

Y4
.D 63/2
R 32/2/971

1036

9214
D63/2
R 32/2/971

D.C. REVENUE ACT OF 1971

GOVERNMENT

Storage DOCUMENTS

JAN 6 1972

THE LIBRARY
KANSAS STATE UNIVERSITY

HEARING BEFORE THE COMMITTEE ON THE DISTRICT OF COLUMBIA UNITED STATES SENATE NINETY-SECOND CONGRESS

FIRST SESSION

ON

H.R. 11341

TO PROVIDE ADDITIONAL REVENUE FOR THE DISTRICT
OF COLUMBIA

NOVEMBER 16, 1971

Printed for the use of the
Committee on the District of Columbia

KSU LIBRARIES



111900 972629 ✓



U.S. GOVERNMENT PRINTING OFFICE

70-195 O

WASHINGTON : 1971

COMMITTEE ON THE DISTRICT OF COLUMBIA

THOMAS F. EAGLETON, Missouri, *Chairman*

DANIEL K. INOUE, Hawaii
ADLAI E. STEVENSON III, Illinois
JOHN V. TUNNEY, California

CHARLES McC. MATHIAS, Jr., Maryland
LOWELL P. WEICKER, Jr., Connecticut
JAMES L. BUCKLEY, New York

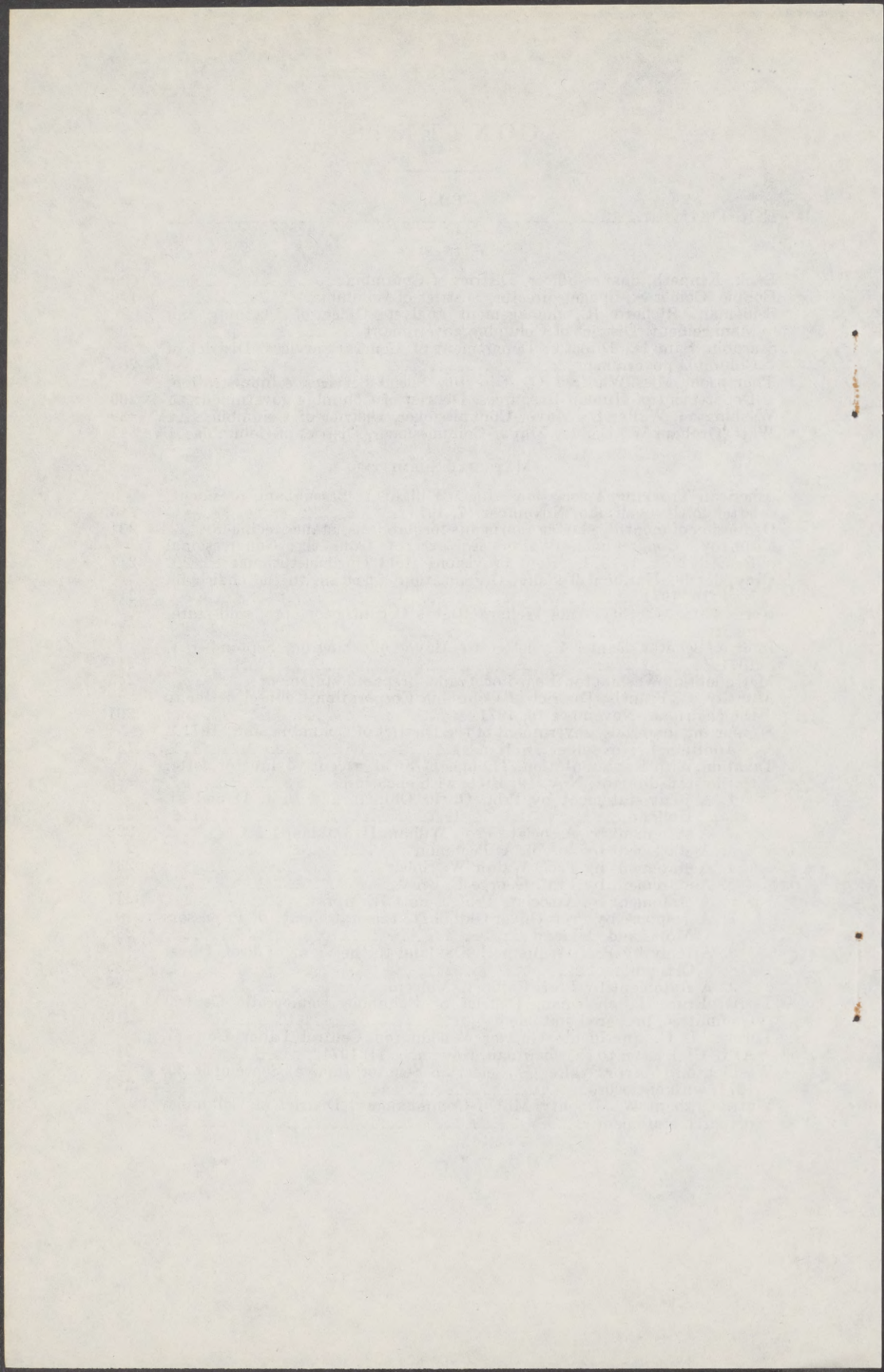
ROBERT HARRIS, *Staff Director and Counsel*

GENE E. GODLEY, *General Counsel*

CAROLYN W. JOHNSON, *Minority Staff Director*

CONTENTS

H.R. 11341-----	BILL	Page
		2
WITNESSES		
Back, Kenneth, finance officer, District of Columbia-----		39
Coppie, Comer S., budget director, District of Columbia-----		196
Seideman, Richard R., management analyst, Office of Planning and Management, District of Columbia government-----		203
Starobin, Sam D., Director, Department of General Services, District of Columbia government-----		203
Thompson, Miss Winifred G., Director, Social Services Administration, Department of Human Resources, District of Columbia government-----		209
Washington, Walter E., Mayor-Commissioner, District of Columbia-----		39
Watt, Graham W., Deputy Mayor-Commissioner, District of Columbia-----		47
MATERIAL SUBMITTED		
American Trucking Associations, Inc., William A. Bresnahan, president, letter to the chairman, November 17, 1971-----		246
Deduction of monthly shelter allotments for public assistance recipients-----		201
Fauntroy, Congressman Walter E., excerpt from the Congressional Record, Nov. 1, 1971, "Rent Provisions Held Unconstitutional"-----		217
Grey, Jessie, National Tenants Organization, telegram to the chairman, Nov. 16, 1971-----		217
Horn, Etta M., City-Wide Welfare Rights Organization, prepared state- ment-----		245
Inouye, Senator Daniel K., letter to Mayor Washington, September 1, 1971-----		211
Metropolitan Washington Board of Trade, prepared statement-----		243
Murphy, C. Francis, District of Columbia Corporation Counsel, letter to the chairman, November 16, 1971-----		204
Supporting materials, government of the District of Columbia, June 1971--		51
Additional, November 1971-----		133
Taxation With Representation, Thomas F. Field, executive director, letter to the staff director, Nov. 19, 1971, with enclosures-----		226
1. A joint statement by Prof. Oliver Oldman and Prof. Daniel M. Holland-----		227
2. A statement by Associate Prof. William H. Oakland-----		228
3. A statement by Joseph A. Pechman-----		229
4. A statement by Prof. Walter W. Heller-----		231
5. A statement by Prof. George F. Break-----		232
6. A statement by Associate Prof. Elliott R. Morss-----		234
7. A response by Prof. Oliver Oldman to the statements of Professors Morss and Oakland-----		238
8. A reply by Prof. William H. Oakland to the views of Prof. Oliver Oldman-----		239
9. A statement by Prof. Philip E. Vincent-----		239
Terris, Bruce J., chairman, District of Columbia Democratic Central Committee, prepared statement-----		216
Turner, J. C., president, Greater Washington Central Labor Council, AFL-CIO, letter to the chairman, November 11, 1971-----		216
Washington, Mayor Walter E., letter to Senator Inouye, September 30, 1971, with enclosure-----		212
Watt, Graham W., Deputy Mayor-Commissioner, District of Columbia, prepared statement-----		48



DISTRICT OF COLUMBIA REVENUE ACT OF 1971

TUESDAY, NOVEMBER 16, 1971

U.S. SENATE,
COMMITTEE ON THE DISTRICT OF COLUMBIA,
Washington, D.C.

The committee met, pursuant to notice, at 10 a.m. in room 6226, New Senate Office Building, Senator Thomas F. Eagleton (chairman) presiding.

Present: Senators Eagleton and Inouye.

Staff present: Robert Harris, staff director and counsel; Gene E. Godley, general counsel; and Carolyn W. Johnson, minority staff director.

The CHAIRMAN. Good morning, ladies and gentlemen.

The Senate District of Columbia Committee is now in session to hear matters relating to H.R. 11341, the District of Columbia Revenue Act of 1971. I now place a copy of that bill in the record.

(H.R. 11341 follows:)

H. R. 11341

IN THE SENATE OF THE UNITED STATES

Read twice and referred to the Committee on the District of Columbia

Reported by Mr. EAGLETON, with amendments

[Omit the part struck through and insert the part printed in italic]

AN ACT

To provide additional revenue for the District of Columbia,
and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "District of Columbia
4 Revenue Act of 1971".

5 TITLE I

6 AMENDMENTS TO DISTRICT OF COLUMBIA

7 INHERITANCE TAX

8 SEC. 101. (a) Paragraph (a) of section 1 of article 1
9 of title V of the District of Columbia Revenue Act of 1937
10 (D.C. Code, sec. 47-1601) is amended to read as follows:
11 "SEC. 1. (a) All real property and tangible and

1 intangible personal property, or any interest therein, having
2 its taxable situs in the District of Columbia, transferred from
3 any person who may die seized or possessed thereof, either
4 by will or by law, or by right of survivorship, and all such
5 property, or interest therein, transferred by deed, grant, bar-
6 gain, gift, or sale (except in cases of a bona fide purchase
7 for full consideration in money or money's worth), made or
8 intended to take effect in possession or enjoyment after the
9 death of the decedent, or made in contemplation of death,
10 to or for the use of, in trust or otherwise (including property
11 of which the decedent has retained for his life or for any
12 period not ascertainable without reference to his death or for
13 any period which does not in fact end before his death (1)
14 the possession or enjoyment of, or the right to the income
15 from such property, or (2) the right, either alone or in
16 conjunction with any person, to designate the persons who
17 shall possess or enjoy the property or the income therefrom),
18 to the father, mother, husband, wife, children by blood or
19 legally adopted children, or any other lineal descendants or
20 lineal ancestors of the decedent, shall be subject to the tax
21 as follows: 1 per centum of so much of said property as is in
22 excess of \$5,000 and not in excess of \$25,000; 2 per centum
23 of so much of said property as is in excess of \$25,000 and
24 not in excess of \$50,000; 3 per centum of so much of said
25 property as is in excess of \$50,000 and not in excess of

1 \$100,000; 5 per centum of so much of said property as is in
2 excess of \$100,000 and not in excess of \$500,000; 6 per cen-
3 tum of so much of said property as is in excess of \$500,000
4 and not in excess of \$1,000,000; and 8 per centum of so
5 much of said property as is in excess of \$1,000,000.”

6 (b) Paragraph (b) of such section is repealed and
7 paragraph (c) of such section is amended to read as follows:

8 “(c) So much of said property so transferred to any
9 person other than those included in paragraph (a) of this
10 section and all firms, institutions, associations, and corpora-
11 tions shall be subject to a tax as follows: 5 per centum of so
12 much of said property as is in excess of \$1,000 and not in
13 excess of \$25,000; 10 per centum of so much of said prop-
14 erty as is in excess of \$25,000 and not in excess of \$50,000;
15 14 per centum of so much of said property as is in excess
16 of \$50,000 and not in excess of \$100,000; 18 per centum
17 of so much of said property as is in excess of \$100,000
18 and not in excess of \$500,000; 22 per centum of so much
19 of said property as is in excess of \$500,000 and not in
20 excess of \$1,000,000; and 23 per centum of so much of
21 said property as is in excess of \$1,000,000.”

22 (c) The amendments made by this section shall apply
23 with respect to property in the estates of persons who die on
24 or after the date of enactment of this Act.

TITLE II

1

2 AMENDMENTS TO DISTRICT OF COLUMBIA CIGARETTE TAX

3

ACT

4 *SEC. 201. Subsection (a) of section 603 of the District*
5 *of Columbia Cigarette Tax Act (D.C. Code, sec. 47-2802*
6 *(a)) is amended by striking out "4 cents" and inserting*
7 *in lieu thereof "6 cents".*

8 *SEC. 202. (a) Except as otherwise provided, the amend-*
9 *ment made by section 201 shall apply with respect to cig-*
10 *arette tax stamps purchased on or after the effective date of*
11 *this title, which shall be the first day of the first month which*
12 *begins on or after the thirtieth day after the date of the*
13 *enactment of this Act.*

14 *(b) In the case of cigarette tax stamps which have been*
15 *purchased prior to the effective date of this title and which*
16 *on such date are held (affixed to a cigarette package or*
17 *otherwise) by a wholesaler, retailer, or vending machine*
18 *operator, licensed under the District of Columbia Cigarette*
19 *Tax Act, such licensee shall pay to the Commissioner (in*
20 *accordance with subsection (c)) an amount equal to the*
21 *difference between the amount of tax represented by such*
22 *tax stamps on the date of their purchase and the amount*
23 *of tax which an equal number of cigarette tax stamps would*
24 *represent if purchased on the effective date of this title.*

25 *(c) Within twenty days after the effective date of this*

1 title, each such licensee (1) shall file with the Commissioner
2 a sworn statement (on a form to be prescribed by the Com-
3 missioner) showing the number of such cigarette tax stamps
4 held by him as of the beginning of the day on which this title
5 becomes effective or, if such day is a Sunday, as of the be-
6 ginning of the following day, and (2) shall pay to the
7 Commissioner the amount specified in subsection (b).

8 (d) Each such licensee shall keep and preserve for the
9 twelve-month period immediately following the effective date
10 of this title the inventories and other records made which
11 form the basis for the information furnished to the Com-
12 missioner on the sworn statement required to be filed under
13 this section.

14 (e) For purposes of this section, a tax stamp shall be
15 considered as held by a wholesaler, retailer, or vending ma-
16 chine operator if title thereto has passed to such wholesaler,
17 retailer, or operator (whether or not delivery to him has
18 been made) and if title to such stamp has not at any time
19 been transferred to any person other than such wholesaler,
20 retailer, or operator.

21 (f) A violation of the provisions of subsection (b), (c),
22 or (d) of this section shall be punishable as provided in sec-
23 tion 611 of the District of Columbia Cigarette Tax Act
24 (D.C. Code, sec. 47-2810).

TITLE ~~II~~ III

TAXATION OF BUSINESS INVENTORY

SEC. ~~201~~, 301. Paragraph 2 of section 6 of the Act of July 1, 1902 (D.C. Code, sec. 47-1207), is amended by adding at the end thereof the following sentence: "Effective July 1, 1972, the rate of tax applicable to the average stock in trade of dealers in general merchandise shall be two-thirds of the rate of tax established by the District of Columbia Council for application generally to personal property subject to taxation for the fiscal year ending June 30, 1972; and effective July 1, 1973, the rate of tax applicable to the average stock in trade of dealers in general merchandise shall be one-third the rate of tax established by the District of Columbia Council to be applied generally to personal property subject to taxation for the fiscal year ending June 30, 1973; and effective July 1, 1974, the tax on the average stock in trade of dealers in general merchandise is repealed."

TITLE ~~III~~ IV

MOTOR VEHICLE FUELS TAX

SEC. ~~301~~, 401. (a) The first section of the Act entitled "An Act to provide for a tax on motor vehicle fuels sold within the District of Columbia, and for other purposes,"

1 approved April 23, 1924 (43 Stat. 106; D.C. Code, sec.
2 47-1901), as amended, is amended by striking the figure
3 "7" and inserting in lieu thereof the figure "8".

4 (b) Section 2 (b) of such Act (D.C. Code, 47-1902
5 (b)), is amended to read as follows:

6 " (b) The term 'motor vehicle fuels' means gasoline,
7 diesel fuel, and other volatile and flammable liquid fuels
8 produced or compounded for the purpose of operating or
9 propelling internal combustion engines. It also includes
10 benzol, benzene, naphtha, kerosene, heating oils, all liquefied
11 petroleum gases, and all combustible gases and liquids suit-
12 able for the generation of power for propulsion of motor
13 vehicles when advertised, offered for sale, sold for use, or
14 used, alone, or blended or compounded with other products,
15 for the purpose of operating or propelling internal combus-
16 tion engines."

17 (c) Section 10 of such Act (D.C. Code, 47-1910) is
18 repealed.

19 (d) Section 14 of such Act (D.C. Code, 47-1912), as
20 amended, is amended by striking out "of 7 cents per gallon".

21 SEC. ~~302~~. 402. The amendments made by this title shall
22 take effect on the first day of the first month which begins
23 more than thirty days after the date of enactment of this Act.

TITLE IV V

CORPORATE AND UNINCORPORATED BUSINESS INCOME

TAX

SEC. 401. 501. Section 2 of title VII of article I of the District of Columbia Income and Franchise Tax Act of 1947 (D.C. Code, sec. 47-1571a) is amended by striking out "6" and inserting in lieu thereof "7".

SEC. 402. The amendment made by this title shall apply with respect to taxable years beginning after December 31, 1971.

SEC. 502. Section 3 of title VIII of such Act (D.C. Code, sec. 47-1574b) is amended by striking out "6" and inserting in lieu thereof "7".

SEC. 503. Section 2 of title VII of such Act. (D.C. Code, sec. 47-1571a) is amended by striking out "7" and inserting in lieu thereof "8".

SEC. 504. Section 3 of title VIII of such Act (D.C. Code, sec 47-1574b) is amended by striking out "7" and inserting in lieu thereof "8".

SEC. 505. The amendments made by sections 401 and 402 of this title shall be applicable to taxable years beginning after December 31, 1971. The amendments made by sections 403 and 404 of this title shall be applicable to taxable years beginning after December 31, 1973.

TITLE V VI

INCREASE SPECIAL FUND BORROWING AUTHORITY

SEC. ~~501~~ 601. Section 214 of the District of Columbia Public Works Act of 1954 (D.C. Code, sec. 43-1613) is amended by striking out the figure "\$72,000,000" and inserting in lieu thereof the figure "\$106,000,000".

SEC. ~~502~~ 602. The Act entitled "An Act to authorize the Commissioners of the District of Columbia to plan, construct, operate, and maintain a sanitary sewer to connect the Dulles International Airport with the District of Columbia system", approved June 12, 1960, as amended, is further amended (1) by striking out in section 4 (D.C. Code, sec. 43-1623 (a)) "\$25,000,000" and inserting in lieu thereof "\$35,500,000", and (2) by adding at the end of section 2 (b) (D.C. Code, sec. 43-1621 (b)) the following: "Lump-sum payments made by an agency or local authority pursuant to the provisions of this section, and as reimbursement to the United States of funds loaned in compliance with section 4 of this Act, need not be appropriated, and may be made by the agency or local authority to the Secretary of the Treasury.". The second sentence of section 4 (a) of such Act is amended by striking out "Any loan advanced" down through and including "from the receipts credited to said fund" and inserting in lieu thereof the following: "Any loan

1 advanced under this section shall be credited to the Metro-
 2 politan Area Sanitary Sewage Works Fund, and—

3 “(1) in the case of any loan advanced under this
 4 section before July 1, 1971, 50 per centum of such loan
 5 shall be repaid to the Secretary of the Treasury, and

6 “(2) in the case of any loan advanced on or after
 7 July 1, 1971, 100 per centum of such loan shall be repaid
 8 to the Secretary of the Treasury,
 9 from the receipts credited to such fund”.

10 TITLE VI

11 INCREASE IN AUTHORIZATION OF THE FEDERAL PAYMENT 12 TO THE DISTRICT OF COLUMBIA

13 SEC. 601. Section 1 of article VI of the District of
 14 Columbia Revenue Act of 1947 (D.C. Code, sec. 47-2501a)
 15 is amended (1) by striking out “1971”, and inserting in lieu
 16 thereof “1972”, and (2) by striking out “\$126,000,000”
 17 and inserting in lieu thereof “\$170,000,000”.

18 TITLE VII

19 FEDERAL PAYMENT TO THE DISTRICT OF COLUMBIA

20 SEC. 701. (a) Regular annual payments are hereby
 21 authorized to be appropriated from revenues of the United
 22 States to cover the proper Federal share of the expenses
 23 of the government of the District of Columbia, and such
 24 annual payments, when appropriated, shall be paid into the
 25 general fund of the District of Columbia.

1 (b) The annual payment so authorized shall be an
2 amount which is equal to 43 per centum of all general fund
3 revenues derived by the District of Columbia from taxes,
4 and that part of the motor vehicle registration fees which is
5 credited to the general fund. Such authorization shall be
6 based upon the estimate of such revenues which the Commis-
7 sioner of the District of Columbia determines will be credited
8 during each fiscal year to the general fund of the District of
9 Columbia, but excluding any amounts derived from grants
10 and loans from the Federal government to the District of
11 Columbia.

12 (c) The Commissioner of the District of Columbia shall
13 annually compute the amount of the Federal payment au-
14 thorized to be appropriated under this section, and the
15 amount of such authorization so computed shall be submitted
16 to the Office of Management and Budget with each regular
17 budget of the District of Columbia, and, as approved by the
18 Director of the Office of Management and Budget, shall be
19 submitted to the Congress. Each such computation shall be
20 determined on the basis of estimates of the revenues referred
21 to in subsection (b) of this section which are expected to be
22 credited to the general fund of the District of Columbia dur-
23 ing the fiscal year for which the annual payment is being
24 computed; except that the amount so determined shall be
25 subject to review after such fiscal year, and if the Federal

1 payment appropriated on the basis of the amount so deter-
 2 mined differs from the amount determined on the basis of
 3 revenues actually received and credited to the general fund,
 4 the Federal payment authorization for the second year suc-
 5 ceeding such fiscal year shall be adjusted to the extent of such
 6 difference.

7 (d) Any amounts authorized to be appropriated by this
 8 section shall remain available until expended, and any
 9 amounts authorized for any fiscal year under this section but
 10 not appropriated may be appropriated for any succeeding
 11 fiscal year.

12 (e) Article VI of the District of Columbia Revenue Act
 13 of 1947 (61 Stat. 361), as amended (D.C. Code, secs. 47-
 14 2501a and 47-2501b), is repealed.

15 (f) This section shall be effective with respect to the fiscal
 16 year ending June 30, 1972, and each fiscal year thereafter.

17 TITLE ~~VII~~ VIII

18 GENERAL PROVISIONS

19 SEC. ~~704~~ 801. (a) Except as provided in paragraph
 20 (2), the Commissioner of the District of Columbia is author-
 21 ized and empowered, in his discretion, for the best interests
 22 of the District of Columbia, to sell and convey, in whole or
 23 in part, to the highest bidder, at public sale, for not less
 24 than the fair market value thereof, certain real estate now
 25 owned in fee simple by the United States of America com-

1 prised of approximately 143.15 acres of land, located in
2 Prince Georges County in the State of Maryland, and more
3 particularly described in the deeds conveying said land to
4 the United States recorded on November 7, 1923, in liber
5 206, folio 384, on August 28, 1923, in liber 206, folio 17, in
6 the land records of Prince Georges County, Maryland.

7 (2) The Commissioner shall, before offering to sell
8 such real estate at public sale, offer to sell and convey all
9 of such real estate, for not less than the fair market value
10 thereof, to the Prince Georges County Government, Prince
11 Georges County, Maryland. Only after such county gov-
12 ernment has had a reasonable time, not to exceed six months,
13 to consider and accept or reject such offer (in whole or in
14 part) may the Commissioner sell and convey such real estate
15 or the remaining portion of such real estate, as the case may
16 be, at public sale.

17 (b) The Commissioner is further authorized to pay the
18 reasonable and necessary expenses of the sale or sales of
19 such land, and shall deposit the net proceeds of any such
20 sales in the Treasury of the United States to the credit of
21 the District of Columbia.

22 ~~SEC. 702.~~ 802. Any compensation received by an officer
23 or employee of the District of Columbia government, the
24 direct or indirect source of which is a grant from any Federal
25 agency, department, or instrumentality shall, for the pur-

1 poses of section 5533 of title 5 of the United States Code
2 (relating to dual compensation) be held and considered
3 to be compensation paid to such officer or employee from
4 regularly appropriated funds.

5 SEC. ~~703~~ 803. Along with, and in addition to, all other
6 financial and budgetary information and data which the
7 Commissioner of the District of Columbia is required an-
8 nually to submit to the Office of Management and Budget
9 by section 214 of the Budget and Accounting Act, 1921
10 (31 U.S.C. 22), the Commissioner shall prepare and sub-
11 mit to that Office a schedule showing an estimate of all
12 funds which will be available to any agency, department, or
13 instrumentality of the District of Columbia government, dur-
14 ing the fiscal year for which such financial and budgetary in-
15 formation and data are submitted, from grants from any
16 Federal agency, department, or instrumentality, or from
17 any private source. Such schedule shall include such addi-
18 tional information as the Office of Management and Budget
19 deems necessary and appropriate to fully indicate the pur-
20 poses for which such grants will be made, the scope of
21 the programs funded by such grants, and the relationship
22 between the grant funded programs and the programs of
23 such agency, department, or instrumentality funded by
24 money appropriated directly to the District of Columbia.
25 Such schedule, and such additional information as the Office

1 of Management and Budget may include, shall be transmit-
2 ted to the Congress along with the annual budget request
3 from the District of Columbia government.

4 SEC. 704. Section 16 of the District of Columbia Public
5 Assistance Act of 1962 (D.C. Code, sec. 3-215) is amended
6 by inserting "(a)" immediately after "SEC. 16.", and by
7 adding at the end of the section the following:

8 "(b)(1) If a recipient fails to make his regular rental
9 payment for a period of ten days after the date such payment
10 was due then the lessor (including a sublessor) of such re-
11 cipient may send written notice of such failure to the Com-
12 missioner. Upon receipt of such notice the Commissioner shall
13 deduct from the monthly public assistance grant for such
14 recipient for the next month following such notice an amount
15 equal to the monthly shelter allotment for such recipient. Such
16 deducted amount shall be disposed of by the Commissioner
17 according to the following provisions of this subsection.

18 "(2) If it is determined that there is no legal basis for
19 the recipient's failure to make such regular rental payment
20 then the amount deducted and held by the Commissioner
21 shall be paid to the lessor legally entitled to receive such
22 payment. The Commissioner shall continue to deduct such
23 amount from such grant for each month thereafter for so
24 long as such recipient receives such grant, and to pay such
25 amount directly to the lessor of such recipient.

1 ~~"(3)~~ If it is determined that there is a legal basis for
2 the recipient's failure to make such regular rental payment
3 then the Commissioner shall pay to the lessor legally en-
4 titled to receive such payment such part of the amount
5 deducted and held by him as is determined to be owed to
6 the lessor. The Commissioner shall restore to the monthly
7 public assistance grant for such recipient such shelter allot-
8 ment for each month thereafter for so long as the recipient
9 receives such grant and makes his regular rental payments.

10 ~~"(c)(1)~~ If any lessor, receiving payments from the
11 Commissioner under subsection ~~(b)~~ fails to maintain the
12 premises of the recipient according to all applicable laws and
13 regulations of the District of Columbia, then the recipient
14 may send written notice alleging such failure to the Com-
15 missioner. Upon receipt of such notice the Commissioner
16 shall suspend such payments for such recipient for each
17 month thereafter, and shall hold and dispose of such amount
18 according to the following provisions of this subsection.

19 ~~"(2)~~ If it is determined that there is no basis for such
20 allegation by the recipient the Commissioner shall pay such
21 amount to such lessor and continue to make such payments
22 for such recipient.

23 ~~"(3)~~ If it is determined that there is a basis for such
24 allegation by the recipient the Commissioner shall pay to

1 the lesser such part of the amount suspended as is determined
 2 to be owed to him. The Commissioner shall restore to the
 3 monthly public assistance grant for such recipient the month-
 4 ly shelter allotment for each month thereafter for so long as
 5 the recipient receives such grant and makes his regular rental
 6 payments.

7 “(d) Suspension of rental payments under subsection
 8 (b) or (c) above shall not be cause for eviction of any
 9 recipient.

10 “(e) For the purpose of any regulations of the Secre-
 11 tary of Health, Education, and Welfare, or of any other
 12 requirement of law, the total amount of assistance given to
 13 a recipient shall include that amount suspended and held, or
 14 paid by the Commissioner as authorized under subsections
 15 (b) and (c). Nothing in this section shall operate to deny
 16 to the District of Columbia any funds from any program of
 17 the Federal Government relating to public assistance which
 18 are paid to the District of Columbia on the basis of the
 19 funds appropriated directly to the District for programs
 20 administered under this Act.”

21 *SEC. 804. Section 6 of the District of Columbia Traffic*
 22 *Act, 1925 (43 Stat. 1119; D.C. Code, sec. 40-603) is*
 23 *amended by adding at the end thereof the following new*
 24 *subsection:*

1 “(k)(1) Any unattended motor vehicle found parked
2 at any time upon any public highway of the District of
3 Columbia against which there are two or more outstanding
4 or otherwise unsettled traffic violation notices or against
5 which there have been issued two or more warrants, may,
6 by or under the direction of an officer or member of the
7 Metropolitan Police force or the United States Park Police
8 force, either by towing or otherwise, be removed or con-
9 veyed to and impounded in any place designated by the
10 Commissioner, or immobilized in such a manner as to pre-
11 vent its operation, except that no such vehicle shall be immo-
12 bilized by any means other than by the use of a device or
13 other mechanism which will cause no damage to such vehicle
14 unless it is moved while such device or mechanism is in place.
15 “(2) It shall be the duty of the officer or member of the
16 police force removing or immobilizing such motor vehicle, or
17 under whose directions such vehicle is removed or immobi-
18 lized, to inform as soon as practicable the owner of an im-
19 pounded or immobilized vehicle of the nature and circum-
20 stances of the prior unsettled traffic violation notices or war-
21 rants, for which or on account of which, such vehicle was im-
22 pounded or immobilized. In any case involving immobiliza-
23 tion of a vehicle pursuant to this subsection, such member or
24 officer shall cause to be placed on such vehicle, in a conspicuous
25 manner, notice sufficient to warn any individual to the effect

1 that such vehicle has been immobilized and that any attempt
2 to move such vehicle might result in damage to such vehicle.

3 “(3) The owner of such impounded or immobilized mo-
4 tor vehicle, or other duly authorized person, shall be permit-
5 ted to repossess or to secure the release of the vehicle upon
6 the depositing of the collateral required for his appearance in
7 the Superior Court of the District of Columbia to answer for
8 each violation for which there is an outstanding or other-
9 wise unsettled traffic violation notice or warrant.”

10 SEC. ~~705~~. 805. (a) Section 7 of the District of Colum-
11 bia Public Assistance Act of 1962 (D.C. Code, sec. 3-206)
12 is amended by inserting “(a)” immediately after “SEC. 7.”
13 and by adding at the end of the section the following:

14 “(b) After determining that a person is eligible to re-
15 ceive public assistance, the Commissioner shall issue to such
16 person a public assistance identification card which shall be
17 used by such person, in obtaining any public assistance, as
18 a means of identifying him as the proper recipient of such
19 public assistance. The public assistance identification card
20 shall contain the name, social security number, and account
21 or case number of the recipient to whom such card was
22 issued.

23 “(c) The Commissioner may by regulation prescribe
24 additional uses and requirements with respect to the issuance
25 and use of the public assistance identification card as he

1. deems necessary. Nothing in this section shall be construed
 2. to require recipients of public assistance to receive their
 3. monthly allotment checks in person at one central location.
 4. The Commissioner shall by regulation establish such means
 5. of distribution of such checks which, utilizing the public as-
 6. sistance identification card, will insure the least amount of
 7. fraud and loss of such checks without unduly burdening the
 8. recipients of such checks.

9. “(d) Any person who sells a public assistance identifi-
 10. cation card, or otherwise permits any person other than the
 11. recipient to whom it was issued to use such card to obtain
 12. public assistance to which such user is not otherwise eligible
 13. to receive, shall be fined not more than \$500, or imprisoned
 14. for not longer than one year, or both.”

15. (b) Section 17 (a) of such Act (D.C. Code, sec.
 16. 3-216 (a)) is amended by striking out the “or” at the end
 17. of clause (2) and inserting immediately after clause (3)
 18. the following: “or, (4) a public assistance identification
 19. card;”.

20. ~~SEC. 706.~~ 806. During the fiscal year ending June 30,
 21. 1972, no person shall be appointed—

22. (1) as a full-time employee to a permanent; au-
 23. thorized position in the government of the District of
 24. Columbia during any month when the number of such
 25. employees is greater than 39,619; or

1 (2) as a temporary or part-time employee in the
2 government of the District of Columbia during any
3 month in which the number of such employees exceeds
4 the number of such employees for the same month of
5 the preceding fiscal year.

6 ~~SEC. 707. Paragraph (6) of section 4(b) of the Dis-~~
7 ~~trict of Columbia Minimum Wage Act (D.C. Code, sec.~~
8 ~~36-404) is amended to read as follows:~~

9 ~~"(6) any employee with respect to whom the~~
10 ~~Secretary of Transportation has power to establish quali-~~
11 ~~fications and maximum hours of service pursuant to the~~
12 ~~provisions of section 204 of part II of the Interstate~~
13 ~~Commerce Act (49 U.S.C. 304)."~~

14 ~~SEC. 807. Paragraph (e) of section 1 of the Act en-~~
15 ~~titled "An Act to define the real property exempt from taxa-~~
16 ~~tion in the District of Columbia", approved December 24,~~
17 ~~1942 (56 Stat. 1089), is amended (1) by inserting "(1)"~~
18 ~~immediately after "(e)", and (2) by adding immediately~~
19 ~~after paragraph (e) the following:~~

20 ~~"(2) Property exempted from taxation by the Com-~~
21 ~~missioner of the District of Columbia pursuant to regula-~~
22 ~~tions promulgated by the District of Columbia Council."~~

23 ~~SEC. 708- 808. (a) The last sentence of subsection (b)~~
24 ~~of section 103 of title I of the Act of September 22, 1970~~
25 ~~(relating to the Commission on the Government of the~~

1 District of Columbia), is amended by inserting immediately
 2 before the period a comma and the following: "and such
 3 report shall be printed as a House document".

4 (b) Subsection (b) of section 106 of title I of such
 5 Act is amended to read as follows:

6 " (b) The Administrator of General Services shall pro-
 7 vide financial and administrative support services for the
 8 Commission on a reimbursable basis. The head of any Fed-
 9 eral agency or department, or agency of the District of
 10 Columbia, is authorized to provide for the Commission such
 11 other services as the Commission requests on such basis,
 12 reimbursable or otherwise, as may be agreed upon between
 13 the department or agency and the Chairman or Vice Chair-
 14 man of the Commission. All such requests shall be made by
 15 or in the name of the Chairman or Vice Chairman of the
 16 Commission."

17 *SEC. 809. (a) Effective January 1, 1972, the District*
 18 *of Columbia Council, subject to the provisions of subsection*
 19 *(b) of this section, shall have the same legislative power to*
 20 *impose taxes in the District of Columbia as that exercised*
 21 *by the Congress in its capacity as a legislature for the Dis-*
 22 *trict of Columbia, including legislative power to amend or*
 23 *repeal any Act of Congress which is restricted in its ap-*
 24 *plication exclusively in or to the District of Columbia and*
 25 *which relates primarily to the imposition of taxes therein,*

1 (b) The District of Columbia Council shall have no
 2 authority to impose any tax on property of the United States
 3 or any of the several States, or upon the whole or any portion
 4 of the personal income, either directly or at the source thereof,
 5 of any individual not a resident of the District. For pur-
 6 poses of this section, the terms "individual" and "resident"
 7 shall have the same meaning as that provided for in section
 8 4 of the Act of July 16, 1947 (61 Stat. 332).

9 TITLE VIII IX

10 MISCELLANEOUS PROVISIONS

11 SEC. ~~891~~ 901. If any provision of this Act, or the ap-
 12 plication thereof to any person or circumstances, is held in-
 13 valid, the remainder of the Act, and the application of such
 14 provision to other persons or circumstances, shall not be
 15 affected thereby.

16 SEC. ~~892~~ 902. Nothing in this Act, or any amendments
 17 made by this Act, shall be construed so as to affect the au-
 18 thority vested in the Commissioner of the District of Colum-
 19 bia or the authority vested in the District of Columbia Council
 20 by Reorganization Plan Numbered 3 of 1967. The perform-
 21 ance of any function vested by this Act in the Commissioner
 22 of the District of Columbia or in any office or agency under
 23 his jurisdiction and control, or in the District of Columbia
 24 Council, may be delegated by the Commissioner or by the

1 Council, as the case may be, in accordance with the provi-
2 sions of such plan.

3 SEC. ~~803~~ 903. (a) The repeal or amendment by this
4 Act shall not affect any other provision of District law, or
5 any act done or any right accrued or accruing under such
6 law, or any suit or proceeding had or commenced in any civil
7 cause before repeal or amendment of such law, but all rights
8 and liabilities under such law shall continue, and may be en-
9 forced in the same manner and to the same extent, as if such
10 repeal or amendment had not been made.

11 (b) All offenses committed, and all penalties incurred,
12 under any provision of law hereby repealed or amended, may
13 be prosecuted and punished in the same manner and with the
14 same effect as if this Act had not been enacted.

15 SEC. ~~804~~ 904. Except as otherwise provided, the provi-
16 sions of this Act shall take effect upon the date of enactment
17 of this Act.

18 *TITLE X—ESTABLISHMENT OF THE DISTRICT*
19 *OF COLUMBIA TRANSPORTATION TRUST*
20 *FUND*

21 *BONDING AUTHORITY*

22 SEC. 1001. (a) The District of Columbia is authorized
23 to provide for the payment (1) of its share of the cost of
24 the Adopted Regional System described in the National
25 Capital Transportation Act of 1969 (83 Stat. 320), and
26 (2) of cost incurred by it in carrying out the highway and

1 street projects included in the District of Columbia Govern-
2 ment Six-year Capital Improvements Program—Fiscal Years
3 1972-1977 (June 1971), by an issue or issues of negotiable
4 obligations of the District of Columbia. Any such bonds so
5 issued shall bear interest at such rate or rates as the Com-
6 missioner of the District of Columbia (hereinafter referred
7 to as the "Commissioner") may from time to time determine
8 are necessary to make marketable each such issue of obli-
9 gations.

10 (b) The bonds of any authorized issue may be issued all
11 at one time, or from time to time, in series and in such
12 amounts as the Commissioner shall deem advisable. The
13 Commissioner, in issuing any series of bonds, shall fix the date
14 of the bonds of such series, and the bonds of each such series
15 shall be payable in annual installments beginning not more
16 than three years after the date of the bonds and ending not
17 more than thirty years from such date. The Commissioner
18 shall fix the amount of such series to be payable in each
19 year so that, when the annual interest is added to the princi-
20 pal amount payable in each year, the total amount payable
21 in each year in which part of the principal is payable shall
22 be substantially equal. For purposes of this section, it shall
23 be an immaterial variance if the difference between the largest
24 and the smallest amounts of principal and interest payable

1 *annually during the term of the bonds does not exceed 3 per*
 2 *centum of the total authorized amount of such series.*

3 *(c) The Commissioner shall prescribe the form of the*
 4 *bonds to be issued pursuant to this title and the interest cou-*
 5 *pons pertaining thereto, and the manner in which such bonds*
 6 *and coupons shall be executed. Such bonds and coupons may*
 7 *be executed by the facsimile signatures of the officer or officers*
 8 *authorized by the Commissioner to sign the bonds, except that*
 9 *at least one signature shall be manual.*

10 *(d) Bonds issued pursuant to this title may be issued in*
 11 *coupon form in the denomination of \$1,000, registerable as*
 12 *to principal only or as to both principal and interest, and if*
 13 *registered as to both principal and interest, such bonds may*
 14 *be issued in denominations of multiples of \$1,000. Bonds*
 15 *issued pursuant to this title and the interest thereon may be*
 16 *payable at such place or places within or without the District*
 17 *of Columbia as the Commissioner shall determine.*

18 *(e) All bonds issued under this title shall be sold at*
 19 *public sale upon sealed proposals at such price or prices as*
 20 *shall be approved by the Commissioner after publication of*
 21 *a notice of such sale at least once not less than ten days*
 22 *prior to the date fixed for sale in a daily newspaper carrying*
 23 *municipal bond notices and devoted primarily to financial*
 24 *news or to the subject of State and municipal bonds pub-*
 25 *lished in the city of New York, New York, and in a news-*

1 paper of general circulation published in the District. Such
2 notice shall state, among other things, that no proposal shall
3 be considered unless there is deposited with the District as
4 a downpayment a certified check or cashier's check for an
5 amount equal to at least 2 per centum of the par amount of
6 bonds bid for, and the Commissioner shall reserve the right to
7 reject any and all bids.

8 (f) The full faith and credit of the District shall be and
9 is hereby pledged for the payment of the principal of and
10 the interest on all bonds of the District hereafter issued pur-
11 suant to this title, whether or not such pledge is stated in
12 the bonds.

13 (g) As soon as practicable following the beginning of
14 each fiscal year, the Commissioner and the Comptroller Gen-
15 eral of the United States shall review the amounts of District
16 revenues which have been set aside and deposited in the
17 trust fund pursuant to this title. Such review shall be carried
18 out with a view to determining whether the amounts so set
19 aside and deposited are sufficient to pay the principal of,
20 and interest on, bonds issued pursuant to this title, and the
21 premium (if any) upon the redemption thereof, as the same
22 respectively become due and payable. If the Commissioner
23 and the Comptroller General determine that sufficient Dis-
24 trict revenues have not been so set aside and deposited, then
25 an amount determined by the Commissioner and the Comp-

1 troller General as necessary to provide that sufficiency shall
 2 be credited to the trust fund from the Federal payment made
 3 to the District of Columbia for the fiscal year within which
 4 such review is conducted.

5 (h) Bonds issued by the Commissioner pursuant to this
 6 title and the interest thereon shall be exempt from all Federal
 7 and District taxation except estate, inheritance, and gift taxes.

8 (i) Notwithstanding any restriction on the investment
 9 of funds by fiduciaries contained in any other law, all domes-
 10 tic insurance companies, domestic insurance associations, ex-
 11 ecutors, administrators, guardians, trustees, and other fidu-
 12 ciaries within the District of Columbia may legally invest any
 13 sinking funds, moneys, trust funds, or other funds belonging
 14 to them or under or within their control, in any bonds issued
 15 pursuant to this title, it being the purpose of this subsection
 16 to authorize the investment in such bonds of all sinking, insur-
 17 ance, retirement, compensation, pension, and trust funds.
 18 National banking associations are authorized to deal in,
 19 underwrite, purchase and sell, for their own accounts or for
 20 the accounts of customers, bonds issued by the Commissioner
 21 pursuant to this title to the same extent as national banking
 22 associations are authorized by paragraph 7 of section 5136
 23 of the Revised Statutes (12 U.S.C. 24), to deal in, under-
 24 write, purchase, and sell obligations of the United States,
 25 States, or political subdivisions thereof. All Federal building

1 and loan associations and Federal savings and loan associa-
2 tions; and banks, trust companies, building and loan asso-
3 ciations, and savings and loan associations, domiciled in the
4 District of Columbia, may purchase, sell, underwrite, and
5 deal in, for their own account or for the account of others, all
6 bonds issued pursuant to this title; except that nothing con-
7 tained in this subsection shall be construed as relieving any
8 person, firm, association, or corporation from any duty of
9 exercising due and reasonable care in selecting securities for
10 purchase or investment.

11 (j) The District of Columbia may reserve the right to
12 redeem any or all of its obligations under this title before
13 maturity in such manner and at such price or prices as may
14 be fixed by the Commissioner prior to the issuance of such
15 obligations.

16 **BOND REVENUES**

17 *SEC. 1002. (a) Revenues derived from the issuance of*
18 *bonds pursuant to this title are hereby appropriated to the*
19 *District of Columbia and shall be available for use until*
20 *expended only for the following purposes:*

21 (1) *To provide for the payment by the District of*
22 *Columbia of its share of the cost of the Adopted Regional*
23 *System described in the National Capital Transportation*
24 *Act of 1969 (83 Stat. 320);*

25 (2) *To provide for the payment by the District of*

1 *Columbia of costs incurred by it in carrying out the high-*
 2 *way and street construction and improvement projects*
 3 *included in the District of Columbia Government Six-*
 4 *Year Capital Improvements Program—Fiscal Years*
 5 *1972-1977 (June 1971); and*

6 (3) *To provide, subject to the provisions of subsec-*
 7 *tion (b) of this section, funding for programs of con-*
 8 *struction projects to meet capital needs for highways and*
 9 *streets in the District of Columbia which are not in-*
 10 *cluded within such capital improvement program re-*
 11 *ferred to in paragraph (2) of this subsection.*

12 (b)(1) *No revenues derived from bonds issued pur-*
 13 *suant to this title shall be expended for construction under*
 14 *paragraph (3) of subsection (a) of this section, unless such*
 15 *construction has been approved by resolutions adopted by*
 16 *the Committees on the District of Columbia of the Senate*
 17 *and House of Representatives, respectively. For the purpose*
 18 *of securing consideration of such approval, the Commis-*
 19 *sioner shall transmit to the Congress a prospectus of the pro-*
 20 *posed project, including but not limited to—*

21 (A) *a description of the project to be constructed*
 22 *and the need therefor; and*

23 (B) *an estimate of the maximum cost of the project.*

24 (2) *The Committees on the District of Columbia of the*
 25 *Senate and the House of Representatives shall not approve*

1 any project under paragraph (3) of subsection (a) of this
 2 section if the total cost of such project exceeds \$1,000,000,
 3 and in no event shall such committees approve, with respect
 4 to such project, expenditures of revenues derived from bonds
 5 issued pursuant to this title in an amount in excess of
 6 \$500,000.

7 (c) No revenues derived from bonds issued pursuant to
 8 this title shall be expended in connection with any specific
 9 project or construction to meet capital needs for highways or
 10 streets in the District of Columbia except in accord with the
 11 applicable provisions of title 23, United States Code, and
 12 the laws of the District of Columbia.

13 SEC. 1003. (a) There is established in the Treasury of
 14 the United States a trust fund to be known as the "District
 15 of Columbia Transportation Trust Fund" (referred to in
 16 this title as the "trust fund"), which shall consist of the
 17 amounts set forth in subsection (b) of this section, together
 18 with any amounts credited pursuant to subsection (g) of
 19 section 901 of this title. The trust fund shall be available for
 20 the purposes set forth in subsection (d) of this section.

21 (b)(1) The following revenues accruing to the District
 22 of Columbia shall, in accordance with paragraph (2), be
 23 deposited in the trust fund:

24 (A) Revenues received by the District of Columbia

1 from fees charged by the District of Columbia for the
2 registration and titling of motor vehicles;

3 (B) Revenues received by the District of Columbia
4 from excise taxes imposed by the District of Columbia on
5 motor vehicles; and

6 (C) Revenues received by the District of Columbia
7 from taxes imposed by the District of Columbia on motor
8 vehicle fuels.

9 (2) Revenues referred to in paragraph (1) of this sub-
10 section shall be deposited in the trust fund as follows:

11 (A) With respect to revenues referred to in sub-
12 paragraph (A) of paragraph (1) of this subsection
13 accruing to the District of Columbia during fiscal years
14 1972, 1973, and 1974, 75 per centum of such revenues;
15 and with respect to such revenues so accruing during
16 fiscal year 1975 and each fiscal year thereafter, 100 per
17 centum of such revenues;

18 (B) With respect to revenues referred to in sub-
19 paragraph (B) of paragraph (1) of this subsection
20 accruing to the District of Columbia during fiscal years
21 1974 and 1975, 50 per centum of such revenues, and
22 with respect to such revenues so accruing during fiscal
23 year 1976 and each fiscal year thereafter, 100 per cen-
24 tum of such revenues; and

25 (C) With respect to revenues referred to in sub-

1 paragraph (C) of paragraph (1) of this subsection
2 accruing to the District of Columbia during fiscal years
3 1974 and 1975, 25 per centum of such revenues, with
4 respect to such revenues so accruing during fiscal year
5 1976, 35 per centum of such revenues, and with respect
6 to such revenues so accruing during fiscal year 1977 and
7 each fiscal year thereafter, 45 per centum of such
8 revenues.

9 (c) All moneys deposited in the trust fund, including
10 deposits pursuant to subsection (g) of section 901 of this
11 title, are hereby appropriated to the District of Columbia
12 and shall be disbursed in compliance with the provisions of
13 this title for the purposes set forth in subsection (d) of this
14 section.

15 (d) All necessary payments from the trust fund shall
16 be made by the Secretary of the Treasury to the disbursing
17 officer of the District of Columbia, upon requisition of the
18 Commissioner of the District of Columbia, for such amounts
19 as may be required from time to time for necessary disburse-
20 ments in connection with the following:

21 (1) to pay the principal and interest on Treasury
22 loans, outstanding on January 1, 1972, made to the
23 District of Columbia for highway construction and the
24 Adopted Regional System described in the National
25 Capital Transportation Act of 1969 (83 Stat. 320),

(2) to pay the principal of and interest on bonds issued pursuant to this Act, and the premiums, if any, upon the redemption thereof, as the same respectively become due and payable, and

(3) to pay the principal and interest on loans made to the District of Columbia pursuant to section 904 of this title.

LOAN AUTHORITY

9 *SEC. 1004. (a) The Commissioner is authorized to accept*
10 *loans for the District from the United States Treasury, and*
11 *the Secretary of the Treasury is authorized to lend to the*
12 *Commissioner, such sums as the Commissioner may deter-*
13 *mine are required to complete payments on capital outlay*
14 *contracts which have been awarded for highway construction*
15 *not later than ninety days after the date of the enactment of*
16 *this Act. In addition, such loans may include funds to pay*
17 *the District's share of the cost of the Adopted Regional Sys-*
18 *tem specified in the National Capital Transportation Act of*
19 *1969 through the fiscal year ending June 30, 1972.*

(b) In addition to the loan authority contained in sub-
section (a) of this section, the Commission is authorized to
accept loans for the District from the Treasury, and Secretary
of the Treasury is authorized, with respect to any project
or projects the cost of which is authorized to be paid from

1 revenues derived from bonds issued pursuant to this title, to
 2 lend to the Commissioner, such sums as the Commissioner
 3 from time to time determines are necessary to provide for
 4 the continuation of work on any such project or projects,
 5 pending the sale of an issue of District obligations. Any such
 6 loan shall be for such term as may be agreed upon by the
 7 Commissioner and the Secretary, but in no event shall the
 8 term of any such loan extend for more than thirty days
 9 beyond the date on which proceeds from the sale of the
 10 District's obligations become available for the construction
 11 of such project or projects.

