, and social welfare programs that are typically run by states.

We have sought a rationale for how the federal government might respond to the request to relieve the District of certain burdensome functions. Some would have us equate the federal government to taking the role of the state government for the capital city. There is merit to this approach, but it might strip too much authority from the Home Rule government and increase federal responsibility to deliver services to local residents. Others have focused on divining the federal interest in the federal district and allocating responsibility accordingly. Under this view the Federal government might consider taking on certain law enforcement functions, but would not federalize the District Medicaid program.

We have heard other messages as well. Some in the community would have us simply increase the federal payment to support all current District government activities, and some in Congress would prefer to see the District pare its activities to equal its revenue. Delegate Norton and the Speaker favor a radical restructuring of the federal tax system in the District to provide powerful incentives for economic activity in the city to increase the attraction of the city for tax-paying residents which would eventually increase District government revenue. (Each of the non-contiguous federal territories has a special status under the federal tax code.) This memorandum does not address tax changes but we may be drawn into a tax discussion as the Financial Authority, Brookings, and Congress finalize work now underway.

The task force has chosen to recommend to you a series of actions to rearrange the responsibilities of the federal government and the District government. The recommended approach is a hybrid of the state functions and Federal interests models. We make this recommendation with caveats. We believe that strict conditions must be met before the Federal government takes on any current District functions to ensure that the takeover will be successful. We believe that city officials must confront the important home rule issues implicit in ceding parts of their current responsibilities. We also believe that adequate funding must be provided to enable federal agencies to carry out new responsibilities in a manner consistent with federal operations. We also believe that taking on District functions will require a major trade-off with the existing annual federal payment to the District.

In the past week I have met with the Mayor, the chairman of the Control Board, a majority of the City Council and Delegate Norton to test their willingness to agree to the tough conditions we might insist upon if we endorsed their recommendations regarding District functions. The Mayor, the Board Chairman, the Delegate and a majority of the Council agreed that they could endorse a takeover of District functions with tough conditions as long as the financial result was positive for the City. They agreed that they would express that support publicly should you choose to move in that direction.

In addition to the transfer of government functions we also make recommendations regarding economic development incentives and how federal programs can be better targeted to meet the needs of the District. A number of members of the Cabinet have expressed an interest in taking a leadership role in providing technical and other assistance to the District to help local officials do a better job with available federal funds.

The following recommendations will not resolve the governance, financial or management problems of the District. They amount to a renegotiation of the terms of limited home rule granted to the District almost a quarter of a century ago. If enacted, these proposals will give the Home Rule government a better chance to succeed. But the two century old conundrum of how the federal district should be governed will remain with us.

Recommendations

<u>Part I of this Section recommends that the Federal government directly assume certain governmental functions, such as pensions and criminal justice, in areas where it has a clear interest, capability and/or responsibility</u>. In exchange, the existing Federal payment of $712 million (a general purpose payment of $660 million plus $52 million for pensions) would end, and the Federal government would give up its right to approve the District's annual budget.

For this proposed restructuring to be successful, the District will have to take some actions that may be very difficult politically, such as, legislating higher sentences for criminals convicted in the District. For this reason, our proposal would have the Federal government assume new responsibilities only after the District had met its obligations under a Memorandum of Understanding (MOU) that we propose be reached between the Administration, the Financial Authority, the Mayor, and the Council. Preliminary discussions with all of these parties, as well as Delegate Norton, indicate serious interest in this approach, together with a recognition that pursuing this path will require that further difficult decisions be made.

Part II of this section recommends the creation of an economic development corporation to provide the District with grant and tax-based economic development incentives.

Part III recommends the Executive Branch agencies provide more intense technical assistance in areas like education, procurement, housing, transportation, and Medicaid that can make a real difference in the District's success as a city. The agencies already have been engaged in this process quietly over the past two years. Their activities would be given a higher profile, perhaps with the involvement of the First Lady or the Vice President.

As shown on Table 1, the approach outlined here would cost the Federal Government about $866 million in FY98, about $154 million more than current payments to the District. Over five years, Federal costs would be $5.7 billion, about $2.1 billion more than the baseline. Budget savings to the District Government would be $818 million in FY98, or $106 million more than the current Federal payment (savings to the District exclude funding for the economic development initiative, the National Capital Infrastructure Fund, and one-time capital-improvement and construction costs at Lorton); five-year budget savings to the District would be $4.483 billion ($923 million more than with current payments).

The restructuring plan proposed in this memo would relieve the District of significant budget costs and administrative responsibilities, and end Congressional micromanagement of the District's budget. Such actions are necessary, but not sufficient, to make the District a safe, attractive and prosperous city. In the end, the District's success will depend on it own actions to improve the management of its resources, business climate, and quality of residential life.

I. Federal Assumption of Certain Governmental Functions

Current law requires the District to balance its $5 billion annual budget by FY 1999. In September, Congress approved an FY 1997 budget and multi-year financial plan that reflected a consensus among the Authority, the Mayor, and the District Council. The plan provides a good start at improving the District's fiscal condition, but lacks some of the hard choices that will be needed to achieve sustainable budget balance and improve the District's long-term fiscal outlook. The District now projects its FY 1997 deficit at $85 million. Absent further measures, this deficit will likely grow in the out-years.

The District currently must discharge it responsibilities with scarce budget and management resources and in the presence of an unusual degree of Congressional intervention. To remedy this, we recommend that the Federal government directly assume certain governmental functions, such as pensions and criminal justice, in areas where it has a clear interest, capability and/or responsibility. In exchange, the existing Federal payment would end, and the Federal government would no longer approve the District's annual budget. Elements of this proposal could include:

Option 1: Have the Federal government take over the District's pension plans for law enforcement officers and firefighters, teachers and judges. Prior to 1979, the Federal Government was responsible for these three pension plans and financed them on a pay-as-you-go basis. In 1979, the District of Columbia Retirement Act (Act) transferred to the District responsibility for both the plans and their associated $2.7 billion in accrued unfunded liability. The Act authorized the Federal Government to pay the District's retirement system $52 million annually for 25 years. In 1979, the estimated present value of this payment stream was $646 million, well below the $2.7 billion unfunded liability.

Since 1979, the District government and participants have made contributions to the retirement system that have more than covered the costs of benefits that accrued in each year, but that have not been enough to prevent the unfunded liability from growing to its current level of about $5.4 billion. When the Federal payments authorized by the Act end in 2004, the District will be required to cover the full cost of the remaining unfunded liability.

Under this option, the Federal government would assume both financial and administrative responsibility for these pension plans. These plans have an accrued liability of $8.8 billion; the District government would transfer to the Federal Government or its designee $3.4 billion in associated pension assets, leaving the Federal Government to assume the $5.4 billion unfunded liability. The existing assets will be used first to make benefit payments. Actual Federal outlays would not be required for many years. This would be done by having the District transfer the existing assets and responsibility for plan administration to a third party trustee. Fees of the trustee would come from the earnings on the assets.

While the details of this option still must be worked out, we expect that the MOU would require that (1) the existing pension plans would close upon assumption by the Federal Government and that the District would establish new plans for its current and future employees; (2) a third-party Trustee, likely an independent contractor, be appointed to administer the plan and invest the pensions assets; (3) there be a determination of how to treat current employees who are partially vested under the old system; and (4) adequate employment records be provided by the District Government to the third-party trustee.

____Approve option 1 ____Disapprove option 1 ____Discuss

Option 2. Have the Federal government assume responsibility for parts of the District's criminal justice system. There is a long precedent for special Federal involvement in the District's criminal justice system, including having the U.S. attorney prosecute all serious crimes in the city. Under this option, the Federal government would provide full funding for the District's Court System, take over the District's Lorton facility, and assume responsibility for setting the standard for sentences for crimes in the District and incarcerating its sentenced felons. Through these actions the Federal Government would help to improve the District's criminal justice system and thereby would enhance the effectiveness of the District as the Nation's capital.

Option 2a. Have the Federal Government fund the District Court System. Given the budget limitations under which it operates, the District Court System works well. The Department of Justice believes that the System would work better, however, if it were given adequate resources. Under this option, the Federal government would assume responsibility for funding the District Court System through the Administrative Office of the Courts (the Judiciary branch).

____Approve option 2a   ____Disapprove option 2a   ____Discuss

Option 2b: Have the Bureau of Prisons (BOP) assume responsibility for Lorton and for incarcerating the District's sentenced felons. Under this option the Federal government would take on the responsibility for incarcerating the District's sentenced felons (a responsibility that elsewhere is borne by States). DOJ believes that this option could be successful <u>only</u> under the following conditions: that the Federal government would set the standards for sentences for District crimes, that there be a 3-5 year phase-in period and that the DOJ's Bureau of Prisons (BOP) be given sufficient management flexibility. In addition, legislation must address issues of parole and community corrections.

- *Renovate Lorton and Provide New Facilities to House Inmates Adequately.* Absorbing Lorton prisoners would increase the BOP population by roughly 10 percent. The BOP system is already seriously overcrowded in its high and medium security facilities like Lorton. Accordingly, it could absorb Lorton inmates only after Lorton had been renovated and new capacity had been constructed (partially on Lorton's extensive unused property and partially at other locations). One-time renovations at Lorton and the new prison construction would cost $300 million in 1998 and $900 million over 3-5 years.

- *Hiring Flexibility.* Current Lorton staff would have to reapply for positions and meet BOP standards.

- *BOP Flexibility in Absorbing District Inmates.* BOP's general goal is to house inmates as close to home as is operationally possible. However, to maintain order, to meet the security needs of inmates, and to disperse District gangs and "crews," the BOP will need the ability to transfer a significant number of inmates to BOP prisons throughout the nation. No commitments would be made regarding maximum distances from the District or the concentration of District inmates in specific Federal prisons.

- *Sentencing Conformity.* D.C. inmates receive significantly shorter sentences than similarly situated Federal inmates, and are eligible for parole after serving only one-third of their sentences. Federal inmates generally serve 85 percent of their sentences. There are two possible approaches that could be taken to avoid tensions between similarly-situated inmates facing different sentences and parole standards. Under the first, the Federal government would accept responsibility only for those District felons sentenced and paroled in accordance with statutes and legislation applicable to Federal prisons. Alternately, the District could achieve conformity by ceding to the Federal government its sentencing authority over felons.

- *Rely on Federal Community Corrections Operations.* The District's Community Corrections operations, reportedly fraught with mismanagement and employee misconduct, would be phased out. As District felons become the responsibility of BOP, they would be released through Federally controlled community corrections programs.

- *Absorb District Parole Board Functions into the U.S. Parole Commission.* The U.S. Parole Commission would be responsible for all District felons with sentences subject to provisions of parole. This would mean an extension of the U.S. Parole Commission (and its approximately 50 employees) beyond scheduled termination date (2002 unless terminated earlier by the Attorney General).

- *Use phase-in period to keep responsibility for outstanding lawsuits and court orders with the District.* A number of lawsuits are pending against the District's Department of Corrections (DOC) regarding, among other things, conditions of confinement, medical treatment and sexual harassment. There are also court-directed population caps. The District must maintain responsibility for the defense of and liability from these lawsuits. Federal liability should be based only upon actions taken after the Federal government takes responsibility for the inmates.

- *Until all of the above changes are made, Lorton will continue to have major problems, which will become Federal government problems under this plan unless a separation is maintained during the transition period. Accordingly, it is essential to appoint a receiver responsible to the Control Board to oversee the D.C. Department of Corrections during a transition period of capital construction and renovations, changes in sentencing systems, and resolution of lawsuits and court orders.*

____Approve option 2b ____Disapprove option 2b ____Discuss

Option 3. Decrease to 30 percent the District's share of costs associated with its Medicaid

program. Total FY98 costs for the District's Medicaid program will be roughly $880 million. Under current law, the District will pay 50 percent of these costs, the maximum amount that any State must pay. Like many States, the District believes that the Medicaid matching rate does not take into account its high poverty rate and the health needs of its urban population. Unlike States, however, the District cannot spread the cost of an urban Medicaid program across a broader economic region.

Current law allows States to require that localities pay up to 60 percent of the non-Federal share of Medicaid expenditures. Thus, in States with a 50 percent share of Medicaid costs, localities can pay up to 30 percent of total Medicaid expenditures. Currently, 14 States, including California and New York, require local funding of at least some portion of the State's share of Medicaid payments. New York City, for example, pays 25 percent of the cost of Medicaid expenditures in the City; non-city residents subsidize roughly half of the non-Federal share of New York City's Medicaid program (note, however, that New York State does collect a portion of State revenue from the city--part of which may implicitly pay for the State contribution). The District does not have access to such State subsidies.

Under this option, the Federal Government would take on the role of both the Federal and "State" governments for the District, and pay a total of 70 percent of total Medicaid expenditures in the District (compared to the current 50 percent Federal share). Changes in the Federal share would be conditioned on the District improving the management of its Medicaid program. Other options for controlling costs and assisting the District with its Medicaid program could also be explored. This option would cost $176 million in 1998 and approximately $1 billion over five years.

____Approve option 3 ____Disapprove option 3 ____Discuss

Option 4. Ease taxpayer burdens and improve collection by having IRS collect D.C. income taxes. Having the IRS collect District income taxes benefits the District by reducing its costs and by increasing its collections through more efficient administration. It would also reduce burdens on District residents by reducing the number of forms that need to be filed. Having the IRS collect these taxes would require both new statutory authority (at both the Federal and DC level), and added budget resources for the IRS. The IRS has indicated that it is willing to assist in this way.

