

Government of the District of Columbia



Testimony of
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*“Enhancing Educational and Economic
Opportunity in the District of Columbia”*

United States Senate
Committee on Homeland Security and Governmental Affairs
Subcommittee on Oversight of Government Management,
the Federal Workforce, and the District of Columbia

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Good morning. Chairman Voinovich, Ranking Member Akaka, and other distinguished members of this committee, I would like to thank you for this opportunity to testify before you on Enhancing Educational and Economic Opportunity in the District of Columbia. Thank you for this opportunity to testify to three bills currently under consideration by the U.S. Senate, the Federal and District of Columbia Real Property Act of 2005, the extension of the District of Columbia's College Access Act, and the 2005 District of Columbia Omnibus Authorization Act.

As I approach the end of my time as Mayor of this great city, I am proud of what we have accomplished the past seven years and I look forward to continue to serve this city well for the remainder of my term. These bills will have a profound impact on the District of Columbia over the long term and I thank you for your support for these initiatives as well as your commitment to the improvement of the District of Columbia for the people that live, work and visit the nation's capital.

I will limit my oral remarks to the real property act and the tuition assistance grant program and ask that my full testimony on all three pieces of legislation be submitted for the record.

Federal and District of Columbia Real Property Act of 2005

The Federal and District of Columbia Real Property Act of 2005 would result in an exchange of more than forty parcels of land totaling more than 220 acres between the District of Columbia and the federal government. I would like to enthusiastically thank the Office of Management and Budget, the National Park Service, and the General Services Administration for working closely with my administration to develop this complex initiative. This legislation represents a significant step I believed we took a significant step forward toward stewardship of the land in the District of Columbia. Ultimately, it will help us build world class parks along the Anacostia Waterfront that support and provide amenities to the communities adjacent to the Anacostia River in line with the wishes and interests of citizens here in the District.

I believe that this legislation will allow the District of Columbia to fulfill the proud legacy of planning that was inherent in L'Enfant's original plan for the District of Columbia. Despite the evolution of our city as a small federal enclave to the center of one of the nation's most dynamic regions over the past 200 years, many parcels within our borders remain underutilized and opportunities that have the potential to expose the greatness of our city are unrealized. The Real Property Act of 2005 is a step toward addressing the unfinished business of the City in the way that will allow property to be used more efficiently and in the service of the federal government's mutual interest and the citizens of the District of Columbia.

I also believe that this legislation will promote economic development within the city and make the District more vibrant and prosperous not only with the city boundaries, but also the entire region. The seat of the Federal Government should be located in a healthy, vibrant city for the benefit of its employees, local citizens, foreign visitors and all Americans who visit. I strongly believe in moving forward on this legislation because the Anacostia River and surrounding neighborhoods represents the future of the District of Columbia. The Anacostia Waterfront Initiative is a very important piece of my plan to move the City of Washington D.C. forward. It

will allow this generation of Washingtonians to leave to the next generation the quality of amenities, public space, and services that other parts of our city enjoy.

Specifically, the 2005 Federal and District of Columbia Real Property Act would:

- Transfer ownership of two key parcels of land along the Anacostia River—Reservation 13 and Poplar Point – in order to achieve the Urban development and environmental restoration goals outlined in The Anacostia Waterfront Framework Plan. By transferring these parcels, the District will be able to significantly enhance access to the river and its parkland and become a destination attraction for tourist residents, leading to economic stimulation and development.
- Transfer several small parcel of land in the vicinity of the Anacostia River. Many of these parcels such Reservation 17A along New Jersey Avenue SE, are already under the District’s Administrative Jurisdiction and will be components of ongoing neighborhood redevelopment action.

Overall open space in the space in the District will improve under the District of Columbia Government Real Property Act of 2005 by renovating existing parkland to create more accessible green space. For example, conveyance of Poplar Point under the Real Property Act will grant residents and visitors easy access to the site, which is hemmed in by roadways, making it practically inaccessible and suffers environmental contamination.

Conveying title to federal property to the District would not harm the federal government, since virtually all of it has no federal activity. For example, Reservation 13 hasn’t been used by the federal government in 157 years, whereas if the city had title to the property, it could implement a plan to create a vibrant, mixed income community that help the city’s long term financial outlook by adding more business and residents to the city’s tax base.

There would be an economic benefit to the federal government also. Transferring property to the District will provide more contiguous park preservation. The National Park Service can eliminate that cost of maintaining or resolving environmental problems on remote or isolated parcels, some of which are surrounded by city property. The funds used to maintain or account for National Park Service land in this bill can be used to improve priority projects for the Park Service.