12 (c) Loans advanced pursuant to this section during any
 13 six-month period shall be at a rate of interest determined by
 14 the Secretary of the Treasury as of the beginning of such
 15 period, which, in his judgment, would reflect the cost of
 16 money to the Treasury for borrowing at a maturity approxi-
 17 mately equal to the period of time the loan is outstanding.

18 (d) There are authorized to be appropriated such sums
 19 as may be necessary to make loans under this section.

20 REPEAL OF LOAN AUTHORITY

21 SEC. 1005. (a) Effective January 1, 1972, section 402
 22 of title IV of the Act of May 18, 1954 (D.C. Code, sec.
 23 7-133), authorizing loans from the United States Treasury

1 for the District of Columbia highway construction program,
2 is repealed.

3 (b) Nothing contained in this title shall be deemed to
4 relieve the District of Columbia of its obligation to repay
5 any loan made to it under the authority of such section 402,
6 nor to preclude the District of Columbia from using the un-
7 expended balance of any such loan appropriated to the Dis-
8 trict prior to the effective date of such repeal.

9 (c) The first section of the Act of April 23, 1924 (D.C.
10 Code, sec. 47-1901), is amended by deleting "shall be de-
11 posited" and inserting in lieu thereof "shall, except to the
12 extent otherwise provided in section 903(b) of the District
13 of Columbia Revenue Act of 1971, be deposited".

14 ADDITIONAL BONDING AUTHORITY

15 SEC. 1006. On and after the date of the enactment of this
16 title, the Commissioner is authorized to submit to the Com-
17 mittees on the District of Columbia of the Senate and the
18 House of Representatives requests for authorization by the
19 Congress to the District of Columbia for issuance by it of
20 bonds, in addition to those authorized by this title, to finance
21 capital outlays for additional transportation projects. Each
22 such request shall include—

23 (1) a description of each such project for which
24 authorization is requested;

- 1 (2) *the maximum cost of each such project; and*
2 (3) *recommendations for additional sources of rev-*
3 *enues to be deposited or paid into the trust fund, if neces-*
4 *sary, to finance such additional bonds.*

Passed the House of Representatives November 11,
1971.

Attest:

W. PAT JENNINGS,

Clerk.

The CHAIRMAN. Our first witness will be the Mayor-Commissioner of the District of Columbia, Walter E. Washington, who is accompanied at the witness table by the Deputy Mayor-Commissioner, Graham W. Watt.

You may proceed, Mayor Washington.

STATEMENT OF WALTER E. WASHINGTON, MAYOR-COMMISSIONER, DISTRICT OF COLUMBIA, ACCOMPANIED BY DEPUTY MAYOR-COMMISSIONER GRAHAM W. WATT; COMER S. COPPIE, BUDGET DIRECTOR; KENNETH BACK, FINANCE OFFICER; RICHARD R. SEIDEMAN, MANAGEMENT ANALYST, OFFICE OF PLANNING AND MANAGEMENT; SAM D. STAROBIN, DIRECTOR, DEPARTMENT OF GENERAL SERVICES; AND MISS WINIFRED G. THOMPSON, DIRECTOR, SOCIAL SERVICES ADMINISTRATION, DEPARTMENT OF HUMAN RESOURCES

Mayor WASHINGTON. Thank you very much, Mr. Chairman.

I also have with me the budget director and our finance officer.

Mr. Chairman, thank you for this opportunity to appear in support of the proposed legislation for increasing the financial resources available to the District of Columbia government.

The House has completed its comprehensive hearings on our proposals and has approved additional resources for the District government, although not in amounts sufficient to meet our requirements in fiscal year 1972.

COMMITMENT TO REVENUE PROPOSALS

As this committee begins its hearings, I wish to state my strong commitment to the District government's balanced package of revenue proposals, and to its expenditure requests for the current fiscal year.

I am confident that when the final votes have been taken and the conferences have ended, the city will have the resources it needs to continue the provision of vital services to the people of the District of Columbia.

NEED FOR ADDITIONAL REVENUE

The District government must seek additional sources of revenues to keep abreast of the rapid and largely uncontrollable growth in our budget.

Our operating budget request for fiscal year 1972 is \$715.4 million, an increase of 143 percent over expenditures in 1965.

This recent growth is the result of the launching of new programs, improvements in existing activities, growth in workload for key programs, and the pressures of inflation.

I would like to present some important examples of these cost-increase factors:

- In the areas of crime prevention and criminal justice, 2,000 police officers have been added to the force.

The District's court system is being expanded and modernized. New correctional programs are also being developed.

- Educational opportunity for District residents has been broadened significantly by the establishment of two public institutions of higher education.

Only a few years ago, the one public college in operation enrolled 2,000 students; estimated current enrollment in the public system is 16,000.

- The drug problem that is serious in almost all sections of the country is being attacked in the District by a highly respected narcotics treatment program.

We hope to increase the current treatment caseload of 3,314 persons, to 5,500 by next summer.

- A new medicaid program has been established to help raise the level of health services available to poorer members of the community.

The number of persons receiving assistance has been steadily growing.

- Our welfare caseload has grown from 10,647 in 1967 to a projected 40,000 in 1972.
- Wages and salaries of District employees have grown in line with national and governmental trends.

The cumulative influence of these growth factors is shown in our current budget request.

The District government requires \$70 million in additional revenues in fiscal year 1972 to maintain existing levels of services, as well as to fund a few modest program initiatives and improvements.

The magnitude of our financing gap would be strong cause for concern under any circumstances.

The situation is even more alarming because of the nature of the cost increases that are primarily responsible for the gap.

The District government's fiscal year 1972 budget request is almost entirely mandatory. That is, almost all the cost increases it contains are generated by forces beyond our control, and they must be met if we are to keep government services at present levels.

These mandatory increases include: Court reorganization; increased costs of compensation for District employees; higher public assistance caseload; repayment of loans and interest for previous capital improvements projects; increased caseload in the medicaid program; and higher retirement contributions for policemen, firemen, and teachers.

Taken together, all mandatory increases represent almost 70 percent of the amount by which our current budget request surpasses the District's appropriation in fiscal year 1971.

The District government must secure new financial resources just to keep up with the uncontrollable rise in expenditures.

Yet I am firmly committed to achieving more for the citizens of the District than the maintenance of the status quo—though even that goal will be difficult to reach.

Thus, I have included in the fiscal year 1972 budget request a number of modest discretionary increases that reflect my strong policy commitments.

Insufficient funding would jeopardize our plans to proceed with implementation of the Court Reform and Criminal Procedures Act of 1970.

It would prevent us from raising public assistance payments to District residents from 75 percent to 85 percent of the authorized standard.

Mr. Chairman, I point out in the interest of the committee, this is the eighth month of hearings.

We had started, Senator, as you know, back in March, and we have been in rather continuous hearings on both sides since that time, so this material is a little familiar to us, and the time is rather long, I would say, for our staff to have had to appear, but we are always eager and ready to try our best to justify our position with respect to the needs of the city, and particularly before this committee, which has been so understanding of the city's problems.

As you know, the House has completed its comprehensive hearings on our proposals, and has approved additional resources for the District of Columbia, although not in amounts to meet our requirements in fiscal 1972.

Now, with regard to the public assistance payments, I might point out parenthetically that we are still at the minimum in this payment.

Our vital narcotics treatment program would be impaired.

Orderly development of the city's system of public higher education would be hindered.

It would mean perhaps we would not be able to continue the fourth-year class at the schools of higher education.

Inadequate funding could also thwart efforts to improve public school programs, to increase social services for public assistance recipients, and to maintain control and order in our correctional facilities.

Our other discretionary increases would be endangered.

If only the \$45 million in additional resources provided by the House-passed revenue bill is ultimately approved, our budget request might have to be balanced by eliminating all discretionary increases, as well as almost \$4 million of mandatory increases.

Such an outcome is clearly unacceptable in light of the many needs of this city.

UNDERLYING FINANCIAL PRESSURES

While the total population of the District has dropped by 1 percent over the past decade, the needs of the people who remain have increased greatly. Equally important, our efforts to respond to those needs have intensified. All these efforts are costly. And the District Government now finds itself unable to meet these costs without substantial increases in revenues—increases that it cannot entirely obtain from its own residents.

I might say, Mr. Chairman, on that point, referring to our residents, I take the position that these are residents duly here and not intruders.

Why is the District government in this precarious financial position?

Is its predicament unusual?

I think not.

Rather, the District government shares the financial problems of almost all major cities in the United States.

Shifts in the distribution of the Nation's people are dramatically altering the demands being made on central cities and reducing their capacity to respond to those demands.

A few facts can help us put the District's difficulties in perspective.

- The 1970 census showed that more people now live in the suburbs than in the cities or in rural areas.

This shift in population from the central cities to the suburbs is a major cause of the gradual erosion of the tax bases of many large cities.

- The proportion of city residents who receive public assistance is climbing. It is a national phenomenon. Public assistance recipients accounted for 15 percent of the population in Boston in February 1970; 13.4 percent in New York City; 12.8 percent in Baltimore.
- In 1964-65, the central cities of the 36 largest metropolitan areas accounted for only 18.6 percent of total population in the area but 25 percent of all local expenditures.

When measured per capita, the expenditures of the central cities were 21 percent higher than the costs for the outlying areas.

The financial problems of the District of Columbia must also be placed in the context of the Nation's general economic trends.

Importantly, the general high rate of inflation in the country has dealt State and local governments an especially heavy blow.

Andrew F. Brimmer, member of the Board of Governors of the Federal Reserve System, has pointed out that prices paid by State and local governments rose between 1955 and 1970 at an average annual rate of 4.2 percent, compared with 3.6 percent for the Federal Government and 2.7 percent for the economy as a whole.

Mr. Brimmer has also cited the findings of a Brookings Institution study of State and local government expenditures.

According to the study, inflation accounted for over two-fifths of the total increase in all expenditures made by State and local governments between 1955 and 1969.

One-quarter of the increase was due to workload growth; less than one-third was caused by changes in the scope or quality of services provided by the governments.

If only the period 1965 to 1969 is considered, the percentage of increased costs due to inflation is even greater—47 percent.

A major reason for the differential impact of inflation is the large share of local government expenditures that goes to wages and salaries—cost items that are highly sensitive to inflationary pressures.

And the effect of inflation has been compounded by pressures to make local government salaries competitive and by the demands of growing municipal unions.

ACTIONS TO DEAL WITH FINANCIAL PRESSURES

The factors I have just described illuminate the basically uncontrollable nature of the financial pressures on the District government.

While we cannot hold down inflation, we can take some steps—though they are difficult ones—to hold down costs.

Faced with the city's severe financial problems, I issued Commissioner's order No. 71-311, effective August 19, 1971, to establish a comprehensive cost-cutting program, including an indefinite freeze on hiring and other obligations.

Mr. Chairman, that freeze is still on.

I initiated these measures to control District-wide expenditures in response to my assessment of the District's uncertain financial position, as well as national economic and government policies, especially as they related to employment patterns.

The cost-cutting program is expected to yield savings of \$7.5 million in fiscal year 1972 and additional savings of \$4.8 million in fiscal year 1973.

About 1,000 positions have already been eliminated; another 1,150 positions are being abolished as we formulate our budget request for the next fiscal year.

Thus this program of stringent cost control will provide financial benefits for the District government immediately and for years to come.

Senator Inouye is very familiar with this, Mr. Chairman, because he embarked on this course, and he permitted me to move in this direction of economy.

Savings to the District government have also resulted from the absorption of 15 percent of increased salary costs in fiscal years 1971 and 1972, absorption of 15 percent of all mandatory increases in fiscal year 1972, and two personnel freezes in the previous 2 fiscal years.

It would appear to me parenthetically, that Executive action has been forthcoming in the area of economy and savings, by the actions which I have just described.

At the same time the District has moved to reduce expenditures, we have acted to increase the efficiency and effectiveness with which our existing resources are used.

We have formed new organizational arrangements to permit us to respond with greater speed and with greater success to the needs of our constituents, including the Congress.

The Departments of Human Resources and Economic Development were established in 1970. More recently the Department of Environmental Services, the Office of Budget and Program Analysis, and the Office of Planning and Management were established.

In addition, the Office of Community Services was abolished and its responsibilities divided between the Office of Planning and Management and the Office of the Assistant to the Mayor-Commissioner for Housing Programs.

These changes will allow us to carry out vital governmental functions more effectively.

REVENUE PROPOSALS

The benefits of these cost-cutting actions and management improvements are substantial, but they affect only one side of the fiscal equation.

We must also consider the revenue side if we are to balance the equation.

Currently authorized sources of revenues are unable to generate the level of resources we require in fiscal year 1972.

In searching for new sources, we have been guided by the principle that all who partake of the advantages and services of the city should contribute, on an equitable basis, to the support of the city.

Thus we have proposed what I believe to be a balanced and sound set of revenue proposals.

Specifically, we have proposed: That District residents pay property taxes at a higher rate; that the Federal Government increase its contribution to the city; and that people who work in the District but live outside the city pay income tax to the District of Columbia under a reciprocal arrangement with their home States.

I want to reaffirm my commitment to the reciprocal income tax as a fair and effective means of insuring that all persons who earn their livelihood in the District help meet the city's need for financial resources.

The District provides employment and primary source of income for some 500,000 people.

Of this total, approximately 280,000 people do not live in the District of Columbia and hence are not presently required to pay any income taxes to the city.

Only the District of Columbia among the State-level jurisdictions does not have the authority to tax income where it is earned.

Thus our proposal to extend our present income tax to cover all income earned within the District is entirely consistent with common practice throughout the Nation.

Under the typical reciprocal arrangement we propose, the District would grant tax credits to its residents who are employed in other jurisdictions while other jurisdictions would grant tax credits to their residents who pay taxes to the District of Columbia.

Beyond yielding funds to help support fiscal year 1972 requirements, the reciprocal income tax would expand our current tax base and help reduce the fiscal disparities between central city and suburb.

Such an expansion is desperately needed in light of the slow rate of revenue growth from current sources and the uncontrollable increases in costs.

Mr. Chairman, in your very fine and beautiful discourse on WTOP on Sunday, you gave a far more enlightened and articulate explanation of this than I can, except I would call attention to that statement with respect to this aspect of my testimony, as being, I think, either supportive of the problem.

If the reciprocal income tax is not approved, I must support the use of an increased Federal payment to satisfy the District's resource requirements.

I would say, Mr. Chairman, in terms of the reciprocal tax, from the very day I brought it out, many people throughout the city and in the Congress, indicated it was dead.

I call attention to the fact that it lost in the House District Committee by one vote, 13 to 12. I seemed to me at that point to have been kicking very strong for a dead animal.

At the same time, Mr. Chairman, I am well aware of what has been said about the matter of being pragmatic, and the best I can say is of course, I am here looking for a revenue package that will indeed give us the funds that we need at the same time supporting the commitment I have.

I am certainly aware of the pragmatic position I am in, and trying to assert the needs of the city in terms of the revenue problems.

The concept of a Federal payment to the District of Columbia has been established in principle and in practice since the founding of the city as the National Capital.

One important argument in favor of the Federal payment concept is that responsibility for supporting the city financially should be closely associated with authority for making financial decisions.

The U.S. Constitution gives the Congress complete legislative power over the Capital City. With few exceptions (for example, the property tax), the Congress retains final authority over expenditures and revenue decisions for the District of Columbia government.

Again, in this area, I am pragmatic enough to understand the position we find ourselves in.

A second important argument is that the Federal presence significantly reduces the level of taxable resources available to the District of Columbia.

The Federal Government is the District's primary "industry"—but it is an industry that is not taxable.

Many groups that are attracted to the District of Columbia because of the Federal presence have also been granted exemptions from the real property tax, as well as from other taxes.

One result is that more than half of the District's assessed real estate value is tax exempt.

Certain regulations enacted by the Congress have also adversely affected the city's tax base.

Building height limits in effect since 1910 have restrained the development of high intensity uses with high assessed valuations to contribute to the local tax base.

They have also precluded the attraction of the kind of industrial and commercial activity needed to provide a broad economic base for the city's financial operations.

The Federal presence, we would note, has also added another interesting factor, and as all national capitals do, it has been the home, more or less, of demonstrations, demonstrations that primarily come to the city to influence National policy, and costs the city \$4.4 million in fiscal year 1971.

While the above arguments support the principle of the Federal payment, they do not specifically address the question of the proper amount of the payment.

The payment has varied from 50 percent of appropriations from 1878 to 1921 to 8.5 percent of appropriations in 1954 without a consistent relationship to need, revenues, expenditures, or taxes.

One important guideline was suggested by a 1916 study by a joint committee of the Congress: the residents of the District of Columbia should assume a tax burden in line with the burdens of residents of other comparable jurisdictions.

The balance of the required financial support should come from the Federal Government.

This is an area that must be studied and analyzed very carefully, as we approach this as a means of revenue to support the need and expenditures of the city.

We believe it is most meaningful to compare the District's tax structure with taxes in other parts of the metropolitan area because of the complex economic interrelationships of the area.

Recent studies show that the tax burdens of District residents are comparable to the tax burdens of residents in other area jurisdictions.

On the basis of the 1916 report and certain economic realities (for example, possibility of higher District taxes driving people to the sub-

urbs), we believe that increasing taxes in the city at this time is not a viable solution to our current financial difficulties.

Again, I might say parenthetically, it was my hope and desire in the interest of moving \$50 million worth of taxes off the backs of the city, I proposed the reciprocal income tax.

This was a seriously contemplated move. It did not smack at any point as anything except that.

Because the Congress has authority to approve almost all taxing proposals and to set expenditure levels in balance with revenues, the Congress determines the respective financing shares of the city and the Federal Government.

If the Congress rejects proposals for obtaining needed resources locally—and if the need is clear—it should logically assume responsibility for providing resources through an increased Federal payment.

I would like to enter into the record a fuller explanation of the justification for an increased Federal payment.

We have submitted that document to your committee, Mr. Chairman.

Senator EAGLETON. It will be printed in the record at the conclusion of your testimony.

Mayor WASHINGTON. Fine.

If our balanced proposals for obtaining additional resources were in effect for fiscal year 1972, the District's budget would be supported by these sources in the following proportions: 21 percent from the Federal payment; 7 percent from the reciprocal income tax from nonresidents; and 72 percent from local taxation (primarily property, income, and sales taxes, which place the heaviest burden on District residents).

If the Federal payment were increased to compensate completely for lost revenues associated with the reciprocal income tax, 28 percent of the city's budget would be supported by the Federal share.

In addition, we have proposed a 1-cent increase in the gasoline tax to support the District's highway program.

LEGISLATIVE PROVISIONS

Before concluding my statement, I wish to comment on the general or legislative provisions that are attached to the House-passed revenue bill for the District.

One provision requires clarification. That provision places a personnel ceiling of 39,619 employees on the District government for fiscal year 1972.

This limitation does not restrict the level of authorized positions for the District now or in the future. It simply limits the number of those positions that can be filled at any one time.

I think we made a strong effort to clarify that, both in the House Appropriations Subcommittee and the House District Committee.

We object to the provision that requires the District government to deduct the monthly shelter allotment of any public assistance recipient who fails to pay his rent within 10 days after it falls due and to pay the landlord instead.

We object to this provision on a number of grounds; I will describe here only the most significant ones.

The arbitrary and biased procedures stipulated in the shelter allotment provision may violate due process and equal protection clauses of the Constitution as interpreted by recent court decisions.

They are also counter to HEW regulations requiring 15 days' notice of payment reductions and fair hearings on the proposed action.

The overall effect of the provision is to favor the landlord, who now has adequate legal remedies available, while depriving public assistance recipients of protection and rights established for renters in court cases in the last few years.

We also object to the provision that exempts from District overtime regulations certain employees who are engaged in moving and delivering goods within the Washington Metropolitan Area.

The individual worker affected will suffer considerable economic loss if this exemption becomes law.

Finally, we would like to comment on the provisions regarding the disposal of the Muirkirk Tract in Prince Georges County, Md.

As amended by the House, the provision stipulates that Prince Georges County be given first option on the ability of the District government to dispose of its property as it sees fit.

Of course, in this case we recommend the original language which was submitted, that gives us the right to dispose of the land with proper procedures of fair market value and bidding.

CONCLUSION

In closing, I want to state once more the District government's urgent need for additional resources.

The task we have set for ourselves is broad in scope and ambitious in concept, that is, to make the District of Columbia a thriving and exciting city for the people who live and work here and a worthy and distinguished capital for all the people in the Nation.

The resources available to us are, unfortunately, much more limited than our needs and aspirations.

I am hopeful that our proposals may yet gain the support they warrant and that the District of Columbia may be able to move closer to its goals.

Mr. Chairman, Mr. Watt has a complementary statement he would like to read.

The CHAIRMAN. Please proceed, Mr. Watt.

Mr. WATT. Mr. Chairman, Mayor Washington has emphasized the critical needs of the city for fiscal year 1972 and has discussed the major revenue sources that have been proposed to meet those needs.

I have a prepared statement which describes in more detail the District's original revenue proposals and sets forth our views on the revenue measures contained in H.R. 11341—the Revenue bill passed by the House.

In the interest of time I would like to submit this prepared statement for the record and simply summarize its main points for the committee.

The CHAIRMAN. The prepared statement will be made a part of the record at this time.

(The prepared statement follows:)

PREPARED STATEMENT OF GRAHAM W. WATT, DEPUTY MAYOR-COMMISSIONER,
DISTRICT OF COLUMBIA

Mayor Washington has emphasized the critical needs of the city for Fiscal Year 1972 and has discussed the major revenue sources that have been proposed to meet those needs. I have a prepared statement which describes in more detail the District's original revenue proposals and sets forth our views on the revenue measures contained in H.R. 11341—the Revenue Bill passed by the House. In the interest of time I would like to submit this statement for the record and simply summarize its main points for the Committee.

The House passed revenue bill retains many of the District's revenue and related tax proposals but, in certain respects, it differs significantly. Mayor Washington has already noted the principal variations—the absence of the reciprocal income tax and the difference in the amount of the Federal payment. In addition, H.R. 11341 fails to conform to the District's income tax law to the Federal income tax law, as requested by the District. This legislation was recommended in order to simplify tax return filing for District residents and streamline administration of the income tax law. The Federal tax conformity plan was written as part of the reciprocal income tax legislation—although it is not necessarily related—and was automatically dropped from the bill when the House voted not to approve the taxation of nonresidents. We would strongly urge that this Committee carefully evaluate this long needed improvement in our income tax laws to the great benefit of both District taxpayers and the District Government.

While the House approved the District's proposal to phase out the personal property tax on business inventories, there are significant differences in the plan to replace the revenues lost as a result of the phase out. These differences are explained in detail in my prepared statement. However, I would like to emphasize a few key points. First, the House version does not contain a source of replacement revenue for the third year of the phase out as we had recommended. Secondly, the provision to raise the corporation income tax rates should be modified to include unincorporated businesses in order to avoid an inequitable taxing situation where some businesses would be taxed at a higher rate than others. Finally, the House proposal for a replacement revenue source for the second year of the phase out differs from the District proposal. H.R. 11341 calls for an increase in the present inheritance and estate tax rates, whereas the District plan was to replace the existing inheritance and estate tax law with a new estate tax law conforming to the Federal Estate Tax. While we favor our original proposal, we do not object to the increased rates passed by the House.

To summarize our position on the tax proposals, we would recommend enactment of the motor vehicle fuel tax rate increase, Federal tax conformity, and phase out of the personal property tax on inventories. With regard to the latter proposal, we would underscore the necessity for providing a source of replacement revenue for the third year of the phase out and for increasing the unincorporated business tax rates in conjunction with increases in the corporation income tax.

Mr. WATT. Mr. Chairman, the House-passed revenue bill retains many of the District's revenue and related tax proposals but, in certain respects, it differs significantly.

Mayor Washington has already noted the principal variation—the absence of the reciprocal income tax and the difference in the amount of the Federal payment.

In addition, H.R. 11341 fails to conform the District's income tax law to the Federal income tax law, as requested by the District.

This legislation was recommended in order to simplify tax return filing for District residents and streamline administration of the income tax law.

The Federal tax conformity plan was written as part of the reciprocal income tax legislation—although it is not necessarily related—and was automatically dropped from the bill when the House voted not to approve the taxation of nonresidents.

We would strongly urge that this committee carefully evaluate this long-needed improvement in our income tax laws to the great benefit of both District taxpayers and the District government.

While the House approved the District's proposal to phase out the personal property tax on business inventories, there are significant differences in the plan to replace the revenues lost as a result of the phaseout.

These differences are explained in detail in my prepared statement. However, I would like to emphasize a few key points.

First, the House version does not contain a source of replacement revenue for the third year of the phaseout as we had recommended.

Second, the provision to raise the corporation income tax rates should be modified to include unincorporated businesses in order to avoid an inequitable taxing situation where some businesses would be taxed at a higher rate than others.

Finally, the House proposal for a replacement revenue source for the second year of the phaseout differs from the District proposal.

H.R. 11341 calls for an increase in the present inheritance and estate tax rates, whereas the District plan was to replace the existing inheritance and estate tax law with a new estate tax law conforming to the Federal estate tax.

While we favor our original proposal, we do not object to the increased rates passed by the House.

To summarize our position on the tax proposals, we would recommend enactment of the motor vehicle fuel tax rate increase, Federal tax conformity, and phaseout of the personal tax on inventories.

With regard to the latter proposal, we would underscore the necessity for providing a source of replacement revenue for the third year of the phaseout and for increasing the unincorporated business tax rates in conjunction with increases in the corporation income tax.

The CHAIRMAN. Thank you very much.

I have a few questions for the Mayor, and then I will yield to Senator Inouye.

I think I heard you say that if the House-passed figure of \$170 million Federal payment were to be the final action that that would be \$4 million below mandatory costs.

Mayor WASHINGTON. Even the mandatory.

The CHAIRMAN. To say nothing of discretionary programs, improvements, expansions, or new programs?

Mayor WASHINGTON. That is exactly correct.

The CHAIRMAN. On page C-2-2 of your supporting materials you list total mandatory increases as being \$65 million?

Mayor WASHINGTON. That is correct.

The CHAIRMAN. I now place your supporting materials in the record.

(The supporting materials follow:)

The first of these is the fact that the
the number of cases in which the
of the cases is not in the same
of the cases is not in the same
of the cases is not in the same

the number of cases in which the
of the cases is not in the same
of the cases is not in the same
of the cases is not in the same
of the cases is not in the same

the number of cases in which the
of the cases is not in the same
of the cases is not in the same
of the cases is not in the same
of the cases is not in the same

the number of cases in which the
of the cases is not in the same
of the cases is not in the same
of the cases is not in the same
of the cases is not in the same

the number of cases in which the
of the cases is not in the same
of the cases is not in the same
of the cases is not in the same
of the cases is not in the same

the number of cases in which the
of the cases is not in the same
of the cases is not in the same
of the cases is not in the same
of the cases is not in the same

the number of cases in which the
of the cases is not in the same
of the cases is not in the same
of the cases is not in the same
of the cases is not in the same

GOVERNMENT OF THE
DISTRICT OF COLUMBIA

SUPPORTING
MATERIALS

REVENUE
HEARINGS
1971

DISTRICT COMMITTEES OF
THE CONGRESS OF
THE UNITED STATES

June 1971

NOTE: THIS REVISED EDITION OF SUPPORTING MATERIAL DOES NOT

CONTAIN SECTIONS A, B, AND C:

- . The Mayor-Commissioner's Statement to the House
- . The Assistant to the Commissioner's Statement to the House
- . The Financial Plan: All Funds

THIS IS BECAUSE THEY ARE REPLACED BY MATERIAL IN ADDITIONAL
SUPPORTING MATERIALS - NOVEMBER 1971

TABLE OF CONTENTS

D	Budget in Brief: (1) 1972 Budget compared to 1971 (amounts and positions) (2) 1972 Budgetary increases: mandatory and other (3) District budget amounts (1963-1972)
E	Budget of other local governments: (1) Budget: trend for selected cities (1966-1972) (2) Personnel: trend for selected cities (1966-1972) (3) Detailed budgets for selected cities (1965-1969)
F	Revenue availability and tax proposals: (1) Tax proposals in summary (2) Ten Year Revenue Statement
G	Support data on proposed tax changes: (1) Property tax (2) Reciprocal income tax

SECTIONSUBJECT

H	Amount of Federal Payment in Relation to the General Fund
I	Federal Assistance: (1) Summary of Federal Grant Assistance (2) Comment on Federal Grant Assistance to the District of Columbia -
J	District Government Employment: (1) Authorized Budget positions 1966-1972 (2) District Vacancy Report - April 30, 1971
K	Tax Patterns: (1) Tax burden for metro jurisdiction (2) Tax burden for major cities (3) Revenue patterns of other selected cities
L	Budget Data: Service Populations
M	Population and Employment: (1) Population characteristics (2) Work place for metro residents (3) Unemployment
N	Capital Improvements Program: (1) 1972 Program and Its Future Year Costs (2) Loan Authorization for CIP Program

DISTRICT OF COLUMBIA

Fiscal Year 1972 Operating Budget - Summary of Recommendations by Categories
All Funds - Dollar Amounts in Thousands

1971 Adjusted (1972 Base)	1972 Estimate	Function	Amount:	Total increase	Percent distri- bution of increase	Required Staffing	Workload	New and Improved	Percent distri- bution of total increase
90,366	93,108	Police	2,742	2,742	3.0	2,742	...	...	...
28,534	29,966	Fire	1,432	1,432	1.6	1,432	...	...	...
42,107	51,104	Other public safety	8,997	8,997	9.9	5,239	3,432	26	...
139,136	146,111	Public Schools	6,975	6,975	7.7	3,513	1,539	1,823	2.1
22,031	32,446	Colleges	10,415	10,415	11.5	5,332	4,231	852	1.0
18,966	20,962	Community Health Services	1,956	1,956	1.8	1,956	...	...	...
68,987	97,978	Social Services	28,951	28,951	32.1	18,052	878	10,061	11.1
38,134	47,673	Hospitals and Medical Care	9,539	10.5	6,939	100	2,600	2.9	...
33,454	34,114	Mental Health	660	660	.7	660	...	...	...
5,041	6,635	Other Human Resources	1,594	1.8	1,313	280	...	...	...
51,224	57,262	General Operating expenses	6,038	6.8	5,125	578	336	.4	...
11,981	12,826	Recreation	845	845	.9	753	...	92	.1
20,438	21,358	Highways and Traffic	920	1.0	537	43	340	.4	...
39,051	40,700	Sanitary Engineering	1,649	1,649	1.8	1,649	...	...	...
15,563	23,574	Repayment of Loans & Interest....	8,011	8.9	8,011	...	...	...	...
625,013	715,417	Total	90,404	100.0	63,093	11,081	16,230	18.0	...
6,187	6,187	Positions:	...	...	...	...	...	...	...
1,533	1,533	Police	...	...	...	...	...	...	...
2,636	2,860	Fire	...	...	...	...	...	...	...
10,476	10,600 1/	Other Public Safety	224	16.7	...	176	5	4	...
1,398	1,794	Public Schools	124	9.3	...	117	163	12.1	...
1,401	1,401	Colleges	396	28.8	...	396	...	...	...
4,185	4,452	Community Health Services	267	...	...	267	...	...	...
2,838	2,850	Social Services	12	20.0	...	12	...	...	...
721	721	Hospital and Medical Care	...	.9	...	...	...	...	...
454	467	Mental Health	...	...	...	...	...	...	...
3,181	3,301	Other Human Resources	13	1.0	...	13	...	...	...
671	843	General Operating expenses	120	9.0	...	30	26	1.9	...
1,942	1,946	Recreation	172	12.8	...	...	8	.6	...
3,763	3,779	Highways and Traffic	4	3	...	4	...	...	...
...	...	Sanitary Engineering	16	1.2	...	16	...	...	...
...	...	Repayment of Loans & Interest....	...	...	...	...	...	...	...
41,356	42,694 1/	Total	1,335	100.0	...	1,021	202	15.0	...

1/ Subsequently to the finalization of the President's Budget, the Board of Education - without increasing the allowance of \$146.1 million - in adjusting their final budget plan to assure maximum effectiveness (with the Mayor's concurrence) changed the position distribution. This increased by 39 the total number of positions recommended for Fiscal Year 1972.

DISTRICT OF COLUMBIA
1972 Operating Budget - Recommendations by Categories and Funds

	Total		Required		Staffing		Workload		Improved		New	
	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount
General Operating Expenses												
Office of the Commissioner	...	44.7	...	19.7	...	.....	...	.....	...	.....	...	25.0
City Council	1	34.9	...	28.2	...	.....	1	6.7	...	.....	...	.....
Executive Office:												
Office of the Secretariat	...	16.0	...	16.0	...	.....	...	.....	...	.....	...	.....
Office of Public Affairs	...	5.8	...	5.8	...	.....	...	.....	...	.....	...	.....
Office of Budget and Executive Management	...	114.1	...	114.1	...	.....	...	.....	...	.....	...	.....
Personnel Office	...	35.2	...	35.2	...	.....	...	.....	...	.....	...	.....
Office of Community Services	...	12.0	...	12.0	...	.....	...	.....	...	.....	...	.....
Office of Civil Defense	...	20.7	...	20.7	...	.....	...	.....	...	.....	...	.....
Office of Criminal Justice Plans and Analysis	...	19.1	...	19.1	...	.....	...	.....	...	.....	...	.....
Employees' Disability, Unemployment and Workmen's Compensation	...	531.5	...	531.5	...	.....	...	.....	...	.....	...	.....
Planning Office	12	100.0	...	.....	...	.....	...	.....	...	.....	12	100.0
Total, Executive Office	12	854.4	...	754.4	...	.....	...	.....	...	.....	12	100.0
Department of Finance and Revenue ..	6	1,116.4	...	831.4	...	.....	6	235.0	...	.....	...	.....
Corporation Counsel	21	681.3	...	381.3	...	.....	21	300.0	...	.....	...	.....
Department of General Services	12	1,324.2	...	1,173.2	10	29.4	...	20.0	2	68.5	...	33.1
Department of Economic Development ..	3	369.6	...	315.2	...	.....	...	.....	...	.....	3	54.4
Public Library	54	763.4	...	282.4	54	481.0	...	.....	...	.....	...	.....
Other Independent Agencies & Offices:												
Commissioner's Youth Opportunity Services	...	46.2	...	46.2	...	.....	...	.....	...	.....	...	.....
Commissioner's Housing Program	...	7.9	...	7.9	...	.....	...	.....	...	.....	...	.....
Alcoholic Beverage Control Board	...	12.2	...	12.2	...	.....	...	.....	...	.....	...	.....
Board of Parole	...	73.0	...	73.0	...	.....	...	.....	...	.....	...	.....
Department of Insurance	...	3.8	...	3.8	...	.....	...	.....	...	.....	...	.....
Minimum Wage and Industrial Safety Board	2	97.9	...	81.8	...	.....	2	16.1	...	.....	...	.....
Recorder of Deeds	...	30.3	...	30.3	...	.....	...	.....	...	.....	...	.....
Public Service Commission	...	22.5	...	22.5	...	.....	...	.....	...	.....	...	.....

	Total		Required		Staffing		Workload		Improved		New	
	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount
General Operating Expenses - continued												
Other Independent Agencies & Offices - cont.												
Zoning Office	1	17.5	...	17.5	...	...	...	...	1*	...	...	...
Board of Appeals and Review	...	20.7	...	20.7	...	...	...	...	...	...	4*	...
Human Relations Commission	...	66.9	...	66.9	...	...	...	...	...	...	...	...
Board of Elections	...	260.5	...	260.5	...	...	...	...	...	...	...	...
Office of the Surveyor	...	21.4	...	21.4	...	...	...	...	...	...	...	...
Commission on the Arts	2	30.0	...	30.0	...	...	...	...	...	...	2	30.0
Commission on the Status of Women ..	2	25.0	...	25.0	...	...	...	...	...	...	2	25.0
Commission on Judicial Disabilities and Tenure	...	99.6	...	99.6	...	...	...	...	...	...	...	...
Total, Other Independent Agencies and Offices	11	835.4	...	764.3	...	...	2	16.1	1	...	8	55.0
Contributions to Metropolitan Area Agencies:												
Metropolitan Washington Council of Governments	...	2.0	...	2.0	...	...	...	...	...	...	...	...
Washington Metropolitan Area Transit Commission	...	12.0	...	12.0	...	...	...	...	...	...	...	...
Total, Contributions to Metropolitan Area Agencies	...	14.0	...	14.0	...	...	...	...	...	...	...	...
Total, General Operating Expenses ..	120	6,038.3	...	4,614.1	64	510.4	30	577.8	3	68.5	23	267.5
Public Safety												
Metropolitan Police	...	2,741.5	...	2,741.5	...	...	...	...	...	...	...	...
Fire Department	...	1,432.0	...	1,432.0	...	...	...	...	...	...	...	...
Courts:												
Appeals	8	357.1	...	165.6	...	...	8	191.5	...	...	...	...
Superior	121	3,667.9	...	2,925.0	...	...	116	717.3	...	...	5	25.6
U. S. Courts	...	622.4	...	622.4	...	...	...	...	...	...	...	...
Public Defender Service	17	605.3	...	452.2	...	...	17	153.1	...	...	...	...
Bail Agency	...	191.6	...	191.6	...	...	...	...	...	...	...	...
Total, Courts	146	5,444.3	...	4,356.8	...	...	141	1,061.9	...	...	5	25.6
Department of Corrections	78	3,542.9	...	993.1	43	185.0	35	2,364.8	...	...	...	...
National Guard	...	9.4	...	4.4	...	...	...	5.0	...	...	...	...
Total, Public Safety	224	13,170.1	...	9,527.8	43	185.0	176	3,431.7	...	...	5	25.6

D-2-1

	Total		Required		Staffing		Workload		Improved		New	
	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount
Education												
Public Schools	384	6,974.9	...	2,413.3	104	1,099.7	117	1,539.5	137	1,674.6	26	247.8
D. C. Teachers College	8	421.2	...	292.4	...	...	8	128.8	...	...	...	...
Federal City College	227	7,101.7	...	3,631.6	...	...	227	3,470.1	...	...	...	...
Washington Technical Institute	151	2,892.5	...	1,408.5	...	...	151	631.8	...	587.2	...	265.0
Total, Education	770	17,390.3	...	7,745.8	104	1,099.7	503	5,770.2	137	2,261.8	26	512.9
Recreation												
Recreation Department	172	845.3	...	409.0	164**	344.4	...	...	...	...	8	91.9
Human Resources												
Office of Director, Human Resources ..	3	56.8	...	56.8	...	...	3*	...	...	...	...	...
Vocational Rehabilitation Administration ..	...	200.0	...	200.0	...	...	...	...	...	...	...	...
Community Health Services Administration ..	...	1,596.3	...	1,596.3	...	...	...	...	...	...	...	...
Social Services Administration	267	28,991.5	...	18,092.5	...	...	267	878.0	...	5,261.0	...	4,800.0
Veterans' Affairs Administration	3	38.7	...	7.7	...	...	3	30.6	...	4	...	...
Narcotics Treatment Administration	7	1,237.7	...	987.8	...	...	7	249.9	...	...	...	...
Hospitals and Medical Care	12	9,238.6	...	6,838.6	...	...	12	100.0	...	2,600.0	...	...
Mental Health Administration	...	659.8	...	659.8	...	...	...	...	...	...	...	...
Chief Medical Examiner	...	60.6	...	60.6	...	...	...	...	...	...	...	...
Total, Human Resources	292	42,380.0	...	28,460.1	...	...	292	1,258.5	...	7,861.4	...	4,800.0
Highways and Traffic												
Department of Highways and Traffic	...	331.7	...	331.7	...	...	...	...	...	...	...	...
Department of Motor Vehicles	4	574.6	...	191.2	...	...	4	43.4	...	340.0	...	...
Motor Vehicle Parking Agency	...	14.0	...	14.0	...	...	...	...	...	...	...	...
Total, Highways and Traffic	4	920.3	...	536.9	...	...	4	43.4	...	340.0	...	...
Sanitary Engineering												
Department of Sanitary Engineering	...	1,371.0	...	1,371.0	...	...	...	...	...	...	...	...
Washington Aqueduct	16	278.4	...	278.4	...	...	16*	...	...	...	...	...
Total, Sanitary Engineering	16	1,649.4	...	1,649.4	...	...	16	...	...	...	...	...

	Total		Required		Staffing		Workload		Improved		New	
	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount
Repayment of Loans and Interest	...	8,010.7	...	8,010.7	...	.....	...	.....	...	.....	...	.....
Repayment of Loans and Interest	...	8,010.7	...	8,010.7	...	.....	...	.....	...	.....	...	.....
Total	1,598	90,404.4	...	60,953.8	375	2,139.5	1,021	11,081.6	140	10,531.7	62	5,697.8
General Fund	...	87,940.9	...	58,861.1	...	2,139.5	...	11,078.0	...	10,191.7	...	5,676.6
Highway Fund - Regular	...	1,304.7	...	933.9	...	.....	...	3.6	...	340.0	...	27.2
Highway Fund - Parking	...	15.9	...	15.9	...	.....	...	.....	...	.....	...	.....
Water Fund	...	765.2	...	765.2	...	.....	...	.....	...	.....	...	.....
Sanitary Sewage Works Fund	...	320.4	...	320.4	...	.....	...	.....	...	.....	...	.....
Metropolitan Area Sanitary Sewage Works Fund	...	57.3	...	57.3	...	.....	...	.....	...	.....	...	.....

*Positions requested through redirection of resources - no additional funds required.

**133 positions requested through redirection of resources - no additional funds required.

OREM - Budget Office
May 17, 1971

D-2-3

DISTRICT OF COLUMBIA GOVERNMENT
FISCAL YEAR 1972 - DETAIL OF REQUIRED ITEMS
(in thousands of dollars)

	Within Grades	Annualization of Pay Increases	Two Extra Days	Other Annualization	Other	Total
General Operating Expenses:						
Office of the Commissioner	\$3.5	\$9.2	.....	.....	7.0	19.7
City Council	12.3	15.9	.....	.....	.....	28.2
Executive Office:						
Office of the Secretariat	5.9	10.1	.....	.....	.....	16.0
Office of Public Affairs	2.2	3.6	.....	.....	.....	5.8
Office of Budget and Executive Management	39.0	62.1	13.0	.....	.....	114.1
Personnel Office	11.7	23.5	.....	.....	.....	35.2
Office of Community Services	4.3	6.4	1.3	.....	.....	12.0
Office of Civil Defense	3.5	6.1	1.5	.....	9.6	20.7
Office of Criminal Justice Plans and Analysis	10.1	9.0	.....	.....	.....	19.1
Employees' Disability Compensation Board .....	.....	.....	.....	.....	220.0	220.0
Employees' Unemployment Compensation Board .....	.....	.....	.....	.....	267.0	267.0
Workmen's Compensation Board .....	.....	.....	.....	.....	44.5	44.5
Total, Executive Office	76.7	120.8	15.8	.....	541.1	754.4
Department of Finance and Revenue	127.8	254.1	50.3	449.2	.....	881.4
Corporation Counsel	50.2	89.0	32.5	208.1	1.5	381.3
Department of General Services	100.7	285.2	.....	459.0	328.3	1,173.2
Department of Economic Development	108.0	188.0	19.2	.....	.....	315.2
Public Library	57.7	160.6	18.0	.....	46.1	282.4
Other Independent Agencies and Offices:						
Assistant to the Commissioner for Youth Opportunity Services	28.5	13.9	3.8	.....	.....	46.2
Assistant to the Commissioner for Housing Programs	3.2	4.7	.....	.....	.....	7.9
Alcoholic Beverage Control Board	5.7	6.5	.....	.....	.....	12.2
Board of Parole	3.9	10.4	3.2	55.5	.....	73.0
Department of Insurance	3.8	.....	.....	.....	.....	3.8
Minimum Wage and Industrial Safety Board	9.2	15.7	3.7	53.2	.....	81.8
Recorder of Deeds .....	.....	30.3	.....	.....	.....	30.3

	Within Grades	Annualization of Pay Increases	Two Extra Days	Other Annualization	Other	Total
General Operating Expenses - Continued						
Other Independent Agencies and Offices - Continued						
Public Service Commission	5.5	13.0	2.5	.....	1.5	22.5
Zoning Office	1.4	16.1	.....	.....	.....	17.5
Board of Appeals and Review	2.0	1.2	1.0	16.5	.....	20.7
Human Relations Commission	9.6	14.1	2.7	40.5	.....	66.9
Board of Elections	9.5	2.5	.....	.....	248.5	260.5
Office of the Surveyor	8.0	11.4	2.0	.....	.....	21.4
Commission on Judicial Disabilities and Tenure .....	.....	.....	.....	99.6	.....	99.6
Total, Other Independent Agencies and Offices	90.3	139.8	18.9	265.3	250.0	764.3
Contributions to Metropolitan Area Agencies:						
Metropolitan Washington Council of Governments .....	.....	.....	.....	.....	2.0	2.0
Washington Metropolitan Area Transit Commission .....	.....	.....	.....	.....	12.0	12.0
Total, Contributions to Metropolitan Area Agencies	.....	.....	.....	.....	14.0	14.0
Total, General Operating Expenses	627.2	1,262.6	154.7	1,381.6	1,188.0	4,614.1
Public Safety:						
Metropolitan Police Department	186.0	268.0	476.0	303.5	1,508.0	2,741.5
Fire Department	225.0	19.5	.....	.....	1,187.5	1,432.0
Courts:						
Appeals	12.0	17.7	3.8	132.1	.....	165.6
Superior	151.7	372.1	.....	2,060.0	341.1	2,924.9
U. S. Courts .....	.....	.....	.....	.....	622.4	622.4
Public Defender Service	32.1	44.2	6.2	369.7	.....	452.2
Bail Agency	14.8	.....	.....	156.0	20.9	191.7
Total, Courts	210.6	434.0	10.0	2,717.8	984.4	4,356.8
Department of Corrections	348.5	534.1	110.5	.....	.....	993.1
National Guard	4.4	.....	.....	.....	.....	4.4
Total, Public Safety	974.5	1,255.6	596.5	3,021.3	3,679.9	9,527.8

D-2-5

	Within Grades	Annualization of Pay Increases	Two Extra Days	Other Annualization	Other	Total
Education:						
Public Schools	1,565.3	.....	75.0	73.0	700.0	2,413.3
D. C. Teachers College	59.6	.....	2.3	230.5	.....	292.4
Federal City College	302.4	64.2	30.0	3,235.0	.....	3,631.6
Washington Technical Institute	126.7	.....	4.5	1,277.3	.....	1,408.5
Total, Education	2,054.0	64.2	111.8	4,815.8	700.0	7,745.8
Recreation:						
Recreation Department	251.7	.....	83.0	.....	74.3	409.0
Human Resources:						
Office of the Director, Human Resources	15.4	32.5	6.6	2.3	.....	56.8
Vocational Rehabilitation Administration	13.9	174.3	11.8	.....	.....	200.0
Community Health Services Administration	232.8	473.3	100.0	.....	27.2	1,596.3
Social Services Administration	755.5	1,011.5	225.2	677.7	15,382.6	18,052.5
Veterans' Affairs Administration	2.5	4.3	.9	.....	.....	7.7
Narcotics Treatment Administration	32.1	23.5	7.5	.....	924.6	987.8
Hospitals and Medical Care Administration	355.1	1,144.4	176.5	38.1	5,124.5	6,838.6
Mental Health Administration	147.2	232.4	57.6	150.0	72.6	659.8
Chief Medical Examiner	8.1	10.6	1.6	40.3	.....	60.6
Total, Human Resources	1,582.6	3,106.8	587.7	1,651.4	21,531.5	28,460.1
Highways and Traffic:						
Department of Highways and Traffic	146.9	62.6	.....	.....	122.2	331.7
Department of Motor Vehicles	36.4	146.6	8.2	.....	.....	191.2
Motor Vehicle Parking Agency (Highway Fund)	1.1	11.7	1.2	.....	.....	14.0
Total, Highways and Traffic	184.4	220.9	9.4	.....	122.2	536.9

	Within Grades	Annualization of Pay Increases	Two Extra Days	Other Annualization	Other	Total
Sanitary Engineering:						
Department of Sanitary Engineering	356.1	303.9	184.5	441.5	85.0	1,371.0
Washington Aqueduct (Water Fund)	33.0	48.6	24.0	.....	172.8	278.4
Total, Sanitary Engineering	389.1	352.5	208.5	441.5	257.8	1,649.4
Repayment of Loans and Interest .....	.....	.....	.....	.....	8,010.7	8,010.7
Total, Operating Expenses	6,063.5	6,262.6	1,751.6	11,311.6	35,564.4	60,953.8

ODEM/Budget
5/17/71

D-2-7

DETAIL OF "OTHER REQUIRED" COSTS

General Operating Expenses		
Office of the Commissioner		
Dues, Council of Governments	7.0	
Executive Office		
Civil Defense		
Overtime, Sunday premium and night differential pay	9.6	
Compensation Funds		
Employees disability	220.0	
Employees unemployment	267.0	
Administrative expense, workmen's compensation	<u>44.5</u>	531.5
Corporation Counsel		
Holiday pay		1.5
Department of General Services		
Bonding	10.0	
Utilities	149.0	
Repairs to buildings (elevator service) .	28.0	
Refuse removal	15.4	
Space rental	<u>125.9</u>	328.3
Public Library		
Increased cost of air conditioning	6.4	
Increased cost of building repair	36.5	
Increased cost of equipment repairs	<u>3.2</u>	46.1
Other Independent Agencies and Offices:		
Public Service Commission		
Supplies and materials	1.0	
Postage	<u>.5</u>	1.5
Board of Elections		
Temporary employees and related costs to comply with new laws		248.5
Contributions to Metropolitan Area Agencies: Metropolitan Washington Council of Governments		
Higher required payment	2.0	
Washington Metropolitan Area Transit Commission		
Increased contribution because of higher personnel costs	<u>12.0</u>	14.0
Total, General Operating Expenses ...		<u><u>1,188.0</u></u>

<u>Public Safety</u>		
Metropolitan Police		
Police's relief payments	883.0	
Payments to beneficiaries	550.0	
Increased cost of medical bills	75.0	1,508.0
Fire Department		
Increased pension cost	1,020.0	
Columbus Day holiday	67.5	
Health benefits	100.0	1,187.5
<u>Superior Court</u>		
Benefits to former personnel	106.6	
Jurors fees	234.5	341.1
U. S. Courts		
Reimbursement to U. S. Government		622.4
Bail Agency		
Operations and Maintenance		
Travel and transportation of persons ...	7.2	
Communications, rent, and utilities ...	2.0	
Printing and reproductions	2.7	
Supplies and materials	4.0	
Equipment	5.0	20.9
Total, Public Safety		<u>3,679.9</u>
<u>Education</u>		
Public Schools		
EA plus 15 adjustments		<u>700.0</u>
<u>Recreation</u>		
Recreation Department		
Overtime		25.3
Night differential		25.0
Terminal leave		24.0
Total, Recreation		<u>74.3</u>

<u>Human Resources</u>		
Community Health Services Administration		
Nurses and nursing assistants re- classification	27.2	
Social Services Administration		
Nurses reclassification	36.6	
Grants and gratuities	15,382.6	
Hospital and Medical Care Administration		
Nurses and nursing assistants re- classification	224.5	
Expansion of Medicaid program	4,900.0	
Narcotics Treatment Administration		
Expiring grant	924.6	
Mental Health Administration		
Nurses and nursing assistants re- classification	72.6	
Total, Human Resources		21,531.5
<u>Highways and Traffic</u>		
Department of Highways and Traffic		
Electrical energy (street lighting) ..	85.0	
Additional construction equipment	11.0	
Replacement passenger vehicle	26.2	
Total, Highways and Traffic		122.2
<u>Sanitary Engineering</u>		
Department of Sanitary Engineering		
Land rental - Cockpit Point Corp.	85.0	
Washington Aqueduct		
Travel and transportation of persons	1.0	
Electricity	70.0	
Chemicals	60.0	
Other materials and supplies	12.0	
Overhead	14.8	
Automatic Data Processing	5.0	
Equipment	10.0	
Total, Sanitary Engineering	172.8	
		257.8
<u>Repayment of Loans and Interest</u>		
		8,010.7
Total, Other Required		35,564.4

	Positions	(In Thousands) Amount
<u>STAFFING</u>	<u>375</u>	<u>2,139.5</u>
Department of General Services	10	29.4
Building maintenance for new 4th District Police Station		
Public Library	54	481.0
Represents the needed positions for the operation of the new Martin Luther King, Jr. Public Library		
Department of Corrections	43	185.0
Correctional officers for staffing additional facilities at Women's Center and Youth Center		
Public Schools	104	1,099.7
Special Education, Non-Educational Support and other programs		
Department of Recreation	164	344.4
Staffing for the Recreation Department includes 169 positions. These increases represent the following: 133 new positions resulting from a redirection of resources; 31 positions for staffing of 4 new playgrounds, 1 new swimming pool, and main- tenance for Activity Lighting.		