____Approve option 4 ____Disapprove option 4 ____Discuss

Option 5. Have the Federal Government make available financing for some or all of the District of Columbia accumulated deficit. This financing of $400 to $500 million would carry standard Treasury interest rates and would be repaid by the District over no more than ten years from District resources. The Treasury is currently financing the deficit on a short-term basis. Some means must be found to refinance those loans over a longer period of time. Charging the District standard Treasury interest rates will provide the city an incentive to refinance the loans as soon as practicable at lower tax-exempt interest rates.

____Approve option 5 ____Disapprove option 5 ____Discuss

Option 6. Create a National Capital Infrastructure Fund (NCIF). The NCIF would pay for infrastructure projects that benefit not only District residents, but also commuters. Eligible projects would include: 1) road and bridge capital costs (including local roads and bridges and the local match for Federal-aid road and bridge capital projects) and 2) transit capital expenses. The District would determine from the list of eligible expenditures how best to spend the funds.

The NCIF would receive funds from two sources. First, the NCIF would receive an annual appropriation from the federal surface transportation trust funds (in addition to the formula funds now going to the District). In addition, the NCIF would be authorized to accept payments from nontaxpayers (e.g., payments in lieu of taxes from universities, hospitals, nonprofit organizations and other non-taxpaying entities in the city that benefit from District services; or payments from regional entities that might wish to support infrastructure projects that provide benefits to the region).

For the period of FY98-FY02, the District plans to spend approximately $42 million per year to support local road and bridge capital costs (including the local match for federal-aid road and bridge projects) and $51 million per year for its share of the Washington Metropolitan Area Transit Authority's (WMATA) capital expenditures. (The District will also spend $123 million annually for its portion of WMATA's operating expenses, however, the NCIF would not cover these costs). It should be noted that the States and Congressional authorizing committees will likely oppose funding the NCIF from the Highway Trust Fund (HTF) because it would increase the District's share of funds and enable HTF funds to be used for local roads.

____Approve option 6 ____Disapprove option 6 ____Discuss

II. An Economic Development Incentive Program

Option 7. Create an economic development program to improve the economic viability of the City. Under this option, the Administration would propose legislation to establish an economic development corporation (EDC) for the District. The EDC initially would be autonomous from both the District and the Federal government, and would operate like a public authority. The Board of the EDC would be appointed jointly by The President and the Mayor.

The EDC would formulate a strategic economic development plan for the District, and would make recommendations for the use of various financial incentives that would be provided by the Federal government. The goals of the EDC would include building local economic markets, developing strategies to link District residents to job creation, and assisting the District in fostering regional economic strategies.

We are currently developing the list of incentives that would be available to the EDC. These will require new legislation and will be similar in nature to those available in empowerment zones. In

1998 ...
The ... tives would cost $25 million in discretionary funds, and $60 million in tax benefits. ... t would be $125 million in discretionary funds and $260 in mandatory tax benefits.

/ ...rove option 7 ____Disapprove option 7 ____Discuss

III. Technical Assistance by Federal Departments

Option 8 ... Government ... increase the intensity and raise the profile of technical assistance to the District (education ... and non-profit groups, etc.) provided by Federal departments in areas like ... procurement, housing, transportation, and Medicaid that can make a real difference ... the District's success as a city. The agencies have been engaged in this process quietly ... the past two years. <u>We recommend that this activity be increased in intensity and given a higher ... perhaps even with involvement of the First Lady and the Vice President</u>.

Examples ... activities that could be undertaken are:

- The ... partment of Education would continue efforts to help the District account for and ... Federal and local education funds, support reform efforts to raise achievement, and ... District utilize the substantial programmatic flexibility allowed in use of Federal
- The ... partment of Defense and OMB's Office of Federal Procurement Policy could improve the ... t's procurement operations.
- The ... partment of Transportation could provide technical assistance to improve ... ation planning and management of the District's highway construction program.
- ... uld assist with the apparent major managerial and cost problems in the District's ... program.
- ... uld continue its assistance in the areas of public housing and home ownership. ... uld provide assistance in implementing its training and other programs.

The main ... le from raising the profile of our activities in this area is that Federal leverage and authority ... areas will, by definition, be limited. There will be some successes and probably also some failures ... the other hand, there is a strong argument for getting credit for what we are doing. And, the ... attention that the assisted areas would receive from the press and public may raise the likelihood ... success over vested interests.

... ve option 8 ____Disapprove option 8 ____Discuss

Federal Budgetary Impact of DC Proposals

New Federal Expenditures and Tax Benefits	*FY 98 Impact*	*Five-Year Impact*
Criminal Justice (discretionary):	605	2,519
Lorton Facility operations *	176	934
Capital improvements to Lorton Facilities (one-time)	80	80
High and Medium Security Construction at Lorton	220	820
District Court System operations	129	685
Economic Development Initiative:	85	285
Discretionary spending component	25	25
Tax benefit component	60	260
Unfunded Pension Liability (mandatory):		
Annual payments to District's pension plans	337	1,863
Medicaid (mandatory):		
Decrease District's share of Medicaid payments to 30%	176	1,001
National Capital Infrastructure Fund [Non-add]	[93]	[465]
Total, Proposed Federal Resources	*1,203*	*5,668*
Discretionary Spending (see Note 1)	630	2,544
Mandatory Spending	513	2,864
Tax benefits (mandatory)	60	260
Proposed Offsets	*(1,049)*	*(5,423)*
Annual Federal payment to the District	(660)	(3,300)
Special contribution to the pension plans	(52)	(260)
Drawdown of pension assets (Mandatory)	(337)	(1,863)
Net New Federal Resources	*154*	*245*

Addendum:		
Total budget savings to the District Government (See Note 2)	*818*	*4,483*
Increase in budget savings to District Government (i.e., savings net of current Federal payments)	*106*	*923*

Note 1: Table does not include any additional resources given to IRS to administer the District income tax system.
Note 2: Budget savings to the District Government exclude the costs of capital improvements and construction at Lorton as well as the economic development initiative and the National Capital Infrastructure Fund. Also, no effects from IRS collection of DC income taxes are included.

* $7 million is included for parole functions.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

April 15, 1996

MEMORANDUM FOR THE DIRECTOR

FROM: Carol Thompson Cole CTC

SUBJECT: DC Task Force Meeting Follow-up

This memo provides an update on D.C. issues discussed at the March 8 D.C. Task Force meeting.

Department of Justice

Correctional Treatment Facility (CTF)

- The Mayor has indicated that the city has a potential bid to sell the District's Correctional Treatment Facility to a private company. The city would then lease the facility back from the company which would also manage it. The city expects to raise about $60 million from the sale-leaseback option.

- The Mayor has asked for OMB's position on this proposal. The $100 million facility was partially financed with $70 million in Federal appropriations. The facility is on Federally-owned land in the Justice Department's inventory.

- *Current Status: OMB General Counsel has drafted a letter which states that the Federal government would not be required to recoup any of the proceeds from the sale of the CTF. The OMB Director will convey this position to the Mayor in a call and will also stress the importance of this facility in the District's criminal justice system and that it should remain a correctional facility that is well run.*

Waiver of Reimbursement for DC Prisoners

- The Mayor stated that the city would like the Federal government to waive reimbursement for the 486 prisoners under Bureau of Prisons (BOP) custody. The Attorney General has the authority to waive past due reimbursements ($9 million is owed from FY 1995 and prior years and another $3 million is due so far for FY 1996.)

- To waive future reimbursements would require a change in statute. The Mayor has been working with Rep. Davis to get support for a waiver.

Current Status: Kathleen Hawke at BOP has agreed to approve a waiver for past due reimbursements. As a short-term measure, Kathleen Hawke would require the Mayor to use $4 million in available funds on contract bedspace for District prisoners. The approval will be granted after the completion of the Congressional study on options for Lorton. The Mayor is expected to press his case for closing Lorton.

Department of Human Services

Medicaid

- Peter Edelman at HHS is handling most of the follow up on Medicaid. The District has included in its multiyear plan an initiative to change the Medicaid formula from the current 50%-50% Federal and local allocation to a 75% Federal-25% local allocation. The Mayor estimates that the change would save the District about $200 million each year. A formula change would require a mandatory offset and a complicated statutory change by Congress. A formula change could also initiate a Medicaid formula dispute among the States.

  Current status: HHS continues to work with the District on the management of its health care programs.

St. Elizabeths Hospital

- HHS recently helped the District meet Medicaid standards for mental health facilities.

- The Mayor and Council Chairman Clarke have both suggested either transferring the responsibility for St. Elizabeth's Hospital (SEH) back to the Federal government or closing down the facility. In accord with P.L. 98-621, the SEH campus was transferred from the Federal government to the District in 1987 along with a $272 million Federal appropriation. The Federal government could assist the District government in assessing how to accomplish closing the facility, if the District chooses to do so.

  Current status: HHS is helping the D.C. government assess how to incorporate St. Elizabeth's mental health services within the next two years into the District's overall reorganization of health services into managed care.

Department of Labor

Summer Jobs for DC Youths

- The Mayor indicated in the meeting that creating summer jobs for 5,000 DC youths is a high priority. Bernard Anderson at DOL has been asked to take the lead in coordinating a structured internship program that would enable D.C. youths to work during the summer in Federal agencies.

Current status: Bernard Anderson is discussing this with the DOL Deputy Secretary Carol Thompson Cole is polling Task Force agencies to determine what is feasible for agencies. The Mayor is planning a press conference on summer youth employment on April 22 and would like to announce Federal participation.

Environmental Protection Agency

- The Mayor indicated in the meeting that an EPA representative should be on the DC Task Force due to various regulatory issues, particularly regarding the Blue Plains Wastewater Treatment Facility and the Washington Aqueduct System. TJ Glauthier has indicated that EPA's regulatory role may present a conflict with its participation on the task force.

  Current status: OMB is arranging a meeting with EPA officials to discuss water infrastructure issues and how EPA can participate informally in task force efforts.

Army Corps of Engineers (COE)

- The Mayor asked if an Army Corps of Engineers representative could be on the Task Force. The Army Corps of Engineers operates the Aqueduct which collects and treats raw water from the Potomac. The Secretary of the Army has recommended that the ownership and operation of the Aqueduct be transferred to a non-Federal public entity which has the ability to raise capital for major improvements that are needed.

  Current status: OMB officials were briefed by the Army Corps of Engineers on March 28 on options to transfer the Washington Aqueduct system issue. OMB met with the City Administrator and Washington Aqueduct customers on April 10 to discuss customer issues and concerns regarding the Aqueduct system's future and to review the customer position on the system. We will continue to monitor this issue but do not recommend Corps representation on the Task Force at this time.

Unfunded Pension Liability

- We will continue to work with Treasury on options to address the unfunded pension liability. Norton's staff is working with the D.C. Retirement Board's actuary to develop analysis to determine who should bear the cost for the liability. We are supportive of the approach taken in the earlier Norton legislation that gradually increases the Federal contribution by 5% each year and extends the repayment period 30 years.

  Current Status: The actuary has completed preliminary analysis of the unfunded pension liability and discussed the results with CRS, Norton and D.C. Controller staff. We expect to meet with Norton's staff shortly to work on developing draft legislation.

DISTRICT OF COLUMBIA INTERAGENCY TASK FORCE ACTIVITIES UPDATE

April 25, 1996

Job Creation

Summer Employment Program. The Mayor has requested that the Federal government participate in the District's 1996 summer youth employment program. The Department of Labor's FY1996 Summer Jobs program has allocated $2.6 million, which is estimated to fund 2,105 job slots. In addition, Federal agencies, at the request of OMB Director Alice M. Rivlin, have committed to provide at least 500 summer jobs.

Eric Holder, the United States Attorney for the District, is Co-Chair of the Safe Summer '96 program, a campaign aimed at curbing violence and finding jobs and recreation activities for youths.

Financial Management

Multi-year Financial Plan and FY 1997 Budget. By law, an Authority-approved financial plan and budget is required by June 15th before Treasury can provide additional short-term borrowings to the District. OMB and Treasury have been meeting regularly with the Authority and District CFO's office to monitor the progress on the development of the financial plan and budget.

Unfunded Pension Liability. OMB and Treasury staff have been meeting with Delegate Eleanor Holmes Norton's staff to determine the appropriate level for the Federal contribution to the retirement system. The FY1997 President's Budget includes an additional $52 million to assist the District in meeting its unfunded pension liability.

Long-term Deficit Financing. In his FY1997 Budget and Four-Year Financial Plan of April 16th, the Mayor indicated that the District plans to request $500 million in long-term deficit financing from Treasury. Treasury and OMB are working with the District and Financial Authority to determine an appropriate long-term financing strategy. Under the Financial Responsibility and Management Assistance Act, the Federal Government has a statutory obligation to assist the District in the orderly reduction of its cumulative fund balance deficit.

Federal Financial Management Detailees. OMB has solicited volunteers from Federal agency chief financial officers and inspectors general to help D.C. reform its financial management. Six Federal employees have been assigned as detailees, and five more are being considered for assignment.

Housing and Community Development

Ellen Wilson Homes. In preparation for the demolition of the dilapidated, 13-building public housing unit, hazardous materials abatement began on April 2nd.

Health Care

Improving D.C.'s Health Care System. Dr. Mohammad Akhter, an HHS employee, was appointed by the Mayor as the Chairman of the D.C. Health Policy Council. The District and HHS have outlined five goals for improving the city's health care system. Dr. Akhter, along with D.C. Government officials, business and community leaders, and staff on detail from HHS, will work on a full-time basis to achieve the following goals:

1) Establish a new D.C. Health Department, focused primarily on prevention;

2) Establish additional primary health care centers;

3) Establish a "value purchasing"system that allows the District to utilize its "purchasing power" to procure medication and staff;

4) Improve the D.C. Medicaid managed care-based system. HHS will work with the D.C. government to incorporate St. Elizabeth's mental health services within the next two years into the District's overall reorganization of health services into managed care; and

5) Establish a Public Benefits Corporation for the District's health system.