The Real Property Act of 2005 will provide a second economic benefit to the federal government by resolving million of dollars of litigation claims brought by the District against the federal government. These claims are the cause of legal action against the federal government for the failure to reimburse the District for costs associated with St. Elizabeths Hospital and are still being considered by the courts.

Finally, I would like to emphasize that this Act will provide the Anacostia Waterfront Corporation with the tools it needs to proceed on implementation plans for the Anacostia Waterfront Initiative. This Initiative reflects a careful balance of commerce, residences, recreation spaces and public amenities that would benefit our residents and visitors to the nation capitol would diminish, as well as economic benefit to the District. I believe that this Act is the

best approach to achieve our goal to ensure that the District of Columbia is a national gem for all that live, work and visit here and I wholeheartedly urge you to support this bill and assist us to achieve this goal for long-term development of our nation's capital.

Extending the District of Columbia College Access Act

The District of Columbia's Tuition Assistance Program (DCTAG) has been a tremendous success since its inception in school year 2000/2001. For the most recent school year, 2004/2005, 4,754 students received funding from the TAG program. Recognizing the success of the program, the President requested and Congress approved \$33.2 million to continue this program in FY 2006. By continued support for this successful college access program, the Administration certainly understands the importance and value it has brought to the young college bound residents of the District of Columbia that possibly would not have an opportunity to attend a four year institution without this successful program.

The Tuition Assistance Grant Program is a marquee federal initiative that was established by Congress in the 1999 District of Columbia College Access Act and has been and continues to be a tremendous success. This Program compensates the District for our lack of state university system that the entire country enjoys by allowing our high school college bound students to attend out-of-state public universities at in-state tuition rates and providing them grants for attending selected private universities. Unfortunately, program costs have continued to grow rapidly due to rising tuition costs nationwide and rising program participation.

TAG currently provides grants up to \$10,000 annually for undergraduate District students to attend eligible four year public universities and colleges nationwide at in state tuition rates. It provides grants up to \$2,500 for students to attend a private institution in the D.C. metropolitan area and private historic black colleges and universities as well as public 2 year community colleges. . In 2005, our students were enrolled in universities and colleges in 45 states across the county, the District of Columbia and the U.S. Virgin Islands.

The Tuition Assistance Program has had many successes. In June, 2004, the program graduated its first class. The second class graduated June of last year. For 75 percent of the students surveyed at Woodson High School in the District, TAG affected their decision to pursue post-secondary education and 65 percent have said that the program has affected their school choice. Also gratifying to me is that 55 percent of participants are the first members of their immediate family to attend college.

The District is asking that the federal government fund the TAG program at a level sufficient to provide grants for all projected eligible applicants which will require \$35.1 million in FY 2007. Without assistance, the District will have to cut back on services and increase eligibility requirements in 2007. Program costs are driven by several factors:

The 2004/2005 academic year marked the first year that the program has carried a full five cohorts. In addition, the total amount of students steadily increased in each year of the program from 1,948 in 2000-2001 to 5,046 in 2005-2006.

The average DCTAG costs are also rising. According to data from the College Board, for the 2004/2005 academic year, tuition costs at four-year institutions are up 10.5 percent nationally over the prior year which is in addition to the increase of 14 percent in 2003/2004. The growth in tuition costs impacts directly on the DCTAG program.

Every year since the program inception, the federal government has provided sufficient funding to pay for all eligible participants and all eligible services. This year, unless additional funds are appropriated beyond the \$33.2 million appropriated in the FY 2006 budget, the District will have to cut back on services and eligibility.

If the District costs exceed available federal funds, several options available to me as Mayor are to make a pro-rata cut in each participant's grant award, restrict the number of participating colleges and universities, or to make the program needs-based. All such options are very unattractive.

One option will impact people who have begun college or a university under one agreement only to face an unexpected cost increase in the next. The other option would drastically alter the nature of the program and reduce its ability to attract and retain middle class families in the city.

I have heard from many parents and students, and they are concerned about the impact to the DCTAG program if proposed legislation is enacted to cap the program that would hinder our students' pursuit of higher education goals. Thanks to the past support of Congress, the DCTAG program has been tremendously supportive successful in its inception, resulting in a 35 percent increase of students attending college. Many of our students are first generation college students attempting to improve the financial disadvantages they have known throughout their lives. I urge Congress to reauthorize the District of Columbia Tuition Assistance Grant program and continue to support the educational opportunities that this program is making available.