	Positions	(In Thousands) Amount
<u>WORKLOAD</u>		
City Council	1,021	11,081.6
Increased staff assistance	1	6.7
Department of Finance and Revenue	6	235.0
Additional pay and retirement positions to process increased work- load; second phase toward total automation of the property assessment program		
Office of the Corporation Counsel	21	300.0
Increases in attorneys and supporting staff necessary to strengthen the Law Enforcement Division to effect the prosecution of environ- mental code.		
Department of General Services	...	20.0
Computer time in the Procurement area; overtime for guards in Building Maintenance area		
Minimum Wage and Industrial Safety Board	2	16.1
Increased workload due to METRO construction		
Court of Appeals	3	191.5
Additional positions are needed to augment the Clerk's staff to facilitate the handling of the increased workload created by the Court Reform Act of 1970 and to handle the function of Bar Admissions and Grievances, presently handled by the Committee on Admissions and Grievances in the U. S. District Court		
Superior Court	116	717.3
The Court Reform and Criminal Procedure Act of 1970 provides that seven additional judges be appointed to the Superior Court by February 1, 1972. Salaries and equipment for these judges and their supporting staff are included in the increase. Additional cases expected to be handled by the Court will require additional administrative support to the judges in various areas.		

(In Thousands)
Amount

WORKLOAD (Continued)

Positions

17 153.1

Public Defender Service
 The additional attorneys and supporting staff required to create an Appellate Division to handle (either by giving assistance to private attorneys or providing the appeal for the defense itself) an expected and estimated 1000 appeal cases in FY 1972. The U. S. Court of Appeals strongly endorses the increase since it would provide the Court with a core of highly trained defense attorneys to practice exclusively in the Appellate Courts.

35 2,364.8

Department of Corrections
 Additional funds for care and maintenance of higher population; additional computer and records capability for Central Office; medical services for inmates; provide for increasing cost of supplies and materials; to provide for increased costs of supplies and materials for increased population at D. C. Jail; Additional funds for meeting inflationary costs and for providing for a higher population at Women's Center; additional funds for providing supplies and materials to support higher inmate population of Youth Center; additional parole officers and administrative personnel to meet increased parole population; provide full-year funding for contractual community centers and to provide additional capacity of 100 for centers operated by the department; provide capability to service 250 additional persons in the narcotics program.

... 5.0

National Guard
 Provide additional maintenance service.

117 1,539.5

Public Schools
 Additional positions and supporting services in Special Education and Non-Educational Support programs

8 128.8

D. C. Teachers College
 Funds for additional 8 positions and support cost required because of additional workload due to recent independent status of the College

WORKLOAD (Continued)	Positions	(In Thousands) Amount
Federal City College	227	3,470.1
Increases will fund faculty and support positions as well as in- creases for travel, rental space, supplies and materials, equip- ment and grants to support the program expansion needed for the fourth year of operation		
Washington Technical Institute	151	631.8
Increases will fund additional faculty and support positions to permit scheduled incremental program expansion for the Institute		
Department of Human Resources	292	1,258.5
Additional positions and supporting services for increased case- load in Social Services area and programs in the Narcotics Treatment Administration		
Department of Motor Vehicles	4	43.4
To provide staff support that is essential for the continued existence of the Office of Public Vehicle Services		
<u>IMPROVED</u>	<u>140</u>	<u>10,531.7</u>
Department of General Services	2	68.5
Additional positions to work with General Services Administration in the establishment of a common catalog and system of uniform identification for D. C. Supply Management Operation		
Zoning Office	1	...
One position requested through redirection of resources - no additional funds requested.		
Public Schools	137	1,674.6
Additional positions and supporting services in Academic Achieve- ment, Special Education, Career Development, and Non-Educational Support program, and other areas.		
Washington Technical Institute	...	507.2
Includes increases for equipment, supplies, and equipment needed by the Institute in support of its students		

IMPROVED (Continued)	Positions	(In Thousands) Amount
Department of Human Resources	...	7,861.4
Improve welfare standards from 75% to 85% of February 1970 level; medical charities program; additional counselors for Veterans' Administration		
Department of Motor Vehicles	...	340.0
To complete the final series of stages of data processing improve- ments. This final stage involves conversion to an on-line, direct access system		
<u>NEW</u>	<u>62</u>	<u>5,697.8</u>
Office of the Commissioner	...	25.0
Provides funds to assist in the preparation of planning for the Bicentennial Celebration in 1976.		
Planning Office	12	100.0
Initial staff and cost to provide an integrated planning system designed to meet local needs		
Department of General Services	...	33.1
Space rental for Health Center Lincoln Heights		
Department of Economic Development	3	54.4
Basic staff and support costs for an Office of Consumer Affairs		
Human Relations Commission	4	...
Positions requested through redirection of resources - no additional funds required		
Commission on the Arts	2	30.0
Commission on the Status of Women	2	25.0
Superior Court	5	25.6
The Family Assignment Branch was made necessary by the formation of the Family Division provided in the Court Reform and Criminal Procedure Act of 1970		

	<u>Positions</u>	<u>(In Thousands) Amount</u>
<u>NEW (Continued)</u>		
Public Schools	26	247.8
Additional positions and supporting services for Special Education, Career Development and Non-Educational Support programs		
Washington Technical Institute	...	265.0
Increases will permit the Institute to conduct new programs in the Cooperative Extension program under the Smith-Lever Grant		
Department of Recreation	8	91.9
Positions for 2 new programs - Interim Assistance and Washington Youth Gardens		
Department of Human Resources	...	4,800.0
Income Supplementation Program		

DISTRICT OF COLUMBIA BUDGET, ALL FUNDS - NEW AUTHORIZATIONS 1963-1972
(In millions of dollars)

	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	% Increase 1972 over 1971
General Operating Expenses:											
Operating	16.4	17.9	19.4	20.5	23.3	28.1	34.1	47.6	55.3	57.3	3.6
Capital Outlay	1.6	1.1	5.0	2.1	.9	13.6	7.5	1.7	4.7	11.4	142.5
Public Safety:											
Operating	60.5	66.1	73.7	80.0	90.4	99.0	114.7	141.5	163.1	174.2	6.8
Capital Outlay	1.1	.6	.3	1.6	1.2	3.0	4.0	12.8	4.3	10.2	137.2
Education:											
Operating	59.5	63.9	72.0	75.6	86.1	103.3	123.2	151.8	161.7	178.5	10.3
Capital Outlay	7.7	15.6	14.4	17.6	30.1	54.3	41.6	36.8	30.7	82.0	167.1
Recreation: 1/											
Operating	8.6	9.1	10.2	11.1	12.9	15.7	17.8	19.2	11.8	12.8	8.4
Capital Outlay	.3	.4	.7	1.0	1.1	2.7	2.8	1.4	1.9	9.1	378.9
Human Resources: 2/											
Operating	65.9	70.5	76.2	81.1	90.8	107.1	125.1	144.6	168.6	207.0	22.7
Capital Outlay	13.7	1.3	.5	6.0	2.6	2.0	7.2	1.6	1.7	21.3	1,132.9
Highways and Traffic:											
Operating	11.5	12.4	13.7	14.2	15.3	16.8	18.0	19.4	21.0	21.3	1.4
Capital Outlay	10.0	11.3	13.8	9.8	15.5	18.3	11.2	3.6	2.6	6.0	130.0
Sanitary Engineering											
Operating	21.1	22.0	22.4	21.1	25.1	28.0	32.4	36.8	39.0	40.7	4.3
Capital Outlay	15.0	15.4	23.0	22.1	24.3	17.7	30.6	27.2	23.9	82.3	244.3
Payment D. C. Share of Federal Capital Outlays (Federal Obligations)											
3/	.9	.9	1.9	1.0	1.4	1.2	1.1	1.6	1.2	1.2	...
Contribution to rail rapid transit	...	...	...	2.0	4.5	...	3.1	41.6	...	38.3	...
Repayment of loans and interest	2.5	5.0	5.6	5.7	6.1	7.8	8.8	10.8	15.6	23.6	51.2

D-3-1 R

DISTRICT OF COLUMBIA BUDGET, ALL FUNDS - NEW AUTHORIZATIONS 1963-1972
(In millions of dollars)

	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	% Increase 1972 Over 1971
Judgments, refunds, and other expenses	.5	1.0	.9	3.6	1.6	1.8	.5	.1	...	...	...
Operating	244.0	262.9	280.5	309.4	345.5	399.8	465.8	560.9	620.5	691.8	11.5
Capital Outlay	49.4	48.6	59.6	55.6	72.6	112.8	169.3	128.8	71.0	281.8	288.7
Repayment of loans and interest	2.5	5.0	5.6	5.7	6.1	7.8	8.8	10.8	15.6	23.6	51.2
Subtotal	295.9	314.5	353.7	368.7	423.2	520.4	583.7	700.0	707.1	977.2	38.2
Reserves	...	...	...	...	...	...	...	...	...	10.5	...
Appropriated Budget and Reserves....	295.9	314.5	353.7	368.7	423.2	520.4	583.7	700.0	707.1	987.7	39.7
Federal Grants	55.8	57.4	43.6	62.4	79.8	103.5	119.2	142.0	171.3	268.0	56.4
Private Grants ^{1/}	NA	NA	NA	.6	.5	1.1	1.2	.7	.5	.3	-40.0
Total Resource Budget	351.7	371.9	397.3	431.7	503.5	625.0	704.1	842.7	878.9	1,256.0	42.9
Special Data:											
A. Federal Payment (General Fund Only)	30.0	37.5	37.5	44.2	58.0	70.0	89.4	116.2	131.0	126.0	-3.9
Federal Grants	55.8	57.4	43.6	62.4	79.8	103.5	119.2	142.0	171.3	268.0	56.4
Federal Contribution	85.8	94.9	81.1	106.6	137.8	173.5	208.6	258.2	302.3	394.0	30.3
B. Trust Funds ^{2/}	37.4	42.4	58.2	59.0	76.9	16.3	19.6	21.3	21.5	22.6	5.1
C. Permanent Authorizations	1.6	1.4	1.6	1.6	1.8	2.0	2.1	2.1	2.1	2.1	...
^{1/} Through FY 1970 Appropriations was Parks and Recreation, and included National Park Service and National Zoological Park.											
^{2/} Changed from "Health and Welfare", fiscal year 1971.											
^{3/} Included in line above.											
^{4/} Estimates.											
^{5/} Up to 1967 Trust Funds included some Federal grants.											

D-3-e R

OHEM - June 4, 1971

OPERATING BUDGETS (ALL FUNDS) FOR
SELECTED MAJOR U. S. CITIES ^{1/}

(Budget in millions of dollars)

	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972 est.</u>
Atlanta	46.9	58.4	63.3	72.3	81.9	99.8	98.7
Baltimore	306.7 ^{2/}	366.4	428.0	477.9	552.1	600.3	640.0
Boston	254.2	291.8	317.0	326.2	364.7	404.0 est.	N/A
Cleveland	106.0	126.4	134.2	156.8	165.5	162.1	185.0
Detroit	341.6	367.9	386.4	435.8	495.6	545.2	N/A
New York City	3,875.0	4,553.0	5,177.0	5,993.0	6,579.5	7,709.0	N/A
Philadelphia	363.4	394.7	^{3/}	471.3 ^{3/}	535.4	605.1	681.6 ^{4/}
Saint Louis	93.5	99.2	110.5	112.0	128.0 ^{5/}	132.0 est.	138.0
Washington, D. C.	309.4	345.5	399.8	468.5	558.9	638.7	715.4

Index Number (with 1966 = 100)

Atlanta	100	125	135	154	175	213	210
Baltimore	100	119	140	156	180	196	209
Boston	100	115	125	128	143	159	N/A
Cleveland	100	119	127	148	156	153	175
Detroit	100	108	113	128	145	160	N/A
New York City	100	117	134	155	170	199	N/A
Philadelphia	100	109	.....	130	147	164	188
Saint Louis	100	106	118	120	137	141	148
Washington, D. C.	100	112	129	151	181	206	231

^{1/} For ease in the collection of data, information is for operating budget, all funds.

^{2/} Data for Baltimore FY 1966 is adjusted by that city's finance office. Baltimore shifted from a calendar basis at the end of calendar year 1965.

^{3/} Data for Philadelphia represents information for 4 1/2 years instead of 4 years since Philadelphia also shifted from a calendar year to a fiscal year basis. Data for their 18 month budget - January 1967 to June 1968 - was converted to a 12 month figure using a formula in which 2/3 of the 18 month total was allocated to 12 month.

^{4/} Preliminary estimate.

^{5/} Does not include Board of Education, Zoo, Library, Art Museum.

PERSONNEL: CITY GOVERNMENT
for
SELECTED MAJOR U. S. CITIES

2
m

	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972 est.</u>
Atlanta	6,769	7,622	7,778	8,104	8,661	9,925	9,975
Baltimore	31,189	33,468	35,039	35,335	37,991	38,187	38,000
Boston	23,094	23,654	21,839	22,728	22,831	23,436	23,000
Cleveland	11,528	12,000	12,473	12,772	12,586	11,158	12,000
Detroit	N/A	26,231	25,553	25,481	25,937 ^{1/}	26,293 ^{1/}	N/A
New York City	229,047	236,576	251,104	265,535	281,406	291,889	N/A
Philadelphia	30,193	31,485	 ^{2/}	32,154	31,688	31,181	32,200
Saint Louis	12,449	12,037	12,943	12,717	12,485	12,335	12,450
Washington, D. C.	30,161	31,944	34,790	38,175	42,735	41,249	42,553

	<u>Index Number (with 1966 = 100)</u>						
Atlanta	100	113	115	119	128	147	148
Baltimore	100	107	112	113	122	122	122
Boston	100	102	95	98	99	101	99
Cleveland	100	104	108	111	109	97	104
Detroit	N/A	100	97	97	99	100	N/A
New York City	100	103	109	116	123	127	N/A
Philadelphia	100	104	.....	106	105	103	106
Saint Louis	100	105	104	102	100	99	99
Washington, D. C.	100	106	115	127	142	138	141

^{1/} This includes employees of self-supporting agencies of Detroit which averages approximately 6,000.

^{2/} Data for Philadelphia FY 1968 was adjusted to FY 1969 since this city shifted from a calendar basis to a fiscal basis.

**CITY GOVERNMENT EXPENDITURES AND EMPLOYMENT,
DISTRICT OF COLUMBIA AND SELECTED MAJOR U. S. CITIES**
(Dollar Amounts in Thousands)

	DISTRICT OF COLUMBIA				ATLANTA				BALTIMORE			
	EXPENDITURES		EMPLOYMENT		EXPENDITURES		EMPLOYMENT		EXPENDITURES		EMPLOYMENT	
	1969	1965-1969	1969	1969	1969	1965-1969	1969	1969	1969	1965-1969	1969	1969
	1966	1969	1966	1969	1966	1969	1966	1969	1966	1969	1966	1969
GENERAL EXPENDITURES												
Common Functions												
Type A:												
Police.....	27,464	19,529	7.2	81.0	6,032	10,055	2.0	67.4	25,152	13,724	8.1	73.8
Fire.....	13,758	19,149	2.8	39.2	4,331	6,635	6.0	38.4	15,558	21,955	4.1	46.8
Sewerage.....	18,125	24,487	3.5	35.1	4,173	7,772	7.0	86.2	4,769	6,176	3.1	29.5
Sanitation other than sewerage.....	8,945	11,964	1.7	33.8	5,256	9,253	7.5	57.8	6,174	10,234	2.9	65.8
Parks and Recreation.....	12,590	20,456	3.0	62.5	12,067	7,751	7.0	40.5	7,150	14,762	1.7	106.5
Type B:												
Financial Administration and General Control.....	16,192	25,503	3.7	57.5	2,195	3,958	3.5	78.0	8,202	15,131	2.8	84.5
Highways.....	47,716	65,641	9.5	37.6	5,561	8,807	7.5	34.6	16,597	36,025	6.7	111.9
Total, Common Functions	104,730	216,799	31.4	49.8	12,095	53,322	47.9	26.7	84,002	147,977	27.4	76.1
Variable Functions												
Education.....	82,823	175,499	25.9	116.7	35	46	...	31.4	84,521	170,558	31.6	100.8
Public Welfare.....	33,004	57,145	8.2	72.2	34	130	...	282.4	13,400	14,513	1.3	60.8
Health.....	47,249	68,592	8.8	29.0	...	...	...	...	14,189	22,888	4.2	66.8
Health other than Hospitals.....	9,562	33,336	4.8	248.6	242	17	...	-93.0	4,207	12,973	2.4	203.4
Housing and Urban Development.....	9,365	24,682	2.1	56.8	44	366	...	731.8	7,852	25,668	4.6	219.3
Total, Variable Functions.....	182,400	345,595	49.8	89.5	355	559	...	57.5	124,615	306,945	56.8	98.5
Other General Expenditures not elsewhere detailed	38,264	74,536	10.8	94.8	13,970	34,457	31.0	81.6	21,169	42,493	7.8	156.1
UTILITY EXPENDITURES												
Total, General Expenditures	365,394	636,920	92.0	74.3	61,420	88,138	79.3	43.8	259,786	497,395	92.0	91.5
Water Supply.....	11,095	11,391	1.6	2.7	7,540	9,896	8.8	31.2	16,027	14,134	2.6	-11.8
Other.....	...	...	...	...	...	...	...	...	...	...	...	...
Total, Utility Expenditures.....	11,095	11,391	1.6	2.7	7,540	9,896	8.8	31.2	16,027	14,134	2.6	-11.8
EMPLOYEE RETIREMENT.....	18,558	27,767	4.0	49.3	4,485	6,667	6.0	48.7	14,259	17,476	3.2	22.6
INTEREST ON GEN. DEBT.....	4,959	9,093	1.3	82.6	3,544	6,330	5.7	78.6	8,506	12,502	2.3	46.5
TOTAL EXPENDITURES.....	405,643	669,057	100.0	69.2	76,989	111,231	100.0	44.5	298,698	541,597	100.0	81.3
TOTAL EMPLOYMENT.....	...	...	...	...	4,225	...	...	...	...	...	...	...

See footnotes at end of table.

* Includes \$9,597 thousand unemployment compensation benefits.

** Includes \$7,926 thousand unemployment compensation benefits.

CITY GOVERNMENT EXPENDITURES AND EMPLOYMENT
DISTRICT OF COLUMBIA AND SELECTED MAJOR U. S. CITIES
(Dollar Amounts in Thousands)

	BOSTON				CLEVELAND				DETROIT			
	EXPENDITURES		EMPLOYMENT		EXPENDITURES		EMPLOYMENT		EXPENDITURES		EMPLOYMENT	
	1965	1969	1965-1969	1969	1965	1969	1965-1969	1969	1965	1969	1965-1969	1969
	Percent of Total	Percent of Total	Percent Increase	Full-Time Equivalent	Percent of Total	Percent of Total	Percent Increase	Full-Time Equivalent	Percent of Total	Percent of Total	Percent Increase	Full-Time Equivalent
GENERAL EXPENDITURES												
Common Functions												
Police	19,563	30,349	7.3	2,799	17,048	27,795	13.4	2,649	37,911	57,953	13.1	51.9
Fire	14,675	19,085	4.6	2,043	10,486	14,692	7.1	1,349	16,343	21,743	5.0	33.0
Sewerage	2,698	4,326	1.0	1.07	7,650	10,313	5.1	37.4	15,836	13,468	3.1	34.8
Sanitation other than sewerage	5,154	7,297	1.7	736	8,604	12,900	6.2	44.8	16,661	24,306	5.5	45.9
Parks and recreation	5,150	9,829	-4.2	949	9,582	11,397	6.9	678	10,576	22,070	5.0	...
Type B:												
Financial Administration and General Control....	10,272	13,300	3.2	29.5	3,938	6,202	3.0	57.5	10,141	14,129	3.2	20.0
Highways	3,064	34,280	3.5	658	14,261	12,537	6.0	7.6	29,215	20,758	4.7	8.0
Total, Common Functions	70,776	98,856	23.7	6,892	71,269	99,057	47.7	39.0	134,485	174,077	39.6	29.4
Variable Functions												
Education	48,095	79,057	19.0	64.4	21	43	...	104.8	570	3,086	7	141.4
Public Welfare	56,630	39,826	14.2	3.9	2,110	107	...	(94.9)	22,143	2,722	5.6	87.7
Hospitals	24,481	37,675	9.1	53.9	...	...	...	...	18,302	23,977	5.5	31.0
Health other than hospitals	2,214	2,356	.7	6.4	2,372	3,592	1.7	51.4	4,704	7,899	1.8	66.3
Public Works and Urban Development	18,141	29,869	7.2	62.2	12,202	9,224	4.4	(24.4)	13,186	26,496	6.0	100.9
Total, Variable Functions	149,821	207,763	30.1	13,624	16,705	12,666	6.1	(22.4)	58,026	64,140	14.6	8.8
Other General Expenditures not elsewhere detailed 1/	44,260	67,036	16.1	51.5	12,377	21,247	10.4	74.1	34,733	73,091	16.7	110.4
Total, General Expenditures	264,857	373,675	89.9	22,675	100,351	133,970	64.2	33.1	228,144	311,308	70.9	36.5
UTILITY EXPENDITURES												
Water Supply	3,998	5,669	1.4	41.8	16,754	24,074	11.6	43.7	24,438	30,813	8.8	58.8
Other	...	...	...	...	22,290	42,049	20.6	32.7	24,142	34,890	8.0	44.5
Total, Utility Expenditures	3,998	5,669	1.4	41.8	49,044	66,023	20.2	36.5	48,580	73,703	16.8	51.7
EMPLOYEE RETIREMENT	16,570	25,504	6.1	53.9	3,854	471	.2	(87.8)	24,824	30,219	8.7	54.0
INTEREST ON GENERAL DEBT	6,240	30,577	2.5	69.5	4,589	7,129	3.4	55.3	10,764	14,447	3.3	34.2
TOTAL EXPENDITURES	291,665	445,425	100.0	42.4	157,838	208,093	100.0	31.8	312,312	437,677	100.0	40.1
TOTAL EMPLOYMENT	22,905	22,905	...	...	14,008	14,008	...	...	27,145	27,145	...	...

See footnotes at end of table.

CITY GOVERNMENT EXPENDITURES AND EMPLOYMENT,
DISTRICT OF COLUMBIA AND SELECTED MAJOR U. S. CITIES
(Dollar Amounts in thousands)

	DALLAS				MEMPHIS				PHOENIX			
	EXPENDITURES		EMPLOYMENT		EXPENDITURES		EMPLOYMENT		EXPENDITURES		EMPLOYMENT	
	1965	1969	1965-1969 Percent Increase	Full-Time Equivalent	1965	1969	1965-1969 Percent Increase	Full-Time Equivalent	1965	1969	1965-1969 Percent Increase	Full-Time Equivalent
GENERAL EXPENDITURES												
Common Functions												
Type A:												
Police.....	15,430	11.7	53.1	1,942	5,765	11,180	4.3	93.9	6,679	10,393	13.0	55.6
Fire.....	10,075	8.2	25.9	1,290	6,646	10,699	4.1	61.0	3,688	4,605	5.8	27.0
Sewerage.....	10,815	4.8	-16.8	370	2,166	2,079	.8	-4.0	9,035	6,848	8.5	-24.2
Sanitation other than sewerage.....	7,580	5.3	34.2	827	5,016	6,724	2.6	34.1	4,899	6,920	8.6	41.3
Parks and Recreation.....	5,227	6.5	52.4	669	8,068	7,236	2.8	-10.3	3,386	7,763	9.7	133.4
Type B:												
Financial Administration	3,747	2.6	39.5	..	1,463	1,860	.8	34.0	2,316	3,551	4.4	53.3
General Control.....	15,685	10.5	41.9	454	6,378	6,486	2.5	.7	7,809	7,246	9.0	-7.2
Highways.....	15,840	10.5	41.9	..	35,502	46,304	17.9	30.4	37,692	47,326	99.0	25.6
Total, Common Functions.....	55,629	49.8	18.4	5,552	142,971	168,393	26.4	65.6	142,971	168,393	26.4	65.6
Variable Functions												
Education.....	..	..	..	..	41,297	68,393	26.4	65.6	..	3,951	4.9	..
Public Welfare.....	11	15	36.4	..	255	431	2.2	69.0	..	..	..	..
Hospitals.....	..	..	..	..	12,464	17,893	6.9	..	..	..	..	..
Health other than hospitals.....	..	..	..	..	668	1,113	.4	43.3	..	..	..	778
Housing and Urban Development.....	1,326	1.3	32.4	2,481 2/	704	864	.3	22.7	..	..	..	..
Total, Variable Functions.....	..	..	..	..	44,064	87,264	34.2	60.1	860	844	1.0	-1.9
Other General Expenditures Not elsewhere detailed 1/4,423	1,339	1.7	32.5	2,481	55,408	88,694	34.2	60.1	860	4,795	6.0	457.6
Total, General Expenditures.....	57,968	51.5	20.2	938	198,379	257,087	29.7	125.7	143,831	173,188	20.8	77.6
UTILITY EXPENDITURES												
Water Supply.....	13,318	11.8	17.1	966	7,657	6,484	2.5	-15.3	11,907	13,016	9.3	9.3
Other.....	12,936	7.1	-27.3	N/A	70,466	89,857	34.7	27.5	..	..	..	..
Total, Utility Expenditures.....	26,254	9.5	-4.7	N/A	78,123	96,341	37.2	23.3	11,907	13,016	9.3	9.3
EMPLOYEE RETIREMENT												
..	2,304	3.6	59.7	..	2,839	6,761	2.6	138.1	792	667	.8	-15.8
INTEREST ON GEN. DEBT.												
..	5,786	8.3	44.9	..	3,948	6,547	2.5	65.8	3,175	3,672	4.6	15.6
TOTAL EXPENDITURES	105,735	132.125	100.0	24.9	384,674	559,131	100.0	140.3	62,266	80,095	100.0	28.6
TOTAL EMPLOYMENT	..	..	..	9,937	..	..	..	23,569	..	..	..	5,268

See footnotes at end of table.

CITY GOVERNMENT EXPENDITURES AND EMPLOYMENT,
DISTRICT OF COLUMBIA AND SELECTED MAJOR U. S. CITIES
(Dollar Amounts in Thousands)

	METROPOLITAN				NEW YORK CITY				PHILADELPHIA			
	EXPENDITURES		EMPLOYMENT		EXPENDITURES		EMPLOYMENT		EXPENDITURES		EMPLOYMENT	
	1965	1969	1965-1969 Percent Increase	Full-Time Equivalent	1965	1969	1965-1969 Percent Increase	Full-Time Equivalent	1965	1969	1965-1969 Percent Increase	Full-Time Equivalent
GENERAL EXPENDITURES												
Common Functions												
Type A:												
Police	15,729	23,846	13.5	2,210	263,652	432,764	5.9	53.6	44,598	75,101	13.5	68.4
Fire	9,498	10,437	9.9	1,111	127,532	176,830	2.5	35.5	20,133	27,904	5.0	38.6
Sanitation	10,020	13,286	7.9	235	59,532	52,871	.7	-11.2	24,116	14,414	2.6	3,036
Sanitation other than sewerage	9,349	11,243	6.4	942	112,678	145,219	2.1	28.9	18,995	23,247	4.2	22.6
Parks and Recreation	8,779	9,749	5.5	209	78,829	104,413	1.5	32.5	16,730	39,430	6.9	129.7
Type B:												
Financial Administration and General Control	4,596	6,214	3.5	...	107,930	145,802	2.1	35.1	26,649	38,334	6.8	43.8
Highways	18,150	23,172	13.4	606	160,323	177,212	2.5	10.5	19,890	17,662	3.2	-11.0
Total, Common Functions	72,083	99,387	56.1	5,333	915,536	1,215,093	37.3	32.7	171,032	235,092	42.2	37.5
Variable Functions												
Education	9,700	2,373	1.3	...	894,798	1,480,967	21.0	65.5	...	10,741	1.9	100.0
Public Welfare	10	5	...	-90.0	466,388	436,791	21.5	295.2	11,072	19,361	3.5	75.0
Hospitals	620	706	.4	13.9	337,832	541,549	7.7	60.3	18,817	89,720	5.3	58.0
Health other than hospitals	3,253	4,217	2.8	2,492	62,303	166,814	2.4	167.7	6,103	12,607	2.3	106.6
Housing and Urban Development	8,983	22,045	12.5	1,471.6	295,303	283,379	4.0	10.6	24,401	42,417	7.6	73.8
Total, Variable Functions	22,486	30,046	16.9	2,492	2,017,631	3,899,100	56.6	97.7	60,395	114,846	20.6	90.2
Other General Expenditures not elsewhere detailed 1/	12,364	20,134	11.4	1,216	286,424	498,090	7.1	68.0	74,654	124,672	22.3	67.0
Total, General Expenditures	105,933	149,367	84.4	9,041	3,229,601	5,792,243	81.0	76.6	346,081	474,610	89.1	55.1
UTILITY EXPENDITURES												
Water Supply	8,925	12,143	6.9	538	65,792	78,871	1.1	19.9	27,371	23,414	4.2	-14.5
Other	...	...	...	...	531,999	720,822	10.2	35.5	...	...	...	...
Total, Utility Expenditures	8,925	12,143	6.9	538	597,791	799,693	11.3	33.8	27,371	23,414	4.2	-14.5
EMPLOYEE RETIREMENT	7,225	9,127	5.2	26.3	237,475	358,342	5.1	50.7	19,228	30,043	5.4	53.8
INTEREST ON GENERAL DEBT	4,322	6,240	3.5	44.4	129,251	175,580	2.5	35.8	22,099	29,928	5.3	33.6
TOTAL EXPENDITURES	127,411	176,577	100.0	38.8	4,194,318	7,035,658	100.0	67.2	375,079	577,595	100.0	48.7
TOTAL EMPLOYMENT	...	...	...	9,579	...	...	...	399,569	...	...	...	33,920

See footnotes at end of table.

CITY GOVERN EXPENDITURES AND EMPLOYMENT
DISTRICT OF COLUMBIA AND SELECTED MAJOR U. S. CITIES
(Dollar Amounts in Thousands)

	SAN ANTONIO					SAN DIEGO					SEATTLE				
	EXPENDITURES		EMPLOYMENT			EXPENDITURES		EMPLOYMENT			EXPENDITURES		EMPLOYMENT		
	1965	1969	Percent of Total	Percent Increase		1965	1969	Percent of Total	Percent Increase		1965	1969	Percent of Total	Percent Increase	
GENERAL EXPENDITURES															
Common Functions															
Type A:															
Police	5,081	7,656	5.3	50.1	979	8,956	12,989	11.5	18.0	1,134	9,669	14,719	8.6	56.2	1,276
Fire	5,187	7,867	3.7	44.1	156	5,287	5,930	5.4	30.5	159	8,443	10,353	6.1	23.7	1,032
Sanitation	5,352	2,994	2.1	-44.1	156	5,287	5,930	5.4	...	...	8,443	11,702	6.3	38.1	71
Sanitation other than sewerage	2,317	3,775	2.6	61.5	399	2,743	3,447	3.2	12.2	268	3,965	6,182	3.8	61.5	157
Parks and Recreation	2,372	10,360	7.3	336.8	293	8,251	12,726	11.6	...	657	11,511	9,010	5.3	-21.7	769
Type B:															
Financial Administration and General Control	1,794	2,445	1.7	34.6	...	2,770	4,896	4.4	54.2	...	3,043	4,756	2.8	56.3	...
Highways	7,483	9,128	6.4	22.0	248	7,558	11,451	10.5	51.5	281	13,014	11,607	6.8	-10.8	887
Total, Common Functions	27,539	40,795	28.6	48.1	2,721	40,171	57,990	53.0	43.3	3,139	57,093	68,533	40.3	20.2	4,192
Variable Functions															
Education	...	...	...	...	...	...	...	...	...	...	504	113	...	-77.6	...
Public Welfare	243	302	.2	24.3	...	13	24	...	84.6	...	...	...	...	...	...
Hospitals	5	2	...	-60.0	...	...	...	...	...	...	30	...	...	...	...
Public Health	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Housing and Urban Development	1,253	2,151	1.5	71.7	4,012 2/	112	45	...	-59.8	864 2/	2,869	4,905	2.9	71.0	4,235 2/
Total, Variable Functions	1,798	4,362	3.1	142.6	...	...	...	...	...	...	946	2,684	1.5	177.4	...
Other General Expenditures not elsewhere detailed 1/	3,299	6,817	4.8	106.6	4,012	125	69	...	-44.8	864	4,389	7,642	4.4	75.7	4,235
Total, General Expenditures ...	4,192	7,448	5.2	77.9	446	16,227	22,686	20.7	39.8	690	7,134	11,741	6.9	60.1	951
UTILITY EXPENDITURES	35,030	55,070	38.6	57.2	7,179	56,823	80,745	73.8	42.1	4,693	68,776	88,016	51.6	28.0	9,278
Water Supply	8,247	11,928	5.4	44.6	574	12,087	14,235	13.0	17.8	451	8,763	8,413	4.9	-4.0	461
Other	43,844	71,356	50.0	64.4	N/A	...	5,971	5.5	...	N/A	53,937	64,129	37.6	19.1	N/A
Total, Utility Expenditures	51,611	83,234	58.4	61.2	N/A	12,087	20,206	18.5	67.2	N/A	62,605	72,538	42.5	15.9	N/A
EMPLOYEE RETIREMENT	607	714	.5	17.6	...	2,038	4,263	3.9	50.2	...	5,498	8,080	4.7	46.9	...
INTEREST ON GENERAL DEBT	1,777	3,955	2.5	100.1	...	2,230	4,136	3.8	85.5	...	1,788	1,879	1.1	5.1	...
TOTAL EXPENDITURES	89,045	145,273	100.0	60.1	...	73,978	109,320	100.0	47.8	...	130,667	170,213	100.0	23.0	...
TOTAL EMPLOYMENT	...	...	...	...	7,723	...	...	...	...	5,144	...	...	...	...	9,739

See footnotes at end of table.

E-3-5

CITY GOVERNMENT REVENUES AND EMPLOYMENT
DISTRICT OF COLUMBIA and SELECTED MAJOR U. S. CITIES
(Dollar Amounts in Thousands)

	SAN FRANCISCO				ST. LOUIS			
	EXPENDITURES		EMPLOYMENT		EXPENDITURES		EMPLOYMENT	
	1965	1969	Percent of Total	Percent Increase	1965	1969	Percent of Total	Percent Increase
GENERAL EXPENDITURES								
Common Functions								
Police.....	15,516	26,557	5.7	36.3	15,381	27,169	17.6	40.1
Fire.....	17,382	22,653	4.9	30.2	8,565	11,769	7.6	37.4
Sewerage.....	7,079	6,733	1.4	-4.9	944	1,694	1.1	79.4
Sanitation other than sewerage.....	2,785	2,371	5	-14.5	3,049	4,627	3.0	51.8
Parks and Recreation.....	17,760	15,371	3.1	-10.6	11,227	9,376	6.1	-16.5
Type B: Public Administration and General Control								
Police and General Control.....	13,700	20,016	4.3	46.1	7,274	9,531	6.2	31.9
Highways.....	9,135	11,139	2.4	17.3	9,417	7,584	4.9	-19.2
Total	87,757	105,130	22.6	20.1	59,857	71,803	14.5	20.0
Variable Functions								
Public Welfare.....	2,075	8,744	1.9	321.4	198	712	1.1	359.1
Hospitals.....	50,357	99,313	21.3	97.2	925	1,583	1.1	71.2
Health other than Hospitals.....	20,887	32,256	6.9	54.4	19,079	26,779	17.3	40.4
Hospitals.....	5,646	10,546	2.3	86.8	2,773	5,242	3.4	89.0
Public Buildings and Development.....	2,011	25,435	5.5	1164.8	2,000	73	....	-96.4
Total, Variable Functions.....	80,976	176,594	37.9	117.7	24,973	33,865	21.9	35.6
Other General Expenditures not elsewhere detailed	29,715	85,513	13.4	187.8	18,006	29,038	18.8	61.3
Total, General Expenditures.....	196,148	367,237	78.8	85.1	102,836	134,766	87.2	31.0
UTILITY EXPENDITURES								
Water Supply.....	26,549	32,031	6.9	20.6	6,294	9,640	6.2	53.2
Other.....	26,135	36,803	7.9	40.8	....	....	....	....
Total, Utility Expenditures.....	52,684	68,834	14.8	30.7	6,294	9,640	6.2	53.2
EMPLOYEE RETIREMENT	19,040	23,214	4.9	21.9	3,697	4,990	3.2	35.3
INTEREST ON GENERAL DEBT	3,710	6,952	1.4	77.7	3,446	5,113	3.3	48.2
TOTAL EXPENDITURES.....	273,882	465,877	100.0	70.1	116,363	184,478	100.0	58.9
TOTAL EMPLOYMENT.....	.....	.....	.....	.....	.....	.....	.....	.....
								12,633

1/ Includes General Public Buildings, Libraries, and "Other".

2/ Includes other utilities.

3/ Not Available.

Source: City Government Finances in 1964-65/1965-66, and Employment Statistics 1969 (Bureau of the Census Publications)

Office of Budget and Executive Personnel - Year 1977

LOCAL GOVERNMENT FUNCTIONS
Percent of Services Performed by City Government Employees ^{1/}
October 1968

Functions (Common)	Atlanta	Baltimore	Boston	Cleveland	Milwaukee	San Francisco	St. Louis
Police	82.4	92.5	96.6	90.9	88.5	88.7	93.8
Fire.....	96.3	100.0	100.0	100.0	100.0	100.0	100.0
Sewerage.....	94.7	100.0	100.0	86.4	32.1	100.0	...
Sanitation other than sewerage.....	91.2	100.0	100.0	100.0	100.0	100.0	100.0
Parks and Recreation.....	96.7	100.0	100.0	77.5	15.3	100.0	100.0
Highways.....	34.4	45.1	45.5	31.3	28.4	33.8	27.3
Water Supply.....	96.6	100.0	100.0	100.0	100.0	100.0	100.0
General Control and Financial Admin.....	36.2	66.3	76.2	51.9	29.2	74.5	70.4
Total Common	71.9	86.0	86.3	80.2	64.3	85.2	79.8
(Variable)							
Welfare.....	...	83.0	11.1	3.5	...	96.1	8.3
Corrections.....	11.9	24.5	49.2	29.4	...	57.7	62.8
Health.....	...	75.7	76.6	74.3	57.1	83.2	80.1
Hospitals.....	...	49.1	70.8	...	3.2	70.4	67.2
Housing and Urban Renewal.....	...	100.0	44.7	33.0	100.0	51.1	16.2
Public Schools.....	...	100.0	...	...	...	...	...
Colleges.....	...	...	...	...	...	...	...
Total Variable...	.3	76.0	33.8	4.0	4.6	31.8	27.2
Total Common & Variable	24.2	79.3	53.0	33.2	24.9	50.9	45.6
Other.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total - All	26.2	81.2	63.8	40.9	32.2	57.9	48.3

^{1/} Other Agencies would be State and County Governments or special districts. All such services in the District are performed by D.C. Government Employees.

District of Columbia Government

TAX PROPOSALS IN SUMMARY
FY 1972

The proposed operating budget plus reserves for the Government of the District of Columbia totals \$726.0 million. However, the budget increases planned for next year reflect the many uncontrollable costs of government that are required by law, while new programs have been deferred.

Despite "belt tightening" measures designed to improve efficiency and cut costs, as well as an austere budgeting approach taken this year, a deficit of \$90.3 million exists in the financial plan for 1972 - a deficit that must be financed from new revenue sources if the current levels of government operation are to be maintained.

In order to bridge the gap between revenues and expenditures, Mayor Walter E. Washington has proposed that:

- . The annual Federal contribution be increased by \$27.0 million.
- . The rate of property taxation be increased 30 cents to provide additional revenue of \$11.7 million.
- . And that a reciprocal income tax be enacted to supply an estimated \$51.6 million in new revenue.

DISTRICT OF COLUMBIA

Ten Year Revenue Statement by Fund

1973-1970 Actual - 1971-1972 Estimated
(in thousands of dollars)

	1963	1964	1965	1966	1967	1968	1969	1970	Est. 1971	Est. 1972
GENERAL FUND										
From existing sources:										
Taxes:										
Property taxes:										
Realty	61,423	64,285	68,780	77,985	82,314	98,794	107,147	113,896	118,500	122,000
Personal tangible	9,767	10,200	10,520	10,898	11,656	13,140	13,773	15,441	15,600	16,200
Subtotal, property taxes	71,190	74,485	79,300	88,883	93,970	111,934	120,920	129,337	134,100	138,200
Sales and gross receipts:										
Alcoholic beverages	9,298	9,645	10,189	10,644	11,829	12,265	12,515	13,456	13,500	13,600
Cigarette	3,630	3,529	3,743	4,455	5,110	5,111	4,844	5,462	5,800	5,800
Insurance	3,270	3,552	3,803	3,947	4,187	4,450	4,739	5,339	5,900	6,400
Motor vehicle excise	2,569	2,833	3,041	3,100	3,987	4,686	5,254	5,866	6,500	7,200
Public utilities, banks, etc.	9,669	10,128	10,912	11,736	13,060	14,010	14,378	15,553	17,000	17,750
Sales and use	35,640	37,603	40,238	42,694	43,499	46,025	58,197	73,333	78,000	81,500
Subtotal, sales and gross receipts .	64,076	67,288	71,926	76,176	81,682	86,547	99,927	117,009	126,800	132,250
Income taxes:										
Individual income	29,311	32,315	35,590	39,752	49,319	56,077	67,110	83,043	116,000	116,000
Corporation franchise	11,355	10,238	11,104	12,490	13,132	12,743	15,469	18,322	18,100	16,600
Unincorporated business franchise ...	1,912	1,713	1,745	2,029	2,070	2,043	2,224	2,496	2,500	2,200
Subtotal, income taxes	42,578	44,266	48,439	54,271	64,521	70,863	84,803	103,861	136,600	134,800
Other taxes:										
Inheritance and estate	4,488	5,160	5,137	6,638	6,714	5,837	5,765	6,789	6,800	5,700
Real estate recordation tax	1,679	1,739	1,907	2,174	1,522	1,603	1,498	1,344	1,400	1,500
Motor vehicle registration	4,240	4,367	4,481	4,823	4,669	4,711	4,833	4,950	5,000	5,000
Subtotal, other taxes	10,407	11,266	11,525	13,435	12,905	12,151	12,096	13,063	13,200	12,200
Total, taxes	188,251	197,305	211,190	232,765	253,078	281,495	317,746	363,270	410,700	417,450

	1963	1964	1965	1966	1967	1968	1969	1970	Est. 1971	Est. 1972
General Fund - continued										
Charges and miscellaneous:										
Licenses and other	4,075	4,420	4,321	4,584	4,543	4,552	4,504	4,049	4,000	4,100
Charges for current services	5,639	6,404	6,813	6,916	6,041	6,171	7,004	7,461	7,400	8,000
Fines and forfeitures	3,856	3,990	4,661	4,887	4,428	4,526	5,129	5,713	6,300	6,700
Police and firemen's retirement	2,465	2,793	3,132	3,404	3,720	3,727	5,124	5,844	7,100	7,500
Other miscellaneous revenues	1,012	892	678	3,842	1,096	1,296	1,366	2,205	2,300	3,300
Total, charges and miscellaneous	17,047	18,499	19,805	23,633	19,828	20,272	23,287	25,272	27,100	34,600
Subtotal, general fund	205,298	215,804	230,995	256,398	272,906	301,767	341,033	388,542	437,800	452,090
Federal payment	30,000	37,500	37,500	44,250	50,000	70,000	89,365	116,166	131,000	126,000
Federal loan (appropriated)	18,700	11,300	20,000	24,400	31,073	66,988	65,125	56,528	.....	39,308
Total, general fund (existing sources)	253,998	264,604	288,495	325,048	361,979	438,355	495,523	561,236	568,800	616,398
From proposed sources:										
Federal payment .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	27,000
Federal loan .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	24,500
Taxes .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	63,300
Total, general fund (proposed sources)	.....	.....	.....	.....	.....	.....	.....	.....	.....	114,800
Grand Total, general fund	253,998	264,604	288,495	325,048	361,979	438,355	495,523	561,236	568,800	731,198
HIGHWAY FUND (REGULAR)										
Gasoline tax	12,151	12,594	13,302	13,718	15,258	16,270	16,495	16,718	16,900	17,100
Licenses and other tax revenue	3,231	3,404	3,558	3,658	3,663	3,722	3,827	8,203	9,200	9,350
Charges and miscellaneous revenues	433	7,902	4,243	1,889	854	698	543	852	710	710
Interest on investments	29	151	.....	.....	.....	.....	.....	.....	.....	.....
Subtotal, highway fund - regular	15,844	24,051	21,103	19,265	19,775	20,690	20,865	25,773	26,810	27,160
Federal loan (appropriated)	1,600	.....	1,400	3,912	12,000	14,300	8,000	700	.....	.....
Total, highway fund - regular	17,444	24,051	22,503	23,177	31,775	34,990	28,865	26,473	26,810	27,160
Gasoline tax (proposed sources) ..	.....	.....	.....	.....	.....	.....	.....	.....	.....	1,500
Grand Total, highway fund - regular	17,444	24,051	22,503	23,177	31,775	34,990	28,865	26,473	26,810	28,660

DISTRICT OF COLUMBIA

Ten Year Revenue Statement by Fund

1973-1970 Actual - 1971-1972 Estimated
(in thousands of dollars)

	1963	1964	1965	1966	1967	1968	1969	1970	Est. 1971	Est. 1972
GENERAL FUND										
From existing sources:										
Taxes:										
Property taxes:										
Nealty	61,423	64,285	68,780	77,985	82,314	98,794	107,147	113,896	118,500	122,000
Personal tangible	9,767	10,200	10,520	10,898	11,656	13,140	13,773	15,441	15,600	16,200
Subtotal, property taxes	71,190	74,485	79,300	88,883	93,970	111,934	120,920	129,337	134,100	138,200
Sales and gross receipts:										
Alcoholic beverages	9,298	9,645	10,189	10,644	11,829	12,265	12,515	13,456	13,500	13,600
Cigarette	3,630	3,529	3,743	4,495	5,110	5,111	4,844	5,462	5,800	5,800
Insurance	3,270	3,552	3,803	3,947	4,187	4,450	4,739	5,339	5,900	6,400
Motor vehicle excise	2,569	2,833	3,041	3,100	3,997	4,686	5,254	5,866	6,600	7,200
Public utilities, banks, etc.	9,669	10,126	10,912	11,736	13,060	14,010	14,378	15,553	17,000	17,750
Sales and use	35,640	37,603	40,238	42,294	43,499	46,025	58,197	71,333	78,000	81,500
Subtotal, sales and gross receipts .	64,076	67,288	71,926	76,176	81,682	86,547	99,927	117,009	126,800	132,250
Income taxes:										
Individual income	29,311	32,315	35,590	39,752	49,319	56,077	67,110	83,043	116,000	116,000
Corporation franchise	11,355	10,236	11,104	12,490	13,132	12,743	15,469	18,322	18,100	16,600
Unincorporated business franchise ..	1,912	1,713	1,745	2,029	2,070	2,043	2,224	2,496	2,500	2,200
Subtotal, income taxes	42,578	44,266	48,439	54,271	64,521	70,863	84,803	103,861	136,600	134,800
Other taxes:										
Inheritance and estate	4,488	5,160	5,137	6,638	6,714	5,837	5,765	6,789	6,800	5,700
Real estate recordation tax	1,679	1,739	1,907	2,174	1,922	1,603	1,498	1,344	1,400	1,500
Motor vehicle registration	4,240	4,367	4,481	4,623	4,669	4,711	4,833	4,930	5,000	5,000
Subtotal, other taxes	10,407	11,266	11,525	13,435	12,905	12,151	12,096	13,063	13,200	12,200
Total, taxes	188,251	197,305	211,190	232,765	253,078	281,495	317,746	363,270	410,700	417,450

	1963	1964	1965	1966	1967	1968	1969	1970	Est. 1971	Est. 1972
METROPOLITAN AREA SANITARY SEWAGE WORKS FUND										
Sewer charges .....	.....	.....	.....	24	44	41	70	110	110	85
Federal contribution	300	.....	.....	.....	.....	.....	.....	.....	.....	.....
Federal loan (appropriated)	2,500	.....	.....	.....	.....	.....	.....	.....	.....	.....
Grand Total, metropolitan area sanitary sewage works fund	2,800	.....	.....	24	44	41	70	110	110	85
Grand Total	294,962	314,655	336,282	366,363	414,238	498,012	548,046	613,518	622,108	789,694

Effective Real Property Tax Rates
in Washington Metropolitan Area
1971

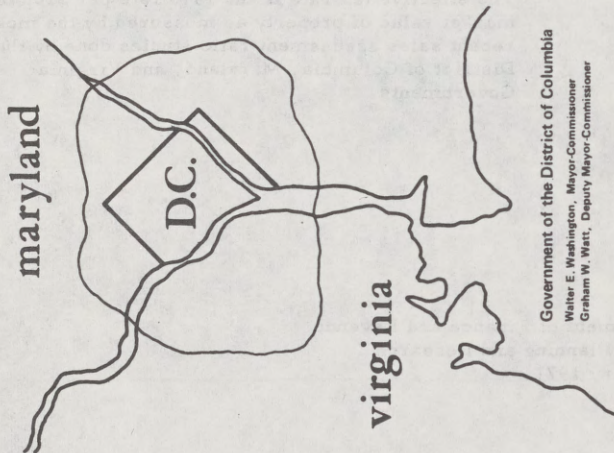
G-1

<u>Rank</u>	<u>Jurisdiction</u>	<u>Average Effective Rate per \$100 of Current Valuation</u>
1	Prince George's County	\$2.19
2	Montgomery County	1.98
	District of Columbia Proposed	1.84
3	Fairfax City	1.75
4	District of Columbia	1.68
5	Alexandria	1.55
6	Fairfax County	1.45
7	Falls Church	1.44
8	Arlington County	1.31

The effective tax rate is the 1970 rate per \$100 of market value of property as measured by the most recent sales assessment ratio studies done by the District of Columbia, Maryland, and Virginia Governments.