Ensure D.C.'s AIDS Vendors are Paid. HHS, working in conjunction with the District, will be undertaking a pilot project to administer direct payments to D.C. vendors who provide AIDS services to the District. Arrangements will be finalized within the next four weeks.

Public Safety

Technical Assistance to D.C. Corrections. Ms. Kathleen Hawk, Director of the Federal Bureau of Prisons, is meeting with D.C. Corrections Director Margaret Moore to determine short-term needs, including additional equipment and management information system improvements.

Promoting Stability, Growth, and Opportunity in Our Nation's Capital:

Report of the D.C. Task Force

March 8, 1996

Promoting Stability, Growth, and Opportunity in Our Nation's Capital:

Report of the D.C. Task Force

EXECUTIVE SUMMARY

Overview

President Clinton is committed to helping Washington D.C. regain its financial stability, provide quality services to its residents, and make the Nation's capital a place that people are eager to visit and live in. This report describes the Federal efforts to help D.C. achieve the financial stability, provide the reliable services, and attain the economic growth that D.C. residents deserve.

D.C.'s Financial Crisis

In the 1980s, D.C.'s economy grew rapidly. The expanding tax base created by rising employment and property values enabled D.C. to provide more services and jobs, while still balancing its budget. When the economic boom ended in the late 1980s, D.C.'s financial condition changed dramatically, making the growth in services unsustainable. With these pressures, D.C. found it harder to balance its budget in the 1990s, and it ended fiscal 1994 with a cumulative general fund balance deficit of $324 million. The market downgraded D.C.'s credit in early 1995, leaving it unable to borrow to pay salaries and vendors. Serious management problems complicated the delivery of basic services.

The Federal Response

The Financial Responsibility and Management Assistance Act of 1995. The Administration and Congress worked with D.C. to enact the Financial Responsibility and Management Assistance Act (FRMA Act), which the President signed on April 17, 1995. It created the D.C. Financial Responsibility and Management Assistance Authority and charged it with reviewing and approving D.C.'s borrowing and ensuring that D.C. takes steps to achieve a sustainable balanced budget.

The D.C. Task Force. The President also established a task force, chaired by his Budget Director, Alice M. Rivlin, and comprised of representatives from numerous Cabinet agencies. The Task Force provides assistance to help D.C. cope with its financial and management problems. Examples of Task Force and other federal activities include:

- ***Job Creation***. The Transportation Department worked with Congress to preserve D.C.'s share of Federal highway funds, saving 1,800 jobs and allowing bids for construction on major D.C. roads that could create several thousand more jobs. The Department of Housing and Urban Development (HUD) sponsors education and job training initiatives for public housing residents. The Labor Department funds job training and related aid for 4,400 adult and youth participants.

- *Financial Management.* The Treasury Department worked with D.C. to provide it with financing for operating and capital purposes. The Internal Revenue Service also has worked with D.C.'s Department of Finance and Revenue to improve its ability to collect taxes.

- *Housing and Community Development.* HUD is renovating dilapidated public housing in local neighborhoods and working to improve, over the long term, the financial management and physical state of several troubled D.C. properties. Its *Operation Safe Home* program, which cuts crime and fraud in public housing, is improving the living conditions for residents. Along with HUD and local groups, D.C. continues to assist the homeless.

- *Roads and Highways.* Because the Transportation Department worked with Congress to protect D.C.'s share of Federal highway funds, new construction will begin on several major D.C. roads, easing congestion for residents and commuters.

- *Education.* Through programs like its D.C. desk, which disseminates teaching strategies and programs to teachers, the Education Department is working to improve the quality of education for D.C. students.

- *Health Care.* The Department of Health and Human Services has provided technical assistance to help D.C. acquire the management tools it needs to improve its social services, income maintenance, and public health programs.

- *Public Safety.* In 1994, nearly every Federal agency with law enforcement responsibilities participated in a coordinated strategy to help D.C.'s Metropolitan Police Department. The Justice Department has made grants and, with other agencies, contributes to local efforts to cut violent crime. The Bureau of Prisons will soon complete an assessment of the status of operations and programs in the D.C. Corrections Department.

- *Snow Removal.* After the "Blizzard of '96," the President issued a disaster declaration for D.C., enabling the Federal Emergency Management Agency (FEMA) to coordinate federal efforts to remove snow from emergency routes. Among them, FEMA arranged for the National Park Service to provide trucks and plows.

Next Steps

The President remains committed to helping put D.C. back on the path to financial health, enabling it to give its residents the services they deserve and to make all Americans once again proud of their capital city.

Promoting Stability, Growth, and Opportunity in Our Nation's Capital:

Report of the D.C. Task Force

> *As the Nation's capital, Washington is a special place, a place of inspiration for people across America and around the world. But Washington -- the city -- faces major problems. Its health, and the security of its citizens, are threatened. All of us who live and work here must join hands to help the city get its financial house in order.*
>
> -- President William J. Clinton

President Clinton is committed to helping Washington D.C. regain its financial stability, provide quality services to its residents, and make the Nation's capital a place that people are eager to visit and live in. Like other major urban centers, the District confronts challenging problems in creating and maintaining jobs and sustaining economic growth. It also must provide basic services, such as housing, education, law enforcement, and transportation -- a task complicated by D.C.'s status as the seat of the Federal government. The Administration recognizes that the Federal government, the largest employer of D.C. residents, has a unique role to play in helping the city resolve these problems.

At the same time, the President wants to reinforce Home Rule and strengthen the District's ability to manage its own financial affairs effectively. To help the District do so, the Executive Branch can work with Congress to give D.C. officials the flexibility they need to manage their own affairs. In addition, the Executive Branch can provide expertise in financial and other management areas. Federal departments and agencies can work with their District counterparts to identify opportunities and solve problems.

This report describes the Federal government's efforts to help D.C. achieve the financial stability, provide the reliable services, and attain the economic growth that D.C. residents deserve. But, like other urban areas, the District would face other challenges if congressional spending proposals took effect. Federal jobs programs, such as the Summer Youth Employment and Training program would end, costing 2,000 jobs for young adults in D.C. Education and housing programs also could face deep cuts.

D.C.'s Financial Crisis

In the 1980s, D.C.'s economy grew rapidly. The expanding tax base created by rising employment and property values enabled D.C. to provide more services and jobs, while still balancing its budget.

When the economic boom ended in the late 1980s, D.C.'s financial condition changed dramatically, making the growth in services unsustainable. Revenue growth slowed while outlays continued to soar. Property tax revenues, which comprise about 24 percent of D.C.'s total revenues, rose an average of only 1 percent a year between 1991 and 1993-1994.[1] Sales and income taxes, comprising 40 percent of D.C.'s revenues, grew by only 2 percent a year over the same period. But spending continued to grow, far outstripping revenue growth. The fastest growing programs were related to poverty; spending for Aid to Families with Dependent Children (AFDC), Medicaid, and foster care rose between 11 and 23 percent a year.

With these pressures, D.C. found it harder to balance its budget in the 1990s. The city ended fiscal 1994 with a cumulative general fund balance deficit of $324 million. The prospect of continued large deficits made private capital markets wary of lending to D.C. In February 1995, Standard and Poors and Moody's downgraded D.C. government bonds to a "below investment grade" rating. At this point, D.C. was insolvent and could not borrow to pay salaries and vendors.

Serious management problems complicated the delivery of basic services. Due to a court order arising from its mismanagement of assisted housing units, the Department of Public Assisted Housing (DPAH) has put a receiver in charge of its operations. And, due to its inability to rectify past management problems, another court ordered D.C.'s child welfare office to appoint a receiver. Inadequate contracting, cash control, and procurement procedures hamper good management in most D.C. agencies.

The District also must confront its growing unfunded pension liability; at $5.2 billion at the end of 1993, it represents D.C.'s single largest obligation.

The Federal Response

The District has a unique relationship with the Federal government. As the Nation's capital, D.C. reaps substantial revenue from tourism as well as Federal employment and procurement. Like most other major cities, D.C. receives Federal funding to provide its residents with such basic services as housing, law enforcement, and transportation. The District, however, assumes responsibilities for services that are normally provided by a county and State. Unlike other cities, D.C. cannot tap the financial resources of well-off suburbanites, such as through State taxes and transfers.

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[1] The District changed its property tax year in FY 1993.

"Home rule" also plays a key role in shaping D.C.'s governing responsibilities. It allows D.C. to govern itself, with certain restrictions. Congress retains ultimate legislative control over the District -- such as by appropriating all D.C. budgets, regardless of whether the revenue at hand comes from the Federal government or local sources. The District cannot tax Federal and other official real estate and non-resident (e.g., commuter) income. As partial compensation for such restrictions, D.C. receives a Federal payment each year -- now $660 million, or 19 percent of general fund revenues -- in addition to other Federal funding.

The Financial Responsibility and Management Assistance Act of 1995. Because Washington is the Nation's capital and the Federal government is the primary employer and purchaser in the Washington area, the President felt a special responsibility to help D.C. address its financial problems. The Administration recognized quickly that D.C.'s financial situation required the kinds of measures that other financially troubled cities have used successfully. In early 1995, Administration officials and Members of Congress worked with D.C. to develop the Financial Responsibility and Management Assistance Act (FRMA Act), which Congress passed promptly and the President signed on April 17, 1995.[2]

The FRMA Act created the District of Columbia Financial Responsibility and Management Assistance Authority, a new entity of the D.C. Government, and charged it with reviewing and approving:

- budget requests of the D.C. Government, ensuring that they reflect a four-year path to a balanced budget; and

- all borrowing requests, certain leases and contracts, and most legislation adopted by the D.C. Government, ensuring that those items are consistent with the four-year financial plan.

After reviewing applications from over 100 individuals, the President appointed five highly-qualified District residents.[3] One of the Authority's first acts was to endorse D.C.'s request to borrow $147.5 million from the U.S. Treasury, which D.C. used to meet its payroll and pay vendors. The Treasury Department was instrumental in arranging this borrowing. The District has since repaid this loan out of its annually appropriated Federal payment.

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[2] See Appendix A for list of Congressional sponsors of FRMA legislation.

[3] See Appendix B for list of FRMAA members.

Since then, the Authority has worked with the D.C. Government to:

- provide recommendations on D.C.'s fiscal 1996 budget request of $5.1 billion to Congress, including recommendations to eliminate 5,000 D.C. Government jobs;

- adopt interim procedures for contract review; and

- develop objective criteria for vendor payments.

In addition, the Authority has broad responsibility to work with D.C. on a wide range of management issues, including personnel and procurement.

The Federal Government's D.C. Task Force. As D.C.'s financial crisis grew, the President asked Office of Management and Budget (OMB) Director Alice M. Rivlin to convene a group of officials in Executive Branch agencies to work among themselves, and with their D.C. counterparts, to help the District cope with its financial problems.

The Task Force, which Rivlin chairs, includes officials from the Departments of Education, Housing and Urban Development (HUD), Treasury, Justice, Health and Human Services (HHS), Labor, and Transportation.[4] These departments traditionally have enjoyed good working relationships with their D.C. counterparts, and the creation of the Task Force helped coordinate and enhance their efforts.

The efforts of these and other agencies to improve the quality of services that D.C. delivers to its residents are summarized below:

I. Job Creation

- Swift legislative action, which the Administration proposed to preserve D.C.'s share of Federal highway funds (discussed in more detail below), allowed the city to pay delinquent accounts to contractors on the job, thus saving 1,800 jobs. It also permitted D.C. to advertise bids for another $50 million in new projects. By the spring, when the projects will be under construction, the total Federal aid program will support 4,500 jobs.

- The Federal Highway Administration (FHWA) has formed a partnership with D.C.'s Public Works and Employment Services departments to give introductory construction experiences to more than 200 young D.C. residents.

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[4] See Appendix C for list of Task Force members.

Young people will have the chance to improve public spaces by planting trees, removing graffiti, and repairing sidewalks.

- HUD has embarked on several innovative initiatives to break the cycle of poverty through education, job training, and access to the information superhighway. In partnership with assisted housing residents, local service providers, and private actors, HUD has launched the following successful programs:

  -- **The Edgewood Connection: The Redevelopment of Edgewood Terrace and Electronic Village.** The Edgewood Terrace Apartment Complex, located in Northeast Washington, consists of 884 units of HUD-financed or subsidized housing for low- and moderate-income families and individuals. HUD is working with D.C., residents, and private partners to revitalize the Edgewood community.

  The Edgewood Connection is a pilot "electronic village," aimed at tapping the potential of low-income youth and adults by giving them access to the information superhighway. A Computer Learning and Training Center, equipped with computers, fax machines, phone lines, and office furniture, offers computer classes, job training, and other services for all interested Edgewood residents. Residents in the job training program take an eight-week computer literacy course, followed by a two-week job skills training course. Upon graduation from the training program, residents go on to full-time jobs. In September, eight residents graduated from the program and created their own micro-enterprise -- Edgewood Technology Services, Inc. -- to help other developments create a technology-driven learning program.