The 2005 District of Columbia Omnibus Authorization Act

Lastly, I would like to speak about the 2005 District of Columbia Omnibus Authorization Act. This Act contains a series of amendments and miscellaneous provisions that may be too small to merit individual consideration by the Congress, but are nonetheless very important to the operations and legal basis for administering the District of Columbia.

The Act before you would make permanent the independent role of the Chief Financial Officer in the District of Columbia; it would provide the District with the flexibility to spend additional revenue certified during the fiscal year outside the federal appropriations process; and it would provide the District to allocate enter into interstate insurance compacts. In addition, the legislation would replicate many of the miscellaneous provisions that appear as riders to the District's appropriations act in order to ensure that these provisions are enacted by the authorization committees, rather than the appropriation committees.

I would like to devote the balance of my testimony to several proposed amendments:

Change to District of Columbia Public Schools Fiscal Year

Recent legislated change in the District of Columbia Public Schools (DCPS) fiscal year to a different year end than that of the rest of the District of Columbia government may prevent the District's financial statement and the Comprehensive Annual Financial Report (CAFR) from being in compliance with general accepted accounting principles (GAAP) from being in compliance with the United States Government's generally accepted accounting principles (GAAP). As a result, we have been informed that the audit report for fiscal year 2007 would contain a qualification based on a departure from GAAP and the Governmental Accounting Standards Board (GASB) requirements.

Effective for fiscal year 2007, Public Law No. 108-386, the 2004 District of Columbia Authorization Act, passed by Congress in October 30, 2004, changes fiscal year for DCPS from October 1 through September 30 (the fiscal year for the general fund) to July 1 through June 30. Apart from the practical benefit of having a fiscal year consistent with the academic school year, there are potentially serious accounting and financial consequences arising from the change made to the DCPS fiscal year.

Current language in the law reads as follows: "Effective with respect to fiscal year 2007 and each succeeding fiscal year, the fiscal year for the District of Columbia Public Schools, including public charter schools, and the University of the District of Columbia shall begin on the first day of July and end on the thirteenth day of June of each calendar year."

The District requires more time to establish procedures for changing the fiscal year for our schools. Estimated cost to the District for implementing this change, once procedures are established is \$15 million for software changes. In addition, United States Government accounting standards do not recognize an entity with two different fiscal years. Specifically, the District of Columbia Schools is part of the District Government. If the fiscal year changes for DCPS, but not for the District, the District would not receive a clean audit report since the existence of two separate fiscal years with the District of Columbia would be reported separately. Therefore, we would request language that allows the District to implement this change when appropriate, rather than mandate an implementation timeframe.

Allow the D.C Public Libraries to Accept Gifts

I would also like to speak to you regarding language in the in the District Government's FY 2006 Budget Request Act which has been omitted from the D.C. Omnibus Authorization Act as approved by the House of Representatives. Specifically, Section 123 would facilitate private sector gifts of money and tangible property to the District's public library system. The amendment, which was adopted by the District's Council, would amend Congressional language contained in the Appropriations Act of 2003 which constrains the ability to give gifts to any District government agency except the Mayor, Council, public school and the courts. The amendment would enable the District government to establish a process for direct giving to libraries.

This language will allow the library system greater flexibility to implement my Blue Ribbon Task Force on Libraries, which has received financial support from the current administration and civic leaders across the District.

Re-employed Annuitants

Finally, there is a need to amend Section 303 of the 2005 DC Omnibus Authorization Act (Title V) in order to address the problem affecting Civil Service Retirement System (CSRS) annuitants who are reemployed by the District of Columbia. Under Title V, an annuitant who is reemployed is subject to a salary offset. The District government found that reemployed CSRS annuitants were receiving disparate treatment based on whether their original employment with the District Government was before or after October 1, 1987 are subject to the salary offset and those hired after that date or not. Therefore, the District enacted D.C. Law 15-207 to correct this disparity.

Prior to Home Rule, District employees were considered Federal Government employees and covered by Title V of the U.S. Code. After Home Rule, this provision was included in the District's annual appropriation to clarify that Title V no longer applied to District employees. The Office of Personnel Management (OPM) reviewed the law and found that it is not legally binding. OPM has recommended that the District seek an amendment that to provide an explicit exemption from this provision. This exemption would enhance the District's ability to attract and retained experienced and skilled federal annuitants who may not otherwise work for the District.

Conclusion

I would like to thank you for the opportunity to testify today on these three bills. I thank you again for your leadership and support for me as Mayor and for the District as a whole. I ask that my full statement be entered into the record and I would be pleased to answer any questions you may have.