Department of Finance and Revenue
 Fiscal Planning and Research
 February 1971

the reciprocal income tax



Government of the District of Columbia
Walter E. Washington, Mayor-Commissioner
Graham W. Watt, Deputy Mayor-Commissioner

THE RECIPROCAL INCOME TAX

This year the Government of the Nation's Capital faces a financial crisis. Financing the Government of Washington, D.C., is made difficult by a gradual erosion of the tax base and the rising costs of providing governmental services. The need for vital city services is outstripping the ability to pay for them without new sources of revenue.

The proposed operating budget plus reserves for the Government of the District of Columbia totals \$726,000,000. However, the budget increases planned for next year reflect the many uncontrollable costs of government that are required by law, while new programs have been deferred.

Despite "belt tightening" measures designed to improve efficiency and cut costs, as well as an austere budgeting approach taken this year, a deficit of \$80,300,000 exists in the financial plan for 1972 - a deficit that must be financed from new revenue sources if the current levels of government operation are to be maintained.

In order to bridge the gap between revenues and expenditures, Mayor Walter E. Washington has proposed that:

- The annual Federal contribution be increased by \$27,000,000.
- The rate of property taxation be increased 30 cents to provide additional revenue of \$11,700,000.
- AND THAT A RECIPROCAL INCOME TAX BE ENACTED TO SUPPLY AN ESTIMATED \$51,600,000 IN NEW REVENUE.

THE RECIPROCAL INCOME TAX WILL:

- PROVIDE A GREATLY NEEDED NEW SOURCE OF FUNDS TO FINANCE SERVICES AND PROGRAMS INCLUDED IN THE 1972 AND FUTURE YEAR BUDGETS.
- ALLOW THE DISTRICT TO TAX INCOME AT THE SOURCE WHERE IT IS EARNED AS DO ALL STATE-LEVEL JURISDICTIONS WHICH LEVY AN INCOME TAX.
- HELP ASSURE THE ECONOMIC WELL-BEING OF THE ENTIRE METROPOLITAN REGION BY BOLSTERING THE LAGGING FINANCIAL RESOURCES OF ITS VITAL CENTRAL CORE.
- OBTAIN A FAIR SHARE OF FINANCIAL SUPPORT FROM THE LARGE NUMBER OF NONRESIDENTS WHO DERIVE THEIR LIVELIHOOD FROM THE DISTRICT AND USE ITS SERVICES.

THE FOLLOWING QUESTIONS AND ANSWERS EXPLAIN THE RECIPROCAL INCOME TAX PROPOSAL IN MORE DETAIL —

- WHAT IT IS
- HOW IT WORKS
- WHY IT IS NEEDED

1. WHAT IS THE RECIPROCAL INCOME TAX?

Presently, income earned by nonresidents in the District is exempt from taxation. The reciprocal income tax plan, by removing that exemption, would extend the District income tax to *all* income earned within its borders.

Maryland and Virginia residents, earning income in the city, would be credited on their state tax returns for income taxes paid to the District. Similarly, D.C. residents, who earn income in Maryland, Virginia, or other states, would pay income taxes to those other states — *not* to the District. That is why the proposal is known as the "reciprocal income tax."

2. WHY SHOULD THE DISTRICT BE ALLOWED TO TAX THE INCOME EARNED BY NONRESIDENTS WITHIN ITS BOUNDARIES?

Across the Nation the principle of taxing income where it is earned is commonly recognized and applied. All states which levy income taxes have the *authority* to tax income earned within their boundaries — whether the individual to be taxed is a resident of that state or not. Twenty-six of the 39 states levying broad-based individual income taxes follow this practice. All cities with a municipal income tax, except Baltimore, apply that tax to all income earned within their borders.

The District of Columbia is the only state-level taxing jurisdiction *unable* to tax nonresident income — currently 55% of the *total* income earned *within* the city. There is no reason why the District should not be allowed the same taxing authority as other states and cities. Indeed, it is inequitable that the District should be denied this *right*.

3. DO THE STATES OF MARYLAND AND VIRGINIA TAX NONRESIDENT INCOME EARNED WITHIN THEIR BORDERS?

Yes. The State of Maryland taxes the income earned within its borders by nonresidents from 26 states; similarly, the State of Virginia taxes the incomes of nonresidents from 31 other states.

4. HOW DO THE STATES OF MARYLAND AND VIRGINIA TREAT INCOME EARNED OUT OF STATE BY THEIR RESIDENTS?

Maryland residents earning income in 24 other states pay taxes on that income to those states, not to the State of Maryland. Virginia residents earning income in 29 other states do not pay taxes on that income to the State of Virginia but to the other states in which the income is earned.

Under the reciprocal income tax plan the States of Maryland and Virginia would treat the income earned by their residents in the District the same as they do income earned by their residents in most other states.

5. DO MARYLAND AND VIRGINIA NOW TAX D.C. RESIDENTS WORKING IN THEIR STATES?

No. However, the reciprocal income tax proposal assumes that these states will invoke their existing authority to tax these persons.

6. WHAT IS THE DIFFERENCE BETWEEN THE RECIPROCAL INCOME TAX AND A COMMUTER TAX?

The reciprocal income tax is *not* a commuter levy. The term "commuter tax" is commonly used to describe a tax levied by a city on the income earned within its borders by nonresidents, in addition to any state income tax they might pay.

The reciprocal income tax would establish a situation parallel to paying income tax to a state rather than paying a commuter tax to a city. Unlike a commuter tax, the reciprocal income tax would permit the taxpayer to take advantage of exemptions provided in District income tax law. Additionally, a commuter tax payment could not be deducted by the nonresident from his state income tax bill as could the reciprocal income tax payment. Finally, the reciprocal income tax plan would allow the States of Maryland and Virginia to tax District residents who earn income in their states, whereas the commuter tax does not provide for reciprocal arrangements.

7. WHY SHOULD NONRESIDENTS HELP PAY FOR THE EXPENSES OF THE DISTRICT GOVERNMENT?

The District, as the Nation's Capital and a major commercial center, provides an employment base for 280,000 nonresidents who comprise over 1/2 of the total number of persons working in the city. In order to insure that the working day of the nonresident is made safer and more comfortable, the District Government must provide a variety of municipal services; for example, police and fire protection, traffic management, and sanitation.

**9. NONRESIDENTS ALREADY
CONTRIBUTE TO THE DISTRICT
BY THE FEDERAL PAYMENT
SUPPORTED BY THEIR FEDERAL
INCOME TAXES. WHY SHOULD
THEY PAY MORE?**

The Federal payment represents a contribution from all Americans for the Nation's Capital City - from residents of the District, residents of neighboring states, and residents of all other states.

There is a clear difference in the type of financial allegiance owed the District by residents of Oregon or Maine, who earn no income in the District, and the type owed by residents of Maryland or Virginia, who earn their livelihood in the District. By the same token, District residents who earn income in Maryland or Virginia owe a fiscal allegiance to those states above what they indirectly contribute to those states through their Federal income taxes.

**10. WHY PROPOSE TO TAX
NONRESIDENTS? WHY NOT
RAISE TAXES ON RESIDENTS
OR SEEK AN INCREASE IN THE
FEDERAL PAYMENT?**

The financial plan for the coming year proposes increased support from both the Federal Government and District residents by requesting an increase of \$27,000,000 in the Federal payment and a 30 cent increase in the property tax rate.

Over the last several years numerous tax increases - in the gasoline, liquor, sales, and income tax rates - have been enacted, bringing D.C. tax rates to a level comparable with the rates in surrounding jurisdictions.

Nonresidents, who earn income in the District, have never been called upon to bear a fair share of the costs of providing these city services from which they benefit, while District residents and the Federal Government have borne increasingly heavier burdens of support. In order for the District of Columbia to remain a vital center of commerce and employment, the costs of its government must be shared by all those who take part in its life and benefit from its services.

**8. WHILE CERTAIN CITY SERVICES
PROVIDED BY THE DISTRICT
GOVERNMENT DIRECTLY
AFFECT THE NONRESIDENT,
HOW DO BUDGET EXPENDITURES
FOR SOCIAL SERVICE PROGRAMS
BENEFIT HIM?**

All residents of a metropolitan area have a stake in the health and vitality of its central core. By providing that the vital social functions of government such as education and health are continued, nonresidents are investing in the economic and social well-being of the entire metropolitan region. Social service programs benefit the nonresident in that they improve the quality of life in the city in which he works and visits.

The revenue to be gained from the reciprocal income tax will help ease the financial crisis of the District and assure that it does not adversely affect the entire region; additional revenue also will help assure that the District of Columbia - the vital heart of the region - remains a viable, thriving, and interesting place in which to live, work, and visit.

11. WHAT HAS THE DISTRICT GOVERNMENT DONE TO SAVE MONEY?

This year the District Government has presented an austere budget for Congressional consideration. In addition, several "belt tightening" measures have been utilized within the last year to cut costs and meet necessary expenditures with already available money. They include:

- A 2% across the board cut in city services curtailing various programs in all city departments.
(Saving \$11,000,000)
- Elimination of 900 city jobs.
(Saving \$8,400,000)
- Two personnel freezes.
(Saving \$11,000,000)
- Absorption of 15% of many cost increases, such as salaries.
(Saving \$17,600,000)

12. HOW MUCH MONEY IS INVOLVED FOR THE DISTRICT AND THE ADJOINING STATES?

It is estimated that \$51,600,000 in additional revenue will be available to the District through a reciprocal income tax. The losses to the treasuries of Virginia and Maryland are estimated at approximately \$28,000,000 for Maryland and \$17,000,000 for Virginia.

While Maryland and Virginia will lose money, in the past the District has lost incalculable revenues by being denied the right to tax income earned within its borders. Meanwhile, both Maryland and Virginia have benefited substantially by taxing both the income of their residents earned within the District as well as the income of nonresidents earned in their states.

13. WOULD NONRESIDENTS PAY MORE TAXES TO THE DISTRICT THAN TO THEIR HOME JURISDICTIONS UNDER THE RECIPROCAL INCOME TAX PLAN?

Only when D.C. tax rates exceed Maryland or Virginia rates for particular taxpayers. This is more likely to occur at higher income levels.

14. TAXPAYERS IN MARYLAND PAY A COUNTY TAX IN ADDITION TO STATE INCOME TAX. WOULD THAT "PIGGY BACK" TAX BE AFFECTED BY THIS PROPOSAL?

No. The proposal would have no effect on Maryland county taxes. County taxes are computed before deductions for income taxes paid other jurisdictions are credited.

ADDITIONAL COPIES OF THIS BROCHURE ARE AVAILABLE FROM:

EXECUTIVE SECRETARY
ROOM 528
DISTRICT BUILDING
EXECUTIVE OFFICE OF THE COMMISSIONER
14TH & E STREETS, N.W.
WASHINGTON, D.C. 20004

FEDERAL PAYMENT AND ITS RELATION TO THE GENERAL FUND

Fiscal Year	Total Appropriations	District of Columbia Share	United States Share	U. S. Share (Percent of Total)	Fiscal Year	Total Appropriations	District of Columbia Share	United States Share	U. S. Share (Percent of Total)
1924	\$23,903,755	\$14,463,330	\$9,440,425	39.49	1949	\$86,017,985	\$75,017,985	11,000,000	12.70
1925	22,030,317	9,145,355	12,884,962	29.33	1950	98,331,275	84,131,275	14,200,000	11.19
1926	22,139,638	9,000,092	13,139,546	28.90	1951	103,562,978	89,131,822	14,431,156	9.43
1927	33,951,178	24,950,987	9,000,191	26.51	1952	110,865,978	94,865,978	16,000,000	8.50
1928	34,894,148	25,892,358	9,001,790	25.79	1953	113,599,327	103,599,327	10,000,000	8.80
1929	35,997,970	26,997,723	9,000,247	25.02	1954	118,111,304	108,111,304	10,000,000	8.52
1930	40,624,266	31,624,266	9,000,000	22.13	1955	139,578,760	119,578,760	20,000,000	14.33
1931	43,840,022	34,125,252	9,714,770	22.18	1956	143,179,303	123,179,303	20,000,000	12.57
1932	39,626,998	34,339,911	5,287,087	13.32	1957	155,579,025	135,579,025	20,000,000	12.86
1933	34,620,004	31,851,847	2,768,157	7.99	1958	166,096,999	146,096,999	20,000,000	12.04
1934	29,700,737	24,000,708	5,700,029	19.19	1959	185,915,914	165,915,914	20,000,000	13.45
1935	34,620,004	31,851,847	2,768,157	7.99	1960	199,806,074	179,806,074	20,000,000	11.51
1936	38,295,953	32,588,424	5,707,529	14.90	1961	223,086,694	203,086,694	20,000,000	11.20
1937	40,182,768	35,177,768	5,005,000	12.46	1962	233,863,693	213,863,693	20,000,000	12.84
1938	41,143,818	36,118,792	5,025,026	12.21	1963	245,029,691	225,029,691	20,000,000	11.75
1939	40,498,451	35,498,451	5,000,000	12.35	1964	265,029,691	245,029,691	20,000,000	14.15
1940	41,777,885	37,177,768	4,600,117	11.00	1965	286,617,563	266,617,563	20,000,000	12.57
1941	43,136,909	37,136,909	6,000,000	13.92	1966	306,017,382	286,017,382	20,000,000	13.57
1942	47,121,629	41,121,629	6,000,000	12.74	1967	310,457,261	290,457,261	20,000,000	15.74
1943	49,422,932	43,422,932	6,000,000	12.14	1968	310,457,261	290,457,261	20,000,000	15.30
1944	54,642,247	48,642,247	6,000,000	10.98	1969	437,934,907	417,934,907	20,000,000	16.95
1945	62,599,125	56,599,125	6,000,000	9.58	1970	641,111,821	621,111,821	20,000,000	18.12
1946	64,728,423	58,728,423	6,000,000	9.27	1971	584,945,821	564,945,821	20,000,000	19.42
1947	72,584,314	64,584,314	8,000,000	11.02	1972	584,945,821	564,945,821	20,000,000	17.38
1948	81,744,086	70,744,086	11,000,000	13.46					

1/ Includes \$8,000,000 as provided in Public Law 91-106 for law enforcement activities in fiscal year 1970 only and \$8,000,000 as provided in Public Law 91-297 for use in defraying the cost of the retroactive pay increases for policemen, firemen, and teachers.

2/ Includes first and second supplementals.
3/ Based on new revenue legislation.

NOTE: Federal Payment Authorizations -
1923 - 1923 - U.S. share 50%
1923 - 1925 - Significant variations
1926 - \$20,000,000
1927 - 23,000,000
1928 - 32,000,000
1929 - 50,000,000
1930 - 50,000,000
1931 - 50,000,000
1932 - 50,000,000
1933 - 50,000,000
1934 - 50,000,000
1935 - 50,000,000
1936 - 50,000,000
1937 - 50,000,000
1938 - 50,000,000
1939 - 50,000,000
1940 - 50,000,000
1941 - 50,000,000
1942 - 50,000,000
1943 - 50,000,000
1944 - 50,000,000
1945 - 50,000,000
1946 - 50,000,000
1947 - 50,000,000
1948 - 50,000,000

for policemen, firemen, and teachers - one time payment only)
1971 \$126,000,000
(Does not include \$5,000,000 for purposes of the D. C. Court Reform and Criminal Procedure Act - one time payment only)

SUMMARY OF FEDERAL GRANT ASSISTANCE TO THE DISTRICT OF COLUMBIA
(In thousands of dollars)

Agency	1969		1970		1971		1972	
	Actual	Estimated	Actual	Estimated	Actual	Estimated	Actual	Estimated
1. Office of the Commissioner.....	...	...	21	22	...	...	...	...
2. City Council.....	...	...	5	5	...	...	...	...
3. Executive Office.....	658	...	2,327	10,974	...	...	12,453	...
4. Office of the Corporation Counsel.....	...	...	...	49	...	...	16	...
5. Office of Criminal Justice Plans and Analysis.....	...	...	242	456	...	...	325	...
6. Department of General Services.....	3	12	12	12	...	...	16	...
7. Department of Economic Development.....	379	956	708	1,335	...	...	...	...
8. Public Library.....	290	708	...	783	...	...	730	...
9. Office of Assistant to the Commissioner for Youth Opportunity Services	2,249	1,517	1,517	1,869	...	...	1,800	...
10. Office of Assistant to the Commissioner for Housing Programs.....	212	1,368	1,368	1,456	...	...	560	...
11. Zoning Office.....	53	28	28	40	...	...	50	...
12. D. C. Human Relations Commission.....	21	15	15	20	...	...	20	...
13. D. C. Commission on the Arts.....	31	36	36	87	...	...	100	...
14. D. C. Apprenticeship Counsel.....	49	...	...	4	...	...	...	...
15. Redevelopment Land Agency.....	21,390	17,622	17,622	23,945	...	...	56,870	...
16. Metropolitan Police Department.....	238	977	977	558	...	...	182	...
17. Fire Department.....	16	16	16	16	...	...	16	...
18. Juvenile Court (Superior Court).....	11	102	4	102	...	...	6	...
19. Court of General Sessions (Superior Court).....	...	...	...	28	...	...	22	...
20. Court of Appeals.....	...	...	...	8	...	...	...	...
21. Public Defender Service.....	266	34	34	56	...	...	28	...
22. Bail Agency.....	...	4	4	...	...	...	...	...
23. Department of Corrections.....	65	389	41	...	...	...	837	...
24. D. C. Public Schools.....	20,409	23,300	23,300	28,047	...	...	26,096	...
25. D. C. Teachers College.....	50	162	162	298	...	...	300	...
26. Federal City College.....	1,028	1,839	1,839	5,910	...	...	6,982	...
27. Washington Technical Institute.....	886	1,317	1,317	1,124	...	...	590	...
28. Recreation Department.....	2,127	557	557	1,180	...	...	850	...
29. Department of Human Resources.....	34,423	55,563	55,563	70,867	...	...	99,947	...
30. Department of Highways and Traffic.....	32,308	32,062	32,062	13,078	...	...	33,063	...
31. Department of Motor Vehicles.....	...	423	423	1,015	...	...	634	...
32. Department of Sanitary Engineering.....	1,849	834	834	10,036	...	...	25,557	...
Total.....	119,211	141,990	141,990	173,293	...	...	267,997	...

Office of Budget and Executive Management
2/5/71

EXPLANATION FOR DISCREPANCIES IN GRANT OBLIGATIONS
FOR FISCAL YEARS 1970, 1971 and 1972

Agency	(In thousands)		
	FY 1970	FY 1971	FY 1972
1. <u>Office of Community Services</u>	721	8,934	9,992
The substantial increase in the obligation between 1970 - 1971 is due to an increase in the level of grant assistance. At the time the 1971 estimate was made, the Office of Community Services expected to receive and obligate \$8.9 million. Since then, they have actually received \$9.6 million in F.Y. 1971.			
2. <u>Economic Development</u>	956	1,335	.....
The absence of dollar figures in 1972 is due to the expiration of all current grant programs in 1971. The Department has not received any commitments from Federal agencies for additional grant programs.			
3. <u>Redevelopment Land Agency</u>	17,622	23,945	56,780

The differences in obligations from 1970-1972 is due almost entirely to an increase in the level of grant assistance for the Neighborhood Development Program.

EXPLANATION FOR DISCREPANCIES IN GRANT OBLIGATIONS
FOR FISCAL YEARS 1970, 1971 AND 1972

Agency	(In thousands)		
	FY 1970	FY 1971	FY 1972
4. Assistant to the Commissioner for Housing Programs	1,368	1,456	560
The significant difference in obligations between the years 1971-1972 is a result of the termination of three grant programs - (1) Demonstration Grant, (2) 701 Urban Planning Assistance and Minority Students, and (3) Training Urban Planners - and the phasing out of the Interim Assistance Program			
5. Metropolitan Police Department	977	558	152
The difference in obligations from 1970-1972 is attributed to the phasing out of an IEAA grant-Augmentation of Resources - to the Department and the addition of several one-year grants in 1971.			
6. Public Schools			
a. Elementary and Secondary Education Act- Titles I, II, III, IV, V, and VI	8,221	10,482	10,434
The difference in obligations between 1970 and 1971 is a result of an increase in the level of grant assistance for Anacostia projects.			
7. Department of Human Resources			
a. Medicare Program	15,479	21,700	24,000
The difference in actual and estimated obligations among the three years is attributable to the beginning of the program in the last			

EXPLANATION FOR DISCREPANCIES IN GRANT OBLIGATIONS
FOR FISCAL YEARS 1970, 1971 and 1972

Agency	(In thousands)		
	FY 1970	FY 1971	FY 1972
7. <u>Department of Human Resources (contd)</u>			
six months of 1970 and inflationary cost increase between 1971 and 1972.			
b. <u>Community Mental Health Centers Staffing Area C - Growth</u>	159	1,208	1,360
The substantial increase in the obligations between the years 1970 - 1972 is due to the expiration of a previous grant in 1970 and the start of a new grant in 1971.			
c. <u>Public Assistance Benefits</u>	24,948	25,109	52,112
The increase shown in the category of Public Assistance is due to an additional amount of dollars expected to be received for this purpose.			
8. <u>Department of Highways and Traffic</u>	32,109	12,225	32,210
The significant difference in the FY 1971 estimate is attributed largely to Capital Outlay (Highway Construction). The reason for this reduction is that the grants received from the Federal Highway Administration have to be matched (on a percentage basis) by District funds. Only \$500,000 was appropriated for the Department in FY 1971. This amount would constitute matching Federal funds of \$4,500,000. The remaining estimated grants are projected against prior years appropriations being obligated.			

EXPLANATION FOR DISCREPANCIES IN GRANT OBLIGATIONS
FOR FISCAL YEARS 1970, 1971 AND 1972

Agency	(In thousands)		
	<u>FY 1970</u>	<u>FY 1971</u>	<u>FY 1972</u>
9. Sanitary Engineering		9,000	25,000

Elbe Plains Water Pollution Control Plant
This is a new grant to the Department of
Sanitary Engineering. The difference in
Obligations between 1971-1972 reflects an
increase in the level of grant assistance
for 1972.

SUMMARY OF AUTHORIZED POSITIONS - 1966-1971 AND 1972 INCREASES REQUESTED

	1966	1967	1968	1969	1970	1971	Adjustments Supple- mentals	Trans- fers	Increases Requested	1972 Estimate
General Operating Expenses:										
Office of the Commissioner	.....	.....	.....	.....	.....	22		-2	.....	20
City Council	.....	.....	.....	37	37	37		.....	1	38
Executive Office	43	50	50	190	249	202		+18	12	232
Department of General Administration	713	783	861	760	795	.....		.....	.....	.....
Department of Finance and Revenue	.....	.....	.....	.....	.....	673		+1	6	680
Corporation Counsel	.....	.....	.....	.....	167	167	34	-16	21	206
Department of General Services	.....	.....	.....	.....	.....	575	13	-7	12	593
Department of Economic Development	.....	.....	.....	.....	.....	598		-1	3	560
Public Library	506	528	533	546	555	547		.....	54	601
Other Independent Agencies and Offices:										
Assistant to the Commissioner for Youth	.....	.....	.....	.....	.....	30		.....	.....	30
Opportunity Services	.....	.....	.....	.....	.....	.....		.....	.....	.....
Assistant to the Commissioner for Housing	.....	.....	.....	.....	.....	10		.....	.....	10
Programs	.....	.....	.....	.....	.....	27		.....	.....	27
Alcoholic Beverage Control Board	28	29	29	28	28	20		.....	.....	27
Administration of Parole Laws	41	41	16	20	20	20	7	.....	.....	24
Death Investigations	18	20	26	26	26	25		-25	.....	.....
Administration of Insurance Laws	24	28	28	26	25	24		.....	.....	24
Minimum Wage and Industrial Safety Board	22	22	34	34	34	33	6	.....	2	41
Recorder of Deeds	68	72	73	73	73	71		.....	.....	71
Public Service Commission	29	29	31	31	31	28		.....	.....	28
Planning and Zoning	12	12	12	13	13	13		.....	1	14
Board of Appeals and Review	4	4	4	4	4	4	2	.....	.....	6
Commissioner's Youth Agency	16	16	16	16	.....	.....		.....	.....	.....
Office of Community Renewal	11	12	12	12	12	.....		.....	.....	.....
Human Relations Commission	5	5	8	11	31	31	4	.....	4	39
Board of Elections	.....	.....	.....	.....	7	7		.....	.....	7
Office of the Surveyor	38	60	61	61	61	41		.....	.....	41
Commission on the Arts	.....	.....	.....	.....	.....	.....		.....	2	2
Commission on the Status of Women	.....	.....	.....	.....	.....	.....		.....	2	2
Commission on Judicial Disabilities and Tenure	.....	.....	.....	.....	.....	.....	2	.....	.....	2
Total, Other Independent Agencies and Offices	316	390	390	355	365	364	21	-25	11	371

	1966	1967	1968	1969	1970	1971	Adjustments		Increases Requested	1972 Estimate
							Supple- mentals	Trans- fers		
General Operating Expenses - Continued										
Occupations and Professions	56	56	56	56	56	.....	.....	.....	.....	.....
Veterans' Affairs	318	341	349	373	387	.....	.....	.....	.....	.....
Buildings and Grounds	1,964	2,120	2,211	2,329	2,623	3,145	68	-32	120	3,301
Total, General Operating Expenses										
Public Safety:										
Corporation Counsel	118	121	133	136	.....	.....	.....	.....	.....	.....
Metropolitan Police	3,382	3,471	3,572	4,791	6,217	6,187	.....	.....	.....	6,187
Fire Department	1,476	1,481	1,499	1,521	1,563	1,533	.....	.....	.....	1,533
Civil Defense	12	12	12	13	19	.....	.....	.....	.....	.....
Courts:										
Appellate	16	16	16	28	28	29	13	.....	8	50
Superior .....	.....	.....	.....	.....	.....	619	282	-4	121	1,018
Juvenile	140	149	164	180	200	.....	.....	.....	.....	.....
General Sessions	224	286	357	367	416	.....	.....	.....	.....	.....
Tax Court	3	3	3	3	3	.....	.....	.....	.....	.....
Legal Aid Agency .....	.....	23	33	41	62	62	48	+4	17	131
Bail Agency .....	.....	10	13	13	13	13	31	.....	.....	44
Total, Courts	383	487	586	632	722	723	374	.....	146	1,243
Department of Corrections	950	973	1,017	1,101	1,534	1,519	.....	.....	78	1,597
Licenses and Inspections	409	429	461	480	523	.....	.....	.....	.....	.....
National Guard	25	25	25	28	29	29	.....	-9 1/	.....	20
Total, Public Safety	6,755	6,999	7,305	8,702	10,607	9,991	374	-9	224	10,580
Education:										
Public Schools	8,225	8,808	9,898	10,359	11,036	11,070	.....	-594 1/	124	10,600
D. C. Teachers College .....	.....	.....	.....	.....	172	194	.....	.....	8	202
Federal City College .....	.....	.....	146	535	724	709	147	.....	227	1,083
Washington Technical Institute .....	.....	.....	111	230	265	259	89	.....	151	499
Total, Education	8,225	8,808	10,155	11,124	12,197	12,232	236	-594 1/	510	12,384

	1966	1967	1968	1969	1970	1971	Adjustments		Increases Requested	1972 Estimate
							Supple- mentals	Trans- fers		
Parks and Recreation:										
Recreation Department	327	373	435	460	506	656	.....	+15	172	843
National Park Service	644	676	709	773	773	.....	.....	.....	.....	.....
National Zoological Park	212	227	237	244	246	.....	.....	.....	.....	.....
Total, Parks and Recreation	1,183	1,276	1,381	1,477	1,525	656	.....	+15	172	843
Human Resources:										
Office of the Director, Human Resources .....	.....	.....	.....	.....	.....	19	.....	+57	3	79
Vocational Rehabilitation Administration	105	122	123	.....	286	286	.....	.....	.....	286
Community Health Services Administration	3,842	4,190	4,875	5,292	5,292	4,975	.....	-3,574	.....	1,401
Social Services Administration	2,942	3,197	3,966	4,530	4,530	4,235	5	-55	267	4,452
Veterans' Affairs Administration .....	.....	.....	.....	.....	.....	12	.....	.....	3	15
Narcotics Treatment Administration .....	.....	.....	.....	.....	.....	51	.....	.....	7	58
Hospitals and Medical Care Administration .....	.....	.....	.....	.....	.....	.....	.....	+2,838	12	2,850
Mental Health Administration .....	.....	.....	.....	.....	.....	.....	.....	+721	.....	721
Chief Medical Examiner .....	.....	.....	.....	.....	.....	.....	4	+25	.....	29
Total, Human Resources	6,889	7,509	8,267	8,984	10,103	9,573	9	+12	292	9,891
Highways and Traffic:										
Department of Highways and Traffic	1,504	1,567	1,668	1,674	1,675	1,643	.....	44	.....	1,647
Motor Vehicles	227	230	243	250	252	251	.....	.....	4	255
Motor Vehicle Parking Agency	14	14	14	14	14	14	.....	.....	.....	14
Total, Highways and Traffic	1,745	1,811	1,930	1,938	1,941	1,908	.....	44	4	1,916
Sanitary Engineering:										
Department of Sanitary Engineering	3,054	3,085	3,212	3,352	3,409	3,414	24	.....	.....	3,438
Washington Aqueduct	336	336	329	325	325	325	.....	.....	16	341
Total, Sanitary Engineering	3,400	3,421	3,541	3,681	3,734	3,739	24	.....	16	3,779
Total, District of Columbia	30,161	31,944	34,780	38,175	42,735	41,249	711	-604 1/2	1,338	42,694

1/ Reduction of one position in National Guard, reduction of 590 positions in Public Schools as result of redrections, and reduction of 13 positions in Community Health Services Administration.

DISTRICT OF COLUMBIA

VACANCY REPORT

(As of April 30, 1971)

1-2-1

	Authorized Positions FY 1971	Positions Vacant	Percentage
<u>General Operating Expenses:</u>			
Office of the Commissioner.....	20	4	20.0
City Council.....	37	0	
<u>Executive Office:</u>			
Office of the Secretariat.....	28	4	14.3
Public Affairs Office.....	6	1	16.7
Office of Budget & Executive Management	103	6	5.8
Personnel Office.....	43	1	2.3
Office of Community Services.....	10	0	
Office of Civil Defense.....	13	0	
Office of Criminal Justice Plans and Analysis.....	17	0	
Total, Executive Office.....	220	12	5.4
Department of Finance and Revenue.....	674	76	11.3
Office of the Corporation Counsel.....	185	37	20.0
Department of General Services.....	560	47	8.4
Department of Economic Development.....	557	68	12.2
Public Library.....	547	15	2.7
<u>Other Independent Offices and Agencies:</u>			
Assistant to the Commissioner for Youth Opportunity Services.....	30	5	16.6
Assistant to the Commissioner for Housing Program.....	10	0	
Alcoholic Beverage Control Board.....	27	2	7.4
Board of Parole.....	20	0	
Department of Insurance.....	24	1	4.2
Minimum Wage and Industrial Safety Board.....	33	1	3.0
Recorder of Deeds.....	71	6	8.5
Public Service Commission.....	28	1	3.6
Zoning Office.....	13	0	
Board of Appeals.....	4	0	
Human Relations Commission.....	31	3	9.7
Board of Elections.....	7	0	
Office of the Surveyor.....	41	2	4.9
Total, Other Independent Offices and Agencies.....	339	21	6.1
Total, General Operating Expenses	3139	280	6.3

VACANCY REPORT

(Continued)

(As of April 30, 1971)

2
2
2

	Authorized Positions FY 1971	Positions Vacant	Percentage
Public Safety:			
Metropolitan Police Department.....	6187	78	1.3
Fire Department.....	1533	76	4.9
Courts:			
Superior Courts.....	897	206	23.0
D.C. Court of Appeals.....	42	0	...
Public Defender Service.....	114	19	16.7
D.C. Bail Agency.....	44	2	4.5
Total, Courts.....	1097	227	20.7
Department of Corrections.....	1519	84	5.5
National Guard.....	29	0	...
Total, Public Safety.....	10,365	465	4.5
Education:			
Public Schools.....	11,070	327	2.9
D. C. Teachers College.....	194	0	...
Federal City College.....	709	14	2.0
Washington Technical Institute.....	259	3	1.2
Total, Education.....	12,232	344	2.8
Recreation:			
Recreation.....	671	35	5.2
Human Resources:			
Office of the Director.....	76	7	9.2
Vocational Rehabilitation Admin.....	286	67	23.4
Community Health Services Admin.....	1,414	165	11.6
Social Services Administration.....	3,537	547	15.4
Veteran's Affairs.....	12	0	...
Hospitals and Medical Care.....	2,838	71	2.5
Narcotics Treatment Administration...	51	6	11.8
Mental Health Administration.....	1,364	290	4.7
Chief Medical Examiner.....	25	1	4.0
Total, Human Resources.....	9,603	1,154	12.1
Highways and Traffic:			
Department of Highways and Traffic...	1,643	354	21.5
Department of Motor Vehicles.....	251	23	9.1
Motor Vehicle Parking Agency.....	14	1	7.1
Total, Highways and Traffic.....	1,908	378	19.8
Sanitary Engineering:			
Sanitary Engineering.....	3,438	560	16.3
Washington Aqueduct.....	325	13	4.0
Total, Sanitary Engineering.....	3,763	573	15.2
Grand Total, District of Columbia.....	41,681	3,289	7.7

COMPARATIVE ANNUAL BURDEN OF MAJOR STATE AND LOCAL TAXES
FOR A FAMILY OF FOUR RESIDING IN THE WASHINGTON METROPOLITAN AREA
1971

K-1-1

Taxes	District of	Maryland		Alex- andria	Arding- ton	Virginia	Falls Church	Fairfax	County
	Columbia	Mont- gomery	Prince George's			City			
<u>\$5,000 income</u>									
Income	\$ 27 1/2	\$ 44	\$ 44	\$ 43	\$ 43	\$ 43	\$ 43	\$ 43	\$ 43
Real Estate	210	245	270	194	164	180	219	181	
Sales	103	74	74	103	103	103	103	103	
Total	\$ 340	\$ 363	\$ 388	\$ 340	\$ 310	\$ 326	\$ 365	\$ 327	
<u>\$7,500 income</u>									
Income	\$ 128	\$ 195	\$ 195	\$ 106	\$ 106	\$ 106	\$ 106	\$ 106	
Real Estate	315	368	405	291	246	270	328	272	
Sales	127	93	93	125	125	125	125	125	
Total	\$ 570	\$ 656	\$ 693	\$ 522	\$ 477	\$ 501	\$ 559	\$ 503	
<u>\$10,000 income</u>									
Income	\$ 250	\$ 383	\$ 383	\$ 215	\$ 215	\$ 215	\$ 215	\$ 215	
Real Estate	420	490	540	388	328	360	438	363	
Sales	151	118	118	154	154	154	154	154	
Total	\$ 821	\$ 991	\$1,041	\$ 757	\$ 697	\$ 729	\$ 807	\$ 732	
<u>\$15,000 income</u>									
Income	\$ 493	\$ 626	\$ 626	\$ 378	\$ 378	\$ 378	\$ 378	\$ 378	
Real Estate	630	735	810	582	491	540	656	544	
Sales	195	155	155	196	196	196	196	196	
Total	\$1,318	\$1,516	\$1,591	\$1,156	\$1,065	\$1,114	\$1,230	\$1,118	
<u>\$20,000 income</u>									
Income	\$ 810	\$ 945	\$ 945	\$ 590	\$ 590	\$ 590	\$ 590	\$ 590	
Real Estate	672	784	864	621	524	576	700	580	
Sales	228	187	187	231	231	231	231	231	
Total	\$1,710	\$1,916	\$1,996	\$1,442	\$1,345	\$1,397	\$1,521	\$1,401	
<u>\$25,000 income</u>									
Income	\$1,163	\$1,264	\$1,264	\$ 803	\$ 803	\$ 803	\$ 803	\$ 803	
Real Estate	840	980	1,080	777	655	720	875	725	
Sales	248	205	205	253	253	253	253	253	
Total	\$2,251	\$2,449	\$2,549	\$1,833	\$1,711	\$1,776	\$1,931	\$1,781	

1/ This amount reflects the \$2 per exemption sales tax credit on the individual income tax allowed in the Revenue Act of 1969, effective in calendar year 1970.

METHODOLOGY

K-1-2

Family of four:

The assumed family of four consists of a husband who earns all the family income primarily through salaries and wages, a wife, and two children of primary or secondary school age.

Income Tax:

Six income levels are assumed. The state and local tax burdens are calculated for calendar year 1970 using the standard deduction for income levels of \$10,000 and under and an assumed 15% itemized deduction for income levels over \$10,000.

Real Estate Tax:

The market value of housing at each income level (in parentheses) was assumed to be: \$12,500 (\$5,000); \$18,750 (\$7,500); \$25,000 (\$10,000); \$37,500 (\$15,000); \$40,000 (\$20,000); and \$50,000 (\$25,000). Assessment levels for all the jurisdictions were based on latest available assessment-sales ratio studies prepared by the Maryland, Virginia and District of Columbia governments.

Sales and Use Tax:

The sales taxes shown, except for the D. C. figures, are amounts computed by the Internal Revenue Service reflecting acceptable average sales tax deductions for the size of family, income levels, and jurisdictions in this report for calendar year 1970. The District amount has been adjusted to include items taxed at rates different from the general rate and therefore excluded from the Internal Revenue Service tables.

ESTIMATED TAX BURDEN OF MAJOR TAXES FOR A FAMILY OF FOUR RESIDING IN THE NATION'S 25 LARGEST CITIES
1970

City	Real Estate Taxes				Sales Taxes				Income Taxes				Total	Rank	amt
	Income	Real Estate	Sales	Total	Income	Real Estate	Sales	Total	Income	Real Estate	Sales	Total			
	\$15,000 Income	\$10,000 Income	\$5,000 Income												
Albuquerque	\$114	\$ 55	\$ 80	\$ 729	1	\$ 32	\$ 82	\$101	\$1,135	1	\$ 395	\$1,070	\$1,31	\$1,755	1
Baltimore	114	55	70	729	2	32	57	101	1,135	2	395	1,070	1,31	1,755	2
Boston	114	55	20	575	3	104	81	26	942	3	220	1,093	1,31	1,755	3
Buffalo	114	55	20	575	3	104	81	26	942	3	220	1,093	1,31	1,755	3
Baltimore	114	55	20	575	3	104	81	26	942	3	220	1,093	1,31	1,755	3
Indianapolis	118	41	67	502	4	68	66	93	774	6	118	894	96	1,048	6
Phoenix	22	33	132	493	6	68	508	157	733	7	128	678	189	995	8
Philadelphia	150	261	128	479	8	225	489	101	815	5	300	652	132	1,084	5
Berkeley	100	251	128	479	8	193	371	152	722	9	305	593	183	975	9
New York	25	281	124	450	10	82	428	166	686	10	156	568	208	1,032	10
San Diego	3	270	182	449	11	47	405	218	670	11	124	510	262	978	11
Beverly	3	270	182	449	11	47	405	218	670	11	124	510	262	978	11
San Antonio	60	370	77	447	12	---	554	97	651	12	187	739	193	862	12
St. Louis	60	236	125	421	13	119	354	149	622	13	187	472	193	841	13
Memphis	---	274	140	414	14	---	411	170	581	15	---	549	208	757	15
San Francisco	0	307	93	400	15	4	461	119	584	14	64	615	151	830	14
Cleveland	50	263	80	393	16	75	324	102	571	17	100	523	133	758	16
San Diego	0	278	93	368	16	4	413	119	584	14	64	615	151	830	14
Los Angeles	27	210	103	340	19	120	315	127	570	18	250	420	151	827	17
Columbus	50	213	64	347	20	75	319	82	476	20	100	426	106	632	20
Seattle	---	168	156	384	21	---	252	186	438	21	---	336	225	561	22
New Orleans	---	134	154	288	22	7	201	190	398	23	42	268	238	548	23
Jacksonville	---	179	94	263	23	---	329	104	433	22	---	479	134	611	21
Baltimore	---	151	77	228	24	---	227	97	324	24	---	392	133	425	24
Houston	---	139	77	216	25	---	200	97	305	25	---	277	123	400	25

\$20,000 Income															
City	Income	Real Estate	Sales	Total	Rank	Income	Real Estate	Sales	Total	Rank	Income	Real Estate	Sales	Total	Rank
Albuquerque	\$701	\$1,504	\$176	\$2,481	1	\$1,122	\$1,711	\$208	\$3,040	1	\$1,516	\$2,122	\$297	\$3,935	1
Baltimore	656	1,331	155	2,142	2	945	1,420	189	2,554	2	1,266	1,723	269	3,258	2
Boston	416	1,624	47	2,087	3	609	1,732	57	2,398	3	799	2,165	269	3,258	2
Pittsburgh	310	1,197	180	1,647	4	410	1,277	216	1,903	5	510	1,596	238	2,344	6
New York	587	82	270	1,649	5	925	909	316	2,150	4	1,421	1,137	238	2,806	4
Philadelphia	450	279	180	1,609	6	600	1,044	216	1,860	6	750	1,395	238	2,393	9
Indianapolis	516	1,251	121	1,598	7	318	1,334	137	1,769	9	418	1,668	131	2,237	13
San Francisco	261	1,211	121	1,553	8	455	1,084	265	1,800	7	595	1,495	286	2,376	10
Phoenix	261	1,016	232	1,512	9	455	1,084	265	1,800	7	595	1,495	286	2,376	10
Denver	592	810	326	1,438	10	535	864	372	1,771	10	708	1,520	499	2,727	11
Chicago	275	844	260	1,379	11	400	900	295	1,595	15	525	1,125	395	2,045	15
San Francisco	244	923	209	1,370	12	514	984	241	1,739	11	864	1,230	265	2,359	5
San Diego	244	923	181	1,349	13	514	984	241	1,739	11	864	1,230	265	2,359	5
Washington	433	630	131	1,318	14	810	672	273	1,710	13	1,163	1,418	218	2,331	12
San Antonio	244	1,023	283	1,550	15	514	860	241	1,615	14	864	1,100	265	2,229	14
San Diego	327	708	230	1,265	17	493	755	262	1,510	17	678	1,478	209	2,365	17
St. Louis	327	708	178	1,116	18	200	840	212	1,252	18	256	1,620	234	1,944	16
Cleveland	150	788	178	1,116	18	200	840	212	1,252	18	256	1,620	234	1,944	16
Memphis	---	843	266	1,089	19	---	878	306	1,184	19	---	1,097	337	1,534	19
Jacksonville	---	778	174	952	20	---	838	204	1,042	21	---	1,077	224	1,301	20
Columbus	150	639	142	931	21	200	862	170	1,052	20	250	852	187	1,239	21
New Orleans	101	401	312	815	22	165	428	361	954	22	226	535	337	1,158	22
San Francisco	---	584	281	765	23	---	538	395	863	23	---	672	377	1,029	23
San Diego	---	584	281	765	23	---	538	395	863	23	---	672	377	1,029	23
Baltimore	---	416	162	578	25	---	444	190	634	24	---	605	269	874	24
Houston	---	416	162	578	25	---	444	190	634	24	---	605	269	874	24

District of Columbia Government, Department of Finance and Revenue, Fiscal Planning and Research, October 1970

FISCAL YEAR 1969

REVENUE YIELD FROM TAX SOURCES
DISTRICT OF COLUMBIA AND 20 CITIES MOST COMPARABLE IN 1970 POPULATION
(dollar amounts in thousands)

	<u>Atlanta</u>	<u>Baltimore</u>	<u>Boston</u>	<u>Cleveland</u>	<u>Columbus</u>
1970 Population (preliminary)	N/A	895,222	628,215	738,956	533,418
Property	\$22,085	141,828	197,808	53,356	5,857
General Sales & Gross Receipts	...	...	...	...	...
Selective Sales & Gross Receipts:					
Total	9,142	9,907	...	406	...
Alcoholic Beverage	4,740	...	...	...	...
Motor Fuels	...	...	...	...	...
Public Utilities	2,780	7,935	...	...	...
Tobacco	...	107	...	...	...
Other	1,622	1,865	...	406	...
Income	...	26,300	...	21,637	20,014
Motor Vehicle Licenses	...	...	41	24	26
Other	6,433	8,311	3,006	2,326	1,420
Total Taxes	37,660	186,346	200,855	77,749	27,317

See footnote at end of table.

K-3-1

FISCAL YEAR 1969

REVENUE YIELD FROM TAX SOURCES
DISTRICT OF COLUMBIA AND 20 CITIES MOST COMPARABLE IN 1970 POPULATION
(dollar amounts in thousands)

	<u>Dallas</u>	<u>Detroit</u>	<u>Indianapolis</u>	<u>Jacksonville</u>	<u>Memphis</u>
1970 Population (preliminary)	836,211	1,492,914	742,613 1/	513,439 1/	620,873
Property	59,103	119,543	38,081	8,727	31,657
General Sales & Gross Receipts	3,665	...	...	...	...
Selective Sales & Gross Receipts:					
Total	6,911	...	3,855	5,817	...
Alcoholic Beverage	...	...	N/A	3,216	...
Motor Fuels	...	...	N/A	...	...
Public Utilities	6,911	...	...	N/A	1,935
Tobacco	...	...	...	N/A	666
Other	...	...	...	N/A	...
Income	...	76,729	...	N/A	...
Motor Vehicle Licenses	1,274	125	51	N/A	4,240
Other	...	3,909	328	357	1,756
Total Taxes	70,953	202,306	38,460	12,939	43,470

See footnote at end of table.

FISCAL YEAR 1969

REVENUE YIELD FROM TAX SOURCES
DISTRICT OF COLUMBIA AND 20 CITIES MOST COMPARABLE IN 1970 POPULATION
(dollar amounts in thousands)

	<u>Milwaukee</u>	<u>New Orleans</u>	<u>New York</u>	<u>Philadelphia</u>
1970 Population (preliminary)	709,537	585,787	7,771,730	1,926,529
Property	58,727	24,727	1,697,358	113,337
General Sales & Gross Receipts	...	23,135	444,880	...
Selective Sales & Gross Receipts:				
Total	...	3,997	174,060	1,891
Alcoholic Beverage	...	1,358	...	...
Motor Fuels	...	...	...	...
Public Utilities	...	1,875	44,781	...
Tobacco	...	...	33,023	...
Other	...	764	96,256	1,891
Income	...	...	495,766	141,303
Motor Vehicle Licenses	10	1,005	3,253	13
Other	2,230	4,287	45,746	30,947
Total Taxes	60,967	56,822	2,861,063	287,491

FISCAL YEAR 1969

REVENUE YIELD FROM TAX SOURCES
DISTRICT OF COLUMBIA AND 20 CITIES MOST COMPARABLE IN 1970 POPULATION
(dollar amounts in thousands)

	Phoenix	St. Louis	San Antonio	San Diego
1970 Population (preliminary)	580,275	607,718	650,188	675,788
Property	13,501	36,001	23,754	21,825
General Sales & Gross Receipts	16,441	...	...	12,825
Selective Sales & Gross Receipts:				
Total	2,045	14,355	666	2,407
Alcoholic Beverage	...	...	...	...
Motor Fuels	...	...	...	...
Public Utilities	584	9,438	594	961
Tobacco	...	3,763	...	...
Other	1,461	1,154	72	1,446
Income	...	35,728	...	...
Motor Vehicle Licenses	...	1,484	...	33
Other	1,696	11,037	953	3,128
Total Taxes	33,683	98,605	25,373	40,078

See footnote at end of table.

K-3-4

FISCAL YEAR 1969

REVENUE YIELD FROM TAX SOURCES
DISTRICT OF COLUMBIA AND 20 CITIES MOST COMPARABLE IN 1970 POPULATION
(dollar amounts in thousands)

	San Francisco	Seattle	Washington
1970 Population (preliminary)	704,209	524,263	764,000
Property	150,270	20,225	120,334
General Sales & Gross Receipts	28,266	...	58,163
Selective Sales & Gross Receipts:			
Total	4,233	9,347	57,877
Alcoholic Beverage	...	...	12,510
Motor Fuels	...	8,786	16,158
Public Utilities	577	...	9,200
Tobacco	...	561	4,844
Other	3,656	...	15,165
Income	...	...	84,362
Motor Vehicle Licenses	40	25	8,216
Other	2,861	7,883	12,334
Total Taxes	185,670	37,480	341,286

1/ Indianapolis and Jacksonville greatly expanded their area with consolidated forms of government. The data, however, only reflects the old city limit area.

Note: Washington data is not comparable with the other cities. Washington revenues reflect the unique city-county-state like nature of the District rather than the purely local city situation shown for the other 20 cities.

Source: City Government Finances in 1968-69
Department of Finance and Revenue, Fiscal Planning and Research - March 1971

SERVICE POPULATION AND BUDGET PLAN CHANGES

Metropolitan Police

Fiscal Year	Offenses 1/		Crime Index	Operating 2/ (In Millions)		Authorized Positions 2/	
	Part I	Part III		Direct Appropriations		Police	Civilian
1965	32,053	14,660	3/	\$ 32.5		3,000	275
1968	57,997	19,880	43,635	44.9		3,100	472
1969	71,200	23,400	54,307	52.2		4,100	691
1970	89,434	29,528	66,746	68.4		4,100	1,073
1971	4/	4/	54,361 5/	83.0		5,100	1,087
1972	4/	4/	4/	92.6		5,100	1,087

1/ Part I and Part II are the "old" system and the Crime Index is the "new" system used by the Department of Justice.

Crime Index Offenses are: Criminal Homicide, forcible rape, robbery, aggravated assault, burglary, larceny (\$50 and over), auto theft. Part I includes Crime Index offense plus negligent manslaughter and larceny under \$50.

2/ Excludes supplemental funding and positions for years which supplemental approved. However, does include "annualization of supplemental and carry over positions in subsequent years."

3/ Data not available.

4/ Estimates not made for part I and II offenses and for FY 1972 crime index offenses.

5/ Actual figures through April, estimate for May and June.