  The program is sponsored by the Community Preservation and Development Corporation (CPDC); Hamilton Securities Group; MCI; Future Kids, a private firm that specializes in computer-based education for children; and ICS Communications, a Los Angeles-based telecommunications and cable company. Edgewood's sponsors estimate that, each year, the adult training program could graduate about 80 residents in the complex. If the pilot reaches that capacity, it could save about $560,000 a year in Federal welfare and related expenditures at this complex alone. HUD has committed $1.5 million to expand the program in Edgewood.

- -- **A National Model of Job Placement and Skill Enhancement at Fairmont Homes.** Fairmont Apartments is a 218-unit, Federally-subsidized apartment complex in the Columbia Heights neighborhood of D.C. Along with the Alexandria-based Multi-Family Initiatives (MFI), HUD launched the two-year pilot project at Fairmont called "High Performance Living Environments" (HPLE). It will provide an intensive education and job placement program to low-income residents, involving one-on-one training, counseling, and access to state-of-the-art facilities and technology.

  The HPLE project is unique because it concentrates on residents after they are placed in a job. Although MFI will help adults identify their skill levels and job interests, gain job preparedness, and find work, the program mainly helps working residents improve technical and professional skills and move into a longer-term, upwardly mobile career track. MFI has already identified participating employers and is now selecting 90 residents to participate. HUD has committed $85,000 a year in additional rent subsidies for the project.

- The Department of Labor provided $8.1 million to D.C. in fiscal 1995 for Job Training Partnership Act (JTPA) formula grants to support job training and related assistance for 4,400 adult and youth participants. The President's 1996 Budget proposed $10 million for JTPA grants. This program includes grants for:

  - -- Low income adults -- D.C. received $2.7 million in 1995 for training 1,200 low-income adults in the JTPA title II-A program. About 60 percent of adult participants will hold unsubsidized jobs after training.

  - -- Dislocated worker assistance -- D.C.'s 1995 allotment of $1.9 million under the JTPA dislocated worker program provided training and reemployment services to about 950 displaced workers. Under the President's 1996 Budget, D.C.'s formula grant for dislocated worker assistance would climb to $3.2 million, and participation would rise to about 1,600.

  - -- Summer jobs for youth -- This program, for which the President requested $3.2 million for 1996, provides temporary summer employment and academic enrichment to about 2,100 disadvantaged youth and young adults in positions that include recreation supervisors, day care aides, and hospital aides.

II. Financial Management

The Treasury Department has worked to provide D.C. with financing for operating and capital purposes. In addition, the Internal Revenue Service (IRS) has worked with D.C.'s Department of Finance and Revenue on tax collection issues.

- **Access to Capital.** In March 1995, Treasury worked closely with OMB and Congress to develop the Treasury loan mechanisms of the FRMA Act. Treasury also has worked closely with D.C. officials, giving them technical assistance and helping them with their relationship with the financial markets. Along with the short-term financing that D.C. obtained last June, Treasury advanced $96 million in October 1995 for other capital purposes, including D.C.'s METRO obligation, and $283 million in January 1996 to meet the District's cash flow needs for the first quarter of fiscal 1996.

- **IRS Tax Collection.** After reviewing the D.C. Department of Finance and Revenue operations, IRS staff has recommended ways to reform and, in some cases, create modern tax information systems for D.C. The District established a task force to implement the recommendations, with technical assistance from the IRS; the IRS will continue providing other technical help as needed.

III. Housing and Community Development

- **Transformation of Ellen Wilson Homes.** HUD has awarded $25 million to D.C. to tear down and rebuild Ellen Wilson Homes, a dilapidated 13-building public housing development near the U.S. Capitol. The District will redesign Ellen Wilson as a townhouse community that fits into the architectural character of Capitol Hill. The neighborhood will include 134 new apartments, 27 new townhomes for sale to moderate-income families, a day-care facility, a community center, and a small park.

- **Operation Safe Home.** This operation is a nationwide HUD effort to cut crime and fraud in public and assisted housing. Since February 1994, HUD, Justice, Treasury, and the White House Office of National Drug Control Policy have joined forces with State and local law enforcement officials and public housing authorities to form over 100 law enforcement task forces. These joint efforts have led to about 5,500 arrests across the country for crimes involving drugs and weapons, as well as confiscation of at least 560 weapons, including 105 assault-type weapons and shotguns, and drugs valued at over $2.8 million. In addition, HUD's Office of Inspector General has launched a witness relocation program, which so far has helped 183 public housing families move out of their homes and away from life-threatening situations in return for their cooperation with law enforcement authorities.

The program has visibly improved living conditions at the Kelly Miller Apartments, a 169-unit public housing development in Northeast D.C. Prior to it, Kelly Miller was controlled by drug dealers and plagued with violence, gang crime, and drug sales. After ten months of surveillance, Federal investigators and the Metropolitan Police Department arrested 15 members of a gang that had dominated the development. Since the arrests in early 1995, the program has continued to make Kelly Miller safe, establish activities for young people, and provide job training and child care.

- **Cracking Down on Negligent Landlords.** HUD initiated the Special Workout Assistance Teams (SWAT) program to aggressively address the Nation's most troubled, FHA-insured multifamily housing developments by taking action against negligent landlords and identifying viable solutions for long-term financial, managerial, and physical recovery. To date, HUD has taken enforcement actions against owners of nearly 140 properties who did not comply with Federal housing quality standards. As a result, HUD has withdrawn its Section 8 project-based rental subsidies and given affected low-income families portable rental assistance so they can move from these troubled developments and into better housing of their choice.

  HUD also has sent SWAT teams to review 250 Federally-assisted apartments that it had identified as troubled. As part of this effort, HUD reviewed nine troubled apartment complexes in Washington, D.C. that are home to more than 2,300 low- and moderate-income families, 544 of whom receive Federal assistance to pay their rent. HUD is working with these owners to not only return the apartments to financially-sound condition, but to convert them into well-managed, safe, and quality living environments.

- **D.C. Homeless Initiative.** The Administration designated D.C. as one of its first six Innovative Homeless Cities. The D.C. Initiative, announced in June 1993, is a partnership among HUD, the District, and the newly-created Community Partnership for the Prevention of Homelessness to create a comprehensive continuum of care system -- from outreach and rehabilitation services to permanent housing -- for D.C.'s homeless. The Community Partnership for the Prevention of Homelessness, a public-private organization, administers D.C.'s full range of services for the homeless, including their transition to single and family housing units. D.C. no longer operates the city's homeless system, but provides partial funding for these operations. HUD serves on the Community Partnership's Board of Directors.

The Initiative is performance-driven. HUD has pledged to give the District $20 million over three years, provided that D.C. meets a series of benchmarks and commits a level of public-private resources. The District has met its first-year goal of eliminating its emergency tier of homeless services and shifting to a "continuum of care" and, thus, received the first allotment of funds. HUD will continue to work closely with D.C. to help it achieve the next set of benchmarks -- developing strategies to assist homeless families and individuals who are hard to serve (e.g., mentally ill) -- which will bring the city another $7 million in Federal resources.

- **Anacostia's Good Hope Marketplace.** As many D.C. residents moved to the suburbs, retailers east of the Anacostia River also disappeared, eliminating hundreds of jobs for Anacostia's lower income residents. D.C.'s private sector and the Federal and District governments are revitalizing Anacostia's commercial center by creating the Good Hope Marketplace. Safeway Inc. is developing this "marketplace" at a now-vacant, 96,000 square foot shopping center, anchoring it with a modern supermarket and leasing out space to retail businesses. Once Good Hope is built and the space fully leased, the Anacostia Economic Development Corporation (AEDC) will purchase and manage the facility (which it plans to do this fall).

  To support the purchase, HUD has committed a $11.5 million Section 108 loan guarantee through the D.C. Department of Housing and Community Development and a $1 million Economic Development Initiative grant. The AEDC, H Street Community Development Corporation, and the Marshall Heights Community Development Organization have pledged another $1.5 million in equity. Once completed, this renovated shopping area will create new jobs for Anacostia residents. AEDC will sustain this revitalization by reinvesting its profits in the Anacostia neighborhoods.

IV. Roads and Highways

In the summer of 1995, D.C. did not have the required $16 million in local matching funds to leverage $80 million in Federal highway funds. The Administration proposed the District of Columbia Emergency Highway Relief Act -- which Congress passed and the President signed on August 4 -- to defer the required local match for two years. This law gave D.C. access to $80 million in fiscal 1995 and $80 million in fiscal 1996 for important highway construction projects. Without the law, the Federal Government would have distributed these funds to other States. With this money, D.C. could start construction in August 1995 on the following projects, which could generate up to 4,000 local jobs:

- **New Highway Projects.** Since August, D.C. has begun construction on sections of E Street NW, Nebraska Avenue NW, Florida Avenue NE, Connecticut Avenue, and North Capitol Street. When completed, these projects will ease congestion, benefitting both D.C. residents and commuters who use these important gateway arterial roads. The combined value of these projects is $4.3 million.

- **Whitehurst Freeway.** The D.C. Department of Public Works (DPW) has advertised for bids the $23 million Whitehurst Freeway project, which will rehabilitate this elevated four-lane highway's deteriorated connections to the local highway system. D.C. opened the bids in December; construction should begin in 1996.

- **New York Avenue.** The FHWA and D.C.'s DPW are working together on designing this project, which will reconstruct the section of New York Avenue that motorists travel as they first enter D.C. from Maryland. The estimated $28 million project would rebuild roadways and rehabilitate structures over existing railroad lines and South Dakota Avenue. It also will widen and repave the current roadway and improve lighting and drainage facilities.

This law also requires D.C. to establish a dedicated highway fund from which it may draw funds to maintain D.C. roads and highways. FHWA worked with D.C. to draft city legislation to implement this fund. The District passed temporary legislation to stabilize this fund and the City Council is now reviewing options for a permanent solution.

D.C.'s DPW asked the FHWA, in conjunction with private experts, to evaluate the city's policies and procedures in traffic and safety, planning, project development, procurement, construction inspection, contract administration, and maintenance. In April, FHWA plans to give DPW recommendations on how to improve its operations.

V. Education

D.C. Desk. The Department of Education's D.C. Desk has set a new standard for customer service within the Department by providing a single point of access -- "one-stop shopping" -- for D.C. school personnel to Department resources. Local school teachers and employees can call the D.C. Desk for information on teaching strategies and programs that have worked in other schools.

- In response to Superintendent Smith's desire to develop a common vision for charter schools, the Education Department provided a neutral forum in which school board members, lead principals, union leaders, and the superintendent's management team could talk to a nationally-recognized charter schools expert. This conversation, which Superintendent Smith plans to continue, was only one of several meetings the D.C. Desk convened in the last two years to help the different players in the D.C. school system reach a common understanding of how to improve D.C. public schools.

- The D.C. Desk helped Scott Montgomery Elementary School develop a study program to introduce students at every grade to the resources of Washington, D.C. At the school's request, the D.C. Desk spoke with the educational staff of museums, art galleries, parks, and other organizations that enrich the cultural life of the city. The school is now using the program -- "Know Your City" -- to help Scott Montgomery students learn about their hometown.

  The Department also has arranged for "school safety audits" of violence prevention policies and practices in some of the city's most troubled schools, in order to identify areas that need improvement. The Department follows up with training and technical assistance.

Amidon School Partnership. In March 1994, the Education Department "adopted" the Amidon Elementary School. Department employees volunteer at Amidon, using training they received to teach a Houghton Mifflin reading series used in all D.C. elementary schools. Every classroom in grades 1-6 receives three tutors, and each tutor dedicates at least one hour a week in the classroom, increasing the attention each student receives.

The Department hopes to develop in-house trainers, and to offer to train its own employees with children in D.C. elementary schools and any other employees who volunteer to tutor in the D.C. schools.

VI. Health Care and Social Services

HHS has provided technical assistance to help D.C. acquire the management tools it needs to improve its social services, income maintenance, and public health programs.

- HHS' Administration for Children and Families has conducted training to change the "culture of welfare" for D.C. staff working on Aid to Families with Dependent Children (AFDC), Child Support Enforcement, and the Job Opportunity and Basic Skills Training (JOBS) programs. A JOBS project, involving the Marriott Corporation and the local Private Industry Council, gave work experience to 1,000 participants.

- HHS is working with the newly-appointed receiver for child protection in D.C. to improve accurate Federal foster care and adoption assistance (Title IV-E) reimbursement claims procedure. HHS also is helping D.C. to improve its procedures to determine eligibility for foster care and adoption assistance under Title IV-E.

- HHS is helping D.C. create its Statewide Automated Child Welfare Information System (SACWIS). SACWIS may significantly improve D.C.'s ability to collect, process, and manage information monitoring progress and risks in foster care cases; measure the incidence of abuse or neglect in foster care cases and help determine how to prevent such incidents; and help to automate the case tracking procedure. HHS also is working with the receiver to revise its requested IV-E waiver to allow Federal funding to be used to *prevent* children from being placed under foster care, rather than simply allowing the foster care population to increase.

- HHS is providing technical assistance to resolve D.C.'s underclaiming of available child care matching funds, which principally results from the city's decentralized and outmoded data collection and tracking system. The agency provided up to 200 additional Head Start slots to D.C. to accommodate children who would have been cut off when local funding ran out. HHS is helping D.C. obtain its Head Start/State collaboration grant to coordinate Federal Head Start with city child care, and working with D.C. and the private sector on a major "healthy child care" initiative and fair, scheduled for next April.

- HHS has assigned several employees to help D.C. address basic grant management issues, such as applying for Federal public health grants and meeting matching and maintenance-of-effort requirements. HHS has completed a study assessing the condition of D.C. public health facilities (i.e., D.C. General Hospital and the city's 11 public health clinics). The future role of these facilities, and the restructuring of the city's primary care network, are subjects of a joint Public Health Service (PHS)-District public health task force. HHS also is working with the D.C. Commission on Mental Health Services to provide counseling for young people who witness or are victims of violent crime or abuse.

- In addition, HHS's Health Care Financing Administration (HCFA) has lent staff from its Regional Office to help D.C. manage Medicaid data and payment and reconcile old health care reimbursement claims. This technical assistance includes helping D.C. speed up provider payments, establishing payment methodologies for its managed care program, and developing a possible "home and community-based services" waiver for adults, to encourage lower-cost long-term care in neighborhoods rather than institutions.

- HHS waived the Medicaid rules for three years to allow D.C. to test voluntary managed health care for the city's low-income disabled and special needs children. Under the waiver, Health Services for Children with Special Needs, a non-profit managed care corporation, will provide a case manager to coordinate the health care of each child whose parents elect to participate. Participants, on a case-by-case basis, would receive enhanced benefits, including transportation, respite care, medical access by telephone, home modifications, and feeding programs. The city expects to save money by helping children move to less expensive home care arrangements, and by cutting unnecessary emergency room use.

VII. Public Safety

Since 1993, when this Administration took office, D.C.'s rate of violent crimes against individuals has fallen dramatically. In 1995, the District had its lowest homicide rate since 1987. Other violent crimes (e.g., assault with a dangerous weapon) also have fallen steadily over this period. Property crimes in D.C., however, continue to rise, mainly due to the rise in theft of, and from, autos.

The Administration has contributed to the fall in crime in D.C. through the following programs:

- In 1994, through the Federal Assistance Program, nearly every Federal agency with law enforcement responsibilities -- from the Drug Enforcement Agency (DEA) to the IRS -- participated in a coordinated strategy to help D.C.'s Metropolitan Police Department (MPD). Highlights of the program include:

  -- The United States Park Policy and the Uniformed Division of the Secret Service initiated new or intensified patrols in selected parts of the city. From late February to September 1994, the two agencies made about 2,482 arrests, responded to over 4,500 calls for service and seized over $325,000 worth of drugs.

  -- The Justice Department, through the Bureau of Justice Assistance, awarded funds to the MPD Homicide Branch, enabling the branch to quadruple the number of homicide detectives, train investigators, and upgrade technology -- all of which contributed to a rise in the closure rate for homicide cases in 1994.

- The Justice Department awarded a $1 million grant to OPERATION CLEAN-UP, enabling the MPD Firearms Identification Unit to eliminate a backlog of about 2,000 firearms requiring examinations. The FBI housed the operation, providing equipment and technical assistance.

- The U.S. Marshals Service, which normally provides long-term witness protection, is providing short-term protection to witnesses and victims in the District. Since 1994, about 58 witnesses have entered the program.

- The Federal Protective Service and the FBI helped MPD with background checks of police recruits, and the Defense Department has allowed MPD to use its registries of armed forces personnel who are leaving their jobs and who would make good candidates for MPD.

- The Justice Department awarded a $6.1 million grant to D.C., of which $3 million is for D.C. corrections and $2 million is for drug control and MPD improvements in technology, equipment, support resources, and overtime. The rest will go to juvenile justice and delinquency prevention programs, and other crime victims assistance programs.

- The Safe Streets initiative, comprising various violent crime task forces, is being staffed and funded mainly by such Federal agencies as the FBI, DEA, and ATF. For several years, Safe Streets Task Forces have allowed the MPD to combine its local knowledge with the technical expertise of the FBI and other law enforcement agencies, focusing on gang violence, fugitives, and homicides. Since their creation in the early 1990s, the task forces have brought the arrest of 2,963 fugitives, 417 gang members, and 79 people involved in homicide cases.

- The Justice Department awarded funding to OPERATION CEASEFIRE, a joint initiative among MPD, the U.S. Attorney's Office, and ATF. The initiative is designed to reduce violent crime in D.C. by removing illegal guns from the community. In the first four months, gun seizure squads confiscated 282 firearms, including 127 handguns.

The Justice Department's Bureau of Prisons (BOP) has been working with D.C.'s Department of Corrections (DOC) for many years. For example:

- BOP's National Institute of Corrections (NIC) has completed a study of the status of operations and programs in D.C.'s Corrections Department, as Congress required in the fiscal 1995 District of Columbia appropriation. That study -- which covers such items as classification of inmate security levels and related population management issues, health care, mental health services, staffing, and security -- was sent to Congress in February 1996.

- At D.C.'s request, BOP has accepted transfers of D.C. prisoners into its facilities to temporarily alleviate prisoner overcrowding at Corrections Department facilities.

- BOP has worked well with its counterparts in Corrections, responding to informal requests for assistance and advice on such topics as suicide prevention and victim assistance, and on general administrative and security issues.

VIII. Snow Removal

- After the "Blizzard of '96," the Federal Government provided D.C. with much-needed help with snow removal. The President issued a disaster declaration for D.C., enabling the Federal Emergency Management Agency (FEMA) to coordinate federal efforts to remove snow from emergency routes. FEMA arranged for the National Park Service to provide trucks and plows, and for D.C. to use contractors from the General Services Administration to operate the equipment.

  FEMA's efforts doubled D.C.'s capacity to remove the snow, speeding the re-opening of much of the District, including the Federal government. Over the Martin Luther King, Jr. holiday, the Park Service cleared several major road arteries leading to the District, in addition to clearing area parkways and other routes to tourist attractions, such as monuments and parks.

Next Steps

The Administration is continuing its efforts to help D.C. on its path to fiscal health. In several areas, however, it will need to move beyond its efforts to date to ensure that D.C.'s fiscal health improves.

- **Stabilizing the District.** As required by the FRMA Act, the District government in February 1996 submitted its proposed four-year financial plan to eliminate its chronic budget deficits and cash shortages. In developing the plan, the Administration worked with both the D.C. government and the Authority on areas in which the Federal government has an important responsibility, such as Medicaid and prisons.

In consultation with D.C., the Authority, and Congress, the Administration is assessing whether the plan accomplishes the financial goals that FRMA sets out. When the Authority gives the Secretary of the Treasury appropriate certification and the Secretary determines that repayment is reasonably assured, Treasury will provide cash assistance as needed to ensure that D.C. can pay its vendors and employees on time.

- **Eliminating the District's unfunded pension liability.** Under the 1979 Retirement Reform Act, D.C. assumed responsibility for the retirement system for certain city workers (e.g., police and firefighters, teachers, and judges). At the time, the Executive Branch argued that the Federal government should assume only some costs of the accumulated unpaid employee benefits because the costs were mainly local in nature and the system was overly generous. Together, a generous pension package and a lower Federal contribution have produced an unfunded pension liability now estimated at $5.2 billion.

  This liability is D.C.'s single largest obligation, and it creates acute short- and long-term problems. In the short term, D.C.'s annual payments strain its operating budget. In the long term, this pressure likely will worsen as D.C. downsizes its workforce, increasing the number of retirees receiving benefits while the number of employees contributing to the system falls. Furthermore, the annual Federal contribution of about $50 million to the system ends in 2004 so that, without reform, D.C. will be the sole contributor to its pension system. The Administration wants to work with Congress, D.C., and the Authority to put the pension system on a sound financial foundation.

- **Encouraging management reforms.** Resolving D.C.'s financial problems will require systemic reforms of its management policies, including personnel, procurement, financial management, and contracting. D.C. has begun work on each of these issues, and the Administration will continue, as it has through its Task Force efforts, to lend D.C. technical expertise wherever needed.

  One example is the District's privatization task force. The Mayor established this panel to examine ways to provide more cost-effective and efficient city services. Representatives from OMB and the National Performance Review are providing technical assistance. The Administration also is working to provide the District with qualified detailees from Federal agencies to help D.C. strengthen its financial management and information systems.

Another example is the Justice Department's recently announced assistance to the D.C. Corporation Council. DOJ will give the Council additional computer equipment, software, and technical support to help it manage its caseload, develop legal training courses for the Council's staff, and provide attorneys as necessary to help the District in a variety of cases, especially child abuse and neglect cases in D.C.

Ultimately, the success of these efforts depends on how D.C. approaches its fiscal and management problems. Home rule gives D.C. primary responsibility for solving the problems. As with our current actions, any future Administration efforts will reinforce Home Rule and strengthen D.C.'s ability to effectively manage its financial affairs.

*   *   *

The months since D.C.'s financial crisis peaked have witnessed an unprecedented level of cooperation among people and institutions who care about the District. The President remains committed to helping to put D.C. back on the path to financial health, enabling it to give its residents the services they deserve and to make all Americans once again proud of their capital city.

APPENDIX A
DISTRICT OF COLUMBIA FINANCIAL RESPONSIBILITY AND MANAGEMENT ASSISTANCE ACT OF 1995

SPONSOR: Representative Thomas M. Davis III (R-VA)

CO-SPONSORS: (in alphabetical order)
Representative William F. Clinger, Jr (R-PA)
Representative Barbara-Rose Collins (D-MI)
Representative Cardiss Collins (D-IL)
Representative Julian C. Dixon (D-CA)
Representative Chaka Fattah (D-PA)
Representative Michael Flanagan (D-IL)
Representative Gil Gutknecht (R-MN)
Representative Steven C. LaTourette (R-OH)
Representative John McHugh (R-NY)
Representative James P. Moran (D-VA)
Representative Constance A. Morella (R-MD)
Delegate Eleanor Holmes Norton (D-DC)
Representative James T. Walsh (R-NY)
Representative Frank R. Wolf (R-VA)
Representative Albert Wynn (D-MD)

APPENDIX B
FINANCIAL RESPONSIBILITY AND MANAGEMENT ASSISTANCE AUTHORITY

MEMBERS

Andrew E. Brimmer, Chair
Stephen D. Harlan, Vice Chair
Constance Berry Newman
Edward A. Singletary
Joyce A. Ladner

STAFF

John W. Hill, Executive Director
Daniel Rezneck, General Counsel

APPENDIX C
D.C. TASK FORCE
LIST OF MEMBERS

Alice M. Rivlin, *Chair*	Director	Office of Management and Budget
Alexis Herman	Office of Public Liaison	White House
Eleanor Acheson	Assistant Attorney General For Policy Development	Department of Justice
Bernard Anderson	Assistant Secretary, Employment Standards Administration	Department of Labor
G. Edward DeSeve	Controller	Office of Management and Budget
Peter Edelman	Counsel to the Secretary	Department of Health and Human Services
Kathleen Hawk	Director	Bureau of Prison, Department of Justice
Eric Holder	U.S. Attorney	District of Columbia
Bruce Katz	Chief of Staff	Department of Housing and Urban Development
Madeline Kunin	Deputy Secretary	Department of Education
Robert E. Litan	Associate Director, General Government and Finance	Office of Management and Budget
John Monahan	Director, Intergovernmental Affairs	Department of Health and Human Services
Rodney Slater	Administrator	Federal Highway Administration
Larry Summers	Deputy Secretary	Department of the Treasury
Mozelle Thompson	Deputy Assistant Secretary	Department of the Treasury

Draft - 4/10/96

D.C. AGENDA
PRIORITY ACTION ITEMS & LEAD ENTITIES/PRIMARY PARTNERS

[Note: Action Items not in order of priority.]

<u>ACTION ITEM</u>	<u>LEAD ENTITY/PRIMARY PARTNERS</u> <u>D.C. Agenda working with:</u>
#1: Establish an Independent Governance Review Commission to Propose Appropriate Revisions to the Home Rule Charter.	- Mayor - D.C. City Council - Federal City Council's Charter Review Committee - White House - Congress
#2: Implement a strategy to define and promote a fair, dependable and realistic division of the tangible and intangible costs of the federal presence in the District.	- Mayor - White House D.C. Task Force - Congress - Control Board
#3: Develop a strategy to resolve the inherited under-funding of the District's pension plan for the Police, the Fire Department and Judges	- Mayor - D.C. City Council - Federal City Council - Congress - Greater Washington Board of Trade - D.C. Chamber of Commerce & Other local Chambers - White HouseD.C. Task Force - Control Board
#4: Achieve greater tax equity for District Residents	- Congress - Mayor - DC 2000 - Greater Washington Board of Trade - D.C. Chamber of Commerce & Other local Chambers - White HouseD.C. Task Force - Control Board
#5: Create a new public/private Economic Development Corporation to coordinate major federal, regional and local economic development efforts	- Federal City Council - D.C. Chamber of Commerce, Other local Chambers, and Greater Washington Board of Trade - D.C. City Council - White House D.C. Task Force - Control Board
#6: Create new neighborhood-based service delivery systems that reorganize and integrate existing human services programs for children, youth and families at the community level by decentralizing publicly sponsored services.	- District Government - D.C. City Council - Receiver for Child Welfare Services - The Community Partnership - Community-based and Non-profit Organizations
#7: Support efforts of private developers and Community Development Corporations (CDCs), to create new urban villages with a mix of incomes, on-site support services and job opportunities in public housing and low income neighborhoods.	- D.C. City Council - Federal City Council - District Government - Federal Agencies - The Community Partnership - Greater Washington Board of Trade, D.C. Chamber and Other Local Chambers