6/3/71

L-1-1

SERVICE POPULATION AND BUDGET PLAN CHANGES

Fiscal Year	Institutional Population <u>1/</u>	Department of Corrections			(In Millions) Operating Appropriations <u>2/</u>	Staff Positions <u>2/</u>
		Community Centers <u>1/</u>	Parole Releasees			
1965	4,497	...	166		\$ 9.0	936
1968	2,392 <u>3/</u>	52	400		10.8	1,017
1969	2,821	134	570		11.9	1,101
1970	3,210	200	835		15.6	1,534
1971 est.	3,400	400	<u>4/</u>		18.6	1,519
1972 est.	3,500	600	<u>4/</u>		22.5	1,519

1/ Average daily population.

2/ Excludes supplementals for year which appropriated, however, includes "annualization" of supplementals in subsequent fiscal year.

3/ Relatively low population reflects transfer of responsibility for alcoholics to Health Services Administration.

4/ Not available.

2/5/71

L-1-2

SERVICE POPULATION AND BUDGET PLAN CHANGES

PUBLIC SCHOOLS

Fiscal Year	Student Population		Per Pupil Expenditures <u>1/</u>		
	Including Pre-K	Excluding Pre-K	Operating	Federal Grant	Total
FY 1965	141,396*	141,396*	<u>2/</u>	<u>2/</u>	<u>2/</u>
FY 1968	149,306*	149,306*	\$673	\$101	\$774
FY 1969	149,544	148,530	806	117	923
FY 1970	149,636	147,344	909	133	1,042
FY 1971	146,224	144,207	949 <u>3/</u>	168 <u>3/</u>	1,117
FY 1972 est. (School Plan)	147,350	142,350 <u>4/</u>	1,006	156	1,162

* No Pre-K program.

1/ Computed according to Office of Education standards, OE-22017; FY 1970 and FY 1971 are estimates until final expenditures occur.2/ Per pupil expenditure figure for FY 1965 were computed on a different basis from following years.
A. recomputation is being made.3/ Estimated figures.4/ Based on available space

SERVICE POPULATION AND BUDGET PLAN CHANGES

Higher Education

Fiscal Year	Full and Part-Time Students			(Millions) Total Cost	Total No. of Positions
	D. C. Teachers College	Federal City College	Washington Technical Institute		
1968	1,890	...	...	\$ 2.4	277
1969	2,312	2,100	1,618	8.5	967
1970	2,600	4,700	1,870	16.5	1,150
1971	3,000	5,646	3,000	21.3	1,329
1972	3,600	8,200	3,900	32.4	1,784

SERVICE POPULATION AND BUDGET PLAN CHANGES

Department of Human ResourcesD. C. General Hospital

	<u>Patient Days (Including Newborns)</u>	<u>Budget 1/</u>
1965	438,621	12,471,713
1968	242,9	14,050,942
1970	248,4	20,246,912
1971	255,0	22,742,416 ^{3/4}
1972	260,0	24,014,274 ^{4/}

1/ Excludes centralized services.

2/ Includes old P.C.R.C. Service.

3/ Includes supplemental for pay raise effective 12/69; excludes 1/10/71 pay raise.

4/ Excludes amendment for 1/10/71 pay raise and increase in health benefits.

PUBLIC ASSISTANCE

<u>F. Y.</u>	<u>Caseload Monthly Average</u>	<u>Total</u>	<u>Federal</u>	<u>Local</u>
1965	10,647	13,350,781	8,134,165	5,216,616
1968	13,086	19,432,637	10,638,654	8,793,983
1970	19,603	34,814,392	16,882,111	17,932,281
1971 Est.	29,558	58,069,069	27,686,258	30,382,811
1972 Est.	36,000	86,094,439	41,114,139	44,680,300

FOOD STAMPS

	<u>Certified Cases</u>	<u>Persons</u>	<u>Participating Cases</u>	<u>Persons</u>
July 1965	6,021	20,538	2,872	9,540
July 1967	6,055	23,406	4,805	18,628
July 1969	14,045		10,777	39,312
July 1970	25,964	84,458	21,101	68,819

2/5/71

L-1-5

CHAKI I

POPULATION BY COLOR AND JURISDICTION FOR WASHINGTON METROPOLITAN AREA, 1960 AND 1970

	<u>TOTAL</u>		<u>WHITE</u>		<u>NONWHITE</u>	
	<u>1960</u>	<u>1970</u>	<u>1960</u>	<u>1970</u>	<u>1960</u>	<u>1970</u>
Total Metropolitan Area	2,076,610	2,861,123	1,568,665	2,124,531	507,945	736,592
Total Suburbs	1,312,654	2,104,613	1,223,402	1,915,259	89,252	189,354
D. C.	763,956	756,510	345,263	209,272	418,693	547,238
Montgomery County	340,928	522,809	327,736	493,934	13,192	28,875
Prince Georges County	357,395	660,567	324,714	561,441	32,681	99,126
Arlington	163,401	174,284	154,172	161,286	9,229	12,998
Alexandria	91,023	110,938	80,388	94,233	10,635	16,705
Fairfax County (Including Fairfax City)	275,002	476,991	260,145	457,245	14,857	19,746
Falls Church	10,192	10,772	10,011	10,532	181	240
Loudoun County	24,549	37,150	20,204	32,454	4,345	4,696
Prince William County	50,164	111,102	46,032	104,134	4,132	6,968

SOURCE: 1960 and 1970 Censuses

OBTAINED FROM: Washington Center for Metropolitan Studies and
OBEM Statistical Systems Group, Demographic UnitMETROPOLITAN AREA=Standard Metropolitan Statistical Area (SMSA)
as defined in 1970 Census

CHART 3

D.C. POPULATION BY AGE AND COLOR, 1960 AND 1970

AGE	TOTAL			WHITE			NONWHITE		
	1960	1970	PERCENT CHANGE	1960	1970	PERCENT CHANGE	1960	1970	PERCENT CHANGE
ALL AGES	763,956	756,510	-01	345,263	209,272	-39	418,693	547,238	+31
0-4	76,095	59,735	-21	21,388	7,160	-67	56,707	52,575	-09
5-14	115,577	128,646	+11	32,075	13,254	-59	83,502	115,392	+38
15-24	109,151	145,247	+33	53,258	40,250	-24	55,893	104,997	+88
25-34	109,451	112,525	+03	40,301	32,125	-27	65,150	80,400	+23
35-44	106,583	84,974	-20	43,920	20,271	-54	62,663	64,703	+03
45-54	99,952	83,676	-16	52,860	25,478	-52	47,092	58,198	+24
55-64	76,004	70,904	-07	48,725	30,349	-38	27,279	40,555	+49
65+	69,143	70,803	+02	48,736	40,385	-17	20,407	30,418	+49

SOURCE: 1960, 1970 Censuses.

PREPARED BY: OBEM Statistical Systems Group, Demographic Unit

CHART 4

COLOR PERCENT DISTRIBUTION WITHIN AGE AND SEX FOR THE DISTRICT OF COLUMBIA, 1970

AGE	BOTH SEXES			MALE			FEMALE		
	TOTAL	WHITE	NONWHITE	TOTAL	WHITE	NONWHITE	TOTAL	WHITE	NONWHITE
ALL AGES	100.0	27.7	72.3	100.0	26.8	73.2	100.0	28.4	71.6
0-4	100.0	12.0	88.0	100.0	12.2	87.8	100.0	11.8	88.2
5-14	100.0	10.3	89.7	100.0	10.4	89.6	100.0	10.3	89.7
15-24	100.0	27.7	72.3	100.0	28.5	71.5	100.0	27.1	72.9
25-34	100.0	28.5	71.5	100.0	30.6	69.4	100.0	26.6	73.4
35-44	100.0	23.9	76.1	100.0	25.9	74.1	100.0	21.9	78.1
45-54	100.0	30.4	69.6	100.0	29.6	70.4	100.0	31.2	68.8
55-64	100.0	42.8	57.2	100.0	40.1	59.9	100.0	44.9	55.1
65+	100.0	57.0	43.0	100.0	52.7	47.3	100.0	59.6	40.4

SOURCE: 1970 Census, 1st Count Summary Tape.

PREPARED BY: OSEM Statistical Systems Group, Demographic Unit.

CHART 5

AGE PERCENT DISTRIBUTION WITHIN SEX AND COLOR FOR THE DISTRICT OF COLUMBIA, 1970

AGE	BOTH SEXES			MALE			FEMALE		
	TOTAL	WHITE	NONWHITE	TOTAL	WHITE	NONWHITE	TOTAL	WHITE	NONWHITE
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
ALL AGES	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
0-4	7.9	3.4	9.6	8.6	3.9	10.3	7.3	3.0	9.0
5-14	17.0	6.3	21.1	18.3	7.1	22.5	15.8	5.7	19.9
15-24	19.2	19.2	19.2	18.8	20.0	18.3	19.6	18.6	19.9
25-34	14.9	15.3	14.7	15.5	17.8	14.7	14.3	13.4	14.7
35-44	11.2	9.7	11.8	11.6	11.2	11.7	10.9	8.4	11.9
45-54	11.1	12.2	10.6	10.8	11.9	10.3	11.3	12.4	10.9
55-64	9.4	14.6	7.4	8.9	13.3	7.3	9.8	15.5	7.5
65+	9.3	19.3	5.6	7.5	14.8	4.9	11.0	23.0	6.2

SOURCE: 1970 Census, 1st count summary tape.

PREPARED BY: OBEM Statistical Systems Group, Demographic Unit

CHART 6

CHANGE IN POPULATION AND HOUSING BY SERVICE AREA FOR THE DISTRICT OF COLUMBIA, 1960-70

	POPULATION			CHANGE		HOUSING		CHANGE	
	1960	1970		#	%	1960	1970	#	%
TOTAL	763,956	756,510 ^{1/}		-7,446	-1.0	262,641	278,444 ^{2/}	+15,803	+6.0
S.A. 1	81,752	79,142		-2,610	-3.2	26,235	25,798	-437	-1.7
S.A. 2	52,693	54,052		+1,359	+2.6	15,390	16,600	+1,210	+7.9
S.A. 3	80,474	89,449		+8,975	+11.2	22,258	27,771	+5,513	+24.8
S.A. 4	102,939	126,237		+23,298	+22.6	30,200	40,050	+9,850	+32.6
S.A. 5	87,522	72,911		-14,611	-16.7	26,001	24,450	-1,551	-6.0
S.A. 6	99,084	79,157		-19,927	-20.1	31,701	29,383	-2,318	-7.3
S.A. 7	121,949	114,401		-7,548	-6.2	47,658	46,314	-1,344	-2.8
S.A. 8	99,723	99,597		-126	-0.1	42,156	44,718	+2,562	+6.1
S.A. 9	37,820	41,413		+3,593	+9.5	21,042	23,359	+2,317	+11.0

SOURCE: 1960, 1970 Censuses
 PREPARED BY: OBEM Statistical Systems
 Group, Demographic Unit
 M-1-5

1/ Includes persons in unidentified Census Tracts
 2/ " " households in unidentified Census Tracts

CHART 27

PLACE OF RESIDENCE OF PERSONS WHO WORK IN D. C., 1960 AND 1968

RESIDENCE	WORK IN D. C.			
	1960		1968	
	NO. (thousands)	%	NO. (thousands)	%
TOTAL	483.4	100.0	515.1	100.0
D. C.	270.2	55.8	237.2	46.0
Montgomery	56.1	11.6	65.2	12.7
Prince George	66.9	13.9	108.5	21.1
Fairfax	36.3	7.5	46.8	9.1
Arlington	38.9	8.1	38.2	7.4
Alexandria	14.9	3.1	19.2	3.7
Total Suburbs	213.1	44.2	277.9	54.0

SOURCE: Metropolitan Washington Council of Governments,
Transportation Planning Board, Information Report No. 32,
"Travel to Work," September, 1970.

NOTE: In Chart 27 the estimated number of workers in D. C., 1968,
was about 515,000. In Chart 32 the estimated number of jobs
in D. C., 1968, was about 567,000. The main difference
between these figures is due to multiple job holders.

CHART 28

PLACE OF WORK OF D. C. RESIDENTS1960 and 1968

M-2-2

WORK	LIVE IN D. C.			
	1960		1968	
	NO.		NO.	
	(thousands)	%	(thousands)	%
TOTAL	306.9	100.0	305.0	100.0
D. C.	270.2	88.0	237.2	77.8
Montgomery	13.1	4.3	22.3	7.3
Prince Georges	9.9	3.2	18.6	6.1
Fairfax	3.1	1.0	7.0	2.3
Arlington	8.5	2.8	17.1	5.6
Alexandria	2.0	0.7	2.9	1.0
Total Suburbs	36.6	12.0	67.9	22.3

SOURCE: Metropolitan Washington Council of Governments,
 Transportation Planning Board, Information Report No. 32,
 "Travel to Work," September, 1970.

CHART 29

USE OF TRANSIT FOR JOURNEY TO WORK, 1960 AND 1968

AMONG WORKERS WHO LIVED IN:	AND WHO WORKED IN			
	D. C.		Suburbs	
	the relative number who used transit to get to work and back was:			
	1960	1968	1960	1968
D. C.	52%	49%	33%	27%
Suburbs	18%	18%	7%	4%

SOURCE: Metropolitan Washington Council of Governments, Transportation Planning Board, Information Report No. 32, "Journey to Work," September 1970.

CHART 18

UNEMPLOYMENT, D. C. AND CENTRAL CITIES
OF THE 20 LARGEST SMSA'S
1967-1970

Yearly Average	Number, D. C.			Percent of Resident Labor Force, D. C.		Percent of Resident Labor Force, Central Cities of 20 Largest SMSA'S		
	Total	White	Nonwhite	Total	White	Total	White	Nonwhite
1967 ^{1/}	8,000	2/	7,000	2.1	2/	4.7	3.7	7.6
1968 ^{2/}	13,000	2/	11,000	3.8	2/	4.1	3.4	6.3
1969 ^{4/}	10,000	2/	8,000	3.0	2/	3.9	3.2	6.2
April 1969-March 1970 ^{3/}	--	--	--	3.2	2.8	--	--	--
July 1969-June 1970	--	--	--	3.4	2.5	--	--	--
Oct. 1969-Sept. 1970	--	--	--	4.3	3.8	--	--	--
1970 ^{5/}	18,000	5,000	13,000	4.9	4.4	5.6	4.9	7.4

^{1/} SOURCE: BLS press release USDL-8584, February 20, 1968

^{2/} Data not shown where less than 5,000, due to unreliability of sample

^{3/} SOURCE: BLS press release USDL-10-293, March 6, 1969

^{4/} SOURCE: BLS press release USDL-11-059, April 6, 1970

^{5/} SOURCE: Division of Employment and Unemployment Analysis, Office of Manpower and Employment Statistics, BLS, Various telecons.

FORM BEM 10 (Rev. 7/13/70)

CAPITAL IMPROVEMENTS PROJECTS SUMMARY
(dollars in thousands)

Date of Preparation March 6, 1971

Fund ALL

Priority	Project Number	Project Title	Estimated Total Project Cost	Prior Appropriations	Capital Budget Request FY 1972	Program Estimate				Estimate Beyond Program Period
						FY 1973	FY 1974	FY 1975	FY 1976	FY 1977
		GENERAL FUND								
		Public Schools	151,818.8	55,073.4	74,943.0	21,154.0	96.4			
		Public Library	4,983.1	229.0	2,174.0	309.1	1,691.0	280.0		
		Department of Recreation ..	20,430.0	2,509.7	9,085.9	7,256.0	1,578.4			
		Police Department	7,554.8	2,100.0	5,304.8	150.0				
		Fire Department	4,172.7	1,811.0	1,620.7	750.0	10.0			
		Economic Development	220.0	.....	220.0					
		Federal City College	18,749.8	14,975.3	3,532.5	242.0				
		Washington Technical Institute	3,280.0	900.0	2,380.0					
		D. C. Teachers College	1,257.7	82.5	1,150.2	25.0				
		Human Resources	26,702.3	831.0	21,293.3	4,578.0				
		Department of Corrections ..	35,748.5	1,126.9	3,296.5	27,925.1	3,400.0			
		Department of General Services	71,027.7	7,608.0	8,713.2	54,596.5	55.0			
		Total, Public Building Construction	345,945.4	87,246.8	134,014.1	116,985.7	7,730.8	335.0		
		Highways & Traffic	1,157.0	.....	1,157.0					
		Sanitary Engineering	34,320.0	13,435.0	13,685.0	4,200.0	3,000.0			
		W.M.A.T.A.	219,500.0	85,471.0	38,308.0	32,738.0	24,636.0	16,970.0	12,775.0	693.0
		D. C. Obligations	1,192.2	.....	1,192.2					
		Total, GENERAL FUND	602,114.6	186,152.8	188,356.3	153,923.7	35,366.8	17,305.0	12,775.0	693.0

For each project indicate preliminary survey (PS), site (S), construction services (CS), construction (C), & equipment (E) after each requested amount.

Agency

Page 1

N-1

Date of Preparation March 6, 1971

CAPITAL IMPROVEMENTS PROJECTS SUMMARY
(dollars in thousands)

Fund ALL

Priority	Project Number	Project Title	Estimated Total Project Cost	Prior Appropriations	Capital Budget Request FY 1972	Program Estimate				Estimate Beyond Program Period
						FY 1973	FY 1974	FY 1975	FY 1976	FY 1977
		HIGHWAY FUND								
		Highways & Traffic	14,932.0	4,884.0	4,793.0	3,205.0	1,600.0	450.0		
		SANITARY SEWAGE WORKS FUND								
		Sanitary Engineering	115,369.0	39,779.0	48,910.0	60.0	228.0	150.0	150.0	15,742.0
		METROPOLITAN AREA SANITARY SEWAGE WORKS FUND								
		Sanitary Engineering .....	.....	.....	10,200.0					
		WATER FUND								
		Sanitary Engineering	28,446.0	5,301.0	7,270.0	5,242.0	1,790.0	1,740.0	1,740.0	3,623.0
		Washington Aqueduct	20,985.0	1,490.0	2,295.0	7,670.0	1,350.0	720.0	2,350.0	5,110.0
		Total, WATER FUND	49,431.0	6,791.0	9,565.0	12,912.0	3,140.0	2,460.0	4,090.0	6,850.0
		Grand Total, Capital Improvements - ALL FUNDS	781,846.6	237,606.8	261,824.3	170,100.7	40,334.8	20,365.0	17,015.0	7,693.0
										27,274.0

For each project indicate preliminary survey (PS), site (S), construction services (CS), construction (C), & equipment (E) after each requested amount.

Agency

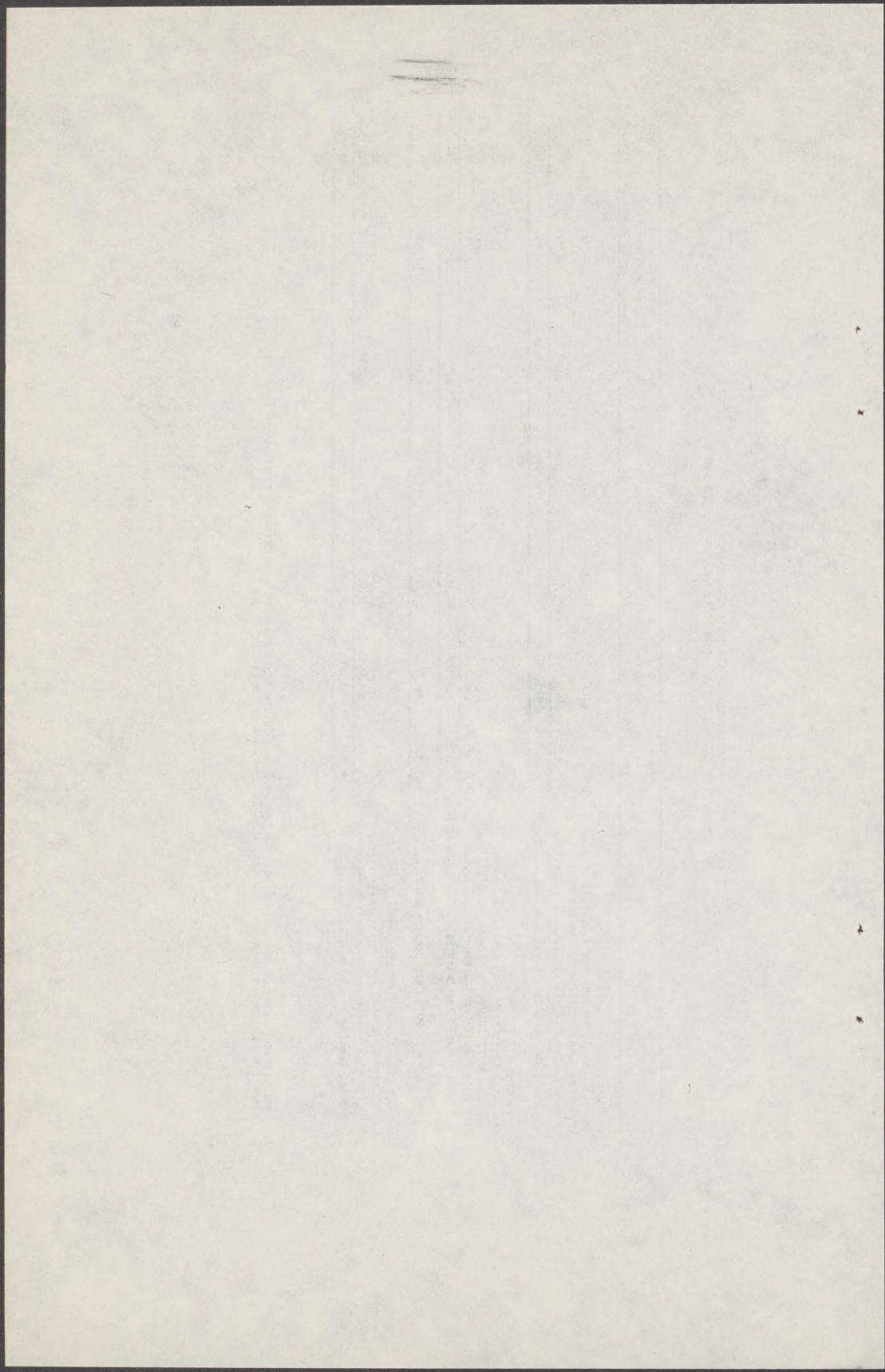
Page ii

DISTRICT OF COLUMBIA GOVERNMENT
SCHEDULE OF CAPITAL OUTLAY AUTHORIZATIONS AND PROGRAM NEEDS
FOR DATES INDICATED

	Rapid Rail Transit	General Fund	Highway Fund	Sanitary Sewage Works Fund	Water Fund	Metropolitan Area Sanitary Sewage Works Fund	Total All Funds
Loan Status							
Current Loan Authorizations	\$166,500	\$706,135	\$110,000	\$72,000	\$51,000	\$12,500	\$1,118,135
Projected Loans Received by the District through June 30, 1971	34,178	295,047	79,861	25,102	29,836	12,350	476,374
Potential Remaining Loans	132,322	411,088	30,139	46,898	21,164	150	641,761
Program Status							
Estimated Capital Program Levels in Process and Requiring Future funding as of 6/30/71 ..	.....	185,301	23,273	31,408	.....	.....	239,982
Fiscal Year 1972 Capital Request	38,308	150,048	4,793	48,910	9,565	10,200	261,824
Total Budgets Requiring Financing	38,308	335,349	28,066	80,318	9,565	10,200	501,806
Fiscal Year 1972 Cash Requirements	38,308	98,000	15,000	15,000	6,000	(10,200) 1/	172,308
Source of Fiscal Year 1972 Funding:							
U. S. Treasury Loans	38,308	74,000	13,000	13,000	4,500	.....	142,808
Bond Issues .....	.....	24,000	2,000	2,000	1,500	.....	29,500
Total Funding Available	38,308	98,000	15,000	15,000	6,000	.....	172,308

1/ Anticipated funding of this amount will be provided from future legislation to be introduced shortly.
Since funding has not been provided for, this is a non-add column.

OBEW/budget
4/19/71



Government of the District of Columbia

REVENUE HEARINGS 1971

ADDITIONAL SUPPORTING MATERIALS
NOVEMBER 1971

**DISTRICT COMMITTEES
OF THE CONGRESS OF
THE UNITED STATES**

TABLE OF CONTENTS

ADDITIONAL SUPPORTING MATERIALREVENUE HEARINGS - 1971

<u>SECTION</u>	<u>SUBJECT</u>
A	Mayor-Commissioner's Statement
B	Deputy Mayor - Commissioner's Statement
C-1	Financial Plan: All Funds
C-2	Analysis of Mandatory Increases
C-3	Analysis of Obligatory Increases
C-4	Reasons for the Growth of Municipal Budgets
C-5	Comparisons of the District of Columbia with other Cities
C-6	Comparative data on Selected Cities
C-7	District Employment: April 30, 1971

SECTION A

Opening Statement of Walter E. Washington, Commissioner

of the District of Columbia

Committee on the District of Columbia

United States Senate

November 1971

Mr. Chairman, thank you for this opportunity to appear in support of the proposed legislation for increasing the financial resources available to the District of Columbia Government. The House has completed its comprehensive hearings on our proposals and has approved additional resources for the District Government -- although not in amounts sufficient to meet our requirements in Fiscal Year 1972.

Commitment to Revenue Proposals

As this Committee begins its hearings, I wish to state my strong commitment to the District Government's balanced package of revenue proposals and to its expenditure requests for the current fiscal year. I am confident that when the final votes have been taken and the conferences have ended, the city will have the resources it needs to continue the provision of vital services to the people of the District of Columbia.

Need for Additional Revenues

The District Government must seek additional sources of revenues to keep abreast of the rapid and largely uncontrollable growth in our budget. Our operating budget request for Fiscal Year 1972 is \$715.4 million - an increase of 143 percent over expenditures in 1965. This recent growth is the result of the launching of new programs, improvements in existing activities, growth in workload for key programs, and the pressures of inflation.

I would like to present some important examples of these cost-increase factors:

- In the areas of crime prevention and criminal justice, 2,000 police officers have been added to the force.

The District's court system is being expanded and modernized. New correctional programs are also being developed.

- Educational opportunity for District residents has been broadened significantly by the establishment of two public institutions of higher education. Only a few years ago, the one public college in operation enrolled 2,000 students; estimated current enrollment in the public system is 16,000.
- The drug problem that is serious in almost all sections of the country is being attacked in the District by a highly respected narcotics treatment program. We hope to increase the current treatment caseload of 3,314 persons to 5,500 by next summer.
- A new medicaid program has been established to help raise the level of health services available to poorer members of the community. The number of persons receiving assistance has been steadily growing.
- Our welfare caseload has grown from 10,647 in 1967 to a projected 40,000 in 1972.
- Wages and salaries of District employees have grown in line with national and governmental trends.

The cumulative influence of these growth factors is shown in our current budget request. The District Government requires \$70 million in additional revenues in Fiscal Year 1972 to maintain existing levels of services, as well as to fund a few modest program initiatives and improvements.

The magnitude of our financing gap would be strong cause for concern under any circumstances. The situation is even more alarming because of the nature of the cost increases that are primarily responsible for the gap.

The District Government's Fiscal Year 1972 budget request is almost entirely mandatory. That is, almost all the cost increases it contains are generated by forces beyond our control, and they must be met if we are to keep government services at present levels. These mandatory increases include: court reorganization; increased costs of compensation for District employees; higher public assistance caseload; repayment of loans and interest for previous capital improvements projects; increased caseload in the medicaid program; and higher retirement contributions for policemen, firemen, and teachers. Taken together, all mandatory increases represent almost 70 percent of the amount by which our current budget request surpasses the District's appropriation in Fiscal Year 1971.

The District Government must secure new financial resources just to keep up with the uncontrollable rise in expenditures. Yet I am firmly committed to achieving more for the citizens of the District than the maintenance of the status quo - though even that goal will be difficult to reach. Thus, I have included in the Fiscal Year 1972 budget request a number of modest discretionary increases that reflect my strong policy commitments.

Insufficient funding would jeopardize our plans to proceed with implementation of the Court Reform and Criminal Procedures Act of 1970. It would prevent us from raising public assistance payments to District residents from 75 percent to 85 percent of the authorized standard. Our vital Narcotics Treatment Program would be impaired. Orderly development of the city's system

of public higher education would be hindered. Inadequate funding could also thwart efforts to improve public school programs, to increase social services for public assistance recipients, and to maintain control and order in our correctional facilities. Our other discretionary increases would be endangered.

If only the \$45 million in additional resources provided by the House-passed revenue bill is ultimately approved, our budget request might have to be balanced by eliminating all discretionary increases, as well as almost \$4 million of mandatory increases. Such an outcome is clearly unacceptable in light of the many needs of this city.

Underlying Financial Pressures

While the total population of the District has dropped by one percent over the past decade, the needs of the people who remain have increased greatly. Equally important, our efforts to respond to these needs have intensified.

All these efforts are costly. And the District Government now finds itself unable to meet these costs without substantial increases in revenues - increases that it cannot entirely obtain from its own residents.

Why is the District Government in this precarious financial position? Is its predicament unusual? I think not. Rather, the District Government shares the financial problems of almost all major cities in the United States. Shifts in the distribution of the nation's people are dramatically altering the demands being made on central cities and reducing their capacity to respond to those demands. A few facts can help us put the District's difficulties in perspective.

- The 1970 Census showed that more people now live in the suburbs than in the cities or in rural areas. This shift in population from the central cities to the suburbs is a major cause of the gradual erosion of the tax bases of many large cities.
- The proportion of city residents who receive public assistance is climbing. Public assistance recipients accounted for 15 percent of the population in Boston in February 1970; 13.4 percent in New York City; 12.8 percent in Baltimore.
- In 1964-65, the central cities of the 36 largest metropolitan areas accounted for only 18.6 percent of total population in the area but 25 percent of all local expenditures. When measured per capita, the expenditures of the central cities were 21 percent higher than the costs for the outlying areas.

The financial problems of the District of Columbia must also be placed in the context of the nation's general economic trends. Importantly, the general high rate of inflation in the country has dealt state and local governments an especially heavy blow. Andrew F. Brimmer, member of the Board of Governors of the Federal Reserve System, has pointed out that prices paid by state and local governments rose between 1955 and 1970 at an average annual rate of 4.2 percent, compared with 3.6 percent for the Federal Government and 2.7 percent for the economy as a whole.

Mr. Brimmer has also cited the findings of a Brookings Institution study of state and local government expenditures. According to the study, inflation accounted for over two-fifths of the total increase in all expenditures

made by state and local governments between 1955 and 1969. One-quarter of the increase was due to workload growth; less than one-third was caused by changes in the scope or quality of services provided by the governments. If only the period 1965 to 1969 is considered, the percentage of increased costs due to inflation is even greater - 47 percent.

A major reason for the differential impact of inflation is the large share of local government expenditures that goes to wages and salaries - cost items that are highly sensitive to inflationary pressures. And the effect of inflation has been compounded by pressures to make local government salaries competitive and by the demands of growing municipal unions.

Actions To Deal With Financial Pressures

The factors I have just described illuminate the basically uncontrollable nature of the financial pressures on the District Government. While we cannot hold down inflation, we can take some steps - though they are difficult ones - to hold down costs.

Faced with the city's severe financial problems, I issued Commissioner's Order No. 71-311, effective August 19, 1971, to establish a comprehensive cost-cutting program, including an indefinite freeze on hiring and other obligations. I initiated these measures to control District-wide expenditures in response to my assessment of the District's uncertain financial position, as well as national economic and government policies, especially as they related to employment patterns.

The cost-cutting program is expected to yield savings of \$7.5 million in Fiscal Year 1972 and additional savings of \$4.8 million in Fiscal Year 1973. About 1,000 positions have already been eliminated; another 1,150 positions are being abolished as we formulate our budget request for the next fiscal year. Thus this program of stringent cost control will provide financial benefits for the District Government immediately and for years to come.

Savings to the District Government have also resulted from the absorption of 15 percent of increased salary costs in Fiscal Years 1971 and 1972, absorption of 15 percent of all mandatory increases in Fiscal Year 1972, and two personnel freezes in the previous two fiscal years.

At the same time the District has moved to reduce expenditures, we have acted to increase the efficiency and effectiveness with which our existing resources are used. We have formed new organizational arrangements to permit us to respond with greater speed and with greater success to the needs of our constituents, including the Congress. The Departments of Human Resources and Economic Development were established in 1970. More recently the Department of Environmental Services, the Office of Budget and Program Analysis, and the Office of Planning and Management were established. In addition, the Office of Community Services was abolished and its responsibilities divided between the Office of Planning and Management and the Office of the Assistant to the Mayor-Commissioner for Housing Programs. These changes will allow us to carry out vital governmental functions more effectively.

Revenue Proposals

The benefits of these cost-cutting actions and management improvements are substantial, but they affect only one side of the fiscal equation. We must also consider the revenue side if we are to balance the equation.

Currently authorized sources of revenues are unable to generate the level of resources we require in Fiscal Year 1972. In searching for new sources, we have been guided by the principle that all who partake of the advantages and services of the city should contribute, on an equitable basis, to the support of the city. Thus we have proposed what I believe to be a balanced and sound set of revenue proposals. Specifically, we have proposed: that District residents pay property taxes at a higher rate; that the Federal Government increase its contribution to the city; and that people who work in the District but live outside the city pay income tax to the District of Columbia under a reciprocal arrangement with their home states.

I want to reaffirm my commitment to the reciprocal income tax as a fair and effective means of ensuring that all persons who earn their livelihood in the District help meet the city's need for financial resources. The District provides employment and primary source of income for some 500,000 people. Of this total, approximately 280,000 people do not live in the District of Columbia and hence are not presently required to pay any income taxes to the city.

Only the District of Columbia among the state-level jurisdictions does not have the authority to tax income where it is earned. Thus our proposal to extend our present income tax to cover all income earned within the District is entirely consistent with common practice throughout the nation. Under the

typical reciprocal arrangement we propose, the District would grant tax credits to its residents who are employed in other jurisdictions while other jurisdictions would grant tax credits to their residents who pay taxes to the District of Columbia.

Beyond yielding funds to help support Fiscal Year 1972 requirements, the reciprocal income tax would expand our current tax base and help reduce the fiscal disparities between central city and suburb. Such an expansion is desperately needed in light of the slow rate of revenue growth from current sources and the uncontrollable increases in costs.

If the reciprocal income tax is not approved, I must support the use of an increased Federal payment to satisfy the District's resource requirements.

The concept of a Federal payment to the District of Columbia has been established in principle and in practice since the founding of the city as the national capital.

One important argument in favor of the Federal payment concept is that responsibility for supporting the city financially should be closely associated with authority for making financial decisions. The U. S. Constitution gives the Congress complete legislative power over the capital city. With few exceptions (e.g., the property tax), the Congress retains final authority over expenditures and revenue decisions for the District of Columbia Government.

A second important argument is that the Federal presence significantly reduces the level of taxable resources available to the District of Columbia.

The Federal Government is the District's primary "industry" -- but it is an industry that is not taxable. Many groups that are attracted to the District of Columbia because of the Federal presence have also been granted exemptions from the real property tax, as well as from other taxes. One result is that more than half of the District's assessed real estate value is tax exempt.

Certain regulations enacted by the Congress have also adversely affected the city's tax base. Building height limits in effect since 1910 have restrained the development of high intensity uses with high assessed valuations to contribute to the local tax base. They have also precluded the attraction of the kind of industrial and commercial activity needed to provide a broad economic base for the city's financial operations.

The Federal presence imposes additional costs on the District Government. For example, demonstrations to influence national policy cost the city \$4.4 million in Fiscal Year 1971.

While the above arguments support the principle of the Federal payment, they do not specifically address the question of the proper amount of the payment. The payment has varied from 50 percent of appropriations from 1878 to 1921 to 8.5 percent of appropriations in 1954 without a consistent relationship to need, revenues, expenditures, or taxes. One important guideline was suggested by a 1916 study by a Joint Committee of the Congress: the residents of the District of Columbia should assume a tax burden in line with the burdens of residents of other comparable jurisdictions. The balance of the required financial support should come from the Federal Government.

We believe it is most meaningful to compare the District's tax structure with taxes in other parts of the metropolitan area because of the complex

economic interrelationships of the area. Recent studies show that the tax burdens of District residents are comparable to the tax burdens of residents in other area jurisdictions. On the basis of the 1916 Report and certain economic realities (e.g., possibility of higher District taxes driving people to the suburbs), we believe that increasing taxes in the city at this time is not a viable solution to our current financial difficulties.

Because the Congress has authority to approve almost all taxing proposals and to set expenditure levels in balance with revenues, the Congress determines the respective financing shares of the city and the Federal Government. If the Congress rejects proposals for obtaining needed resources locally - and if the need is clear - it should logically assume responsibility for providing resources through an increased Federal payment.

I would like to enter into the record a fuller explanation of the justification for an increased Federal payment.

If our balanced proposals for obtaining additional resources were in effect for Fiscal Year 1972, the District's budget would be supported by these sources in the following proportions: 21 percent from the Federal payment; 7 percent from the reciprocal income tax from nonresidents; and 72 percent from local taxation (primarily property, income, and sales taxes, which place the heaviest burden on District residents). If the Federal payment were increased to compensate completely for lost revenues associated with the reciprocal income tax, 28 percent of the city's budget would be supported by the Federal share.

In addition, we have proposed a one cent increase in the gasoline tax to support the District's highway program.

Legislative Provisions

Before concluding my statement, I wish to comment on the general or legislative provisions that are attached to the House-passed revenue bill for the District.

One provision requires clarification. That provision places a personnel ceiling of 39,619 employees on the District Government for Fiscal Year 1972. This limitation does not restrict the level of authorized positions for the District now or in the future. It simply limits the number of those positions that can be filled at any one time.

We object to the provision that requires the District Government to deduct the monthly shelter allotment of any public assistance recipient who fails to pay his rent within 10 days after it falls due and to pay the landlord instead. We object to this provision on a number of grounds; I will describe here only the most significant ones.

The arbitrary and biased procedures stipulated in the shelter allotment provision may violate due process and equal protection clauses of the Constitution as interpreted by recent court decisions. They are also counter to HEW regulations requiring 15 days' notice of payment reductions and fair hearings on the proposed action. The overall effect of the provision is to favor the landlord, who now has adequate legal remedies available, while depriving public assistance recipients of protection and rights established for renters in court cases in the last few years.

We also object to the provision that exempts from District overtime regulations certain employees who are engaged in moving and delivering goods within the Washington Metropolitan Area. The individual worker affected will suffer considerable economic loss if this exemption becomes law.

Finally, we would like to comment on the provision regarding the disposal of the Muirkirk Tract in Prince George's County, Maryland. As amended by the House, the provision stipulates that Princes George's County be given first option on purchasing the land. We believe this requirement represents a restriction on the ability of the District Government to dispose of its property as it sees fit.

Conclusion

In closing, I want to state once more the District Government's urgent need for additional resources. The task we have set for ourselves is broad in scope and ambitious in concept: that is, to make the District of Columbia a thriving and exciting city for the people who live and work here and a worthy and distinguished capital for all the people in the nation.

The resources available to us are, unfortunately, much more limited than our needs and aspirations. I am hopeful that our proposals may yet gain the support they warrant and that the District of Columbia may be able to move closer to its goals.

SECTION B
Statement of

Graham W. Watt

Deputy Mayor-Commissioner of the District of Columbia

To the Committee on the District of Columbia

United States Senate

November 1971

Mayor Washington has emphasized the critical needs of the city for Fiscal Year 1972 and has discussed the major revenue sources that have been proposed to meet those needs. I have a prepared statement which describes in more detail the District's original revenue proposals and sets forth our views on the revenue measures contained in H. R. 11341--the Revenue Bill passed by the House. In the interest of time I would like to submit this statement for the record and simply summarize its main points for the Committee.

The House passed revenue bill retains many of the District's revenue and related tax proposals but, in certain respects, it differs significantly. Mayor Washington has already noted the principal variations--the absence of the reciprocal income tax and the difference in the amount of the Federal payment. In addition, H. R. 11341 fails to conform the District's income tax law to the Federal income tax law, as requested by the District. This legislation was recommended in order to simplify tax return filing for District residents and streamline administration of the income tax law. The Federal tax conformity plan was written as part of the reciprocal income tax legislation--although it is not necessarily related--and was automatically dropped from the bill when the House voted not to approve the taxation of nonresidents. We would strongly urge that this Committee carefully evaluate this long needed improvement in our income tax laws to the great benefit of both District taxpayers and the District Government.

While the House approved the District's proposal to phase out the personal property tax on business inventories, there are significant differences in the plan to replace the revenues lost as a result of the phase out. These differences are explained in detail in my prepared statement. However, I would like to emphasize a few key points. First, the House version does not contain a source of replacement revenue for the third year of the phase out as we had recommended. Secondly, the provision to raise the corporation income tax rates should be modified to include unincorporated businesses in order to avoid an inequitable taxing situation where some businesses would be taxed at a higher rate than others. Finally, the House proposal for a replacement revenue source for the second year of the phase out differs from the District proposal. H. R. 11341 calls for an increase in the present inheritance and estate tax rates, whereas the District plan was to replace the existing inheritance and estate tax law with a new estate tax law conforming to the Federal Estate Tax. While we favor our original proposal, we do not object to the increased rates passed by the House.

To summarize our position on the tax proposals, we would recommend enactment of the motor vehicle fuel tax rate increase, Federal tax conformity, and phase out of the personal property tax on inventories. With regard to the latter proposal, we would underscore the necessity for providing a source of replacement revenue for the third year of the phase out and for increasing the unincorporated business tax rates in conjunction with increases in the corporation income tax.

Statement of

Graham W. Watt

Deputy Mayor-Commissioner of the District of Columbia

To the Committee on the District of Columbia

United States Senate

November 1971

In his statement Mayor Washington emphasized the critical needs of the city for Fiscal Year 1972 and discussed the major revenue sources that have been proposed to meet those needs. I will describe in more detail the District's original revenue proposals and the revenue measures contained in H. R. 11341--the House passed version of the D. C. Revenue Bill.

The District Government initially presented a balanced set of four revenue proposals for Fiscal Year 1972:

- An increase of \$27 million in the currently authorized Federal payment to the District;
- A reciprocal income tax for additional revenue of \$51.6 million;
- An increase of 30 cents in the real property tax rate, for additional revenue of \$11.7 million;
- An increase in the gasoline tax of 1 cent per gallon for additional revenue of \$1.5 million.

The first three proposals would increase available operating funds; the last would provide extra resources for our highway construction program.

Our financial plan for Fiscal Year 1972 reflected the District's concern that the costs of government be shared among all the persons who take part in the life of the city and who benefit from, as well as require, city services. These participants include the Federal Government,

District of Columbia residents, and nonresidents who earn their livelihood in the District.

The Federal presence is one major source of demand on the resources of the city government. The proposed increase in the Federal payment reflected the role of the Federal Government in contributing to increased costs. The responsibility of resident taxpayers was to be met through the proposed increase in the real property tax rate. Finally, the responsibility of the nonresident taxpayer who earns his livelihood in the District was to be met by our proposal to extend, under a reciprocal arrangement, the District's existing individual income tax to include all income earned within the District by residents and nonresidents alike.

Real Estate Tax

Since Mayor Washington has already discussed the Federal payment and the reciprocal income tax, I will not dwell on these proposals.

Our third major proposal for increasing revenues to support our Fiscal Year 1972 budget request was an increase in the real property tax rate.

The Mayor's proposal to raise the tax rate by 30 cents would have produced additional revenues of \$11.7 million. As you are aware, the City Council enacted an increase of only 10 cents, to yield additional revenues of \$3.9 million. However, the Mayor's commitment to hold the city responsible for \$11.7 million of financing requirements has largely been met through special efforts to reduce city expenditures. The

austerity program initiated by the Mayor is expected to produce savings of \$7.5 million in the current fiscal year; the amount will offset almost entirely the revenues that will not be forthcoming because of City Council action.

Motor Fuel Tax

Our final revenue proposal was to increase the gasoline tax rate from 7 cents to 8 cents per gallon. This tax increase is needed because of the current demands on the Highway Fund. It is reasonable in view of the fact that growing traffic requirements have contributed to the overall increase in District Government expenditures.

The House has approved this proposal.

Federal Tax Conformity

In addition to the four measures for balancing the financial plan, the District's original proposal contained significant tax changes. Among them were a proposal for conforming the District income tax law to the Federal law and a plan to phase out the personal property tax on business inventories over a three-year period.

The Federal tax conformity plan was written as a part of the reciprocal income tax legislation and was automatically dropped from the bill when the House voted not to approve the latter proposal. Although conformity was tied to the reciprocal income tax in the draft legislation, the two proposals are not necessarily related. Conformity should be viewed as a separate and distinct proposal and should be judged on its own merits.

Our plan to conform the District income tax law to the Federal law calls for basing the District's income tax on a percentage of the Federal income tax. This arrangement would substantially simplify record keeping and return filing for District taxpayers.

It would also improve the District's tax administration. With less complex returns to process, the District would be able to issue tax bills and make refunds more efficiently. Compatibility of records would make exchanges of audit and compliance information with the Internal Revenue Service feasible and practical on a regular and comprehensive basis, to the benefit of both the United States and the District of Columbia.

I strongly urge that this Committee carefully evaluate this long sought-after improvement in our tax laws, which would greatly benefit both District taxpayers and the District Government.

Inventory Tax Phase Out

Another important measure proposed by the District is the phase out, over a three-year period, of the District's personal property tax on business inventories. The phase out is recommended because the tax adversely affects some businesses more than others. Mercantile enterprises are at a disadvantage under the provisions of the tax because their large inventories (especially those of high value such as jewelry) are taxable, while competitors who sell from catalogs or from small inventories pay little or no personal property tax.

The present personal property tax also handicaps District mercantile firms in their competition with suburban counterparts. The removal of this tax would give District stores a better competitive position and may prompt them to expend the variety and quantity of their merchandise, thereby stimulating trade.

According to our plan for phasing out the tax, 66-2/3 percent of the average value of stock would be subjected to the tax in Fiscal Year 1973; 33-1/3 percent would be taxed in Fiscal Year 1974; and the tax would be completely eliminated in Fiscal Year 1975. Cumulative revenue loss to the District in those three fiscal years is estimated to be \$2.6 million, \$5.3 million, and \$8.5 million respectively.

To replace those losses, the District proposed the following measures for the taxable years indicated:

- An increase on or after January 1, 1972, in the rate of tax on the taxable income of corporations from 6 percent to 7 percent, to yield \$3.0 million in Fiscal Year 1973;
- Adoption on or after January 1, 1973, of an estate tax to replace the present inheritance and estate tax levies, to yield \$2.5 million in Fiscal Year 1974 and \$3.0 million in succeeding years;
- An increase on or after January 1, 1974, in the rate of tax on the taxable income of corporations from 7 percent to 8 percent, to yield \$3.0 million in Fiscal Year 1975.

You will note that the recommended business income tax increases apply only to corporations and not to unincorporated businesses. We would not normally recommend increasing the rates on one type of business and not on another since this approach would not be equitable. In this instance, we did not propose increasing the unincorporated business tax rates because we had proposed repealing this tax as part of the reciprocal income tax plan. The reciprocal income tax was designed to apply to business income of unincorporated businesses earned by either residents or nonresidents and, thus, it would have obviated the need for the unincorporated business tax. If the reciprocal income tax is not passed, the unincorporated business tax would remain in existence, and its rates should be kept identical with the corporation income tax rates.

The House has approved the plan to phase out the inventory tax but has provided for only two year's replacement revenue. The House proposals to cover the first two years of the revenue loss are:

- An increase in the rate of tax on the taxable income of corporations from 6 percent to 7 percent to yield \$3.0 million in Fiscal Year 1973;
- An increase in the present inheritance tax rates to yield \$2.8 million in Fiscal Year 1974.

The second measure differs from the District's proposal in that it would not alter the existing inheritance and estate tax provisions but would merely adjust the tax rates. While we do not object to this proposal, we

feel that the District's recommendation for an estate tax levied on the net estate rather than on both the estate and the inheritors is preferable. This tax would reduce the number of returns, decrease administrative costs, and create much less taxpayer inconvenience.

To summarize our position on the revenue proposals, we would recommend, in addition to the higher Federal payment, enactment of the motor vehicle fuel tax rate increase, Federal tax conformity, and phase out of the personal property tax on inventories. With regard to the last proposal, we would underscore the necessity for providing a source of replacement revenue for the third year of the phase out and for increasing the unincorporated business tax rates in conjunction with increases in the corporation income tax. While we do not object to the House proposal to increase the inheritance and estate tax rates as the second year replacement for the phase out, we favor our proposal for a single estate tax.

SECTION C-1
DISTRICT OF COLUMBIA GOVERNMENT
REVISED FINANCIAL PLAN - ALL FUNDS
FISCAL YEAR 1972

	General Fund	Highway Fund	Water Fund	Sanitary Sewage Works Fund	Metropolitan Area Sanitary Sewage Works Fund	Total All Funds
<u>General Operating:</u>						
Estimated Funds Available:						
Opening cash balance	\$2,779	\$1,096	\$33	\$927	\$2	\$4,837
Revenues:						
Collections from current sources ...	449,200	28,700	10,381	9,480	80	497,441
Collections from \$.10 increase in real property tax rates	3,900	.....	.....	.....	.....	3,900
Federal payment appropriated	126,000	.....	2,572	1,514	.....	130,086
Proposed revenues	70,000	.....	.....	.....	.....	70,000
\$.01 per gallon increase in gasoline tax .....	.....	500	.....	.....	.....	500
Total Estimated Funds Available	651,879	29,896	12,986	11,921	82	706,764
<u>Estimated Funds Required:</u>						
Opening accounts payable	59,435	2,246	1,940	781	30	64,432
Budget request including amendments ..	671,272	25,753	13,204	8,868	73	719,175
Less: Mayor's limitation on expenditures and changing requirements	-19,643	.....	.....	.....	.....	-19,643
Pay raise reserves	1,000	150	105	170	.....	1,425
Closing accounts payable	-60,374	-2,396	-2,272	-836	-23	-65,901
Total Estimated Funds Required	651,690	25,758	12,977	8,993	80	699,438
Estimated Closing Cash Balances	189	4,138	9	2,938	2	7,276

Office of Budget & Program Analysis
November 15, 1971

SECTION C-2

MANDATORY INCREASES

Mandatory increases consist of Required and Staffing items. Required items are increases in costs to maintain present levels of operation and which do not produce any improvement in service or relief of additional workload. Staffing increases are necessary to staff and operate new facilities, for that portion of the year the facilities will be available based on estimated completion dates.

C-2-1

MANDATORY INCREASES
Fiscal Year 1972
Summary

	(Millions)
Within grade advancements	\$ 6.1
Annualization	6.3
Two Extra Days	1.8
Repayment of Loans and Interest	8.0
Compensation Payments	.5
Retirement and Relief Payments	2.6
Public Assistance Payments - includes income supplementation	17.6
Medicaid Program	4.9
Juror Fees	.2
Reimbursement to U. S. Courts	.6
Teachers Salary Increase	.7
Board of Elections	.2
Minimum Wage	.1
Commission on Judicial Disabilities and Tenure	.1
Superior Court	2.1
Public Defender Service	.3
Other Annualization:	9.3
Corporation Counsel	
Department of General Services	
Court of Appeals	
Superior Court	
Bail Agency	
Sanitary Engineering	
Human Resources	
Higher Education	
Miscellaneous	
School Transit Subsidy	3.6
 Total, Mandatory Increases	 <u>65.0</u>

Detail of Mandatory Increase Requirements
Fiscal Year 1972
(In millions of dollars)

Within grade advancements	\$ 6.1
Provides for periodic pay increases to employees who maintain a satisfactory level of work for a specified time.	
Annualization	6.3
Cost of annualization related to Government wide pay increases for classified and wage board employees.	
Two Extra Days	1.8
Covers extra compensation in some agencies for those positions where the administrative work week resulted in two extra days. Most District agencies are absorbing the cost of the two extra days.	
Repayment of Loans and Interest	8.0
Compensation Payments	.5
Employee Disability Compensation - \$220.0 thousand. Covers increases in medical costs, cost of living, legislative pay raises, and heavier claim loads.	
Employee Unemployment Compensation - \$ 267.0 thousand. Covers increase in benefit payments as well as increase in number of claimants.	
Workmen's Compensation - \$44.5 thousand. Provides for increase in administrative expenses (within grade advancements and classified pay increase of January 10, 1971).	
Retirement and Relief Payments	2.6
Provides increase in benefits for policemen and firemen as a result of Congressional legislation.	
Public Assistance Payments including income supplementation	17.6
Medicaid Program	4.9

Juror Fees	\$.2
The increase in the number of jurors paid, payment of jurors serving on the Grand Jury, and the addition of seven judges in 1972 necessitates a corresponding increase to pay jurors the fee to which they are entitled by law.	
Reimbursement to U. S. Courts	.6
Provides for annualization of positions approved in a 1971 Supplemental, and an expected increase in the number of witness fee payments.	
Teachers Salary Increase	.7
The District of Columbia Teachers Salary Act Amendments of 1970 provides higher compensation for employees in Class 15 grade who have earned a Bachelor's degree plus a minimum of 15 additional graduate credit hours. The increased cost will cover the additional employees who become eligible to receive this benefit in FY 1972.	
Board of Elections	.2
Additional funds required to conduct elections related to the Board of Education (Primary in November and a runoff election) and part elections for Delegate, local political party officials, and delegates to the national Presidential nominating conventions in May 1972.	
Minimum Wage	.1
The Revenue Act of 1970 makes the industrial safety law applicable to 10,000 hotel employees and approximately 3,000 other employees who work within hotel buildings. The increase will provide for additional cost related to the hotel industry.	
Establishment of <u>Commission on Judicial Disabilities and Tenure</u>	.1
Superior Court	2.1
Partial year funding for fiscal year 1971 provided by Supplemental Appropriations Act; increase required to annualize these items.	
Public Defender Service	.3
Staff and other objects (travel, communication, utilities, printing, reproduction, supplies and materials).	

"Other Annualization"..... 2.3

The Supplemental Appropriations Act, 1971 provided partial year funding in fiscal year 1971 to implement the District of Columbia Court Reform and Criminal Procedure Act of 1970. Additional funds will be required to annualize these items for the following agencies:

Corporation Counsel.....	.2
Department of General Services	.8
Court of Appeals	.1
Superior Court	.5
Bail Agency	.2
	<u>1.8</u>

Cost of annualization required because of partial year funding of items in First and Second Supplemental Appropriations Act, 1971:

Sanitary Engineering	\$.2
Additional staff for the development and implementation of training programs and a skills bank, equal opportunity program, and additional custodial workers; safety equipment, uniforms, raingear and laundry service.	

Department of General Services	.1
Annualize cost of greater guard security in the buildings and parking lots occupied by local courts.	

Human Resources	.2
Annualization of additional staff at Receiving Home to provide education to children held in detention and residential psychiatric service to emotionally disturbed youths when ordered by judges and child's condition warrant immediate attention.	

"Other Annualization" (Continued)

Higher Education		\$4.8
Cost of annualizing (1) 115 academic affairs positions and other staffing, and other objects for Federal City College; (2) 52 academic affairs positions and other staffing, and other objects for Washington Technical Institute; and (3) unfunded approved faculty positions at D. C. Teachers College.		
Miscellaneous		2.2
Metropolitan Police		
Increased cost of medical bills	.1	
Fire Department		
Columbus Day Holiday	.1	
Superior Court		
Benefits to former personnel	.1	
Recreation Department		
Personnel compensation above basic rates	.1	
Hospital and Medical Care Administration		
Nurses and nursing assistants reclassification	.2	
Mental Health Administration		
Nurses and nursing assistants reclassification	.1	
Sanitary Engineering		
Equipment	.1	
Public Library		
Increased cost of building repairs	.1	
Department of Highways and Traffic		
Electrical energy, equipment and vehicles	.1	
Department of Sanitary Engineering		
Land rental - Cockpit Point Corp.	.1	
Department of Finance and Revenue		
Annualization of prior year approved positions related to changes in sales tax law providing for taxpayer sales tax credit on income tax returns and tax collection enforcement	.4	

Miscellaneous Annualization (Continued)

Department of Corrections		
Provide for inflationary increase in supplies and materials related to increase of prison population resulting from Court Reorganization	.2	
Federal City College		
For additional space required for 3rd and 4th year programs	.5	
School Transit Subsidy		\$3.6
Total, Mandatory Increases		<u>\$65.0</u>

SECTION C-3

OBLIGATORY INCREASES

Obligatory increases are for those programs to which a strong policy commitment has been made by the Mayor-Commissioner. Even in a time of limited financial resources, the District's obligation is to see that every effort is made to provide the necessary resources for these programs.

FY 1972

Summary

Public Schools.....		\$3,462.0
Higher Education.....		5,075.0
F.C.C.....	(3,470.1)	
D.C.C.....	(128.8)	
W.T.I.....	(1,476.1)	
Human Resources.....		8,045.0
Welfare Standards.....	(3,261.0)	
Medical Charities.....	(2,600.0)	
Narcotics Treatment.....	(1,175.0)	
Social Services Support.....	(878.0)	
Collection Agency.....	(100.0)	
Veterans Counseling.....	(31.0)	
Corrections.....		2,365.0
Courts.....		1,087.0
Other.....		996.0
		<u>\$21,030.0</u>

Public Schools - \$3,462.0

Significantly raise the level of academic achievement of students in the areas of reading, communication and mathematics. Increases requested will provide 30 Mathematics Resource Teachers, 22 Reading Specialists, 36 classroom teachers, and additional support positions and related costs.

Expand full-time programs for children with severe handicaps and learning disabilities. Less than one-half of the need in the area of special education is presently being met. The increase provides for 58 classroom and support teachers.

Strengthen and expand career development programs to provide all students, including out-of-school youth and adults, with a background for continued education in university, technical school and/or employer training programs. 12 classroom teachers and related costs.

Maintain and strengthen support services to correspond to the expansion of instruction services over the last few years. Increases would allow additional custodial workers, engineer and maintenance instructors, engineer and maintenance-custodial trainees, preventative maintenance, grounds maintenance, preventative management (i.e., reduce number of schools assigned to each supervisor).

Higher Education - \$5,075.0

D. C. Teachers College

Funds for additional positions and support cost required because of additional workload due to recent independent status of the College.

Federal City College

Increases will fund faculty and support positions as well as increases for travel, rental space, supplies and materials, equipment and grants to support the program expansion needed for the fourth year of operation.

Washington Technical Institute

Increases will fund additional faculty and support positions to permit scheduled incremental program expansion for the Institute; equipment, supplies, needed in support of its students.

Human Resources:Social Services - \$878.0 (thousands)

\$250,000 to implement plan to phase out Junior Village. This institution cannot be phased out on schedule if this appropriation is not forthcoming.

\$628,000 for casework positions to carry the increase Public Assistance caseload. Present caseworker staff will be heavily burdened if this request is not granted.

Narcotics Treatment Administration - \$1,174.5 (thousands)

\$924.5 to provide for an expiring LEAA grant. The Narcotics Treatment Administration can increase its average caseload by 600 if this request is granted.

\$250.0 to provide for expanded urine testing. If not appropriated, testing will continue at present level.

Hospitals & Medical Care - \$2,700.0 (thousands)

\$2,600.0 to provide for payment at reasonable cost to voluntary hospitals participation in the District's medical charities plan. If not appropriated, payments to hospitals will continue at \$38 per day and \$6 per visit.

\$100.0 to add 12 positions to the staff concerned with billing for third party payments for care rendered by D. C. Health Institutions. If not appropriated, collections will continue at present levels.

Veterans Affairs - \$30.0 (thousands)

\$30.0 to provide for 3 positions for veterans counselors. If not appropriated, counseling will continue at present level.

Improvement in welfare standards from 75% to 85% of February 1970 level - 3,261.6 (thousand)

Department of Corrections

The following obligatory increases totalling \$2,500,000 and 78 positions have been allowed in FY 1972 budget for the Department of Corrections. Generally, the increases have been allowed to provide for an increased "prisoner" population. This does not, however, yet include the projected impact of the new Court Reform and Criminal Procedure Act. The FY 1972 budget provides for an incarcerated or institutional population of 3,500 (versus 3,000 "budgeted" for in FY 1971 budget). The community or "half-way houses" population increase provides for an additional 100 capacity in centers operated directly by the Department and will provide for full year funding (including increased contractual costs) of centers operated by private organizations. The total capacity of community correctional centers in the FY 1972 budget is about 500.

Forty six positions are required for staffing and maintenance of new facilities and thirty two positions are required relative to increase in workload of several programs. New facilities are under construction at the Women's Detention Center and the Youth Center. Additional personnel are required to meet workload increases at the Complex and in the parole and narcotics programs.

Courts (\$1,087.0)Court of Appeals

Additional positions are needed to augment the Clerk's staff to facilitate the handling of the increased workload created by the Court Reform Act of 1970 and to handle the function of Bar Admissions and Grievances, presently handled by the Committee on Admissions and Grievances in the U. S. District Court. Without these positions a case backlog will build up in the court system preventing the speedy and effective intended justice by the 1970 act.

Superior Court

The Court Reform and Criminal Procedure Act of 1970 provides that seven additional judges be appointed to the Superior Court by February 1, 1972. Salaries and equipment for these judges and their supporting staff are included in the increase. Additional cases to be transferred from the District Court to the Superior Court will require additional administrative support to the judges in various areas.

Public Defender Service

The additional attorneys and supporting staff required to create an Appellate Division to handle (either by giving assistance to private attorneys or providing the appeal for the defense itself) an expected and estimated 1000 appeal cases in FY 1972. The U.S. Court of Appeals strongly endorses the increase since it would provide the Court with a core of highly trained defense attorneys to practice exclusively in the Appellate Courts.

"Other."Planning Office

Initial staff and cost to provide an integrated planning system designed to meet local needs. (\$100.0)

Minimum Wage and Industrial Safety Board

Increased workload due to METRO construction. (\$16.0)

Department of Economic Development

Basic staff and support costs for an Office of Consumer Affairs. (\$54.0)

City Council

Increased staff assistance. (\$7.0)

Office of the Commissioner

Provides funds to assist in the preparation of planning for the Bicentennial Celebration in 1976. (\$25.0)

National Guard

Provide additional maintenance services. (\$5.0)

Office of the Corporation Council

Increases in attorneys and supporting staff necessary to strengthen the Law Enforcement Division to effect the prosecution of environmental code. (\$150.0)

Commission on the Arts

(\$25.0)

Commission on the Status of Women

(\$25.0)

"Other"Department of Recreation

Positions for 2 new programs - Interim Assistance and Washington Youth Gardens. (\$92.0)

Department of General Services

Additional positions and associated costs were budgeted for a program of developing common cataloging and a system of uniform identification for centralized supply management. This program has been recommended by General Accounting Office and has the support of that agency approximately on a 2 for 1 basis in developing a common catalog.

Any reduction in this program will reduce this support. It is estimated that considerable savings will result if a common system can be developed.

Substantial identification of common items has already been completed in the medical supply area. Attention has been drawn to the uneconomical decentralized supply management effort of the District government for the past few years.

Space rental for Health Center at Lincoln Heights

Funds were redirected in FY 1970 in the D.H.R. budget to operate a neighborhood health center in the Lincoln Heights area, (1 of 3). An agreement was made with N.C.H.A. and D.H.R. whereby N.C.H. would borrow construction funds from H.U.D. and upon completion of the center would rent the center to D.H.R.

Constructions has not yet begun and rental funds will not be required in fiscal 1972. (\$112.0)

Finance and Revenue

An automated system that will shorten the present three year assessment cycle to two years and ultimately perhaps to a one year period. It will produce increased revenues through more current, uniform, and accurate evaluations than that permitted by today's manual methods.

\$60.0 thousand for establishing 6 new positions in the accounting area to relieve the excessive work volume where clerks are now processing 49% more accounts than maximum safe workload.

SECTION C-4

REASONS FOR THE GROWTH OF MUNICIPAL BUDGETS

The budget of the District of Columbia Government has grown significantly. Much of the case made as to the District's extravagance rests on this growth.

Actually this growth trend is common to local and state governments in varying degrees. Increasing urban problems, demands for new and expanded programs, and deterioration of the urban environment are some of the reasons for it. Growth in response to this is especially likely to occur in those government jurisdictions that are responsible for the variable functions of local government - education, welfare, health and hospitals (See page C6 for the difference between the District and other cities).

The following table shows the prevalence of the growth in city budgets: (amounts in millions).

	<u>1966 Budget</u>	<u>1971 Budget</u>	<u>Percent Increase</u>
District of Columbia	309	639	106
<u>Cities with a significant number of variable functions</u>			
Baltimore	307	600	96
Boston	254	404	59
New York	3,875	7,709	99
<u>Cities with a lesser number of variable functions</u>			
Atlanta	47	100	113
Cleveland	106	162	53
Detroit	341	545	60
Philadelphia	364	605	64
St. Louis	94	132	41

However, the primary cause of the increase in the financial needs of the District and other cities is inflation.. It simply costs more in 1972 to do what the city did in 1970; it costs a lot more than in 1965.

Using the District as an example, the city's impact of inflation has been felt in every aspect of the city's operations. Salaries in 1972 for policemen and teachers have increased more than 30 percent since 1965. Nine civilian pay raises have been enacted by the Congress since 1962, four since 1967. It costs about 40 percent more in 1970 to provide the same level of staffing than it did in 1965. Medical costs have skyrocketed; costs per patient per day in 1971 at D. C. General Hospital have more than doubled since 1965.

However the many varied essential services of the city have grown more expensive for reasons not completely associated with inflation. Thus in the District, we have roads, the new METRO system, sanitation services, sewers, fire protection, medical and hospital care, recreational programs and the operation of parks and playgrounds, libraries, and housing improvements -- all essential demands for city services. Within each of these areas, demands for better quality services are made; the service population (groups of people who need a city's services even when the total population has stabilized or even declined); and new needs appear.

For understanding, attention can be focused on three areas that are common nationwide and to the District -- crime, education and welfare --

Crime - Of the many urban problems requiring expanded programs, crime is the most spectacular. In four years serious crimes -- murder, rape, robbery, assault, burglary and auto theft -- have doubled. A major response of the city has been to strengthen the Police Department by adding 2,000 more officers to the force, at an annual cost increase of \$22 million. Other important programs for fighting crime include improvement of the courts and the correctional system, as well as programs to reduce and prevent juvenile delinquency and narcotics addiction. It is estimated that the eventual annual cost of the recently approved court reform will be about \$8 million. The narcotics treatment program, given top priority by the city, has a request for \$1.2 million in the District's 1972 budget (see page C-3-5). Similarly the strengthening of the courts is also in this budget (see page C-3-7).

Education - The high costs of the District's public schools, like those of other central cities across the nation, reflect (1) the preponderance of poverty and the number of children from low income families in the public schools; (2) the need for pre-school, vocational, technical, and compensatory programs; and (3) the continuing rise in teacher salaries.

Here, the District has provided increased resources both for inflation and for program gains. As a result the District's school budget has almost tripled in the past decade, from \$51.6 million in 1961 to \$146.1 million in 1972. Particular attention is directed to the gains in resource commitment to early childhood education and special education.

Equally significant in the educational picture for the District was the authorization in 1966 of the Federal City College and the Washington Technical Institute. No additional funding for the colleges was provided when Congress approved the enabling legislation, and the full operating and capital costs are carried as part of the city budget. In 1972, the total budget for public higher education is \$19.1 million. The merit of this is reflected in the fact that 15,700 students are now going to college compared to 1,800 in 1965.

Welfare - Washington is no different from other major cities in suffering from the impact of two social trends: (1) the postwar growth of the suburbs, with the more affluent, more educated population moving out of the city; and (2) the migration from rural areas of many poor and often illiterate persons, unskilled and unable to compete effectively in the urban labor market. The cost impact is felt in many ways, but perhaps most severely in the welfare program. The District's budget for public assistance payments alone has grown from \$13.3 million in 1965 to an estimated \$50.9 million in 1971. The caseload was 10,647 in 1965 compared to 40,000 for 1972. The 1972 budget provides funding for this caseload increase. However, the standard of assistance -- that is the relationship between the individual case payment and the standard of living in the city -- has remained at 75% of what it should be. An increase to 85% of the full welfare standard for AFDC recipients is included in this budget. (The District currently is number 30 in the state ranking as to percentage amount of full welfare standard paid).

This problem, while it exists nationwide, is a factor in the city's budget. It is only a significant factor of three other major cities - New York, San Francisco and Baltimore. However, its dimensions are shown in the following table:

Percentage Welfare Recipients of Total Population
February 1971

City	Percent
New York	15.0
Chicago	8.1
Los Angeles	12.7
Philadelphia	14.8
Detroit	9.1
Baltimore	15.2
District of Columbia	10.5
San Francisco	14.2
Boston	16.6
Milwaukee	6.2

Source: Public Assistance Statistics, HEW

The whole growth issue can perhaps be best summarized in one way in a response to the question of why since total population has gone down (from 765 thousand to 756 thousand), there is a need for more city services.

This is suggested by the following table of indicators of "service population changes":

	<u>1965</u>	<u>1970</u>	<u>1972</u>
Part I Crime (Offenses - thousands)	32.1	89.4	<u>1/</u>
Public School: Population (Students - thousands) (Includes Pre-Kindergarten)	141.4 141.4	149.6 147.3	147.4 142.4
Higher Education (Students)	1.8	9.2	15.7
Public Assistance (Cases - thousands)	10.6	19.6	36.0

1/ Crime data are no longer reported in this way. In the current report, "Crime Index Offenses" are slightly down over the last few years.

There are other newer service populations such as the "narcotics" and the "medicaid" populations that must be assisted through the District budget.

	<u>1965</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>
Narcotics - (Patients)	NA	2,000	3,300	5,300
Medicaid - (Service Population)	NA	125,213	147,000	147,000

SECTION C-5

COMPARISONS OF THE DISTRICT OF COLUMBIA WITH OTHER CITIES

District's budget, general expenditures, annual payroll and number of employees are higher than those of other cities.

Factually this is correct. But attempts to derive significance as to extravagance are not.

This ignores the multiple functions for which the District as a single entity has full responsibility as opposed a pattern elsewhere of functions being shared among country, city, state and special district jurisdictions. Functions which are normally shared are education, public welfare, hospitals, health, housing and urban development -- the very functions which are the most costly, especially so if the community has a large proportion of low income, service-demanding residents. It is also in these functions that the major demands for services have occurred most recently.

The Bureau of the Census - the source of data on city government employment and budgets - has recognized this by calling these functions variable as opposed to such functions as highways, police, fire, sewerage and sanitation, and recreation which it calls common.

Only two other cities are close to the District in the degree of responsibility for these variable functions - New York and Baltimore. Thus on public welfare, many cities have little or no public welfare expenses in their budgets. Examples could be Phoenix, Seattle, San Diego, and Philadelphia. Cities carrying the major welfare responsibility devote significant resources to this and have experienced a high rate of increased costs as suggested by Bureau of the Census data:

	Percent of Total Budget, 1970	Percent Increase 1965-1970
New York.....	21.5%	225.2%
Baltimore.....	14.0%	73.9%
District of Columbia.....	8.2%	71.2%

The District has made a study on the degree to which cities have functional responsibility. The results for selected cities appear in table 1. The classification scheme used in the study is one that allocates 1970 per capita expenditures for a function as reported by the Bureau of Census to each of four categories.

Table 1. Significance of Selected Functions in City Budgets

	Education	Welfare	Health and Hospitals	Highways
District of Columbia.....	VS	S	VS	VS
Atlanta.....	P	P	P	S
Baltimore.....	VS	VS	S	S
Boston.....	S	P	S	S
Cleveland.....	N	N	P	S
Milwaukee.....	N	N	P	S
San Francisco.....	P	VS	S	S
St. Louis.....	N	N	S	P to S

VS - Very Significant

S - Significant

P - Present but not Very Significant or Significant

N - Not Present (or in insignificant degree)

The Report recognizes this indirectly by shifting for the first time to making comparisons of common functions. This is a more equalized approach. Even here it should not be assumed that having a high level of expenditures means that the District is extravagant and out of line with other cities. Each situation merits examination to determine the reasons for higher expenditures.

The two common functions for which the District is distinctively above other cities are highways and police.

District expenditures for highways in 1970 were higher than any other city. However, in the District, highway expenditures include not only the construction, maintenance and operation of city streets and bridges, but also the costs of interstate system and other major arterials which are normally the responsibility of a State highway department. This sends costs up beyond other cities, the exact relationships after subtracting this require a very complex study that no one has attempted.

Police expenditures per capita in the District are higher than in other cities. The significant reason for the increased size of the police budget in recent years in the addition of 2,000 police officers to the force pursuant to President Johnson's call in May 1968 and President Nixon's Crime Program in 1970. The cost of these additional officers is more than \$20 million annually.

However there are at least three other factors:

- Police services in this city relate not only to the resident population (as implied by a per capita measure of costs) but also to approximately 300,000 non-resident employees, visitors, businessmen and shoppers from the metropolitan area, plus approximately 18 million tourists per year.
- D. C. police are called upon in times of national demonstration -- for just the one week of demonstrations in May, 1971, the cost of police services was \$3.6 million. It is highly misleading to add such costs into a per capita cost relating to D. C. residents.
- The cost of payments to the police pension system (amounting to \$20 million) are included in the District per capita costs and something that according to GAO is not done in almost any other city.

The District has addressed the question of what total comparisons can be made. In 1968, a special study was made of what would be a truer representation of "city" employment per 1,000 but showing employment regardless of organization.

It shows (see table 2) that District employment does not differ materially for all local government employment when the nature of government organization performing the service is disregarded. The question of efficiency or effectiveness or quality of service is not addressed by this study.

Table 2. Special Study designed to suggest the true relationship of total local government employment per population between selected cities.

<u>City</u>	Number of Employees on the City Payroll as % of Total Non-Federal Public Employees Allocated to City	Total Local Government per 1,000 Population - October 1968
District of Columbia.....	100	49
Atlanta.....	26	49
Baltimore.....	81	51
Boston.....	66	56
Cleveland.....	41	44
Milwaukee.....	32	42
San Francisco.....	58	45
St. Louis	48	39

In addition to being responsible for only a segment of the total financial responsibility, most other cities share the cost burden of low-income residents through intra-state reallocations of resources. This is not possible in the Washington Metropolitan area due to state jurisdictional boundaries.

The primary growth in the Washington Metropolitan area has taken place in the suburbs:

	Percent of Total Area Population	
	1900	1970
D. C.....	67.7	26.4
Suburbs.....	32.3	73.6

Within the metropolitan area, a disproportionate share of low-income persons live in the District. (Although the Report constantly refers to a high level of income in the District, seemingly to down grade this fact). The District ranks last among area jurisdictions, with a median family income of \$8,621 - \$9,326 for white families, \$7,229 for black families. In 1968, 16% of all D. C. families had income below \$4,000 compared to 5% for Maryland Suburbs and 4% for Virginia Suburbs. The District accounted for 62% of all families in the metropolitan area with incomes under \$4,000.

The disproportionate balance of low-income citizens with high public service needs would be less significant to fiscal problems if there were no state boundaries splitting the metropolitan area and prohibiting intra-regional redistribution of revenue resources which are directly related to the economic base of the community.

SECTION C-6

COMPARATIVE DATA ON SELECTED CITIES

CITY GOVERNMENT EXPENDITURES AND EMPLOYMENT
DISTRICT OF COLUMBIA AND SELECTED MAJOR U. S. CITIES
(Dollar Amounts in Thousands)

CITY	SUMMARY						
	TOTAL		% Increase 1969 over 1965	One-fourth of Previous Column 1965 - 1969 (%)	% Increase 1969 - 1970		
	1965	1969					
District of Columbia...	\$409,643	\$693,057	\$822,301	69.2	17.3	18.6	48,563 *
Atlanta	76,989	111,231	136,790	44.5	11.1	23.0	7,314
Baltimore	298,658	541,587	620,926	81.3	20.3	14.6	37,305
Boston.....	291,665	415,425	387,297	42.4	10.6	-6.7	24,502
Cleveland.....	157,838	208,093	215,185	31.8	7.9	3.4	15,756
Milwaukee.....	127,411	176,877	177,435	38.8	9.7	.3	9,884
San Francisco.....	273,882	465,877	538,413	70.1	17.5	15.6	20,429
St. Louis.....	116,263	154,479	152,545	32.9	8.2	-1.3	13,386

Source: City Government Finances in 1964-65/1968-69, 1969-70 and Employment Statistics 1969 & 1970 (Bureau of the Census Publications)
Office of Budget and Program Analysis - November 1971

* This is the number used by the Bureau of the Census. It over states District employment. See page C-7-1 thru C-7-3 for correct data.

City: District of Columbia

CITY GOVERNMENT EXPENDITURES AND EMPLOYMENT,
DISTRICT OF COLUMBIA AND SELECTED MAJOR U. S. CITIES
(Dollar Amounts in Thousands)

GENERAL EXPENDITURES	EXPENDITURES				One-fourth of Previous Column 1965 - 1969 (%)		Percent Increase 1970 Over 1969		EMPLOYMENT (Full Time Equivalent)	
	1965	1969	1970	Percent Distribution 1969 - 1970					1969	1970
Common Functions										
Type A:										
Police	\$27,404	\$49,599	\$56,791	7.2	6.9	81.0	14.5	4,897	6,679	
Fire	13,758	19,149	17,693	2.8	2.2	39.2	-7.6	1,541	1,516	
Sewerage	18,125	24,187	16,055	3.5	2.0	35.1	-34.4	582	733	
Sanitation other than sewerage	8,945	11,964	19,256	1.7	2.3	33.8	60.9	1,934	1,534	
Parks and Recreation	12,590	20,456	21,596	3.0	2.6	62.5	5.6	687	860	
Type B:										
Financial Administration and General Control	16,192	25,503	36,085	3.7	4.4	57.5	41.5	#	#	
Highways	47,716	65,641	60,025	9.5	7.3	37.6	-8.5	1,490	1,421	
Total, Common Functions	144,730	216,799	227,501	31.4	27.7	49.8	4.9	11,181	12,743	
Variable Functions										
Education	82,823	179,459	197,616	25.9	24.0	116.7	10.1	14,016	14,813	
Public Welfare	33,401	57,166	96,581	8.2	11.7	71.2	68.9			
Hospitals	47,249	60,942	64,946	8.8	7.9	29.0	7.3	15,533	17,132	
Health other than Hospitals	9,562	33,336	49,238	4.8	6.0	248.6	47.7			
Housing & Urban Development	9,365	14,682	12,680	2.1	1.5	56.8	13.6			
Total, Variable Functions	182,400	345,585	421,061	49.8	51.2	89.5	21.8	29,549	31,945	
Other General Expenditures not elsewhere detailed 1/	38,264	74,536	104,804	10.8	12.7	94.8	40.6	2,695	2,945	
Total, General Expenditures	365,394	636,920	753,366	92.0	91.6	74.3	18.3	43,425	47,633	
UTILITY EXPENDITURES										
Water Supply	11,095	11,391	13,943	1.6	1.7	2.7	22.4	800	930	
Other	...	...	...	...	...	...	...	...	...	
Total, Utility Expenditures	11,095	11,391	13,943	1.6	1.7	2.7	22.4	800	930	
EMPLOYEE RETIREMENT	18,598	27,767	32,954	4.0	4.0	49.3	18.7	...	...	
INTEREST ON GENERAL DEBT	4,959	9,053	11,832	1.3	1.4	82.6	30.7	...	...	
TOTAL, ALL EXPENDITURES	*409,643	**693,057	***822,301	100.0	100.0	69.2	18.6	...	...	
TOTAL, EMPLOYMENT								44,225	48,563	

* Includes \$9,597 thousand unemployment compensation benefits.

** Includes \$7,926 thousand unemployment compensation benefits.

*** Includes \$10,206 thousand unemployment compensation benefits.

1/ Includes General Public Buildings, Libraries, and "Other"
Included in Other General Expenditures not elsewhere included

City: Atlanta

CITY GOVERNMENT EXPENDITURES AND EMPLOYMENT,
DISTRICT OF COLUMBIA AND SELECTED MAJOR U. S. CITIES
(Dollar Amounts in Thousands)

GENERAL EXPENDITURES	EXPENDITURES				EMPLOYMENT				
	Percent Distribution			Percent Increase 1969 Over 1965	One-fourth of Previous Column 1965 - 1969 (%)	Percent Increase 1970 Over 1969			
	1965	1969	1970						
Common Functions									
Type A:									
Police	\$ 6,012	\$ 10,066	\$ 10,754	9.0	7.7	16.9	6.8	1,063	1,095
Fire	4,831	6,685	7,838	6.0	5.7	9.6	38.4	896	960
Sewerage	4,173	7,772	7,215	7.0	5.3	21.5	86.2	508	532
Sanitation other than sewerage	5,256	8,293	10,107	7.5	7.4	14.4	57.8	1,170	1,150
Parks and Recreation	13,087	7,791	7,260	7.0	5.3	-10.1	-40.5	671	701
Type B:									
Financial Administration and General Control	2,195	3,908	5,425	3.5	4.0	19.5	78.0	#	#
Highways	5,541	8,807	8,712	7.9	6.4	8.6	34.6	608	604
Total, Common Functions	42,095	53,322	57,311	47.9	41.9	6.7	26.7	4,916	5,078
Variable Functions									
Education	35	46	16,056	...	11.7	31.4	7.8	34,804.3	...
Public Welfare	34	130	143	1.1	1.1	282.4	70.6	10.0	...
Hospitals	...	...	...	...	...	-93.0	-23.2	-64.7	...
Health other than Hospitals	242	17	6	...	...	731.8	182.9	-62.6	638
Housing & Urban Development	44	366	137	.3	.1	...	...	...	710
Total, Variable Functions	355	559	16,342	.4	11.9	57.5	14.4	2,823.4	710
Other General Expenditures not elsewhere detailed 1/	18,970	34,457	35,443	31.0	25.9	81.6	20.4	2.9	863
Total, General Expenditures	61,420	88,338	109,096	79.3	79.7	43.8	11.0	23.5	6,651
UTILITY EXPENDITURES									
Water Supply	7,540	9,896	11,964	8.8	8.7	31.2	7.8	20.9	663
Other	...	...	...	...	...	...	...	...	...
Total, Utility Expenditures ...	7,540	9,896	11,964	8.8	8.7	31.2	7.8	20.9	663
EMPLOYEE RETIREMENT									
...	4,485	6,667	7,540	6.0	5.5	48.7	12.2	13.1	...
INTEREST ON GENERAL DEBT									
...	3,544	6,330	8,190	5.7	6.0	78.6	19.7	29.4	...
TOTAL, ALL EXPENDITURES	76,989	111,231	136,790	100.0	100.0	44.5	11.1	23.0	...
TOTAL, EMPLOYMENT							6,865	7,314	...

1/ Includes General Public Buildings, Libraries, and "Other"

Included in Other General Expenditures elsewhere detailed.

C-6-3

1/ Includes General Public Buildings, Libraries, and "Other"

Included in Other General Expenditures elsewhere detailed.

C-6-3

City: Baltimore

CITY GOVERNMENT EXPENDITURES AND EMPLOYMENT,
DISTRICT OF COLUMBIA AND SELECTED MAJOR U. S. CITIES
(Dollar Amounts in Thousands)

GENERAL EXPENDITURES	EXPENDITURES				EMPLOYMENT											
	Percent Distribution		Percent Increase 1969 Over 1965	One-fourth of Previous Column 1965 - 1969 (\$)	Percent Increase 1970 Over 1969											
	1965	1969			1969	1970										
Common Functions																
Type A:																
Police	\$25,152	\$43,724	\$50,465	8.1	8.1	18.5	15.4	4,556	4,665							
Fire	15,558	21,905	24,417	4.1	3.9	10.2	11.5	2,193	2,308							
Sewerage	4,769	6,176	6,669	1.1	1.1	7.4	7.9	635	667							
Sanitation other than sewerage	6,174	10,234	12,917	1.9	2.1	16.5	26.2	1,580	1,635							
Parks and Recreation	7,150	14,762	17,379	2.7	2.8	26.6	17.7	1,258	1,333							
Type B:																
Financial Administration and General Control	8,202	15,131	18,850	2.8	3.0	21.1	24.6	#	#							
Highways	16,997	36,025	35,214	6.7	5.7	27.9	-2.3	1,018	1,034							
Total, Common Functions	84,002	147,957	165,911	27.4	26.7	19.0	12.1	11,240	11,602							
Variable Functions																
Education	84,921	170,558	201,304	31.6	32.4	25.2	18.0	15,955	13,717							
Public Welfare	13,450	75,538	87,128	14.0	14.0	18.5	15.3	15.2	2.1							
Hospitals	14,185	22,868	23,281	4.2	3.7	15.2	2.1	8,689	8,998							
Health other than hospitals	4,207	12,973	13,952	2.4	2.2	22.1	16.8	24.6	22,715							
Housing & Urban Development	7,852	25,083	37,295	4.6	6.0	24.6	18.2	24,644	22,715							
Total, Variable Functions	124,615	306,945	362,960	56.8	58.5	24.6	18.2	24,644	22,715							
Other General Expenditures not elsewhere detailed 1/							21,169	42,493	35,737	7.8	5.7	156.1	-15.9	2,183	2,197	
Total, General Expenditures	259,786	497,395	564,608	92.0	90.0	22.9	13.5	38,067	36,514							
UTILITY EXPENDITURES							16,027	14,134	15,419	2.6	2.5	-11.8	9.1	753	791	
Water Supply	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	
Other	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	
Total, Utility Expenditures	16,027	14,134	15,419	2.6	2.5	-11.8	9.1	753	791							
EMPLOYEE RETIREMENT							14,259	17,476	26,432	3.2	4.2	22.6	51.2	..	..	..
INTEREST ON GENERAL DEBT							8,586	12,592	14,467	2.3	2.3	46.5	14.9	..	..	..
TOTAL, ALL EXPENDITURES							298,658	541,587	620,926	100.0	100.0	81.3	20.3	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..
TOTAL, EMPLOYMENT							..	..	..	..	..	..	..	..	..	..

1/ Includes General Public Buildings, Libraries, and "Other".
Included in Other General Expenditures elsewhere detailed.

C-6-4

City: Boston

**CITY GOVERNMENT EXPENDITURES AND EMPLOYMENT,
DISTRICT OF COLUMBIA AND SELECTED MAJOR U. S. CITIES**
(Dollar Amounts in Thousands)

GENERAL EXPENDITURES	EXPENDITURES						EMPLOYMENT (Full Time Equivalent)	
	Percent Distribution		Percent Increase		One-fourth of		Percent Increase	
	1965	1969	1970	1969	1970	1969 Over 1965	1969	1970
Common Functions								
Type A:								
Police	\$19,263	\$30,349	\$31,624	7.3	8.2	55.1	2,799	3,087
Fire	14,675	19,085	22,079	4.6	5.4	30.1	2,043	2,087
Sewerage	2,698	4,326	6,170	1.0	1.6	60.3	107	108
Sanitation other than sewerage	5,154	7,287	8,481	1.7	2.2	41.4	736	231
Parks and Recreation	9,950	9,929	9,616	2.4	2.5	-2	549	642
Type B:								
Financial Administration and								
General Control	10,272	13,300	13,738	3.2	3.5	29.5	#	#
Highways	8,464	14,580	14,523	3.5	3.7	72.3	658	564
Total, Common Functions	70,776	98,956	105,231	23.7	27.2	31.7	6,892	6,719
Variable Functions								
Education	48,085	79,057	89,585	19.0	23.1	64.4	7,275	7,289
Public Welfare	56,630	59,826	6,349	14.2	1.6	3.9		
Hospitals	24,481	37,675	38,383	9.1	9.9	53.9	6,349	7,866
Health other than Hospitals	2,214	2,336	2,476			6.4		
Housing & Urban Development	18,411	29,869	29,468	7.2	7.6	62.2		
Total, Variable Functions	149,821	207,783	166,261	50.1	42.9	38.7	13,624	15,155
Other General Expenditures not elsewhere detailed 1/	44,260	67,036	72,266	16.1	18.6	51.5	2,159	2,357
Total, General Expenditures	264,857	373,675	343,758	89.9	88.7	41.1	22,675	24,231
UTILITY EXPENDITURES								
Water Supply	3,998	5,669	6,220	1.4	1.6	41.8	230	271
Other	...	...	...	...	...	...	...	...
Total, Utility Expenditures	3,998	5,669	6,220	1.4	1.6	41.8	230	271
EMPLOYEE RETIREMENT								
.....	16,570	25,504	25,988	6.1	6.7	53.9	...	...
INTEREST ON GENERAL DEBT								
.....	6,240	10,577	11,331	2.5	2.9	69.5	...	...
TOTAL, ALL EXPENDITURES	291,665	415,425	387,297	100.0	100.0	42.4	...	...
TOTAL, EMPLOYMENT	...	...	...	...	...	...	22,905	24,502

1/ Includes General Public Buildings, Libraries, and "Other"
Included in Other General Expenditures not elsewhere detailed.

City: Cleveland

**CITY GOVERNMENT EXPENDITURES AND EMPLOYMENT,
DISTRICT OF COLUMBIA AND SELECTED MAJOR U. S. CITIES**
(Dollar Amounts in Thousands)

GENERAL EXPENDITURES	EXPENDITURES				One-fourth of Previous Column 1965 - 1969 (4)		Percent Increase 1969 Over 1965		Percent Increase 1970 Over 1969		EMPLOYMENT (Full Time Equivalent)	
	1965	1969	1970	Distribution 1969	1970		1969	1970	1969	1970	1969	1970
Common Functions												
Type A:												
Police	\$17,048	\$27,796	\$31,420	13.4	14.7		63.0		13.0		2,649	2,604
Fire	10,486	14,692	16,435	7.1	7.6		40.1		11.9		1,349	1,320
Sewerage	7,650	10,513	10,127	5.1	4.8		37.4		-3.7		342	395
Sanitation other than sewerage	8,684	12,920	13,332	6.2	6.1		49.5		3.2		1,836	1,956
Parks and Recreation	9,962	14,397	11,489	6.9	5.4		44.8		-20.2		678	1,972
Type B:												
Financial Administration and	3,938	6,202	6,984	3.0	3.2		57.5		12.6		#	#
General Control	13,561	12,537	15,430	6.0	7.1		7.6		23.1		425	311
Highways												
Total, Common Functions	71,269	99,057	105,217	47.7	48.9		39.0		6.2		7,079	8,558
Variable Functions												
Education	21	43	55	...	...		104.8		27.9		...	...
Public Welfare	2,110	107	5	...	...		-94.9		-95.3		...	...
Hospitals	...	...	...	...	...		...		...		...	...
Health other than Hospitals	2,372	3,592	4,158	1.7	1.9		51.4		12.8		4,704 2/	5,215
Housing & Urban Development	12,202	9,224	11,039	4.4	5.1		-24.4		-6.1		...	...
Total, Variable Functions	16,705	12,966	15,257	6.1	7.0		-22.4		17.7		4,704	5,215
Other General Expenditures not elsewhere detailed 1/	12,377	21,547	18,886	10.4	8.8		74.1		-12.3		906	614
Total, General Expenditures	100,351	133,570	139,360	64.2	64.8		33.1		4.3		12,689	14,387
UTILITY EXPENDITURES												
Water Supply	16,754	24,074	29,161	11.6	13.5		43.7		21.1		1,319	1,369
Other	32,290	42,849	36,905	20.6	17.2		32.7		-13.9		NA	...
Total, Utility Expenditures	49,044	66,923	66,066	32.2	30.7		36.5		-1.3		1,319	1,369
EMPLOYEE RETIREMENT												
.....	3,854	471	444	.2	.2		-87.8		-5.7		...	...
INTEREST ON GENERAL DEBT	4,589	7,129	9,315	3.4	4.3		55.3		30.6		...	...
TOTAL, ALL EXPENDITURES	157,838	208,093	215,185	100.0	100.0		31.8		3.4		...	...
TOTAL, EMPLOYMENT											14,008	15,756

1/ Includes General Public Buildings, Libraries, and "Other"

2/ Includes other utilities.

NA Not Available

Included in Other General Expenditures not elsewhere detailed.

C-6-6

City: Milwaukee

**CITY GOVERNMENT EXPENDITURES AND EMPLOYMENT,
DISTRICT OF COLUMBIA AND SELECTED MAJOR U. S. CITIES**
(Dollar Amounts in Thousands)

	EXPENDITURES				One-fourth of Previous Column 1965 - 1969 (4)	Percent Increase 1969 Over 1965	Percent Increase 1970 Over 1969	EMPLOYMENT (Full Time Equivalent)	
	1965	1969	1970	Distribution 1969 - 1970				1969	1970
GENERAL EXPENDITURES									
Common Functions									
Type A:									
Police	\$15,729	\$23,846	\$26,578	13.5	15.0	51.6	12.9	2,210	2,239
Fire	5,498	10,437	11,060	5.9	6.2	9.9	2.5	1,111	1,109
Sewerage	10,028	13,926	12,465	7.9	7.0	38.9	9.7	235	241
Sanitation other than sewerage	9,349	11,243	11,744	6.4	6.6	20.3	5.1	962	949
Parks and Recreation	4,779	9,749	8,713	5.5	4.9	104.0	26.0	209	194
Type B:									
Financial Administration and General Control	4,556	6,214	6,700	3.5	3.8	36.4	9.1	#	#
Highways	18,150	23,772	25,383	13.4	16.0	31.0	7.7	606	780
Total, Common Functions	72,089	99,187	102,733	56.1	57.9	37.6	9.4	5,333	5,512
Variable Functions									
Education.....	9,700	2,373	178	1.3	.1	-75.5	-18.9	...	...
Public Welfare	10	5	...	...	...	-50.0	-12.5	...	...
Hospitals	620	706	635	.4	.4	13.9	3.5	...	...
Health other than Hospitals	3,253	4,917	4,732	2.8	2.7	51.2	12.8	2,492	2,630
Housing & Urban Development ...	8,903	22,045	22,501	12.5	12.7	147.6	36.9	...	...
Total, Variable Functions	22,486	30,046	28,046	16.9	15.8	33.6	8.4	2,492	2,630
Other General Expenditures not elsewhere detailed 1/	12,364	20,134	19,881	11.4	11.2	62.8	15.7	1,216	1,214
Total, General Expenditures	106,939	149,367	150,660	84.4	84.9	39.7	9.9	9,041	9,356
UTILITY EXPENDITURES									
Water Supply	8,925	12,143	10,548	6.9	5.9	36.1	9.0	538	528
Other	...	...	...	...	...	...	...	...	...
Total, Utility Expenditures ...	8,925	12,143	10,548	6.9	5.9	36.1	9.0	538	528
EMPLOYEE RETIREMENT	7,225	9,127	9,958	5.2	5.6	26.3	5.9	...	...
INTEREST ON GENERAL DEBT	4,322	6,240	6,269	3.5	3.5	44.4	11.1	...	...
TOTAL, ALL EXPENDITURES	127,411	176,877	177,435	100.0	100.0	38.8	9.7	...	...
TOTAL, EMPLOYMENT								9,579	9,894

1/ Includes General Public Buildings, Libraries, and "Other."
Included in Other General Expenditures not elsewhere detailed.

C-6-7

City: San Francisco

CITY GOVERNMENT EXPENDITURES AND EMPLOYMENT,
DISTRICT OF COLUMBIA AND SELECTED MAJOR U. S. CITIES
(Dollar Amounts in Thousands)

EXPENDITURES										EMPLOYMENT	
										(Full Time Equivalent)	
										Percent Increase	
										1970 Over 1969	
										1969 Over 1965	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	
										Percent Increase	
										1970 Over 1969	
										1965 - 1969 (4)	

1/ Includes General Public Buildings, Libraries and "Other"

2/ Includes other utilities.

NA Not Available

Included in Other General Expenditures elsewhere detailed.

C-6-8

City: St. Louis

CITY GOVERNMENT EXPENDITURES AND EMPLOYMENT,
DISTRICT OF COLUMBIA AND SELECTED MAJOR U. S. CITIES
(Dollar Amounts in Thousands)

GENERAL EXPENDITURES	EXPENDITURES				Percent Distribution		One-fourth of Previous Column		Percent Increase 1970 Over 1969	EMPLOYMENT (Full Time Equivalent)	
	1965	1969	1970	Percent Increase 1969 Over 1965	Percent Increase 1969 Over 1965	1965	1969	1970			
Common Functions											
Type A:											
Police	\$ 19,381	\$27,162	\$27,920	17.6	18.3	40.1	10.0	2,812	3,068		
Fire	8,565	11,769	10,981	7.6	7.2	37.4	9.3	1,167	1,162		
Sewerage	944	1,694	1,424	1.1	1.3	79.4	19.8	-74.9			
Sanitation other than sewerage	3,049	4,627	3,993	3.0	2.6	51.8	12.9	-13.7	429	489	
Parks and Recreation	11,227	9,376	9,260	6.1	6.1	-16.5	44.1	-1.2	889	913	
Type B:											
Financial Administration and General Control	7,274	9,591	10,134	6.2	6.8	31.9	8.0	8.7		#	#
Highways	9,417	7,584	8,291	4.9	5.4	-19.5	44.9	9.3	335	356	
Total, Common Functions	59,857	71,803	71,303	16.5	16.7	20.0	5.0	-7	5,632	5,988	
Variable Functions											
Education.....	128	142	175	...	1	10.9	2.7	23.2		...	...
Public Welfare	993	1,639	1,652	1.1	1.1	64.0	16.0	1.4			
Hospitals	19,079	26,779	28,234	17.3	18.5	40.4	10.1	5.4			
Health other than Hospitals	2,773	5,242	5,696	3.4	3.7	89.0	22.2	8.7	5,198	5,538	
Housing & Urban Development ...	2,000	73	652	...	4	-96.4	-24.1	793.1			
Total, Variable Functions	24,973	33,865	36,109	21.9	23.9	35.6	8.9	7.5	5,198	5,538	
Other General Expenditures not elsewhere detailed 1/	18,006	29,038	27,277	18.8	17.9	61.3	15.3	-6.1	1,244	1,285	
Total, General Expenditures	102,836	134,706	134,989	87.2	88.5	31.0	7.7	.2	12,074	12,811	
UTILITY EXPENDITURES											
Water Supply	6,294	9,640	6,713	6.2	4.4	53.2	13.3	-30.4	549	575	
Other	...	...	...	...	...	...	...	...	...	...	
Total, Utility Expenditures ...	6,294	9,640	6,713	6.2	4.4	53.2	13.3	-30.4	549	575	
EMPLOYEE RETIREMENT											
...	3,687	4,990	5,697	3.2	3.7	35.3	8.8	14.2	...	...	
INTEREST ON GENERAL DEBT											
...	3,146	5,143	5,146	3.3	3.4	19.2	12.3	...	...	...	
TOTAL, ALL EXPENDITURES	116,263	154,179	152,545	100.0	100.0	32.9	8.2	-1.3	...	...	
TOTAL, EMPLOYMENT									12,623	13,386	

1/ Includes General Public Buildings, Libraries, and "Other"

Included in Other General Expenditures not elsewhere detailed.

C-6-9

SECTION C-7

DISTRICT GOVERNMENT EMPLOYMENT
APRIL 30, 1971

AGENCY	AGENCY EMPLOYMENT Summary					Total Filled
	Full-Time Auth.	Full-Time Filled	Temporary	Part-Time	Grant Funded		Other
GENERAL OPERATING EXPENSES:						
Office of the Commissioner.....	20	16	...	...	...	16
City Council.....	37	37	...	...	...	37
Executive Office:						
Office of the Secretariat.....	28	24	2	...	...	26
Public Affairs Office.....	6	5	2	...	...	7
Office of Budget and Executive Management.....	103	97	21	...	...	118
Personnel Office.....	43	42	2	...	52	96
Office of Community Services.....	10	10	...	...	113	124
Office of Civil Defense.....	13	13	...	...	16	29
Office of Criminal Justice Plans and Analysis.....	17	17	...	...	4	21
Employees' Disability, Unemployment and Workmen's Compensation Planning Office.....	...	...	...	...	...	...
Department of Finance and Revenue.....	674	598	1	40	...	639
Office of the Corporation Counsel.....	185	148	...	1	7	156
Department of General Services.....	560	513	1	157	1,031	1,702
Department of Economic Development.....	557	489	...	...	27	548
Public Library.....	547	532	30	29	...	591
Other Independent Offices and Agencies:						
Assistant to the Commissioner for Youth Opportunity Services.....	30	25	...	...	37	62
Assistant to the Commissioner for Housing Programs.....	10	10	...	...	24	34
Alcoholic Beverage Control Board.....	27	25	...	...	...	31
Board of Parole.....	20	20	2	...	...	22
Department of Insurance.....	24	23	...	...	...	23
Minimum Wage and Industrial Safety Board.....	33	32	2	...	...	37
Recorder of Deeds.....	71	65	...	...	...	65
Public Service Commission.....	28	27	...	...	3	30
Zoning Office.....	13	13	...	...	6	19
Board of Appeals and Review.....	4	4	...	...	17 1/2	21
Human Relations Commission.....	31	28	3	...	2	34
Board of Elections.....	7	7	1	...	1	8
Office of the Surveyor.....	41	39	...	...	...	39
Commission on the Arts.....	...	...	...	...	...	...
Commission on Status of Women.....	...	...	...	...	...	...
D.C. Commission on Judicial Disabilities and Tenure.....	...	...	...	...	...	...

AGENCY

GENERAL OPERATING EXPENSES - Cont'd:

Contributions to Metropolitan Area Agencies:
 Metropolitan Washington Council of Governments.....
 Washington Metropolitan Area Transit Authority.....
 Washington Metropolitan Area Transit Commission.....
 Miscellaneous Contributions:
 Redevelopment Land Agency.....
 D. C. Apprenticeship Council.....
 School Transit Subsidy.....
 Washington Convention and Visitors Bureau.....
 Total, General Operating Expenses:.....