#8: Create and implement a city-wide strategy to promote and support community-based youth investment and violence prevention activities.	- D.C. Forum for Collaboration & Support - District Government - Metropolitan Police Department - Project PACT - Community Organizations
#9: Implement the community's five year plan for education reform entitled, Accelerating Education Reform in the District of Columbia: Building on BESST	- D.C. Public Schools - District Government - Goals 2000 - Committee on Public Education (COPE) - Parents United - Parents, business leaders and other education advocates
#10: Increase parental involvement and community support for education reform	- Washington Regional Association of Grantmakers - Committee on Public Education, COPE - Washington Lawyers' Committee/Parents United - Parents and other education advocates
#11: Support the creation of independent public charter schools.	- COPE - D.C. City Council - Parents United - School-based sponsors
#12: Develop alternatives to current juvenile detention policies and practices.	- D.C. City Council - Council for Court Excellence - District Government - Courts - U.S. Attorney - D.C. Forum, and community organizations & agencies
#13: Expand and strengthen community oriented policing	- Metropolitan Police Department - D.C. Forum, and community organizations & agencies
#14: Make the investment in infrastructure, to include both staff and systems, required to operate cost-effective public health and Medicaid functions, and to implement the Public Benefits Corporation.	- D.C. City Council - District Government - Federal City Council's Health Care Advisory Group - Health Care Providers - White House D.C. Task Force
#15: Create a new neighborhood-based primary health care network through a public-private partnership that has the capacity to deliver high quality care to the District's publicly-insured and uninsured.	- District Government - Federal City Council's Health Care Advisory Group - Private Health Care Providers - D.C. City Council - Congress
#16: Identify special initiatives as needed, including: a.) assistance for policy planning and strategy development; b.) project incubation.	- Public and private sectors

D.C

INSTITUTE OF MEDICINE
NATIONAL ACADEMY OF SCIENCES
2101 CONSTITUTION AVENUE WASHINGTON, D.C. 20418

DIVISION OF HEALTH PROMOTION
AND DISEASE PREVENTION

FAX: 202/334-2939

January 10, 1995

Memorandum:

To: Melanne Verveer

From: Sarah Brown SB

Re: District of Columbia Issues for Mrs. Clinton's Consideration

This memorandum summarizes and expands on two meetings that have been held with Mrs. Clinton about her possibly becoming more deeply involved with children's issues in the District of Columbia. The first meeting, held in November, included Mrs. Clinton, you, Sally Quinn, Mary McGrory and me. The second, in early January, included Mrs. Clinton, you, David Hamburg and me.

Background points:

1. There is an overwhelming need for leadership and rejuvenation in the District, particularly on behalf of the city's youngest children. As is well known, the District consistently performs poorly on virtually all child welfare indices -- infant mortality, preschool immunization rates, unwanted pregnancy and adolescent child-bearing, drug use, numbers of children in foster care, juvenile violence and other measures as well.

2. What should be a city that sets an example for all others is, in fact, a constant source of embarrassment, both domestically and internationally.

3. The city is nonetheless full of highly talented people eager to improve city life, particularly for its youngest residents, and there are numerous high quality, small programs around the city, both public and private, that focus on pregnant women, infants and young children and that merit additional visibility, support and replication.

4. Although the city lacks a large corporate base to fund community programs, the District has a history of attracting support from highly varied sources outside of the city to supplement federal- and city-funded programs. Businesses, philanthropists and foundations around the country have been and can be persuaded that the nation's capitol deserves their concentrated support.

A possible focus for Mrs. Clinton's advocacy in the District:

5. Mrs. Clinton's leadership could center on the theme, "begin at the beginning," stressing that pregnancy, infancy and young childhood are the bedrock of future functioning, productivity and happiness, and that the best path is early intervention and prevention at this key life stage.

6. Within this framework, she could emphasize that: (a) all pregnancies should be wanted and intended; (b) all pregnant women should be provided high-quality prenatal care; and (c) all infants and young children (ages "0 to 3") should receive adequate health and child care. These themes are highly consistent with the Carnegie Corporation report, *Starting Points.*

Through her work on these issues, Mrs. Clinton would be:

7. Providing tangible assistance to the District by giving unique visibility to those existing programs that improve the lives of the city's at-risk women, infants and young children.

8. Showcasing for the nation the success that can be achieved by community cooperation around a widely shared concern for the well-being of pregnant women and children.

9. Providing a visible means for highly disparate groups in the city to work together - local activists and national leaders, Democrats and Republicans, long-time city residents and those who have arrived only recently, blacks and whites, private business leaders and public officials. All of us live here; all of us have a responsibility to improve our community.

10. Helping to increase support for the State Department's and Vice President's efforts to "bring Cairo home" -- i.e. to bring back to the United States the lessons of the recent U.N. Cairo conference on population and development-- that the well-being of women, families and communities is intimately tied up with the capacity to practice family planning and prevent unwanted pregnancy. Where better to start, in "bringing Cairo home," than in the nation's capitol?

Possible next steps:

11. Convene a very small, confidential meeting with Mrs. Clinton to discuss the usefulness, potential benefits and risks of her becoming a more visible advocate for young children in the District. This meeting could explore such issues as:

(a) setting up an independent, multi-sector "DC Children's Crisis Committee" to support and expand local programs, to draw disparate groups together to advocate for a few clearly articulated goals (see point #6 above), and to serve as a national model of community advocacy for at-risk women and young children; and

(b) outlining a sample year's worth of activities for Mrs. Clinton in the District, including, for example, choosing a different children's focus each month and constructing a series of high-visibility activities around each theme -- i.e. visits to model programs, articles and op-ed pieces to expand on the theme, and work to secure funding for various initiatives to address the problem.

12. Include in this meeting such people as:

· Bob Malson, Executive Vice President and Chief Operating Officer of The Close Up Foundation, a group well known to Mrs. Clinton, I believe;

· Renee Jenkins, M.D., Chairman of the Department of Pediatrics at Howard University, and long time chair of the District's Advisory Board on Teenage Pregnancy;

· Courtenay Miller, Youth Minister of Mt. Airy Baptist Church and former adviser to District Mayor Kelly for religious affairs;

· Julie Rogers, director of the Eugene and Agnes Meyer Foundation and chief of staff to a former chair of the District's City Council, Polly Shackleton;

· Ruth Rucker, long time community activist on behalf of children and families, and director of the Edward Mazique Parent and Child Center, an exemplary program on 13th Street, NW;

· Susan Sechler, Executive Director of the Pew Global Stewardship initiative who was also intimately involved with the Cairo conference, and was the director of the Agriculture transition team for the Clinton administration; and

· Beverly Silverberg, head of Leadership Washington, a public/private group, closely tied to the Washington business community, that helps to identify and train future leaders for the city.

13. It would also be helpful to get a quick fix on how several other cities have approached community-wide consortiums focused on children. Atlanta, Kansas City, Austin, Durham and St. Louis all have relevant experience that should be reviewed. David Hamburg is particularly interested in supporting this activity.

14. An early task must also be to inventory existing programs in the District that address family planning as well as services for pregnant women and children 0-3, mapping out their scope of service and funding.

I have discussed the contents of this memorandum with both Sally Quinn and David Hamburg, and they support its overall content. Please let me know how I can be of further help in thinking through these ideas. The notion that the Mrs. Clinton might direct her enormous skills in child advocacy to the District is a most exciting prospect.

Memorandum

To: Marian

From: Sharon and Karen

Re: Child Serving Agencies in Washington, DC

Date: November 30, 1994

As follow-up to your request regarding agencies serving children in DC, we have compiled the following information First, the best Child Watch sites in Washington; second, Carolyn Abdullah's suggestions of agencies working on immunization; third, descriptions of the sites visited by staff in conjunction with this week's retreat.

Please let us know if you need additional information.

I. SUGGESTED CHILD WATCH SITES

(only sites where significant contact with children and families is possible)

1. Calvary Bilingual Multicultural Learning Center -- This is always a strong site to visit, showing a range of care for children 2 - 12. BB Otero not only provides a good overview of early childhood education issues, but also asks the older children in the group to serve as tour guides for visitors. There is a good racial and cultural mix at the center, many of the staff members are or were parents at the center, and they have been steadily expanding the parent support and education component of the program.

2. The Family Place -- There are now two Family Place sites. The original site in Adams Morgan serves a primarily Latino population, providing support and counseling to pregnant women and women with children up to age three. It is a drop-in center that serves a nutritionally sound and culturally appropriate breakfast and lunch each day. Classes available range from prenatal exercise to child development to substance abuse information. Individual counseling is also available. A second center has opened up in Southeast D.C. to serve a primarily African-American population. The services and philosophy are the same. I have not visited the new center. (* also immunization site)

3. D.C. General Hospital -- Obviously the graphic nature of the neo-natal intensive care unit visit, combined with the experience of spending time with the boarder babies makes this a hard-hitting and memorable site. The staff is dedicated and most of the attention that they get is negative and they always welcome visitors.

4. Martha's Table -- This is an impressive place to visit because of both the quality and quantity of services provided. The program continues to expand, with on-site children's services and meal deliveries available seven days a week. The amount they accomplish with a small dedicated staff and an efficient mobilization of volunteers and community resources is amazing. There is always activity here and ample opportunity to interact with parents, children, staff and volunteers.

II. IMMUNIZATION PROJECTS

1. Anacostia/Congress Heights Community Partnership
2301 Martin Luther Kin, Jr. Avenue, S.E.
Washington, D.C. 20020
Tel.#: (202) 889-2102

This agency coordinates services for families at risk of becoming homeless. The Partnership works especially to bring communities together and individuals out of their homes to work with their neighbors.

2. The Family Place (Hogar De Familia)
3309 16th Street, N.W.
Washington, D.C. 20010
Tel.#: (202) 265-0149

The Family Place is a family resource center that serves (mostly Spanish-speaking) low-income, pregnant women and families with children under 3 years of age. During working hours, it is a drop-in center offering assistance in food and clothing, prenatal care, child care, literacy, ESL training classes, bilingual and cultural programs. The organization also offers emergency and crisis intervention services.

3. Healthy Babies Project
1507 Benning Road, NE
Lower Level
Washington, D.C. 20002
Tel.#: (202) 396-2809

The Healthy Babies Project provides support services to pregnant women in Wards Five and Six. The Project provides prenatal care, parenting classes, outreach and referrals to prenatal agencies. The Project helps the women throughout their pregnancy and for one year after the baby is born.

4. Lutheran Social Services of the National Capital Area
4406 Georgia Avenue, NW
Washington, D.C. 20011
Tel.#: (703) 698-5026

Lutheran Social Services provides adoption services; birth parent counseling; foster care; emergency services and crisis intervention; respite care; refugee settlement; adolescent foster care; legalization counseling; housing counseling; supportive independent living programs for homeless individuals with mental illnesses; special holiday services; family support services; and AIDS ministry and public education program.

5. Mary's Center for Maternal and Child Health
1844 Columbia Road, N.W.
Washington, D.C. 20009
Tel.#: (202) 483-8196

Mary's Center is a prenatal center for low-income pregnant women as well as the children (up to age 6) of women who have been with the clinic before. The clinic provides low-cost health care, family planning, referrals to social services, and on-site social worker, vaccines for children, and medical examinations.

III. PROGRAMS VISITED BY CDF STAFF

Note: these agencies were chosen according to their ability to suit CDF's staff size, our interests, and the time of day we had set aside for visits and service projects -- not on their level of success.

1. St. Martin's House for Women and Infants
116 T Street, NE
contact: Sister Mary Louise Wessell 202/526-5426

St. Martin's is a transitional home for women (some with children) who are recovering from drug abuse. The House provides meals, case management, parenting education, job training, and substance abuse programs. This small agency focuses on maintaining a network of support for the women after completion of the program.

2. The Hospital for Sick Children
1731 Bunker Hill Road, NE
contact: Karen Kornegay 202/635-6190

The Hospital for Sick Children is a private, non-profit pediatric transitional care hospital. It serves the needs of chronically ill and developmentally delayed children in the Washington metropolitan area needing acute care and unable to return to their homes. Children can stay over a course of days or years. The hospital offers counseling for parents to prepare them for the child's arrival home including a transitional on-site apartment where parents can "live" with their children under the guidance of the staff.

3. St. Ann's Infant and Maternity Home
4901 Eastern Avenue, Hyattsville, MD
contact: Sister Josephine 301/559-5500

St. Ann's offers shelter and guidance to over 600 women and children a year. They offer 4 primary programs: a Prenatal Program for pregnant young women; an Adolescent Mother-Baby Program; a Day Care Center; and a Children's Residential Program which offers short-term care for up to 51 children in crisis, ages 2-8. St. Ann's is in the process of building 6 to 8 units of transitional housing aimed to guide young mothers towards independent living.

4. Children of Mine
2263 Mt. View Place, SE
contact: Hannah Hawkins 202/610-1055

Children of Mine was founded and is directed by Hannah Hawkins, a Washington community activist for over 20 years. It is an after school recreation facility which provides love, emotional support, food, clothing, and role models for approximately 50 children a day. Ms. Hawkins offers such services as: tutoring, counseling, Bible study, and hot meals. The facility is truly an example of what the will of one person can accomplish.

5. The Garden
2482 Ontario Road, NW
contact: Pascal 202/265-7949

The Garden is a child care center serving low-income children. It is just one project coordinated by Jubilee Ministries, Inc; others provide transitional housing, hunger relief and emergency services for the homeless and needy.

6. City Lights
62 T Street, NE
contact: Bert L'Homme 202/832-4366

City Lights is a year-round special school for emotionally disturbed, disadvantaged, and/or delinquent young people ages 12-22. A typical student is a disadvantaged 16 year old who has at least one charge of delinquency, reads at a third grade level, and suffers from serious emotional problems. Services include remedial education, substance abuse prevention and treatment, clinical case management, and vocational counseling.