PUBLIC SAFETY:

Metropolitan Police
 Fire Department.....
 Courts:
 D.C. Court of Appeals.....
 Superior Court.....
 U.S. Courts.....
 Public Defender Service.....
 D.C. Bail Agency.....
 Department of Corrections.....
 National Guard.....
 Total, Public Safety.....

EDUCATION:

Public Schools.....
 D.C. Teachers College.....
 Federal City College.....
 Washington Technical Institute.....
 Total, Education.....

Full-Time Auth.	Full-Time Filled	Temporary	Part-Time	Grant Funded	Other	Total Filled
3,139	2,959	67	227	288	1,094	4,335
6,187	5,956	...	251	...	...	6,207
1,533	1,457	...	...	...	...	1,457
42	42	...	...	...	...	42
897	691	...	...	8	...	699
...	...	...	...	...	...	...
114	95	2	...	2	...	99
44	42	...	...	...	...	42
1,519	1,435	69	8	14	71	1,587
29	29	...	...	...	...	29
10,365	9,747	71	259	24	71	10,172
11,070	10,743	96	1,400	1,196	10	13,445
194	194	...	...	...	...	194
709	695	27	52	4	...	778
259	256	15	...	62	...	333
12,232	11,983	138	1,452	1,263	10	14,750

Page 2 of

C-7-2

AGENCY

RECREATION:

Recreation Department.....

Full-Time Auth.	Full-time Filled	Temporary	Part-Time	Grant Funded	Other	Total Filled
671	636	38	492	...	6	1,172

HUMAN RESOURCES:

Department of Human Resources.....

9,603	8,339	401	126	1,451	199	10,516
-------	-------	-----	-----	-------	-----	--------

HIGHWAYS AND TRAFFIC:

Department of Highways and Traffic.....
 Department of Motor Vehicles.....
 Motor Vehicle Parking Agency.....

1,643	1,294	6	...	2	65	1,367
251	228	2	...	18	4	252
14	13	2	...	...	...	15

Total, Highways and Traffic.....

1,908	1,535	10	...	20	69	1,634
-------	-------	----	-----	----	----	-------

SANITARY ENGINEERING:

Department of Sanitary Engineering.....
 Washington Aqueduct.....

3,438	2,878	114	...	60	...	3,052
325	312	...	...	...	...	312

Total, Sanitary Engineering.....

3,763	3,190	114	...	60	...	3,264
-------	-------	-----	-----	----	-----	-------

Grand Total

41,661	38,194	839	2,556	3,105	1,449	46,143
--------	--------	-----	-------	-------	-------	--------

1/ Public members of Board, paid when actually employed

Source: Office of Budget and Executive Management
 July 1971

The CHAIRMAN. And on page C-3-2, you have something called obligatory increases. Is this your curious semantics for discretionary increases?

Mayor WASHINGTON. Let's just say that is the semantic for it.

The CHAIRMAN. And that totals slightly more than \$21 million?

Mayor WASHINGTON. That is correct, sir.

The CHAIRMAN. So, to underscore it again, if Congress were to go forward with the \$170 million House-passed Federal payment, we would not even come up with the \$65 million on page C-2-2?

Mayor WASHINGTON. That is correct, sir.

The CHAIRMAN. And C-3-2 would be out?

Mayor WASHINGTON. Yes.

The CHAIRMAN. And items included on page C-3-2 are programs you would like to improve upon. It would include new programs for Federal City College. These are just among the years mentioned on that page?

Mayor WASHINGTON. This is the fourth-year class, Mr. Chairman.

The CHAIRMAN. That is not terribly discretionary. If you have already had students that have accomplished 3 years, to cut them adrift at the end of their junior year would be a massive waste of investment—would it not?

Mayor WASHINGTON. Absolutely.

The CHAIRMAN. Medical charity, what does that mean

Mayor WASHINGTON. That is the hospitals participating in our medical charities program, on a reasonable cost basis, as far as our payment to the hospital for indigent patients, Mr. Chairman.

Currently they are being paid at the 1965 hospital costs rate.

The CHAIRMAN. All right.

Narcotics treatment was referred to in the Mayor's prepared statement?

Mayor WASHINGTON. Yes, sir.

The CHAIRMAN. I think you said you wanted to expand the program to accommodate how many?

Mayor WASHINGTON. To reach about 5,500.

The CHAIRMAN. What is the estimated number of addicts in the District of Columbia?

Mayor WASHINGTON. Mr. Chairman, it ranges all the way from 12,000 to 16,000.

The CHAIRMAN. Under your discretionary program, even if you got this full item, which would enable you to handle 5,500, that would be less than 50 percent of the estimated number of addicts in the District of Columbia?

Mayor WASHINGTON. Approximately a third, sir.

The CHAIRMAN. I do not know if that is called discretionary or not, but it is certainly not lavish. If, even by your own estimates, you seek to accommodate a third of the addicts, I do not know if that could be called excessive bureaucracy.

Mayor WASHINGTON. I do not think it is extravagant, Mr. Chairman.

I think it is a realistic approach to the cancerous problem, and one-third of it does not seem to me to be overbearing.

The CHAIRMAN. Now, a small item in terms of dollars and in terms of its relative standing in the budget, is one called veterans counseling, on page C-3-2.

This committee held 2 days of hearings with respect to employment opportunities and counseling for veterans in the District of Columbia and the inadequacies of existing programs in the District.

What would you like to do with this rather modest amount of money that you have on page C-3-2 for veterans counseling?

Mayor WASHINGTON. It is, just as you say, an absolute minimum that we have put in there for the counseling. As you brought out in your hearings, the need is even greater, and here we are talking about three positions for veterans counseling.

The CHAIRMAN. Three positions?

Mayor WASHINGTON. Three positions.

The CHAIRMAN. If I were to fault you, Mayor, I would not fault you for the extravagance of the request for three counseling positions. If I were to fault you, I would fault you for the paucity of requesting three counselors, based on the testimony we have. I think your request might well be significantly more. But I take it, knowing you have budget limitations, you tailored your request to what you thought was the irreducible minimum?

Mayor WASHINGTON. Absolutely. That is the process we follow.

The CHAIRMAN. One of the more heated issues of our age, nationwide and especially for the Nation's Capital, is: What do we do with the prisons? And what do we do with those persons who will come out of them?

What would you do with that \$2.3 million you request?

Mayor WASHINGTON. Here we are talking about 78 positions that would be needed to provide further security, of which 46 positions are required for staffing and maintenance of new facilities, and 32 positions are required to increase the workload of several programs.

We have tried to move our correctional program into work release, into halfway houses, into a composite of educational programs, as well as increase those programs of training, particularly in the technical training area in the institutions themselves—especially at Lorton. However, I would like to be able to say that a great number of those men that we are talking about are assigned to the training area. I must say, for the most part, they are assigned to the security aspects of the growing population.

The District Jail is somewhat overcrowded. It has over 1,200 people, which adds to our workload and adds to our problem.

Lorton now is running something like 400 overcrowded from its capacity. The Youth Center, as you may have seen in recent newspapers, is overcrowded to the point where we have had to tell the judges we are not certain we can even take further young people into the institution; \$2.5 million, Mr. Chairman, is all we are talking about. Again, if there is anything that I see, it would be on the element of tailoring it down to meet a revenue and budget need, and not really getting to the full needs of the correctional institution itself.

The CHAIRMAN. Do you think we as a people, or as a Congress, representative of the people, learned anything by reason of the tragedy at Attica?

Mayor WASHINGTON. I would like to feel that this is the case. But as I try to move forward with innovations, even in this city I find doubt and concern in the lack of some full support that I think we need in order to bring corrections into its full realm of understanding,

as far as really correcting and rehabilitating the people that are assigned to our institutions.

Many of our programs have been criticized, and we understand that there is some slippage.

Always when human beings are involved, you have that, but I know we have forged into an area of innovation, with certain programs that are now being funded, and we would like to find ourselves funding to even a greater degree, I think that the appalling situation that we find is that there are people who have the idea that what we ought to do at Lorton, for instance, is to have the people farming. We have a lot of land, and we ought to have farms.

The CHAIRMAN. Train them to be farmers?

Mayor WASHINGTON. I just do not have any farms in the city to bring them back to. So we are looking at that problem very carefully, and trying to respond more directly to your question, I believe that it has had its impact, but I do not believe it has had the full impact it should in terms of the full understanding of the problem of corrections.

The CHAIRMAN. How many Atticas do you think we have to have before the full realization is so abundantly apparent that it is inescapable.

Mayor WASHINGTON. I do not know that I can give a number, but unfortunately, we see the seeds of it in so many areas, and they have no particular jurisdiction.

It can be in any section of the city. We are seeing more and more of it now. I think that we have got to come to grips with this problem in its full dimension in terms of dealing with people, rehabilitating people, putting them in position, both in the institution and in other facilities, to function in the community that they come back to. Otherwise we are just simply going to do like the veritable funnel that we have; drain them out of the community into the institutions and hold them there. I certainly say we have got a problem ahead of us to relieve the apathy that exists in this very vital area of criminal institutions.

Mr. Chairman, I want to just say, that this is why I plead with such vigor, even with such emotion in this area, because we do not want that sort of thing here.

We are working very hard, with what we have, to try to avoid this. The understanding which comes from this committee is something that is very significant to us. It is reassuring to us because you have full appreciation of the problem.

The CHAIRMAN. We will move onto several other items, Mayor.

For the record, an increase of 2 cents in the cigarette tax would bring in an additional \$1.6 million, and would make the District of Columbia cigarette tax compatible with the Maryland cigarette tax. Would you favor this?

Mayor WASHINGTON. I have not studied it, Mr. Chairman, but my colleagues here indicate that it is a matter that we could favor. We have favored it in the past, and we would favor it at this time.

The CHAIRMAN. In your prepared testimony, you stated, as has often been said by you and others, that the Federal payment is a payment made to the city, in essence, for revenues lost by reason of the enormous Federal presence here. That Federal property cannot be on the tax rolls.

Mayor WASHINGTON. Yes, sir.

The CHAIRMAN. That is the traditional rationale for a Federal payment. Would you say that we are at the point in time where we have to broaden the concept of that rationale to also include revenues lost to the city by reason of the fact that we do not impose any form of taxation on nonresident commuters—whether it be by the reciprocal income tax, or the commuter tax route, or both. It has never been quite spelled out satisfactorily in the press that these are two different taxes, and that it is not reasonable to have both simultaneously.

Mayor WASHINGTON. Yes.

The CHAIRMAN. In many areas of the country there is both a reciprocal income tax and a commuter tax. So would you say that we have to broaden the concept of a Federal payment, to add to its traditional rationale; that is, payment in lieu of property taxes? The concept of a Federal payment in lieu of the collection of any type of earnings-related tax on nonresidents, do you think that rationale ought to be so broad? That is, if we make the primary decision not to go forward, with either a commuter tax or a reciprocal income tax.

Mayor WASHINGTON. That is the big assumption, Mr. Chairman, that was before me.

You realize the strong commitment I have to a reciprocal, or so-called commuter tax. But if we go with the assumption, that that is not in the consideration, then I certainly would think that the loss of that, as I was trying to point out, certainly should be embraced within the broader concept of the Federal payment.

The CHAIRMAN. To put it more bluntly, so that everybody knows what we will be doing and there is no mystery, I do not think this committee will report out any form of a reciprocal income tax, or a commuter tax.

The reason I can say that with some degree of candor, is that, as you know, we reported out our home rule bill and specifically prohibited the right of the District to collect any such tax. I presume we will follow that same basic premise insofar as this revenue bill is concerned. But I for one, since we have made that decision, think that the Federal payment should include adequate revenues to make up for the fact that we did not impose a commuter or reciprocal tax. I think that it should be made clear to the Congress that we are going to take tax revenues out of 200 million taxpayers nationwide rather than to impose it on the residents of either Maryland or Virginia—because we cannot just pass it. That is the truth, we cannot pass it under political facts of life as they exist.

So the residents of Hawaii, Missouri, New York, Connecticut, Illinois, and California—some of the States represented on this committee—will pay taxes, in essence, to the District of Columbia. Because Maryland and Virginia do not want to pay as much as I think they should pay. Anyway, that is the way it is, and the way it is going to be. I think we should understand that we have got to make up this loss of revenue by the only other mechanism that is available to us, to wit, the Federal payment.

All right. Now, a final question, and then I will yield to Senator Inouye.

As you know, this committee has traditionally, at least of recent times, operated under the premise that the Federal payment ought to

be of an identifiable formula. It ought to be ongoing, if for no other reason, than for sound budget planning. So that at the beginning of each fiscal year you would know, with a degree of certainty, what your revenues will be and thus could adequately plan your overall budgetary operations.

Interestingly enough, the usual figure, at least of recent years, was a 30 percent Federal payment.

If we go to a 30 percent Federal payment, which was in the Senate passed revenue bill last year, the total Federal payment would be \$135 million, which would be \$35 million below the House figure.

Obviously, it is an inadequate amount. So the figure that was deemed adequate last year, of 30 percent, in one short year, would be grossly inadequate, but a year later.

If we go to a 40-percent payment figure, the Federal payment in dollars would, according to figures we have, come out to \$181,240,000—is that about right?

MAYOR WASHINGTON. That is about right.

THE CHAIRMAN. In your prepared testimony, you said through the years, the Federal payment had varied from a low of I think 7 percent?

MAYOR WASHINGTON. 8.5, to a high of about 50 percent about a half century ago.

THE CHAIRMAN. Now, with those being the figures, how do you view today the concept of the Senate, at least in its version of this bill, moving toward an ongoing percentage Federal payment?

MAYOR WASHINGTON. Mr. Chairman, as you know, I have supported percentage.

The Senate has looked favorably upon it. I support it now. I would certainly believe that it is a step in the right direction, as I have tried to indicate, by my testimony in the past.

I support it today; as I did before.

THE CHAIRMAN. All right. Do you have a figure in mind?

MAYOR WASHINGTON. I do not have the specific figure in mind at this point, but certainly, by the base figure of 40 percent, I would assume that we would not be thinking of anything lower than that.

MR. COPPIE. If I may comment at this point, the Senate proposal was made and based on a percentage of our general revenues, and, of course, one of the reasons the general fund revenue base is not increasing substantially is because the growth of personal income is in the suburbs, although it is earned in the District of Columbia.

An alternative that seems to me that would give us a greater growth factor for the Federal payment formula is to place the formula as a percentage of the budget, or percentage of appropriations, as indeed it was in 1878 to 1921, rather than a percentage of revenues.

I think this can be justified in that a large part of our budget growth is directly attributed to legislative programs that pass the Congress. Programs that we support, but nevertheless have a substantial impact on our budget, and on our resources.

THE CHAIRMAN. We moved to that method which you say was in being up until 1921, if we did that, there would be no incentive to raise local taxes, would there?

MR. COPPIE. Well, we would have the total budget, it would have to be supported from a combination of Federal payment and local taxes, so that there would be an incentive to balance the budget from the resources that would be available to us.

The CHAIRMAN. Not as much an incentive if you want to do it that way, as would be under the existing mechanism, or the traditional mechanism we have used in this committee for the past few years.

Mr. COPPIE. I think that point is correct. But I think it is again important to keep in mind, what I think was one of your strong feelings, was an increase in the Federal payment. This committee and this Congress will not give us the reciprocal income tax. Because the income tax is a substantial factor in our revenue base, therefore, to tie it to the expenditure pattern rather than the revenue pattern works contrary to the welfare of the District.

The CHAIRMAN. One final question, Mr. Mayor.

What would you think of this? Suppose this committee reported out a 40-percent ongoing Federal payment, perpetual until repealed or modified, to you and the Council the authority to levy and raise all taxes, other than the imposition of either a commuter or a reciprocal income tax, thus you and the Council have the right to raise or lower the property taxes, suppose we transferred everything else to you—what would you think of that?

Mayor WASHINGTON. I would say, before getting consultation here, Mr. Chairman, from my own analysis of this, that I would support initially that view.

I tried to point out in my testimony the variations, because of a number of things to control information, we do this, the problems we have as most cities have, is that we are at the bottom of the barrel with those other taxes.

It is kind of like picking up something that has been spent. We are right at the edge on sales tax, except here and there, a couple of pennies, for whisky, or cigarettes, which as you know, brings in 1 percent, about \$1.3 million. We are dealing with those regressive taxes, and we are at a point now where that tax base has eroded. If we were in a strong situation it would be just beautiful.

What we are looking at is a situation that is in very dire straits. I am in accord and fully support the concept which you suggest, but I think we can look down the road and see trouble.

With a fixed amount, and with the taxes that are left, much of that is regressive tax, which are not going to get up very much.

The CHAIRMAN. Whether it is regressive or not, and some of these taxes are, is it not a small step toward the concept of home rule, if we let the Council and you handle it?

Mayor WASHINGTON. Yes; I am in support of this as a concept.

I am only adding the addendum that I believe that down the road I can see peril. But I would certainly support it, and certainly try to work with it. I think there is one other thing we must look at, and that is that Congress still sets the area of expenditure level, especially with respect to salaries and wages. Senator Inouye and I have been trying to deal with the salary ranges, and what for instance amounts to mandatories, since his hearings.

The CHAIRMAN. Suppose we gave you that too?

Mayor WASHINGTON. Now you are in the ball game. That is where I am coming from.

The CHAIRMAN. You want to deal with all of the municipal unions, and so forth?

Mayor WASHINGTON. We do now, sir.

The CHAIRMAN. Do you want to deal and have final authoritative clout in the decisionmaking process?

Mayor WASHINGTON. I think most cities do; and I see no reason why we would not be in that area.

Now, that is what I call a step toward home rule. We are getting to the nitty of it now. I think that is what we are talking about.

The CHAIRMAN. We may put you in business.

Mayor WASHINGTON. That is what I am here for.

The CHAIRMAN. Thank you.

Senator INOUE. Mr. Mayor, 8 months ago the Senate Appropriations Subcommittee on the District of Columbia began hearings on the District of Columbia budget, which for the 7th consecutive year was submitted badly out of balance, with revenues projected to be available from existing sources.

For example, for fiscal year 1972, the imbalance amounted to about \$19 million, in relation to revenues projected, to be available from existing sources.

Mayor WASHINGTON. Yes, sir.

Senator INOUE. Now, these hearings were completed on April 20. Since that time, and in the absence of an appropriations bill from the House of Representatives, and at the urging of District officials, we have withheld action on this vital measure.

Now, it goes without saying, that such procedures are frustrating, to me, but that is of no consequence.

What is important, and vitally so, is that schoolchildren, homeowners, businessmen, taxpayers, and indeed all of the citizens of our Nation's Capital have been denied well-ordered programs, initiated and executed in a timely manner.

No administrator, no matter how efficient, can plan and execute an orderly way to follow the programs of this vast city without knowing the level of resources that will be available.

This procedure has too long been tolerated, and my plea this morning is not made for the Appropriations Committee, although it would be good to be able to act in a timely way, but for the citizens of the District of Columbia, who are entitled to better than they have received.

It is the responsibility of this legislative committee and its House counterpart to enact the laws from which the District's revenues are projected.

The whole system is in need of overhauling. As you know, sir, my solution is home rule. But, as an interim measure, I propose that the anticipated substantial increase in the 1972 payment, hopefully designated as a percentage formula, be here and now established as the Federal payment for fiscal year 1973.

Further, that next year's budget, as submitted by the District of Columbia and the President be balanced, and that this shell game between revenue and appropriations come to an end.

I would like to have your comments on my proposal, that this procedure be biannual instead of annual, sir?

Mayor WASHINGTON. Mr. Chairman, I fully support your proposal.

I mentioned at the beginning, that we have been in hearings, as you well know, and we all pointed out, since March, and since April, even during the recess, we were working with staffs of the various committees.

This would seem to me to give my office and department heads an opportunity to stretch out the programs, actually do the kind of quality work that should be done for a projected period. Let those programs unfold, and I would say to you, without full analysis, that upon my own experience only, that I would highly and fully support that proposal.

Senator INOUE. I have been advised by the eminent counsel of this committee that this proposal can be made legal and made a part of the bill—so you would approve that?

Mayor WASHINGTON. I would approve that, and, of course, seek to live within it, Mr. Chairman, so we would not have that kind of game to which you referred. Also, I think for the effectiveness and efficiency of functioning of a government of this size, it would be most helpful, and I highly support the proposal.

Senator INOUE. I cannot speak for the other members of this committee, but I would anticipate that if we do adopt a formula, it will not be the description by Mr. Coppie, a percentage of the budget, it would be a percentage of the revenues of taxes collected.

I gather in all of our discussions of percentages, we have been speaking of percentage of general fund collections, which includes in addition to regular taxes, items such as licenses, alcoholic beverage licenses, charges for current services, fines and forfeitures, policemen and firemen's retirement contributions, public library fees, highway charges, welfare payments, health payments made to St. Elizabeths, these amount to approximately \$30 million. If we are to submit a formula, would you propose that these sums be included?

Mayor WASHINGTON. As a part of our revenue package, I would propose they be included.

They have always been a part of our funding package.

Senator INOUE. I bring this up, because I feel it may weaken your case for a formula if my colleagues were made aware of the fact that health payments from patients in St. Elizabeths be included, that finance licenses also be included, does not this weaken your plan?

I think it is important to find out the reason these come in as a general fund charge.

Mayor WASHINGTON. Senator, the reason is because we are funding a particular program in full out of the general budget rather than earmarking the charge to the program which would produce the general fund support.

Senator INOUE. How do you justify a policeman's contribution to his retirement fund as being a part of the general fund?

Mayor WASHINGTON. Because we are on a pay as you go basis as far as they are concerned.

Their contribution comes in as a general fund, and we pay out on an annual basis, based on the projected amount required for the beneficiary in that particular year.

It is not an actuarial retirement system as such.

Senator INOUE. Do you not think you should have this fund actuarially sound?

It is an insurance program, is it not?

Mayor WASHINGTON. That is another issue entirely, Senator Inoue.

As part of our 1973 formulation, we are examining the police and firemen's retirement systems.

Senator INOUE. On the point the Senator raised, it seems to me it would involve under your proposal, which comes as a new one, and a good one, a further analysis of these.

I am a little concerned too about the police and firemen's retirement as an actuarial matter.

I think what we would wish to do immediately is to review this in light of the new proposal, and see if it is possible to remove items such as that, and to get this on a sounder basis, within the confines of the proposal.

That is what it would appear to me to involve.

I anticipate that the chairman of this committee will be bringing up for discussion the formula instead of a straight dollar payment designation. In determining this formula, I think it becomes very important as to what would constitute this formula—what are the ingredients of the formula. I would hope that the city would come forth with some clarification as to whether they want sewer charges, license fees, and payments from patients in St. Elizabeths, and D.C. Village, and so forth, to be included.

Mayor WASHINGTON. Well, I would appreciate the opportunity to do so, and will do so expeditiously, and of course, the new proposal brings this out into a different perspective.

We have been including them as a part of the general revenue base for many years.

Once you move from this to a percentage proposal, particularly going beyond one fiscal year, you bring into being, it seems to me, the necessity for doing the kind of analysis that would either review, to see whether some of these items, particularly those that are not fixed—the alcoholic beverage license is fixed—you have a reasonable amount of return. But some of these various fees are very speculative in terms of return. I want to see whether they should be in or out, even if it involves adjusting of the formula.

Senator INOUE. Mr. Mayor, it is a substantial item involving approximately \$30 million, and ordinarily we would grant the city sufficient time to mull over it, but I am certain you are aware that we are having our executive session tomorrow, so your decision will have to be made, I am advised by counsel, at the latest, by 5 p.m.

Mayor WASHINGTON. Well, I will take 4:30.

Senator INOUE. I am glad the city has joined us in the spirit to rush home for Christmas.

Mayor WASHINGTON. But also I am very excited about the proposal. I would want to give it every opportunity, and the committee every opportunity to move it forward within the confines of our ability.

Senator INOUE. Mr. Mayor, at this time, for further clarification on legislative provisions, in the Revenue Act, on the first one, which places a personnel restriction, you did not say whether you are for or against it.

Mr. COPPIE. Senator, we in principle are opposed to a personnel restriction being placed on the District government. We feel we are moving properly to bring our personnel management under the appropriate scrutiny and control; however, the provision that has been provided in the House revenue bill places a restriction on employees in positions. The 39,619 figure is a figure that we feel we can live with in the 1972 fiscal year. If it is the ultimate judgment of the Congress

that that restriction has to be placed on the District, but in principle, we do oppose an arbitrary restriction being placed on the District Government, but the restriction that has been placed in the bill is one that we can live with, without jeopardizing our ability to effectively deliver services in this fiscal year.

The distinction the Mayor is drawing is a very important one. The distinction between authorized positions, and employees in those positions, and the restrictions of the House bill is on employees in positions, 39,619 employees in positions, and that, in itself, does not do serious injury to our ability to deliver service.

Senator INOUE. The next item relating to monthly shelter allotment to recipients, besides opposing this legislative proposal, do you wish to cite other reasons?

Mayor WASHINGTON. I have for the record here, Mr. Chairman, a rather lengthy document.

Senator INOUE. Would you like to submit that for the record?

Mayor WASHINGTON. We would like to submit that for the record, but we oppose this allotment, public assistance recipients, basically on three grounds.

On constitutional and legal grounds, we believe it is certainly in violation. This is our best legal analysis of the matter, relating to *Goldberg v. Kelly*, in such cases as that; and in the Supreme Court there is a line of cases, we believe it is an arbitrary discrimination against welfare recipients, in terms of due process.

We also believe, as I pointed out, it violates the HEW amendments. We also believe it creates an undue administrative burden which we just cannot agree with. Those are the three basic areas on which we have approached this matter, in opposing it, and we will submit this entire document for the record, detailing our specific views.

(The document follows:)

SECTION 704—DEDUCTION OF MONTHLY SHELTER ALLOTMENTS FOR PUBLIC ASSISTANCE RECIPIENTS

1. CONSTITUTIONAL AND LEGAL QUESTIONS

a. Deduction of the monthly shelter allotment is required by Section 704 whenever there is failure by a welfare recipient to pay rent within 10 days.

b. This is in violation of due process. The 1970 Supreme Court decision *Goldberg v. Kelly* has construed public assistance grants to be properly subject to the protections afforded by the due process clause of the Constitution.

c. This also conflicts with HEW regulations (HEW-SRS Program Regulation 10-2, dated February 13, 1971) which require 15 days notification before action can be taken to reduce, suspend or terminate, a public assistance payment; and which further stipulate that before such action can be taken, the recipient must be apprised of his right to a fair hearing and a Fair Hearing decision is reached.

d. Section 704 provides for an examination of whether or not there is a legal basis for withholding rent. However, there is no statutory requirement for a specified time in which the lessor must remove code violations and there is no penalty clause for failure on the lessor's part to correct such illegal deficiencies. Thus, even if the recipient is upheld in this determination, he continues to be penalized and subject to deduction of his shelter allotment. Section 704 is obviously biased in favor of the landlord without the recipient being provided due process protection or other legal rights the courts have established for renters in recent law cases.

e. Arbitrary discrimination against the welfare recipient is in violation of the 14th amendment—recipients are singled out as a class subject to more restrictive enforcement of rent payment when late payment is a universal problem, when rent strikes are more frequent and when courts have confirmed the right of the renter to withhold rent where there is a failure to maintain premises.

2. ADMINISTRATIVE BURDEN

a. Administrative staff will be required to make such factual determinations as whether or not there was a "legal basis" for the failure to pay, whether or not there was a housing violation, what proportion of the shelter allotment the lessor is legally entitled to, etc.

b. Disagreements would have to be investigated and resolved by administrative staff; for example, who was at fault with respect to the housing violation.

c. Record keeping and administrative difficulties would be serious owing to such problems as:

The mobility of recipients (an average of 800 each month change their address) causing a reevaluation if the person's allotment is being deducted; and

The fact that many recipients pay rent on a weekly or semimonthly basis, whereas welfare benefits are issued monthly.

d. Owing to its sheer size, the public assistance payroll is automated. It is not at all certain that the system has the capability to absorb the impact of constant changes as would be required by section 704. Critical difficulties arising might well have the self-defeating effect of delaying the issuance, mailing and delivery of checks and thus causing further failure to pay rent within ten days, required deductions, etc.

e. Social Services Administration estimates cost to implement at \$500,000 and 50 positions. If new funds are not provided, even further diminution of casework services will occur, as present staff will have to carry the substantial additional responsibility.

3. SUFFICIENT COURT REMEDY IS AVAILABLE

a. Whenever rent is not paid, landlords may secure "protective orders" from the courts requiring the rent owed to be paid to the court until the litigation is resolved. The judicial process protects both landlord and tenant.

b. A court can order full rent paid if there is no basis for the recipient's failure to pay; whereas the section 704 would pay the lessor only the shelter allotment, an amount less than actual rent paid.

Senator INOUE. The next matter relating to overtime regulations, affecting certain employees who are engaged in delivering and trucking within the Washington metropolitan area.

Mayor WASHINGTON. I will have Mr. Coppie react to that one.

Mr. COPPIE. Senator Inouye, we oppose this, because we think it is discriminatory.

It is our understanding that we are talking about approximately 11,000 employees who would be immediately affected. That their overtime compensation loss would therefore be somewhere between \$1.11 per hour and \$1.79 per hour.

We can provide a detailed analysis of this for the record, but we feel it is flagrantly discriminatory against certain groups of employees that are working in the District of Columbia, and are justified to appropriate overtime compensation.

Senator INOUE. For the record, will you describe the Washington metropolitan area?

Mr. COPPIE. Yes, sir.

Senator INOUE. What is the Washington metropolitan area?

Mr. COPPIE. Our definition of it is the standard metropolitan definition that comes from the Department of Commerce.

Senator INOUE. So it goes beyond the limits of the District of Columbia?

Mr. COPPIE. Yes, sir.

Senator INOUE. I have been advised by counsel, not committee counsel, but lawyers in this city, that this provision may be unconstitutional, because it relates to interstate commerce. It goes beyond the boundaries of the city.

Mayor WASHINGTON. That is correct, and the term Washington metropolitan area, as determined in the legislation of the Minimum Wage Act of 1918, describes it as the area consisting of the District of Columbia, Montgomery County, Prince Georges County, Arlington and Fairfax Counties, the cities of Alexandria, Fairfax, and Falls Church, clearly in interstate commerce.

Senator INOUE. What is the present law?

Mayor WASHINGTON. The present provisions as to what part?

Senator INOUE. As to overtime.

Mayor WASHINGTON. Mr. Seideman is here, and they do receive overtime under the present provisions. He can probably speak in detail on the subject.

Senator INOUE. Do you believe, sir, the present provision is constitutional?

Mr. SEIDEMAN. It was enacted during the last session of Congress, and the 1970 revenue bill contained a rider permitting an exemption for a limited number of employees. It was passed by your committee, and the committee on the House side.

Naturally we were opposed to an exemption from overtime for employees because the feeling is employees should be entitled to time and a half. The Senate side reduced the exemption to a limited number of employees. This rider would expand the exemption to 11,000 employees. As to the constitutional question, frankly, I cannot answer that.

Senator INOUE. Thank you very much.

On the provision relating to the disposal of Muirkirk Tract in Prince Georges County, would you like to comment on that?

Mayor WASHINGTON. Mr. Starobin is here, and he can speak in general terms.

What this amounts to is a piece of property in Prince Georges County, and there was an amendment placed on it in the House, which would require that we offer the property for sale, first to Prince Georges County. We object to that on the basis it contravenes our right to dispose of property without further burden, and I will ask Mr. Starobin to extend my remarks with the details.

Mr. STAROBIN. Mr. Mayor, I think you covered the subject very well. It is a very valuable part of the very limited land resources of the city outside the actual District limits.

As such, there may very well be a number of opportunities that we may want to take advantage of, and, therefore, would not want it to be limited by a directed sale.

I would like the opportunity to examine what lies to the best benefit of the city, both within its own jurisdiction and in a regional sense, and to use that limited resource for the best possible purpose.

Senator INOUE. Will you explain to us why this provision was put in?

Mr. STAROBIN. We cannot dispose of any property outside the District of Columbia limits without the express permission of Congress.

We do have property there that is not being used for its original purpose, or for that matter, for any purpose now.

We, therefore, wanted the authority and the flexibility to make use of it for some purpose including the possibility of selling it and adding to our revenue base.

Senator INOUE. Is the rationale for this provision based on the desire of the officials of Prince Georges County to be able to control the destiny of their county?

Mr. STAROBIN. Yes; I would certainly think that this provision is based on that type of rationale. They, too, would want to see this very crucial piece of property directed to the best interest of Prince Georges County.

Senator INOUE. If you do sell this property, and this provision is deleted, would the city be required to abide with the ordinances of Prince Georges County in making the sale?

Mayor WASHINGTON. Yes; definitely.

Senator INOUE. In other words, could Prince Georges County preserve this as a wildlife refuge?

Mayor WASHINGTON. Any purchaser would have to work within the requirements of zoning or other regulations.

The simple transfer from the District would give them no special rights beyond any other owner that would have to use the property within the confines of their zoning or other regulations.

This would be the very same thing, if it was a sale of a piece of property in the District.

I think, Mr. Chairman, the questions that you are posing, the answer is that there are adequate controls within the county and the State, if you will, to control the destiny of the property, and the sale of it, limiting the sale of it would not necessarily have that effect, because the sale would presume compliance with whatever regulations exist.

Senator INOUE. Will you have your legal staff draw up the memo for the use of this committee, and set forth provisions in the Prince Georges ordinances which would control the use of this property?

Mayor WASHINGTON. Very well, sir; we will have that back by 5 p.m., too.

(The information requested follows:)

GOVERNMENT OF THE DISTRICT OF COLUMBIA,
OFFICE OF THE CORPORATION COUNSEL,
Washington, D.C., November 16, 1971.

HON. THOMAS F. EAGLETON,
Chairman, Senate District of Columbia Committee,
United States Senate, Washington, D.C.

DEAR SENATOR EAGLETON: You raised a question during the hearing before the Senate District Committee this morning as to whether if certain property, presently owned by the United States but under the jurisdiction of the District of Columbia, in Muirkirk, Prince George's County, Maryland were sold to a private property owner, Prince George's County would have any control over the property.

There seems to be no doubt that if the said property were conveyed into private ownership it would be fully subject to the zoning, building and other county ordinances. Section 59, Prince George's County Code (1968 ed.) This was verified through conversations with the zoning administrator of Prince George's County and the General Counsel of the Maryland National Park and Planning Commission.

If you desire any further information, please let me know.

Sincerely yours,

C. FRANCIS MURPHY,
Corporation Counsel, D.C.

Senator INOUE. My next question does not relate directly with revenues, but since it is an opportunity, as chairman of the District

of Columbia Appropriations Subcommittee, I would like to ask a few questions.

I have been advised that the House committee will be marking up this measure in the very near future, and that it would be our responsibility thereafter.

There are many items involved, and yesterday I met with responsible officials of your judicial system here to discuss the court complex, which involves the demolition of the Employment Security Building.

If I recall, the amount estimated was about \$58 million. That was the amount submitted to my subcommittee.

Since that time we have had a special organization, I think it is the Westinghouse group, making a special study on the requirements of our costs here in Washington. I have been told that the amount now estimated is far in excess of the \$58 million figure.

Are you free to advise us as to what the new figure is?

Mr. STAROBIN. We do not have the final figure here. I would like to amplify on that.

The Westinghouse group has been working up space requirements to accommodate the new court structure.

This does not mean that all of these space requirements must be accommodated within a new courthouse.

This might be a desirable situation, from absolute efficiency of operation, but since economy also enters into it, and we do have existing buildings, it would be our intention, and this has also been discussed with the courts, that many of these functions could be housed outside the courthouse in existing court buildings or in certain administrative court buildings adjacent to the court, with something in a loss of court efficiency, but a considerable gain in economy of construction.

While I do not have the final figure, because the Westinghouse people are presently coming up with those figures, and will be consulting with me, I feel that the construction cost of the new structure will be within range of that \$58 million figure.

Construction costs have been going up very rapidly, but I think we will be close to that figure.

Mayor WASHINGTON. Was not that figure based on the former needs before we had the Court Reform Act, and have there not been additional judges appointed?

Mr. STAROBIN. I can tell you how we started. We started off with some very rough planning figures, 50 courtrooms, \$1 million per courtroom and support facilities. So it was based on a court structure, between 45 and 50 judges.

Mayor WASHINGTON. But we have got seven more judges coming?

Mr. STAROBIN. With those seven, we will end up with 44 judges on the superior court, and nine judges in the court of appeals.

Senator INOUE. Is it absolutely necessary that your plan include the demolition of the Employment Security Building?

Mr. STAROBIN. Senator, if we are going to build this courthouse facing on Pennsylvania Avenue, at really the most crucial juncture, what I hope to be the loveliest avenue in the United States, I really see no possibility for saving the Employment Security Building, if for no other reason, than the development of the Pennsylvania Avenue calls for a very widening of the sidewalk, set back, with trees in it.

The Fine Arts Commission would insist we build a new courthouse to that standard. The Employment Security Building projects 25 to 30 feet into that restriction line.

Senator INOUE. The Fine Arts Commission approved the Employment Security Building 6 years ago; did it not?

Mr. STAROBIN. I imagine they did.

Senator INOUE. How much did that building cost?

Mr. STAROBIN. Approximately \$4 million, sir.

Senator INOUE. What would it cost to replace that building?

Mr. STAROBIN. To replace the building elsewhere?

Senator INOUE. Yes; in today's dollars.

Mr. STAROBIN. If we are building to a moderate standard, that building was built to somewhat more lavish standard, we could replace it for that approximate amount of money.

We could replace a good office building for \$30 a square foot.

Senator INOUE. You are not serious, are you?

I have not seen a proposal here where the costs have been reduced in any way.

What I am trying to bring up in this discussion is the unfair burden that has been placed upon the judicial system here. Frankly, we have placed a monkey on their back, by justifying a beautification of Pennsylvania Avenue, and using the courts for this purpose.

If it is the purpose of the Bicentennial Commission to widen Pennsylvania Avenue, and to put in a significant and appropriate monument at that important juncture, why don't we say so, instead of using the courts for this purpose, because I anticipate that eventually we will be paying in excess of \$100 million for this project, plus the fact that those men and women who are now housed in the Employment Security Building will have to be housed elsewhere, no matter how moderate or modest it be.

I find it difficult to convince my colleagues that 6 years ago the Fine Arts Commission approved this monumental building, which incidentally, is one of the very few Federal buildings in this metropolitan area with an escalator. Now we are going to destroy that.

Six years ago, if I may refresh your memory, this cost in excess of \$4½ million. I have been told by competent builders that if we were to build one substantially in the same specifications, it would cost in excess of \$10 million. So that is a net loss of \$15 million right there.

Mr. STAROBIN. It is hard to understand that figure, sir.

Senator INOUE. Why can we not separate the Employment Security Building, that takes up a separate issue, pure and simple, the beautification of Pennsylvania Avenue, and take the monkey off the judicial system.

I want to see a new court complex, but I find it very difficult convincing my colleagues that we have to do this.

Mr. STAROBIN. Senator Inoue, we have given a great deal of thought to the subject, groping for alternatives, that would permit us: (1) to house the court in a modern, efficient building, and, (2) to meet the requirements incumbent on that site.

If we are going to build on that site, and we will have to gain the concurrence of the Planning Commission and the Fine Arts Commission, I feel something has to be done with the Employment Security Building.

The other buildings on that frontage—the old library building, and the Ford Building—would have to be removed.

They are hardly efficient, modern, or usable buildings.

They are all built on the same line, and when you look at it architecturally, to remove those buildings, and to leave the Employment Security Building leaves a gap in the plan that could not be acceptable.

Another alternative would be to turn our back on Pennsylvania Avenue and build our courthouse facing Indiana Avenue. Then we leave a situation that would be almost impossible to develop an economically usable building on Pennsylvania Avenue.

We have also thought of using other squares in the vicinity. At one time there was such a plan, the court needs, if we are going to talk about the new court, the size of the building required militates that it be in that Government-owned area between Indiana Avenue and Pennsylvania Avenue. While I, too, am conscious of the uneconomy of tearing down a building with a great many years of life left in it, I think, sir, that looking for alternatives of this type may very well cost us much more in the long run.

MAYOR WASHINGTON. Is it the size and scope of the building that is involved?

MR. STAROBIN. Yes, sir. We are talking about a building that will be in the neighborhood of a million square feet. A very massive building to properly accommodate that court.

For instance, in some of the other squares, the square immediately to the east of 451 Indiana Avenue, but the square bounded by D and E, and 3d and 4th Streets, could accommodate a structure to 50,000 square feet. That is the largest square we have there.

SENATOR INOUE. Unless my mathematics is all lopsided, we just were advised that this court complex will be made up of a million square feet of usable space, is that correct?

MR. STAROBIN. Well, usable.

SENATOR INOUE. And it will be in excess of \$58 million obviously; is that correct?

MR. STAROBIN. Yes, sir.

SENATOR INOUE. And so it is going to be in excess of \$58 a square foot?

MR. STAROBIN. Right, sir.

SENATOR INOUE. The Georgetown Law Center, a rather magnificent structure, drawn up by a very well known architect, including site studies and preparation, cost less than \$30 per square foot.

You have just said you could build a good substantial building at \$36 a square foot. Why does it take over \$58 a square foot for this court complex?

MR. STAROBIN. A courthouse, sir, is built to quite different standards than an ordinary office building, or even an academic building. For instance, in a courtroom you are dealing with ceiling heights that begin to approach this room here. The room here could not be duplicated for \$30 a square foot, or even \$60 a square foot. We talk about a different standard of construction, different standard of finishes, a highly elaborate system of electronics.

SENATOR INOUE. What is the rationale for very high ceilings for courtrooms, or for that matter, for this room here?

Mr. STAROBIN. Well, if you can envision carrying on your hearings in an 8-foot room, with an 8-foot ceiling, I think you would find a totally different order of, say, decorum or attitude.

Senator INOUE. I am not talking about an 8-foot ceiling, but is a 24-foot ceiling necessary?

Mr. STAROBIN. The Mayor asked me to point out that a good many other facilities are the size of cellblocks, but to discuss that, when you have a room the size of a courtroom, with the audience in there, the need to carry voices, the need for a certain presence, you get into a requirement for not 24-foot ceilings, but certainly somewhere in the neighborhood of 12-foot to 14-foot ceilings.

A courtroom must be functional in a very real sense. It is very difficult to maintain a proper judicial atmosphere in such a room.

Senator INOUE. I gather, with the funds that have been appropriated to date, in the near future you will be having 46 new courtrooms with high ceilings; am I not correct?

Mr. STAROBIN. I believe you are referring now to the Pension Building, sir?

Senator INOUE. That is right.

Mr. STAROBIN. With the development of the Pension Building, we will have 17 courtrooms, yes, with very high ceilings.

The courtrooms will be of margin utility in another sense. They are quite small, and they will permit an audience of perhaps 20 to 30, perhaps 40 people, no more. We have to accommodate ourselves to the existing architecture of that building. So while we gain ceiling, we find that the courtrooms could not accommodate the audiences that very frequently want to attend these court hearings.

Senator INOUE. If I may now, I would like to get to another project. I am bringing these projects up because they are all very important to me personally. I have looked them over rather intensely. I want to do everything to be able to justify and support them.

Now, let us look at the receiving home for juveniles. If you recall, at the time of the hearings of the District of Columbia Appropriations Subcommittee, the cost of the facility was about \$4 million. About 2 months later, it went up to \$8 million. By the time the hearings ended, it went up to \$14 million. What is the present figure, sir?

Mr. STAROBIN. Our present figure for construction, sir, is \$8.6 million plus 10 percent of that for construction services. So it is approximately \$9.4 million or \$9.5 million.

Senator INOUE. And this facility will house how many juveniles?

Mr. STAROBIN. 128 juveniles.

Senator Inoue, if you will permit me to discuss the progression of those figures. When we started off with the estimates, we had to have some rationale. Not having built a receiving home in the recent past, we used certain figures we received from the National Committee on Crime and Delinquency, which was \$30,000 per juvenile inmate. We accepted that, and on that basis, with certain other costs, we are talking about \$4 million for the 100 inmates.

When we doubled the requirement to 200, we were again using a very general planning figure of \$8 million. But when we finally got planning money and went into a detailed analysis of what was required to meet the requirement of the law, we found quite a different picture coming out. This is the law, of course, that renders our present receiving home improper in the eyes of the law to contain juveniles.

To build, therefore, to a standard that would put us no further ahead than we are with the present receiving home, would make very little sense.

Now, the very significant cost figures stated in that hearing before you was somewhat shocking. But it is based on a very careful analysis of what would be required to meet the terms of that law.

Since that time, we have reexamined our needs and cut away as much as we thought we could possibly cut away and still meet the requirements of the law, which are quite stringent, and we come up with this present figure.

Senator INOUE. So now you will propose that we approve a facility costing \$8.6 million to house 128 juveniles, and mathematically it comes out to something like \$70,000 plus per inmate.

Mr. STAROBIN. Yes, sir.

Senator INOUE. \$70,000 per inmate?

Mr. STAROBIN. I cannot quarrel with the mathematics, sir. I, too, am aware of that, and I, too, am shocked by that type of cost.

Senator INOUE. You are shocked by this, and you are going to ask us to approve that?

Mayor WASHINGTON. Mr. Chairman, I think what he should do is provide for you now, I think Miss Thompson can do it, several factors that were related to the costs, perhaps she can explain it.

We were not the sole agents in this situation. The court had indicated a kind of program outlined for juveniles based on at least two acts, and they include such things as Miss Thompson might point out, so that you know that we are not just talking about space per inmate.

Senator INOUE. I am aware of that. The court, I believe, suggested it should have a homelike atmosphere. But most of the homes I have seen cost less than \$70,000 around here.

Mayor WASHINGTON. You are building something more than a home. You are building a rehabilitation and recreation center.

Senator INOUE. We have many wealthy Senators in the U.S. Senate, but I venture to say most of them live in homes worth less than \$70,000.

Mayor WASHINGTON. I want to say we are not free agents, and you are concerned about the costs.

I want you to understand that we have the court to contend with. We have some concern about the court. The fact it is not the court paying for this, it is the city paying for it. My concern on the Federal building has been the same as the Employment Security Building. Although it was not built by us, it has something of planning within the city, and I would say we have the same concern as you do.

I also had the same concern on this building, as I recall, they built it based on certain adjustments that were made necessary by the law, and by Council action.

Miss THOMPSON. I think two of the provisions, Senator Inouye, that contributed to the size of the building, was the comingling provision under the new Court Reorganization Act. This means you cannot comingle adjudicated delinquents with nonadjudicated. So it means we have to have facilities for the programing: the 5 hours of school, the recreation activities, and the living activities have to be completely separate, so they are not comingled in any kind of activities.

In addition, we have both boys and girls, so when you have boys and girls in the comingling provision, it means you have to in some cases duplicate facilities.

Senator INOUE. Do we have similar type facilities in other jurisdictions?

Miss THOMPSON. Yes; the committee that helped design the building visited about 10 or 12 facilities in other parts of the country. But if you talk to the National Council on Crime and Delinquency; with the Correctional Association; Department of Health, Education, and Welfare, they cannot point out any model building anywhere in the country. They will say to you, we like this feature of this building, the educational arrangements, we like the living units of this building, we like the recreational program of another building, but you have to take the best of many buildings and try to put them together in what we hoped would be a model building when we began. It has been stripped down, until to the present time it is very modest compared to what it was originally.

Senator INOUE. Thank you very much, Miss Thompson.

I appreciate that.

One other question involving buildings. In the few months I have had this responsibility I have looked over building costs, public and private, within the limits of the District of Columbia. I have noted a great distinction between the costs of private facilities as compared to city facilities.

Why is it that city facilities are consistently more expensive than private facilities.

Mr. STAROBIN. Let us take two examples: a private office building and a public facility like a school.

Senator INOUE. Let us compare office buildings and office buildings, not school buildings and office buildings.

Mr. STAROBIN. Well, the District has not built any office buildings in the recent past. GSA perhaps has, but I do not have the benefit of their costs.

I would like to mention that presently the District is planning to replace some of its leased facilities with the facilities it will build under a lease-purchase plan, and we hope that those costs will be consistent with what is being paid for quality office buildings.

One of the problems in talking about prices of office buildings, being built on a private market, is that many of them are what they call speculative buildings.

They are built for a rather limited period, to obtain the maximum return in a short period, during which an investor gets out his money, depreciation, and then turns the building over to somebody else.

They are not built for the long run, as for the 50-year haul as a government building must be.

Senator INOUE. Like the Georgetown Law Center?

Mr. STAROBIN. The Georgetown Law Center is built for long-term use.

Senator INOUE. At \$29 a square foot, and compare that with the school buildings.

Mr. STAROBIN. Our elementary school buildings that are presently going on the market are coming in at \$30 to \$33 a square foot.

Senator INOUE. Not \$36?

Mr. STAROBIN. There may be a case where it came in at \$36.

Senator INOUE. The police facilities are now coming in at \$36, right?

Mr. STAROBIN. Right, sir; there are a good many reasons for that. Again, with the designs built within certain requirements, they are rather small buildings, as compared to office buildings, and where costs can be distributed over a larger amount of square footage.

In all of this, I would ask that you turn your attention to the standards we built into them, and begin to explore why things cost this much.

We do not build plushness into these—not even into our schools.

They are fairly straight forward, austere buildings, in the architectural sense.

They do embody certain requirements that are felt necessary for modern education environments.

Senator INOUE. I am glad you brought that up.

Maybe you cannot answer this, but why do we need rifle ranges in every high school?

Do you realize, Mr. Mayor, every high school in the city of Washington, with the exception of two, have rifle ranges where they do target practice?

Mayor WASHINGTON. I guess I will have to turn you to the school people.

Senator INOUE. I want to know if this is necessary in our educational system. Incidentally, they are very expensive. They cost much more than the ordinary classroom, because they must have heavy armament protection.

Mr. COPPIE. Senator, we sent you a detailed letter on that, and I think we have to point out a substantial part of the actual operating cost is paid for by the Department of the Army.

Senator INOUE. We are talking about construction costs?

Mr. COPPIE. Yes; I think our record will show we did detail the basis for having them in the public school program, and I think we want to bring it out.

Senator INOUE. We would like to have that for the record of this committee.

Mayor WASHINGTON. We will submit that for this record, Mr. Chairman.

(Letters follow:)

U.S. SENATE,
Washington, D.C., September 1, 1971.

HON. WALTER E. WASHINGTON,
Mayor, District of Columbia,
Washington, D.C.

DEAR MAYOR WASHINGTON: It has come to my attention that the high schools in the District of Columbia have been and are being constructed with a rifle range or shooting gallery as one of the physical facilities provided for the students. I would appreciate a survey of the cost of constructing such facilities in presently proposed new schools and in recently constructed facilities.

In addition to the construction costs, I also request the cost of instruction attributable to this program and the cost of equipment and ammunition. Please provide this cost in terms of total cost, the portion of this cost which is borne by the District Government, and the amount which is contributed from other sources.

Finally, I would appreciate a statement of your rationale to justify the continuance of this program in the public schools of the District of Columbia.

From my knowledge of schools across this nation such a program is not general and I, therefore, believe it deserves our careful scrutiny and evaluation.