7. D.C. General Hospital
19th and Massachusetts Avenue, SE
contact: Ann Jackson 202/675-7331

D.C. General is a local public hospital which serves the D.C. metropolitan area.

8. Capitol Area Community Foodbank
645 Taylor Street, NE
contact: Sean Restock 202/526-5344

The Capitol Area Community Foodbank operates a 48,000 square-foot warehouse that collects and organizes food donations from wholesalers, retailers, restaurants, and the general public. They then distribute the food to 500 local shelters and soup kitchens. Individuals in need can also visit the facility on designated days to "shop" for the needs of their family.

9. Bethany Women's Center
1335 N Street, NW
contact: Kathy 202/483-3739

Bethany Women's Center provides daytime services for homeless women, including lunches, counseling, job assistance, literacy groups, and AA/NA groups. Although many of the women are mothers, the agency does not run services for children.

10. Martha's Table
2114 14th Street, NW
contact: Juliette 202/328-6608

Martha's Table provides food to the hungry and homeless of D.C. and offers poor and homeless children supervised learning activities and nutritious meals in a safe environment. Martha's Table also operates McKenna's Wagon -- a mobile soup kitchen which travels to the neighborhoods of those in need.

11. Center for Youth Services
921 Pennsylvania Avenue, SE
contact: Leslie Penn 202/543-5707

The Center for Youth Services provides a variety of services to disadvantaged inner-city young people (ages one-21). CYS offers daily services such as educational programs, employment programs, field trips and planned outings, medical assistance, day care, and recreational programs, substance abuse counseling and community meeting groups.

12. Community Family Life Services
305 E Street, NW
contact: Tom Knoll 202/347-0511

Community Family Life Services provides people in need with a variety of services, including food for families once a month, clothing, counseling, educational assistance, job placement assistance, and transitional housing for homeless families. Job training in the food service industry is conducted at CFLS's own restaurant, "3rd and Eats".

13. Latin American Youth Center
3045 15th Street, NW
contact: Yasmeen Ali 202/483-1140

Latin American Youth Center provides recreational, educational, and employment programs, and a variety of social services to young people, ages 12-25, and their families.

CHILDREN IN THE DISTRICT OF COLUMBIA
KEY FACTS

- **Children represent a dwindling share of the D.C. population,** slipping from 30 percent in 1970 to only 19 percent in 1990.

- **One in every four D.C. children was poor in 1989.** Children younger than six suffer the highest poverty rates.

- **A majority of the District's children live with one parent.** The proportion of children living with both mother and father has fallen from 68 percent in 1970 to 35 percent in 1990. More than one D.C. child in ten is growing up today without any parent in the home.

- **About one in every six children born in the District has a teenage mother**, and one in 10 D.C. girls ages 15-19 have a baby out of wedlock in any given year.

- **More than half of all deaths among youths ages 15-19 are homicides.** The number of violent deaths among teenagers in this age group more than tripled between 1987 and 1989 (from 27 to 84). The number of juvenile cases in the District's criminal justice system actually declined slightly in recent years, but more of these cases now involve serious crimes.

- **Infant mortality in D.C. dropped to its lowest level in a half-century.** The number of babies who died before their first birthday was 16.7 per 1,000 births in 1993, down from 20.5 in 1991.

- **The District's high school students have reading and math skills well below the national average.** Poor attendance also continues to be a problem in junior and senior high schools, falling far short of the D.C. Board of Education's goal of a 92 percent attendance rate for grades 7-12.

- **The D.C. public schools offer full-day preschool and kindergarten programs for most four-year-olds and virtually all five-year-olds seeking to enroll.** The District also has made steady progress in improving the quality of these early childhood education programs.

- **The school breakfast program reaches only a third of low-income children in the District.** While this participation rate is just below the national average, it has fallen significantly in the past few years.

- **Cocaine use among D.C. youth has fallen while marijuana use has increased.** In 1989, cocaine was the predominant drug, with 56 percent of arrested youth testing positive for it and it alone. By 1991, cocaine use had dropped to 39 percent but marijuana use had risen to 42 percent.

IMMUNIZATION ISSUES IN THE DISTRICT OF COLUMBIA

THE PROBLEM

- Over 11,000 babies in the District -- nearly half of all children younger than two -- are in danger of catching life threatening childhood diseases such as measles, mumps and polio because they are not fully immunized.
- The threat to the District's children is real. Between 1989 and 1990, there were 67 reported cases of measles in the District, including one death. More recently, there were nine reported cases of whooping cough in the District in 1993.

RECENT PROGRESS IN IMMUNIZING THE DISTRICT'S CHILDREN

The Children's Defense Fund's District of Columbia Office launched a community-based immunization initiative two years ago that targets children from birth to age two, the age group that is most susceptible to preventable illnesses and the least protected. The initiative is designed to pull all segments of the D.C. community together in a concerted effort to: educate the public about the importance of immunizations; improve the public health infrastructure for tracking and monitoring children's immunization status; and expand access to immunizations and other essential preventive health services.

This immunization initiative has yielded early but tangible gains in the District. Indications of substantial progress include:

- Improvements in the District's central immunization registry through cooperative agreements between the D.C. Division of Immunization and the District's WIC program.
- Development of community-based outreach efforts and express immunization clinics to increase the ability and willingness of parents to immunize their children in a timely manner.
- Mobilization of a broad range of health professionals and leaders from business, religious congregations, academia, public utilities, hospitals, and other community groups to assist in immunization efforts.

OPPORTUNITIES FOR THE FIRST LADY'S INVOLVEMENT

The start of the new Barry administration in the District may create unique challenges for a new federal-local partnership on immunizations or in any other area. Yet the First Lady's active involvement in key aspects of the D.C. immunization initiative could bring badly needed visibility and high-profile leadership to the local immunization effort. Options that would give the D.C. initiative new prominence and greater potential effectiveness include:

- A series of visits to local health clinics and other immunization sites designed to attract media/public attention.
- One or more meetings with a cross-section of community leaders to build high-level support for the D.C. initiative.
- Leadership in focusing and coordinating available federal resources to aid the District in immunizing its children.

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DIVISION OF HEALTH PROMOTION
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Melanne Verveer
Page Two
January 10, 1995

A possible focus for Mrs. Clinton's advocacy in the District:

5. Mrs. Clinton's leadership could center on the theme, "begin at the beginning," stressing that pregnancy, infancy and young childhood are the bedrock of future functioning, productivity and happiness, and that the best path is early intervention and prevention at this key life stage.

6. Within this framework, she could emphasize that: (a) all pregnancies should be wanted and intended; (b) all pregnant women should be provided high-quality prenatal care; and (c) all infants and young children (ages "0 to 3") should receive adequate health and child care. These themes are highly consistent with the Carnegie Corporation report, *Starting Points.*

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Grant Loan
Carnegie to
look at other
projects

Melanne Verveer
Page Three
January 10, 1995

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not
HRC enterprise

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· Renee Jenkins, M.D., Chairman of the Department of Pediatrics at Howard University, and long time chair of the District's Advisory Board on Teenage Pregnancy;

Hamburg

· Courtenay Miller, Youth Minister of Mt. Airy Baptist Church and former adviser to District Mayor Kelly for religious affairs;

· Julie Rogers, director of the Eugene and Agnes Meyer Foundation and chief of staff to a former chair of the District's City Council, Polly Shackleton;

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Schedule

California
Denver
New Mexico –
– Iowa ~~e~~ take Congressional issues

Childrens –
Elizabeth – – | Diane Bernstein –
Foundation
District of Columbia
Foundation
= Joan Maxwell
= Joyce Ladner
– Clarice
– Debbie Schorr – Sasha Bruce
– Nun from St. Mary's
– Vincent Reed – Convenant House –

DC

10 ⇒ Myths about Welfare – column idea

X preexisting
portability
tort reform
universal

Overcoming our problems with WIN

Ask anyone what's wrong with the Nation's Capital, and they are liable to crank out a dirge that never ends. These days we hear more opinions about how to fix things from critics and observers than there are problems.

When a diverse group of local Christian clergy met with community organizing experts to explore the idea of starting a broad-based community organizing effort in Washington, D.C., several sadly objected that such a project could not bear fruit here. "Impossible," they feared. The District lacks sufficient governing structure, is too controlled by the power brokers, overvalues its professional image and is too racially polarized to achieve the successes of COPS in Corpus Christi, BUILD in Baltimore and dozens of similar organizing projects across the country. Yet, with the financial support of the Campaign for Human Development (CHD) and other partners, Washingtonians are climbing over, under, around and through these obstacles with the formation of the Washington Interfaith Network (WIN).

Experienced community organizers are amazed at the rapid and healthy birth of WIN which brings together more than 50 congregations and community groups from all eight wards. Enter any meeting of the steering and action team or issue committees and you will witness a non-partisan membership that defies racial, denominational, and economic polarization. Here, District residents, male, female, young and old, learn that their concerns are shared, perhaps with varying insight, at times with a different spin. Yet, they are discovering what the power brokers have known all along, that together we can do much.

CHD is the U.S. Catholic Bishops' response to the Gospel call to end poverty and injustice in America. Beyond the charitable donations and individual accountability we Catholics embrace, CHD clasps hands with the poor and oppressed, giving a boost to those striving for self-determination. CHD echoes Pope John Paul II's words: "Do not say that it is God's will that you remain poor. Organize for the defense of your rights and the realization of your goals."

This year, CHD funding will enable WIN to build its internal structure, by hiring a lead organizer and two associates to assist District residents in planning and implementing strategies for attacking four primary targets: housing, youth education and recreation, crime and safety, and jobs.

In the area of youth and education, WIN has initiated an after-school project which involves instituting educational and recreational programs for youth in the schools from the hours of 3 p.m. to 6 p.m. on weekdays. WIN has also identified three areas of the city for closer policing and will be using officers assigned to those areas. The officers will focus on demolishing drug dens. The development of mid-level job opportunities is also being planned.

CHD funds will provide the technical assistance WIN needs this first year to train its local leaders in proven community building skills. Even as WIN develops several public initiatives, its key challenge is to weave internal relationships vital for long term success. WIN considers its focus on pulling down the walls which separate us brick-by-brick to be as critical as its Nehemiah Project, in which the building of 1,000 single family homes is now underway. The boost from CHD is just what WIN needs to harness the creativity, resources and power of its members for the institutional changes that will bring down poverty and injustice in the Nation's Capital.

WIN's next major assembly will be in early December or January. Support WIN. Support the Campaign for Human Development. Collections for the Campaign for Human Development will be taken up in parishes around the country on Sunday, Nov. 24.

Donna Toliver Grimes is a member of St. Teresa of Avila Parish, S.E.

four -week chapter by the five sisters who the 3,000 members w for the next six years

Born in Kimpen in 1950, Sister Hor ied with the Siste Dame in Lemfu and where she trained as te

THE WHITE HOUSE

WASHINGTON

December 1, 1994

MEMORANDUM TO THE FIRST LADY

FROM: MARCIA HALE MH
ASSISTANT TO THE PRESIDENT AND
DIRECTOR OF INTERGOVERNMENTAL AFFAIRS

SUBJECT: Scheduling Request from D.C. Action for Children

I am enclosing a scheduling request from Susan Zox Smith, a friend of mine and the founder of D.C. Action for Children, asking you to consider becoming involved in the organization. You may remember having met Susan previously, or her husband, Hendrick Smith, a former reporter for the *New York Times*.

Given your interest in children and families, Susan believes her organization is well suited to you and would prosper under your guidance. While I am not familiar with D.C. Action for Children today, I was involved with it several years ago and recognize the importance of its mission.

Thank you for your consideration.

DISTRICT OF COLUMBIA
AREAS OF POSSIBLE FEDERAL INTERVENTION

I. **Relief from State functions**

- St. Elizabeths
- Prison System
- University of District of Columbia (and Law School)
- Medicaid

II. **Development of the Economy and Tax Base**

A. No effective economic development organization
- Multiple development authorities

B. Create a CDFI in District (coordinate a South Shore role)
- Support it with a lending consortium of area banks

C. Slow the exodus of federal facilities to the suburbs
- Federal "contracting out" practices are reducing federal employment of D.C. residents

- Preferences to vendors employing D.C. residents

D. Identify and support diversified employment sectors

- Tourism: hotels, restaurants, Convention Center, MCI Arena, Opera Center, Monument care

- Bio-medical: hospitals, medical schools, federal research

- Multi-media: printing, communications, international services

- Training for appropriate skills

E. Streamline D.C. business services into a one-stop center
- Permits, taxes, licenses
- Small business assistance and incentives

F. Intensify the federal role in development
- Enterprise community
- Brownfields redevelopments

III. <u>Employment and Wage Opportunities</u>

A. Bridges-to-Work models: connections to the growing jobs in the suburbs (transportation, placement)

B. Youth Build model: training for construction and rehabilitation for young people on a major scale

IV. <u>Schools and Youth</u>

A. School rehabilitation and construction assistance.

B. Charter Schools

C. Youth mentorship: Urban League model

V. <u>Encouragements to the Middle-Class to Stay</u>

A. Taxes are too high; insurance and costs of living are high; basic services are declining

B. Create a mortgage subsidy to offset costs of homeownership

C. Focus on improving basic services: police, fire, schools

D. Create Homeownership Zones (i.e., Ft Lincoln project with HUD)

VI. <u>Public Housing</u>

A. Intensify efforts to support the court-appointed receiver

VII. <u>Governance</u>

A. The First Lady can play a major coordinating role (Melanne Verveer)

B. A new force in the community-based leadership is the Washington Interfaith Network (IAF)

TO: Melanne
FROM: Pauline
DATE: January 27, 1997
RE: Draft proposal on DC and a "Prescription for Reading" campaign

Attached are one-page draft action plans on DC and our Prescription for Reading initiative. Please let me know what you think.

Barry Zuckerman asked whether we could help him approach Maurice Sendak about Sendak's doing a poster for Reach Out and Reads or in some way lending his name. I told him I would check what we could do. Zuckerman is eager to be helpful to us.

I plan to write up a similar one-page proposal tomorrow for the Holland & Knight event challenging DC law firms to partner with DC schools, and will also write up a proposal on DC educational technology following up on our meeting with Rivlin et al. The VP's office is happy to let us lead on DC educational technology.

If the POTUS launches the hospital wiring project, we may be able to do a related event at a DC children's hospital. Greg Simon liked my suggestion of having the mobile educational technology truck (called "Cyber Ed") which visited all the empowerment zones last year also visit children's hospitals across the country. We could go with the truck to a children's hospital in DC.

Prescription for Reading Campaign
DRAFT

Goal: To encourage adults to read to children daily beginning at birth by launching a campaign to encourage reading at an early age.

Convene To Secure Commitments for Involvement:

- Reach Out and Read -- will provide technical assistance and coordination
- American Academy of Pediatrics
- NACHRI -- Children's Hospitals and the DC children's hospitals
- Health clinic representatives
- Public housing representatives

- American Publishers Association -- already paid for ROR manuals
- Books Sellers for Children and American Booksellers Association
- American Library Association

- Pharmaceutical companies -- they're reportedly eager to do something with us
- Drug store chains
- Baby food companies and baby clothes manufacturers?

- Foundations and individual philanthropists?
- Religious leaders?

Possible National Actions:

Convene the parties listed above to secure commitments to achieve the goal of encouraging adults to read to children daily beginning at birth. Commitments could be announced at our early childhood brain development conference. Specifically:

- Pediatricians could literally give prescriptions for reading.
- Drug companies and drug stores could include prescriptions for reading with every traditional prescription.
- Book stores could include prescriptions for reading with every book they sell.
- Other companies could volunteer to pay for books to be donated.

Possible D.C.-Specific Actions:

1. Secure commitments to establish ROR-type programs integrating pediatric care and reading in every DC health clinic.

2. Support a one week book-give-away during which donated books would be available at health clinics, public housing, police stations, places of worship, and community centers.

Funding and Logistics: Zuckerman could set up the clinics in the city and says the Foundation for National Capitol Region (Kerry Freeman) would likely offer to provide funding for the books. Just \$6,000-\$7,000 buys 2,000-3,000 books. If we ran out of books it would only attract more attention and funding.

DC ADOPT-A-SCHOOL INITIATIVE

DRAFT

Goals:

1. Partner DC schools with businesses, federal agencies, colleges, and community organizations to provide tutoring, mentoring, maintenance, technology, legal assistance, financial and other resources to the children, parents, teachers and community.

2. Launch "D.C. Reads" focusing on tutoring at the 18 most needy DC schools.

Actions:

1. **Private Convening to Secure Commitments.** In mid-February, the First Lady would participate in a one-day convening at the White House to secure commitments and develop plans to form partnerships between DC schools and other DC organizations, including businesses, federal agencies, colleges, and community organizations. The Corporation for National Service has begun discussions with key players and is willing to hire Joyce Dudley Associates to organize and run the meeting. Participants would include:

   - General Becton, Maurice Sikes, and other DC public schools staff
   - DC PTA, Parents United
   - Local college representatives -- each college would adopt 1-4 schools
   - Corporation for National Service
   - Education Department
   - OMB, OPM, and other interested federal agencies
   - Communities in Schools -- this non-profit would have one person in each school to coordinate resources. It is already working with the Corporation for National Service Garrison Elementary School
   - Fannie Mae, local banks, and businesses -- as potential partners and employers of DC students
   - Local law firms and the Washington Lawyer's Committee

2. **Public Event to Announce Commitments and Challenges.** Both before and after this private convening, the Administration could challenge different parties and/or announce their commitments as part of DC Reads and the Administration's efforts in DC. In addition to announcing the local colleges' pledges of tutors, we could:

   - Announce each college will partner with 1-4 DC schools, providing tutors and other assistance from the schools.
   - Visit a school partnered with a law firm and challenge all DC law firms to do the same (Cleveland Elementary and Holland & Knight)
   - Visit Cardoza High School that has partnered with AmeriCorps and challenge residents and businesses to tutor and help fix up the schools' physical plants.
   - Announce commitments from the telecommunications companies to partner with schools, and to donate technical assistance and wiring kits to wire the schools on DC's NetDays in April.
   - Announce partnerships between each of the federal agencies and a DC school.

At first, Clinton and other White House officials said that they didn't know much about the proposal's details but that it sounded too costly. But with first lady Hillary Rodham Clinton eager to make revitalizing the District a priority of her own—and local criticism of the president's hands-off approach mounting—he reversed course within a day.

To ensure prompt and clear communication of the president's new message, White House officials contacted Dave McConnell, a veteran local radio reporter, and made sure he attended a news conference Dec. 13 and asked a question about the District. They even reserved a special chair for McConnell, so Clinton would know just where to find him.

When the question came, Clinton, a quick study on economic and political matters alike, suddenly appeared well-versed in District issues. With television cameras rolling, the president said that the capital city suffered from a "not quite" factor; it was not quite a city, not quite a state, and it needed more federal support.

"The American people need to understand the unique challenges facing Washington," Clinton said. ". . . I promise you a more serious effort."

Inside the administration, Cabinet members went to work on a D.C. aid package to include in the federal budget submitted to Congress in early 1997. But concerns lingered that the president's strong public commitment to the city would ease pressure on the mayor and control board to cut costs. Raines, an expert on the District's finances, knew that for all the talk of D.C. spending reductions and job cuts, the actual results had been overstated.

The city government still spends more than $5 billion a year, just as it did for years before the control board was created in the spring of 1995. Despite a large drop in its population over the last decade, the city has not reduced spending—in part because an increasing proportion of D.C. residents are poor and need assistance.

The control board has shifted spending priorities: tax dollars are being directed toward public safety, public works and public schools and away from salaries for other administrators. And instead of projecting spending increases and spiraling budget deficits, the D.C. government is planning for leaner times and smaller annual shortfalls. Yet overall, the total amount spent by the government annually has not changed much.

"We have succeeded in arresting the increase," Brimmer said. "Our task now is to achieve actual reductions."

Making substantial additional cuts without harming city programs won't be easy, in part because the city still lacks detailed information about what it really costs to pick up the trash, educate children and provide other core services. "You are talking about doing laparoscopic surgery with a meat cleaver," said D.C. Chief Financial Officer Anthony A. Williams. "It doesn't work."

As for Congress's major beef—the size of the payroll—Brimmer said the board has failed to force reductions rapidly enough. While boasting of his willingness to make tough decisions, Barry recently said that he cut about 10,000 jobs from the District government. But a review of internal D.C. payroll data shows that the mayor's claims are exaggerated. The government has reduced the number of jobs under the mayor's control—but the reductions haven't been as large as Barry says or as dramatic as Brimmer wishes.

The payroll of the District government and a series of new off-budget entities it has created now stands at about 37,194, down from 40,377 a year ago. That means 3,183 jobs have been cut. More than a third of the positions were in the public school system, where the mayor has little control.

"We did not make as much headway as I had hoped we would in reducing [the] payroll," Brimmer said. "We will take steps now to make certain that we don't just get paper cuts and that we get real cuts."

By paper cuts, Brimmer is referring to a kind of sleight of hand that makes it look as if jobs have been eliminated when they actually have been transferred to different accounts. For example, the District government moved about 1,146 employees this year from its payroll to the new D.C. Water and Sewer Authority, which is run by one of Barry's Cabinet members. Nobody lost a job, but the mayor says those 1,146 positions have been eliminated since they no longer appear as part of the official D.C. budget.

Barry made 6,944 jobs disappear from the city payroll this year. But more than half of those positions—about 3,760—actually were transfers to new D.C. government entities, such as the Water and Sewer Authority and a new city holding company that will oversee D.C. General Hospital.

D.C. City Administrator Michael C. Rogers said the job transfers should be tallied as real reductions because the local government is no longer financially responsible for the operations. "It has been a year of solid progress," he said.

But Rogers also noted that the Water and Sewer Authority is part of the D.C. government. And he agreed that if D.C. General Hospital ran into major financial problems, city officials would have to consider pumping in more money before allowing it to shut down.

For most District residents, the arcane issues of budgeting matter less than the condition of city streets, the safety and cleanliness of neighborhoods and the quality of schools. With a new D.C. sports arena under construction, the prospect of White House aid on major financial problems, and both the control board and the mayor pledging service enhancements across the city government, the year ahead offers promise. But signs abound that basic problems must be solved—and choices made about what services the city can afford—before daily life in the capital gets better.

Said Rep. Thomas M. Davis III (R-Va.), chairman of the House Government Oversight D.C. subcommittee, "We are moving in the right direction, but we still have far to go."

FOR MORE INFORMATION

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The Washington Post

SUNDAY, DECEMBER 29, 1996

2/2

After '96 Struggles to Shrink D.C. Government, a Mountain Remains

By David A. Vise
Washington Post Staff Writer

It wasn't supposed to end this way.

After the five members of the D.C. financial control board delivered their prepared remarks and completed their final scripted round of budget cutting for 1996, they sat around Friday talking frankly about how difficult it has been to turn the D.C. government around. One by one, the once-optimistic presidential appointees lamented their inability to bring swift improvements.

We made a significant "error" in the budget process, acknowledged board Chairman Andrew F. Brimmer: Because city managers weren't held accountable for millions of dollars in cuts, they didn't happen.

We've made only "marginal progress," conceded Vice Chairman Stephen D. Harlan. Contracting and personnel systems remain in disarray; financial information is still questionable. Bureaucracy, complained Constance B. Newman, is blocking implementation of new ideas.

Joyce A. Ladner offered the darkest assessment of all: "We can balance the budget a lot more easily than we can fix the system."

As 1996 draws to a close and board members reach the halfway mark in their three-year terms, much work remains before the District fulfills President Clinton's vision of a "city that works" and Mayor Marion Barry's goal of urban "transformation."

Crime, underachieving schools, high taxes and an unwieldy city bureaucracy are routinely cited by residents fleeing to the suburbs. In the 1990s alone, the city has lost more than 50,000 residents, and Del. Eleanor Holmes Norton (D-D.C.) has warned repeatedly that only radical changes will stop the hemorrhaging.

Still, 1996 was a year of extraordinary upheaval in a city government known over the years for resisting change rather than embracing it. Barry, long a defender of the government's size, declared in February that it was too big and needed to shrink from 40,000 workers to 30,000 workers. His "transformation plan" called for privatizing more services, improving efficiency and dealing with residents in a friendlier manner.

The control board, after engaging in skirmishes with the mayor, grew increasingly assertive. It forced a member of Barry's Cabinet to resign despite racially tinged protests, rejected millions of dollars of questionable contracts with some of the mayor's associates and quashed numerous bills approved by the D.C. Council.

The board then swung into action with full force on the D.C. public schools.

Saying the schools were failing to provide children with a decent education, the board brushed aside home rule defenders and fired school Superintendent Franklin L. Smith, revoked most of the D.C. school board's powers just days after the November elections and put Julius W. Becton Jr. and a new panel of trustees in charge of the system.

In the new year, the board will complete major reviews of the University of the District of Columbia and the police department

See DISTRICT, B4, Col. 1

DISTRICT, From B1

that Brimmer says will lead to noticeable improvements.

A year ago, control board officials were criticized for "not doing anything," said D.C. Council member Jack Evans (D-Ward 2). But after taking forceful action on the schools and other matters, the board has become "a player," he said.

The council, for its part, struggled through the year without a strong sense of direction, and it failed to establish solid lines of communication with the control board. "Unfortunately, the council really can't seem to find its own way," said D.C. Council member Harold Brazil (D-Ward 6).

But in recent months, council members showed that they, too, could help steer the city. They voted to slash welfare benefits and approved a resolution calling for cuts in youth programs and at UDC—which the control board adopted despite Barry's objections.

Along the way, Brimmer told Congress the board was pushing the District toward a balanced budget by 1999. But the pace was too slow for congressional Republicans, who decried the city's payroll as bloated and whacked $25 million out of the 1997 "consensus" budget that Barry, the D.C. Council and the control board had endorsed.

With the end of the year nearing, and the familiar sound of *cut, cut, cut* echoing all around, control board members reached the same conclusion that Barry and other D.C. leaders had come to years before: Cuts alone would not fix the city's problems.

The question was what to do about it. Recognizing that Washington is not just any city, but the nation's capital as well, they figured there must be something more that the federal government could contribute. But behind closed doors, Franklin D. Raines, a top presidential budget adviser, had told control board officials that the city needed to improve its management and reduce spending further before it could make a strong case for more federal funds.

With the clock ticking, control board members said they began to fear that their tenure might end with a balanced budget but a bleeding city still in decline. For the conservative fiscal panel, the time had come to take a calculated political risk.

On a cool December day, all five board members appeared at a news conference to ask the federal government to take responsibility for about $1 billion in D.C. programs—including Medicaid, road and bridge maintenance, pensions and prisons—that typically are paid for by state governments. Barry had made the same plea last year but had been rebuffed.

The board waited anxiously to find out how the president—who had eschewed District affairs during his first term after political advisers urged him to avoid close association with Barry—would respond.

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