Sincerely,

DANIEL K. INOUE,
U.S. Senator.

THE DISTRICT OF COLUMBIA,
Washington, D.C., September 30, 1971.

Hon. DANIEL K. INOUE,
Chairman, Subcommittee on Appropriations for the District of Columbia, U.S.
Senate, Washington, D.C.

DEAR MR. CHAIRMAN: In response to your letter of September 1, 1971, I have consulted with officials of the D.C. Public Schools on the costs and purposes of the rifle program in the schools.

The enclosed information, which has been prepared by the Public Schools, addresses the specific questions you raised.

As you are aware, the elected School Board has the authority for setting policy for the school system. The rifle program is considered a valid and productive activity as a sport and as part of the schools' military Science program. Rifle training has become a tradition in the public schools of the District of Columbia.

I fully recognize that such programs are not universal at the secondary school level. Legislation has been proposed to make the Cadet program voluntary in the District of Columbia Schools.

If you have additional questions on this subject, please bring them to my attention.

Sincerely yours,

WALTER E. WASHINGTON,
Mayor-Commissioner.

Enclosure.

RIFLE PROGRAM OF THE D.C. PUBLIC SCHOOLS

CONSTRUCTION COSTS

New buildings are constructed at the cost of \$26.50 per square foot of rifle range area. In addition, equipment for the range costs \$30,000. For example, the Dunbar High School range, with an area of 2,385 square feet, cost a total of \$93,203. With an area of 4,258 square feet, the Woodson High School rifle range cost \$142,837.

Renovations to existing ranges typically cost between \$40,000 and \$50,000—depending on the extent of alterations needed. For example, renovation of the Western High School range in Fiscal Year 1968 cost \$46,141. The Fiscal Year 1968 renovation of the range at Eastern High School cost \$63,772; rifle range improvements at Cardozo High School in Fiscal Year 1964 cost \$17,248. The planned renovation of the Roosevelt High School range is estimated to cost \$50,000.

OPERATING COSTS

The total annual cost of operating a rifle range is \$34,000. Of this total, a maximum of \$2,500 is paid by the District of Columbia school system as special pay for some TSA-15 Military Instructors. Approximately 10 instructors are paid \$250 each for the year.

Ammunition costs for a year account for \$30,000 of the total. Ammunition is contributed by the Department of the Army as part of the Military Science program. The balance of total annual costs represents depreciation on nonexpendable items of the program. Present inventory of these items, which are also contributed by the Department of the Army, includes:

Spotting scopes.....	\$10,044 (life expectancy of 10 years)
.22 caliber marksmanship rifles.....	\$14,086 (life expectancy of 10 years)
Mats.....	\$1,044 (life expectancy of 5 years)
Shooting gloves.....	\$465 (life expectancy of 5 years)
Shooting jackets.....	\$1,089 (life expectancy of 5 years)

PURPOSES OF PROGRAM

The rifle program is conducted both as part of the Athletic program and as part of the Military Science program of the Public Schools of the District of Columbia. Rifle safety and rifle marksmanship are taught.

The program is conducted as a club activity. Each school has a rifle club made up of boys and girls. Each school also has a boys' team that participates in league competition. Girls' teams are increasing in popularity but have not yet entered interschool competition.

The 14 boys' teams (including the ones from the City's three male vocational high schools) are divided into two leagues. As in other athletic activities sponsored by the school system, the rifle teams compete for league and city championships. Individual students can earn school letters in rifle marksmanship.

RIFLE PROGRAMS IN OTHER CITIES

The number of other cities with rifle training programs must be estimated because no precise data are available. The United States Continental Army Command indicates that 625 schools nationwide have Army-associated rifle programs and that a high percentage of these schools have their own rifle ranges. Other schools have arranged to use the rifle range facilities at nearby Army Reserve or National Guard units.

The actual number of rifle range programs is certainly higher than the 625 indicated by the Army. That number does not take into account similar programs associated with the other military branches or rifle programs that are not related to the military.

Senator INOUE. Well, I want to thank you very much. I am glad I had this opportunity.

I have just one other comment, since we will be going into the mark-up appropriation measure, I have noticed that a substantial number of our building projects—constructions, repair, renovation—although put out to bid, receive responses only from one contractor. Why is that?

Mr. STAROBIN. This is a matter of concern. I can only recall one major project that received one bid. We rebid that and got two bids at a substantial savings, but that is a concern.

It is difficult, it is more difficult building in the center city for many reasons. We do not have to elaborate to great length. The crime situation spills on over into the construction picture. Greater costs are involved in protection, insurance, and so on. Therefore, when opportunities exist for the better builders to obtain jobs elsewhere in the area, further away from the city, they do. This is a fact of life. I have been trying to overcome this by creating as good a building environment as possible.

Senator INOUE. I wonder if that is a fact of life, because unless I view the very programs in the wrong light, I gather that there are many contractors in this city, especially black contractors who are screaming for jobs, at least in the Metro.

Mr. STAROBIN. That is an extremely complex question, sir.

Senator INOUE. Why are they not responding to some of the very lucrative jobs involving school repairs, renovations, and so on?

Mr. STAROBIN. There are a good many small contractors who can handle jobs up to a certain level. Our school jobs are multimillion-dollar jobs—extremely complex. They require bonding.

Senator INOUE. Metro is extremely complex also.

Mr. STAROBIN. That is a complex question, and I would hesitate at this point to enter into the various ramifications. Let me say, Senator, I personally have been involved in a very determined effort to create greater job opportunities for our local black contractors. I have ex-

amined the question in considerable detail. I think I know many of the contractors at firsthand. We, in the District, are doing our best to see that a large part of the contractual outgo is made available to them.

However, many of them are not capable of competing on equal terms with the larger white contractors. They need some type of assistance, and we are limited in the manner of assistance that we can offer them. I am talking here now of the type of Small Business Administration set-aside, that would direct certain contracts to them. We are limited; we do not come under that.

We are presently working on other devices: (1) to make jobs available to them in a price range that they can handle; and (2) give them the necessary assistance to provide the best assurance that they will succeed.

Contracting is a tough business. It requires intense management capability. Without that type of assistance, without good estimating, good cost accounting, good job supervision, and so on, a contractor can go under very rapidly.

We are preparing a package, you might say, of supportive services, so that once one of these small black contractors gets a job, he will also then have places that can give him the advise and support he needs to be successful on the job.

Senator INOUE. I cannot understand this. You are telling us that these black contractors are not quite qualified to respond to your invitations for school buildings, office buildings, renovations and repairs, but they are qualified to work on the Metro?

Mr. STAROBIN. I stated that on the matter of the Metro, sir, it is a highly complex question, which I have not been personally involved, and would hesitate to comment.

Senator INOUE. Another thing that intrigues me is that on private buildings put out to bid, I find that there is never a lack of bidders.

Mr. STAROBIN. That is true too, sir.

Senator INOUE. For private buildings, there is an overabundance of bidders. Yet for our Government buildings—especially for these small projects—one bidder.

Mr. STAROBIN. Well, in one case of a major project.

Senator INOUE. But for the small projects, we find it is at the most two bidders.

Mr. STAROBIN. Senator, I do not know where you get those figures.

Every award comes across my desk, and it is very, very seldom that there are less than two or three.

Just in the past few days, a number have come in, and there are three, four, five, and six.

It is true in particularly difficult cases, there is only a very few. There are generally reasons for that, but for the most part, on small contracts, we get five or six. I have seen 10 and 12 bidders.

Let me go back to the Metro thing. The request that the Metro be set aside for black contractors is in a somewhat different category than ours.

The Metro, in a way, is a national project. I think the people who ask for a larger black involvement are talking about the black construction firms of this Nation participating in it, rather than only those locally.

Now, in my jobs, I am primarily interested in the local people, because this provides a return to us, as we help them build on up.

We see a growth of our revenue base, of our employment base, and I am concentrating on taking those local contractors, who I know of, and helping them to grow into a position and posture where they can compete on a large job also.

There are some that can. Most as yet cannot. Now, to go into your second question, why do people compete on private business, and why there is less competition on Government business.

There are some very good reasons for that. One is Government red tape, procurement regulations are quite complex, quite demanding, and many private builders do not want to put up with it.

They would much rather have a private relationship with a private individual. They know each other and they trust each other.

He builds the building, and that is it. Second, there are other requirements that are difficult.

There is a requirement that on all Federal construction the Federal Government calls upon the contractor to take an affirmative effort to start hiring minorities.

Senator INOUE. Is that not required of private firms also?

Mr. STAROBIN. Not when they are building for a private person. While this is a very worthwhile social goal, it is established as a national goal by the President, and we are doing our best to uphold it. But let's face it, it does add an additional burden to a contractor, and many of them would prefer to deal with private individuals where they do not have this additional obligation on their part.

This too is an unfortunate fact of life.

Senator INOUE. I am sorry to have kept you waiting this long, Mr. Mayor.

I want to thank you. I believe I am safe in assuring you that your proposals will be given more than serious consideration.

In fact, I am advised the recommendations in line with your proposals that have been submitted will be given careful consideration, and once again, on behalf of the chairman, may I thank all of you for assisting us this morning, and I am safe in assuring you that the bill which will be coming out of this committee will be quite different from the one that came out of the House.

Hopefully, it will be one that will meet with your approval. Although there is not much time before the markup and our executive session tomorrow, I am certain the committee record will be kept open, if you wish to submit any further testimony, and as early as indicated, we hope that you will be able to submit to us the documents and memos that we have requested.

Mayor WASHINGTON. Mr. Chairman, I would also like to say, if as you deliberate, or that the staff does, and finds the need for any material, or further justifications, we would be most happy to present it. As you well know, Mr. Coppie and other members of the staff have tried very hard to accommodate the needs and the requests of the House Committee and this committee as well, and we will continue to do so, and to recognize the importance, and to consider the element of time, so we are completely at your disposal.

This is of the highest priority for us, because it is of the highest priority for the city to get what is needed. We realize that we must participate, and I stand ready today to do so.

Senator INOUE. Material received for the record will be inserted at this point.

(The material referred to follows:)

PREPARED STATEMENT OF BRUCE J. TERRIS, CHAIRMAN, DISTRICT OF COLUMBIA
DEMOCRATIC CENTRAL COMMITTEE

The Democratic Central Committee has supported and continues to support the reciprocal income tax so that people who live in the suburbs and work in the city pay their fair share of District taxes. We do not think that it is fair that these people use District services and pay nothing for them. If a tax on suburbanites who work in the city is right for other cities, it is right for the District of Columbia. We therefore believe that Mayor Washington deserves great credit for the fight he has made for a reciprocal income tax. If the District even comes close to getting the money it needs, whether through the reciprocal tax or larger federal payment, the mayor deserves the bulk of the credit.

However, it is clear that Congress, under the pressure of suburban Congressmen and Senators, will not impose fair taxation on residents of Washington's suburbs. In this situation, the Democratic Central Committee strongly supports the full federal payment to provide all revenues requested by the District government. We therefore urge the Senate to increase substantially the 44 million dollars provided by the House as a larger federal payment. If the suburbs are to be subsidized, the subsidy should come from the federal government not District residents. For the federal government has made the decision to subsidize, not us.

The full federal payment is essential to maintain needed services. In fact, far more money should be provided. The District government now has inadequate funds to provide proper medical care at D.C. General Hospital, to have adequate correctional programs for the avalanche of prisoners descending on Lorton, to offer higher education to all those who want and can benefit from it. The full sum requested by the District government is therefore only a good start toward providing the service vitally needed by the people of this city.

Finally, we oppose the provision designed to prevent rent strikes by welfare recipients. Not only will this provision impose a new burden on the District government, but it discriminates against welfare recipients. Both a fair sense of justice and probably the Constitution require that welfare recipients be treated like everyone else.

GREATER WASHINGTON CENTRAL LABOR COUNCIL, AFL-CIO,
Washington, D.C., November 11, 1971.

HON. THOMAS F. EAGLETON,
*Chairman, Senate District Committee,
New Senate Office Building, Washington, D.C.*

DEAR SENATOR EAGLETON: This is in reference to section 707 of the proposed District of Columbia Revenue Act of 1971 which would create an exemption from the overtime requirements of the District of Columbia Minimum Wage Act for employers who are subject to regulation by the Department of Transportation. We are strongly opposed to this legislation for the reasons set forth below.

The District of Columbia Minimum Wage Act was enacted by Congress in 1966 only after extensive hearings to determine the need for strengthening the 1918 minimum wage law which covered only women and minor employees. Congress wisely extended minimum wage protection to men and provided that overtime compensation at not less than time and one-half be paid to practically all employees who work more than 40 hours in a workweek. No exemption from the overtime requirements was provided for employers who are subject to regulation by the Department of Transportation, although such employers are exempted from the similar provisions of the Fair Labor Standards Act.

Subsequent to the enactment of the 1966 amendments to the District of Columbia Minimum Wage Act, in August 1969 according to the District of Columbia Minimum Wage and Industrial Safety Board it found that Interstate Van Lines, Inc., a moving company located in the District of Columbia, was not paying its drivers time and one-half for overtime work. Approximately \$30,000 in back wages were due 86 employees. The Company refused requests of the District of Columbia Minimum Wage and Industrial Safety Board to pay its employees and succeeded in having Congressman McMillan on December 19, 1969, introduce legislation (H.R. 15360) identical to the present rider which would exempt Interstate Van Lines, Inc., employees from the overtime requirements of the District of Columbia Minimum Wage Act. The bill was attached as a rider to the District of Colum-

bia Revenue Act of 1970 (section 602) and made retroactive to February 1967 in order to wipe out the back pay liability of Interstate Van Lines, Inc. It passed the House of Representatives. However, during conference between the House and Senate Conference Committee the Senate prevailed in having the exemption apply only to employees who spend 50% or more of their workweek outside the Washington metropolitan region.

Since, according to the Board, a good many of Interstate Van Lines employees spend more than 50% of their workweek in the Washington metropolitan region they are not exempt from the overtime requirements of the District of Columbia Minimum Wage Act. Thus the reason for section 707 of the 1971 Revenue Act which, like its predecessor in the 1970 Revenue Act, is retroactive to February 1967, the effective date of the 1966 amendments to the District of Columbia Minimum Wage Act. Furthermore, it is interesting to note that the only District of Columbia employer who testified in favor of H.R. 15360 was Mr. Arthur E. Morrisette, President, Interstate Van Lines, Inc.

The Greater Washington Central Labor Council, AFL-CIO is opposed to legislation which is designed to lower an existing labor standard for some 11,000 employees in order that one employer who apparently violated the District of Columbia Minimum Wage Act can pocket the \$30,000 in overtime compensation that he should have paid his employees. It is our understanding that this matter between the Minimum Wage and Industrial Safety Board and Interstate Van Lines, Inc., is being litigated in the courts. Congressional intervention to bail out the employer at the expense of 11,000 employees should not be permitted.

We strongly urge that section 707 of the proposed District of Columbia Revenue Act of 1971 be stricken from the bill.

Sincerely,

J.C. TURNER, *President.*

[TELEGRAM]

WASHINGTON, D.C., November 16, 1971.

Sen. THOMAS F. EAGLETON,
*Chairman, Senate District Committee,
New Senate Office Building,
Washington, D.C.*

DEAR SENATOR EAGLETON: We strongly protest the attempt by Congress to deprive welfare recipients of the legal rights won for all tenants in housing law by section 704 H.R. 11341.

Jessie Grey National Tenants in housing law by section 704 H.R. 11341.

JESSIE GREY, NATIONAL TENANTS ORGANIZATION.

[From the Congressional Record, Nov. 1, 1971]

RENT PROVISIONS HELD UNCONSTITUTIONAL

Mr. FAUNTROY. Mr. Speaker, the House Committee on the District of Columbia has approved H.R. 11341, as amended, the District of Columbia Revenue Act of 1971. The bill, as approved, contains a provision authorizing the Mayor to pay welfare payments directly to the landlord when a welfare recipient fails to pay rent. I was deeply concerned about the possible constitutional problems raised by this provision. I asked the highly respected law firm of Covington & Burling to research and analyze this question for me. They have concluded that "there is a substantial likelihood that [such a provision] would be held unconstitutional." I should point out that Covington & Burling's analysis was of an earlier version of the provision. In my judgment, the basic argument advanced by the firm would apply with equal force to the provision ultimately approved by the committee. Because this item is likely to be discussed in connection with the District of Columbia revenue bill next week, I would like to share this excellent legal memorandum with my colleagues:

COVINGTON & BURLING,
Washington, D.C., October 6, 1971.

HON. WALTER FAUNTROY,
Delegate for the District of Columbia,
U.S. House of Representatives, Washington, D.C.

DEAR DELEGATE FAUNTROY: You have requested our opinion as to the validity under the United States Constitution of a proposed rider to the pending District of Columbia appropriations bill that is now being considered by the Committee on the District of Columbia of the House of Representatives. It is our understanding that, while the provisions of the proposed rider have not yet been drafted, it would provide, in effect, that whenever a person who is receiving public welfare payments in the District of Columbia defaults on a monthly rental payment (regardless of the reason), the District of Columbia Welfare Department, upon notification of the default, must thereafter deduct monthly rental payments from the welfare recipient's check and pay them directly to the welfare recipient's landlord. The purpose of the proposed rider, as stated in the memorandum which you sent us, is to:

"Reduce vandalism of public and private rental property and foreclose the incentive to rent strikes by persons on public assistance and relieve the government of dual payments where the recipient of aid is in public housing."

We have concluded that, if a rider containing such provisions were enacted and subjected to a challenge in court, there is a very substantial likelihood that it would be held unconstitutional. In our opinion, the proposed rider would be vulnerable to constitutional attack on either of the following grounds:

(a) it deprives the affected welfare recipients of property without the opportunity for a hearing, in violation of the due process clause of the Fifth Amendment to the Constitution; and

(b) it denies to District of Columbia welfare recipients the equal protection of the laws, in violation of the due process clause of the Fifth Amendment to the Constitution.

In view of your need for prompt advice, we state below the reasons that lead us to these conclusions in rather summary fashion. We would be glad to expand the analysis at a later date, if you should so desire.

I. THE CONSTITUTIONALITY OF THE PROPOSED RIDER IS SUBJECT TO SERIOUS QUESTION ON DUE PROCESS GROUNDS

The due process clause of the Fifth Amendment to the United States Constitution, which operates as a constraint upon the powers of the federal government (including Congress' power to legislate for the District of Columbia), states that no person shall be deprived of life, liberty or property without due process of law. In *Sniadach v. Family Finance Corp.*, 395 U.S. 337 (1969), the Supreme Court held invalid, under the substantially identical due process clause of the Fourteenth Amendment applicable to the states, a Wisconsin statute that required an employer to hold back or "freeze" a part of his employee's wages whenever an alleged creditor served the employer with a summons and complaint alleging that the employee was indebted to the alleged creditor. This pre-judgment garnishment procedure was described by the Court in *Sniadach* as follows:

"What happens in Wisconsin is that the clerk of the court issues the summons at the request of the creditor's lawyer; and it is the latter who by serving the garnishee sets in motion the machinery whereby the wages are frozen. They may, it is true, be unfrozen if the trial of the main suit is ever had and the wage earner wins on the merits. But in the interim the wage earner is deprived of his enjoyment of earned wages without any opportunity to be heard and to tender any defense he may have, whether it be fraud or otherwise." *Id.* at 338-339.

The Court, pointing out that wages are "a specialized type of property presenting distinct problems in our economic system," held that because the Wisconsin statute failed to provide the employee with notice and an opportunity for a prior hearing on the question of his liability to the alleged creditor, it violated "the fundamental principles of due process." *Id.* at 340, 343.

We believe that the requirement in the proposed rider that the D.C. Welfare Department must deduct rental payments from the check of any welfare recipient who is allegedly in default in his rental payments and remit them to the landlord would be held violative of the due process clause for reasons altogether comparable to those stated by the Court in holding the Wisconsin garnishment statute unconstitutional.

In the first place, it is clear that the welfare recipient's entitlement to benefits is "property" protected by the due process clause. That proposition is well established. The requirements of procedural due process are no less applicable in cases involving alleged deprivation of governmental "benefits" than they are in cases involving alleged deprivation of wages or other more traditional forms of property. As the Supreme Court pointed out in *Goldberg v. Kelly*, 397 U.S. 254, 261-262 (1970):

"Appellant does not contend that procedural due process is not applicable to the termination of welfare benefits. Such benefits are a matter of statutory entitlement for persons qualified to receive them. Their termination involved state action that adjudicates important rights. The constitutional challenge cannot be answered by an argument that public assistance benefits are a 'privilege' and not a 'right.' *Shapiro v. Thompson*, 394 U.S. 618, 627 n.6 (1969). Relevant constitutional restraints apply as much to the withdrawal of public assistance benefits as to disqualification for unemployment compensation, *Sherbert v. Verner*, 374 U.S. 398 (1963); or to denial of a tax exemption, *Speiser v. Randall*, 357 U.S. 513 (1958); or to discharge from public employment, *Slochower v. Board of Higher Education*, 350 U.S. 551 (1956)."

Indeed, as we point out below, the very principle of the *Sniadach* decision was applied in *Goldberg* to invalidate the termination, without a hearing, of welfare benefits.

We can anticipate only one argument of any substance for distinguishing the proposed appropriations bill rider from Wisconsin's garnishment statute. It be argued that the impact on welfare recipients of the procedure contemplated by the rider would be less drastic than the impact of the garnishment statute on employees because the Wisconsin statute requires a significant reduction, pending trial, of the income from which an employee must pay all his living expenses, including housing, whereas the proposed rider would only partially reduce the welfare recipient's income and would at the same time eliminate housing as one of the expenses he would have to pay out of his income.

On analysis, however, we do not believe that this argument would be found persuasive. It is now well established in the District of Columbia, both under the case law and the District of Columbia Housing law and the District of Columbia Housing Regulations, that if the landlord has failed to maintain a housing unit in compliance with the minimum standards required by the Housing Regulations, the tenant may not be legally obligated to pay him all, or even any, of the rent otherwise due for the period during which such violations of the Housing Code existed, depending on the nature and number of the violations in question. *Brown v. Southall Realty Co.*, 237 A. 2d 834 (D.C.C.A. 1968); *Javins v. First National Realty Corp.*, 428 F. 2d 1071 (D.C. Cir. 1970), *cert. denied*, 400 U.S. 925 (1970); Housing Regulations of the District of Columbia § 2902. Thus a tenant living in housing which his landlord has failed to maintain in accordance with the Housing Regulations may withhold his rent and when he is sued for nonpayment the court must decide, after receiving evidence as to the nature of the Housing Code violations in question, how much, if any, of the rent the landlord is entitled to recover. *Javins v. First National Realty Corp.*, *supra* at 1082-1083. The landlord therefore has nothing more than the putative creditor in the *Sniadach* case, a chose in action by which he may be able to compel payment through the judicial process of the rent purportedly due him.

The proposed rider would deprive the welfare recipient of the only realistic means he has to bring before a court of law the question of his landlord's legal obligation to make repairs and the question of how much rent, under the circumstances, he is legally required to pay. Since the landlord would be receiving rent from the Welfare Department, he would have no such reason to sue the tenant and considerably less incentive to abate any existing Housing Code violations. The rider would thus shift the burden to the tenant to bring an affirmative action against the landlord to recover all or a part of the rent paid. In our view, the courts would recognize that indigent welfare tenants would rarely be able to bring affirmative actions against their landlords for back rent, especially in view of the regulations that in most cases prohibit legal services attorneys from representing clients in affirmative suits for damages.

In this regard, we note in his concurring opinion in the *Sniadach* case Mr. Justice Harlan said that in his view the precise "property" of which the employee was deprived without hearing was the use of the withheld part of his wages between the time of the garnishment and the time of judgment on the creditor's claim. 395 U.S. at 342. Since the proposed rider to the D.C. appropriations bill would place upon the welfare tenant the burden of bringing before the courts

the question whether he in fact owes the rent paid, he stands realistically not only to lose the use of his rent money pending a judgment as to whether he or the landlord is entitled to it, but to lose the money forever. It would therefore appear that the deprivation under the proposed rider to the D.C. appropriations bill is even more severe than the deprivation under the Wisconsin garnishment statute, which at least left the burden of bringing the action for money owed on the alleged creditor, thus ensuring that he could not recover from the employee unless there had been a trial on the merits of his claim.

In addition, we would point out that by withholding their rent, welfare tenants are able to use the rental money to make emergency repairs which the landlord has failed to make. Under the terms of the proposed rider, the tenant would be unable to use his housing allotment to make even the most fundamental repairs necessary to keep his dwelling unit in habitable condition or, for that matter, to use the money for any other emergency needs which he might have. Thus, even the temporary loss of rent allotments might have at least as severe an impact on the welfare tenant as the impact of the Wisconsin garnishment statute on the employee in *Sniadach*.

We recognize that the Court placed some emphasis in *Sniadach* on the "specialized" nature of wages. Cases decided since *Sniadach*, however, both by the lower courts and by the Supreme Court, indicate that the rationale of *Sniadach* will be applied to situations involving deprivations of many different kinds of property rights, even though the impact on the deprived party may not be as drastic as the impact which prejudgment garnishment of wages may have on an employee. See, e.g. *Hall v. Garson*, 430 F. 2d 430 (5th Cir. 1970) (landlord's peremptory seizure of a television set under a statutory landlord's lien); *Klim v. Jones*, 315 F. Supp. 109 (N.D. Cal. 1970) (innkeeper's seizure of personal belongings under statutory innkeeper's lien); *Laprease v. Raymours Furniture Co.*, 315 F. Supp. 716 (N.D.N.Y. 1970) (conditional vendor's seizure of furniture); *Larson v. Fetherston*, 172 N.W.2d 20 (Wis. Sup. Ct. 1969) (garnishment of bank accounts); *Mihans v. Municipal Court*, 87 Cal. Rptr. 17 (Cal. App. 1970) (landlord's prejudgment possession of premises if tenant is insolvent or lacks sufficient property to satisfy landlord's claim for damages); *contra*, *Fuentes v. Faricloth*, 317 F. Supp. 954 (S.D. Fla. 1970) (conditional vendor's seizure of furniture), *prob. juris. noted*, 401 U.S. 906 (1971). See also Note, *Some Implications of Sniadach*, 70 Colum. L. Rev. 942, 949 (1970).

In *Hall v. Garson*, *supra* at 441, the Court of Appeals for the Fifth Circuit pointed out that:

"[T]he same kind of deep personal hardship can result from the seizure of personal and household goods as resulted from the garnishment of wages under the Wisconsin statute in *Sniadach*."

The only post-*Sniadach* case of which we are aware in which a court has considered the question whether a tenant who has withheld rental payments may be required to pay rent to the landlord prior to trial on the question of his legal obligation to pay such rent is an unreported decision by the United States Court of Appeals for the District of Columbia Circuit in *Winston v. Shapiro*, Case No. 24,503 (D.C. Cir. Aug. 5, 1970). The question was before the court on a motion to stay lower court orders which required "the payment of prejudgment rent directly to the landlord provided the landlord files an appropriate bond with the Clerk." *Id.* at 2. While declining to decide the issue on a motion for a stay, the Court nevertheless noted that:

"This provision in the orders raises constitutional questions under *Sniadach v. Family Finance Corp.*, 395 U.S. 337 (1969)." *Id.*

The *Shapiro* case was subsequently settled before it reached the Court of Appeals on the merits. However, we understand that the same issue is raised in another case now pending before the Court of Appeals. See *Blanks v. Fowler*, Case No. 24,548, United States Court of Appeals for the District of Columbia Circuit. In any event, we would point out that if the provisions of the lower court orders in the *Winston* case raise constitutional questions under *Sniadach*, then it follows *a fortiori* that the provisions of the proposed rider do also. The lower court orders in *Winston* required rental payments to the landlord for a specifically limited period, namely, until the pending trial on the issue of the landlord's right to such payments had been completed. The provisions of the proposed rider, however, are completely openended, requiring rental payments to the landlord that not only are not limited to a period prior to a trial on the merits of the tenant's justification for nonpayment but that, as we have said, probably would have the effect of ensuring that such a trial would never take place.

Two Supreme Court decisions subsequent to *Sniadach* likewise suggest that the rationale of that decision is not confined to situations involving a prehearing

deprivation of "traditional" or "specialized" property such as wages. In *Goldberg v. Kelly*, 397 U.S. 254, 255 (1970), the Court was presented with the question "whether a State that terminates public assistance payments to a particular recipient without affording him the opportunity for an evidentiary hearing prior to termination denies the recipient procedural due process in violation of the Due Process Clause . . ." The Court answered the question in the affirmative, citing *Snidach* in support of its decision:

" . . . [W]e agree with the District Court that when welfare is discontinued, only a pre-termination evidentiary hearing provides the recipient with procedural due process. Cf. *Snidach v. Family Finance Corporation*, 395 U.S. 337 (1969)." *Id.* at 264.

Similarly, in *Bell v. Burson*, 402 U.S. 535 (1971), the Court was faced with a due process challenge to the provisions of Georgia's Motor Vehicle Safety Responsibility Act which required that the motor vehicle registration and driver's license of an uninsured motorist involved in an accident shall be suspended unless he posts security to cover the amount of damages claimed by aggrieved parties in required reports of the accident. The Court held that "before the State may deprive petitioner of his driver's license and vehicle registration it must provide a forum for the determination of the question whether there is a reasonable possibility of a judgment being rendered against him as a result of the accident." *Id.* at 542. In so holding, the Court emphasized that a person's right to a driver's license is the kind of property right of which a person may not be deprived without a hearing, in accordance with the principles set forth in *Snidach*;

" . . . Once licenses are issued, as in petitioner's case, their continued possession may become essential in the pursuit of a livelihood. Suspension of issued licenses thus involves state action that adjudicates important interests of the licensees. In such cases the licenses are not to be taken away without that procedural due process required by the Fourteenth Amendment. *Snidach v. Family Financial Corp.*, 395 U.S. 337 (1969); *Goldberg v. Kelly*, 397 U.S. 254 (1970). This is but an application of the general proposition that relevant constitutional restraints limit state power to terminate an entitlement whether the entitlement is denominated a 'right' or a 'privilege.' "

" . . . [I]t is fundamental that except in emergency situations (and this is not one) due process requires that when a State seeks to terminate an interest such as that here involved, it must afford 'notice and opportunity for hearing appropriate to the nature of the case' before the termination becomes effective. *Ibid. Opp. Cotton Mills, Inc. v. Administrator*, 312 U.S. at 152-156 (1941); *Snidach v. Family Finance Corp.*, *supra*; *Goldberg v. Kelly*, *supra*; *Wisconsin v. Constantineau*, 400 U.S. 433 (1971)." *Id.* at 539, 542.

It would appear to follow that a procedure which requires rental payments to be deducted from a welfare recipient's check and to be paid directly to his landlord, without providing any opportunity for a hearing on the question of the welfare recipient's liability for such payments, is also at odds with the requirements of due process.

In view of the cases and considerations discussed above, we conclude that there is a very substantial likelihood that the proposed rider to the District of Columbia appropriations bill would be held to violate the due process clause of the Fifth Amendment.

II. THE CONSTITUTIONALITY OF THE PROPOSED RIDER IS SUBJECT TO SERIOUS QUESTION ON EQUAL PROTECTION GROUNDS

Unlike the Fourteenth Amendment to the Constitution, which is applicable only to the states and not to acts of Congress, the Fifth Amendment, by which Congress is bound, contains no explicit prohibition against denial of the "equal protection of the laws." However, the Supreme Court has held on several occasions that "[w]hile the Fifth Amendment contains no equal protection clause, it does forbid discrimination that is 'so unjustifiable as to be violative of due process.'" *Shapiro v. Thompson*, 394 U.S. 618, 642 (1969); *Schneider v. Rusk*, 377 U.S. 163, 168 (1964); *Boiling v. Sharpe*, 347 U.S. 497, 499 (1954). Although the Supreme Court has never decided whether the "equal protection" principles thus incorporated in the due process clause of the Fifth Amendment are coextensive with those of the Fourteenth Amendment, it has been assumed by some lower courts that they are. In *Von Stauffenberg v. District Unemployment Compensation Board*, 269 A.2d 110 (1970), for example, the District of Columbia Court of Appeals stated flatly that:

"The Due Process Clause, which is applicable to the District of Columbia, encompasses equal protection of the laws," *Id.* at 110 n.2.

We have proceeded upon the assumption that the concept of equal protection is governed by the same general principles under both the Fifth and Fourteenth Amendments. We base this upon the solidity of the notion that the due process clause of the Fifth Amendment incorporates equal protection concepts and the difficulty of distinguishing discrimination "so unjustifiable as to violate due process" from discrimination that cannot be justified by reference to usual equal protection standards.

In our view, the proposed rider would create at least two discriminatory classifications that could be challenged on equal protection grounds. First, it would discriminate against all tenants who are on welfare in the District of Columbia, as opposed to all other tenants in the District of Columbia. Second, it would discriminate against all welfare recipients in the District of Columbia, as opposed to all other welfare recipients in the United States. In our opinion, the first classification mentioned raises a very substantial equal protection question—the second, a real though probably less substantial one. Our analysis of the equal protection arguments that could be made against the proposed rider will consider each of the discriminatory classifications separately and will deal with the first in greater detail.

A. The classification of welfare tenants in the District of Columbia, as opposed to all other tenants in the District of Columbia

By requiring the D.C. Welfare Department to make direct rental payments to the landlord of any welfare recipient who is in default in at least one month's rent, the proposed rider would deprive such welfare tenants of many of the rights which other tenants in the District of Columbia enjoy, most significantly, the right to a prior judicial hearing on the question of their legal liability to pay the rent claimed. As we mentioned at pp. 4-5 above, the law in the District of Columbia provides that if a landlord fails to maintain a housing unit in compliance with the standards of the District of Columbia Housing Regulations, the tenant may not be liable for all, or even any, of the rent otherwise due for the period during which violations of the Regulations existed, depending on the severity of the violations involved. *Brown v. Southall Realty Co.*, 237 A.2d 834 (D.C.C.A. 1968); *Javins v. First National Realty Corp.*, 428 F.2d 1071 (D.C. Cir. 1970), *cert denied*, 400 U.S. 925 (1970); Housing Regulations of the District of Columbia, § 2902. As a result, if a tenant withholds his rent because of alleged Housing Code violations and is sued by the landlord, the tenant is entitled to a trial on the question whether, in view of the alleged violations of the Housing Regulations, he owes the landlord all of the rent otherwise due, only a part of it or none of it.

District of Columbia law further provides that, if the landlord is concerned that the tenant may squander the rent money pending trial, he may make a motion for a protective order requiring that rental payments be paid into the registry of the court pending trial, *Bell v. Tsintolas Realty Co.*, 430 F.2d 474 (D.C. Cir. 1970). However, prepayment of rent into the registry of the court is not favored and such an order may be entered only after notice and opportunity for a hearing:

"... We conclude that, although the court may, in the exercise of its equitable jurisdiction, order that future rent be paid into the registry of the court as it becomes due during the pendency of the litigation, such prepayment is not favored and should be ordered only in limited circumstances, only on motion of the landlord, and only after notice and opportunity for a hearing on such a motion." *Id.* at 479.

At the hearing on such a motion, the court is required to hear evidence not only as to the landlord's need for a protective order but also as to the existence and severity of the Housing Code violations claimed by the tenant, and the court may order payment into the registry of the court of less than the full monthly rent:

"Even if the landlord has adequately demonstrated his need for a protective order, the trial judge must compare that need with the apparent merits of the defense based on housing code violations. Relevant considerations would be whether the housing code violations alleged are *de minimis* or substantial, whether the landlord has been notified of the existence of the defects and, if so, his response to that notice, and the date, if known, of the last repair or renovation relating to the alleged defect.

"We express the view that, in the ordinary course of events, if prepayment of rent is required, the tenant will be called upon to pay into the court registry each month the amount which he originally contracted to pay as rent. However, there are circumstances likely to arise which, in our judgment, require that the trial court consider imposition of a lesser amount. Certainly a lesser amount would be desirable when the tenant makes a very strong showing that the condition of the

dwelling is in violation of Housing Regulations norms. For example, he may adduce in support of his defense a finding of violation of an order to repair which the District of Columbia issued to the landlord and which the landlord has not acted upon within a reasonable time. Similarly, he may demonstrate that some portion of his potential payment of rent was instead expended on repairs to the premises." *Id.* at 484.

It is well settled in the District of Columbia, moreover, that pretrial payments of rent directly to the landlord generally may not be ordered, although the courts have so far left open the possibility that such an order might be appropriate after a hearing in which the landlord made an extraordinary showing of need and likelihood of success on the merits. *Dorfmann v. Boozer*, 134 U.S. App. D.C. 272, 414 F. 2d 1168 (1969); *Cooks v. Fowler*, 437 F. 2d 669 (D.C. Cir. 1970). *Cf. Winston v. Shapiro*, Case No. 24,503 (D.C. Cir. Aug. 5, 1970), discussed at p. 7 above.

District of Columbia law thus provides every tenant who denies that he owes rent claimed the right to a trial (or at least a pre-trial hearing) on the issue of his liability for such rent *before* he can be forced to pay it over to the landlord. The law also provides that every tenant who denies he owes rent on the ground of the landlord's failure to maintain the premises in accordance with the Housing Regulations has a right to a pre-trial hearing on his claim before he can even be required to pay rent into the registry of the court pending trial.

The proposed rider would deprive tenant welfare recipients of these rights. It would thus discriminate against tenants who are welfare recipients, as opposed to all other tenants in the District of Columbia. The question is whether the discriminatory classification thus drawn by the rider is such as to violate the tenant welfare recipient's right to equal protection of the laws.

Under the "traditional" equal protection test, a discriminatory classification will not be invalid if there is shown to be a rational relationship between the classification and the purpose of the statute under which it is drawn. *See Rinaldi v. Yeager*, 384 U.S. 305, 309 (1966); *McLaughlin v. Florida*, 379 U.S. 184, 191 (1964); *F. S. Royster Guano Co. v. Virginia*, 253 U.S. 412, 415 (1920); *Gulf, Colorado & Santa Fe Ry. v. Ellis*, 165 U.S. 150, 155 (1897); Tussman & Ten Broek, *The Equal Protection of the Laws*, 37 Calif. L. Rev. 341, 346 (1949). Given the stated purposes of the proposed rider—to discourage vandalism and rent strikes—it is difficult to discern how the classification effected by the rider between welfare recipients and other tenants bears any rational relationship to such purposes, particularly since in the District of Columbia Congress has the power, subject to the limitations imposed by the Constitution, to alter the existing landlord-tenant law by substantive enactment without making any such discriminatory classifications among tenants.

In any event, however, it has long been the law that there are certain discriminatory classifications that are inherently invidious and therefore either cannot be justified by any considerations or will be held invalid on equal protection grounds unless it can be demonstrated that they are necessitated by a compelling governmental interest. Foremost among the "suspect" classifications are those which discriminate against persons of a particular race. *See, e.g., Korematsu v. United States*, 323 U.S. 214, 216 (1944). Classifications that discriminate against persons on the basis of their economic status (*i.e.*, against the poor) likewise fall into the suspect category, although they have not always been deemed as invidious as discriminatory classifications based on race. *See, e.g., Griffin v. Illinois*, 351 U.S. 12 (1956); *Douglas v. California*, 372 U.S. 353 (1963); *Harper v. Virginia Bd. of Elections*, 383 U.S. 663 (1966); *But see James v. Valtierra*, 402 U.S. 137 (1971).

It is common knowledge that the vast majority of persons receiving welfare in the District of Columbia are black. Statistics indicate, for example, that for many years well over 90 percent of all AFDC recipients in the District of Columbia have been members of the black race. *See, e.g., Characteristics of Families Receiving Aid to Families With Dependent Children*, U.S. Dept. of Health, Education and Welfare, April 1963. It could thus be argued that the discriminatory classification which the proposed rider would create is, in effect, a classification based on race. As such it would be inherently invalid or, in any event, subject to the requirement that it be supported by a compelling governmental interest.

Even if such an argument did not prevail, it is clear that the classification which the rider would create is on its face based on economic status, since its provisions would apply only to welfare recipients, who are, by definition, poor. It would accordingly be "closely scrutinized" by the courts, for "lines drawn on the basis of wealth or property, like those of race . . . are traditionally disfavored." *Harper v. Virginia Bd. of Elections*, 383 U.S. 663, 668, 640 (1966).

Moreover, since the practical effect of the rider would be to make it virtually impossible for a tenant welfare recipient to bring before the courts a legitimate claim that the landlord had not fulfilled his legal obligations under the Housing Code and thus was not entitled to recover the rent claimed (see pp. 5-6 of this letter), it would be particularly difficult to justify. Both the Supreme Court and the United States Court of Appeals for the District of Columbia have repeatedly struck down on equal protection grounds classifications based on economic status which have the effect of erecting impediments to full access to the judicial process by indigent persons. See, e.g., *Griffin v. Illinois*, 351 U.S. 12 (1956); *Douglas v. California*, 372 U.S. 353 (1963); *Lee v. Habib*, 137 U.S. App. D.C. 403, 424 F.2d 891 (1970); *McKelton v. Bruno*, 138 U.S. App. D.C. 366, 428 F.2d 718 (1970). Thus, after reviewing its decisions in the latter two cases, the Court of Appeals in *Bell v. Tsintolas Realty Company*, 430 F.2d 474, 480 (1970), stated:

"The thrust of these cases has been to protect, under a variety of circumstances, the extent to which an indigent may have access to and participate in the judicial system. The requirement that an indigent tenant meet current rental payments in order to maintain his defense, . . . has the effect of restricting access to and participation in the judicial system. We have good reason for concern when a meritorious defense cannot be litigated because a monetary barrier has been erected; not only does the individual defendant lose, but the purposes of the adversary system as a whole are frustrated."

In view of the cases and considerations discussed above, we conclude that there is a very substantial likelihood that the proposed rider to the District of Columbia appropriations bill would be held to violate the welfare recipient's Fifth Amendment right to equal protection of the law.

B. The classification of welfare recipients in the District of Columbia, as opposed to all other welfare recipients in the United States

Section 406(b)(2) of the Social Security Act, 42 U.S.C.A. § 606(b)(2), which is applicable to all AFDC (aid to families with dependent children) programs in the various states and the District of Columbia and must be complied with if the states are to receive matching Federal funds, authorizes "vendor payments," i.e., payments made "directly to a person [other than the relative with whom a dependent child is living] furnishing food, living accommodations, or other goods, services, or items to or for such child," only when the state program includes provision for a hearing and determination that "the relative . . . has such inability to manage funds that making payments to him would be contrary to the welfare of the child." It is thus apparent that the proposed rider, if enacted, would either be deemed an amendment to the above provisions of the Social Security Act or would render the District of Columbia program ineligible to receive matching Federal funds.

Assuming that the rider would be deemed an amendment to the Social Security Act, its effect would be to discriminate against welfare recipients in the District of Columbia, as opposed to all other welfare recipients in the United States, by denying D.C. welfare recipients the protection against direct payments to their landlords which the Social Security Act provides. The question, once again, is whether the discriminatory classification thus established would be such as to deprive District of Columbia welfare recipients of their right to equal protection of the laws.

Since the distinction between District of Columbia welfare recipients and other welfare recipients is not one which is based on race or wealth and would not appear to impinge upon any "fundamental" rights of the D.C. welfare recipients, *Shapiro v. Thompson*, 394 U.S. 618, 634 (1969), its validity must be measured by the "traditional" equal protection standard mentioned earlier, i.e., whether there is any rational relationship between the classification and the purpose of the statute under which it is drawn:

"[L]egislation may impose special burdens upon defined classes in order to achieve permissible ends. But the Equal Protection Clause does require that, in defining a class subject to legislation, the distinctions that are drawn have 'some relevance to the purpose for which the classification is made.'" *Rinaldi v. Yeager*; 384 U.S. 305, 309 (1966).

While we recognize that Congress has traditionally been permitted to treat the District of Columbia differently from the states, an argument could nevertheless be made that it is arbitrary and irrational to single out District of Columbia welfare recipients in the manner contemplated by the proposed rider. Certainly it could hardly be contended that welfare recipients in the District of Columbia are the only welfare recipients who have withheld their rent or gone on "rent

strikes." It is common knowledge that in recent years welfare recipients in many cities have withheld rent in protest against substandard housing conditions.

It could thus be argued that the discriminatory classification that the rider would create is at least as arbitrary as the classification created by the one-year residency statutes (including the one enacted by Congress for residents of the District of Columbia) which the Court struck down in *Shapiro v. Thompson*, 394 U.S. 618 (1969). Although the stricter "compelling governmental interest" standard was found applicable in *Shapiro*, the Court nevertheless stated that:

"... even under traditional equal protection tests a classification of welfare applicants according to whether they have lived in the State for one year would seem irrational and unconstitutional." *Id.* at 638.

Very truly yours,

COVINGTON & BURLING,
By EDWIN M. ZIMMERMAN.

COVINGTON & BURLING,
Washington, D.C., October 13, 1971.

HON. WALTER FAUNTROY,
Delegate for the District of Columbia,
U.S. House of Representatives, Washington, D.C.

DEAR DELEGATE FAUNTROY: On October 7, 1971, the United States Court of Appeals for the District of Columbia Circuit decided a case with an opinion that is directly relevant to the issue discussed in part II B of our opinion letter of October 6, 1971, regarding a proposed rider to the District of Columbia appropriations bill. I am enclosing a Xerox copy of the opinion in the case, *United States v. Thompson*, No. 71-1182, for your information.

The Court of Appeals in *Thompson* was called upon to construe the bail provisions of the Court Reform Act of 1970, which apply only to the District of Columbia, with respect to their applicability to persons convicted in the District of offenses prosecuted under federal criminal statutes having nationwide application. The Court held that the bail provisions of the Court Reform Act did not apply to such offenses and that, as to them, the provisions of the Bail Reform Act of 1966, a generally applicable national statute, are still applicable in the District. Consequently, the defendant in the *Thompson* case was entitled to have his application for bail pending appeal considered according to the criteria established by the Bail Reform Act and not the stricter criteria embodied in the Court Reform Act.

In so holding, the Court emphasized that if, as the government contended, the bail provisions of the Court Reform Act did apply to federal offenses when committed in the District of Columbia, those provisions would be unconstitutional in that they would deny residents of the District of Columbia the equal protection of the laws, in violation of the due process clause of the Fifth Amendment to the Constitution.

There is a clear parallel between the statutory situation with which the Court was dealing in *Thompson* and the situation that would be created by enactment of a local provision for payment direct to landlords of District welfare recipients' rent while no such direct payments are permitted under the national Social Security Act elsewhere in the country.

In beginning the analysis that led it to the conclusion that a statute that sought to exclude the District of Columbia from the otherwise nationally applicable protections of the Bail Reform Act would violate the Fifth Amendment, the Court pointed out that "when Congress decides to enact national legislation . . . the passage of such a law implies a threshold decision to override regional differences in favor of a uniform standard that will govern the entire country." Slip Opinion, p. 9. Applying the "traditional" equal protection test to such a statute, the Court stated that "we are hard pressed to see even a rational relationship between the classification created by this statute and any legitimate governmental policy." By the same token, as we pointed out at page 18 of our opinion letter, since Congress has adopted in the Social Security Act a national policy regarding the disposition of federal funds for dependent children, it is difficult to perceive any rational relationship between any legitimate governmental policy and a statutory classification which would authorize direct payments to landlords in the case of welfare recipients residing in the District of Columbia while continuing to prohibit such payments with respect to all other AFDC recipients.

The Courts of Appeals did not, however, rest its equal protection ruling in *Thompson* on the traditional "rational relationship" standard. It pointed out that because the discriminatory classification urged by the government would limit the right to bail pending appeal, it involved "fundamental personal liberties"

and must accordingly be closely scrutinized. *Id.* at 12. The Court went on, moreover, to state that because of the "profoundly anomalous" position in the federal system occupied by residents of the District of Columbia any classification which discriminates against the residents of the District of Columbia is "particularly suspect" and can be upheld only if the justification for the classification is not merely "rational" or "plausible" but actually "convincing":

"What is involved here is not just any arbitrary classification between two similarly situated groups. The residents of Washington occupy a profoundly anomalous position in the federal system, and any classification which discriminates against them is particularly suspect. Writing for the Court in *Reynolds v. Sims*, *supra*, Chief Justice Warren observed: 'The right to vote freely for the candidate of one's choice is of the essence of a democratic society, and any restrictions on that right strike at the heart of representative government.' But for residents of the District, the right to vote in congressional elections is not merely restricted—it is totally denied. This regrettable situation is a product of historical and legal forces over which this court has no control. See J. S. Young, the Washington Community 1800–1828 at 14–15 (1966). Until it is changed, however, the standard for review in equal protection cases involving the District may well be fundamentally affected. See *D.C. Federation of Civic Associations, Inc. v. Volpe*, *supra*.

"Although the courts have a vital role to play in preserving our constitutional rights, we normally depend upon the vote as 'preservative of other basic civil and political rights.' Minorities can usually protect themselves by playing their role in the political process and forming coalitions with other groups to secure a majority. But it is senseless to remit District residents to the political process, since for them there is no political process. The principle of majority rule loses its legitimacy when not all the votes are counted. See *Developments in the Law—Equal Protection*, 82 Harv. L. Rev. 1065, 1124–1126 & n.275 (1969). In this context, at least, the normal arguments for judicial restraint become no more than hollow shibboleths grotesquely detached from the logic which once supported them. There is no reason to pay deference to the views of a representative body which does not in fact represents those against whom it is discriminating. Therefore, discriminatory classifications affecting District residents must be subjected to the strictest possible review. See *Hobson v. Hansen*, D. D.C., 269 F. Supp 401, 508 & n.198 (1967), *affirmed*, *sub nom. Smuck v. Hobson*, 132 U.S. App. D.C. 372, 408 F. 2d 175 (1969) (*en banc*). It is not enough for such classifications to be merely rational or even plausible; the justification offered must actually be *convincing*. Otherwise, the danger of 'experimentation' with the rights of the voiceless residents of the District is too great to be tolerated." *Id.* at 13–14.

The opinion of the Court of Appeals in *Thompson* thus strengthens the argument summarized in part II B of our letter of October 6, 1971, that the proposed rider would be held unconstitutional even under the traditional equal protection standard and in addition indicates that, because of the "anomalous" position of District of Columbia residents, it would be "subjected to the strictest possible review" by the courts and could be justified only for "convincing" reasons. The *Thompson* opinion accordingly supports the conclusion that the proposed rider would be held unconstitutional on equal protection grounds.

Very truly yours,

COVINGTON & BURLING,
BY EDWIN M. ZIMMERMAN.

TAXATION WITH REPRESENTATION,
Arlington, Va., November 19, 1971.

MR. ROBERT HARRIS,
Staff Director, Committee on the District of Columbia,
United States Senate, Washington, D.C.

DEAR MR. HARRIS, In response to your telephone suggestion earlier this month, I am enclosing a set of statements for inclusion in the hearing record regarding H.R. 11341, entitled "A BILL To provide additional revenue for the District of Columbia, and for other purposes". The enclosures are:

1. A joint statement by Professor Oliver Oldman and Professor Daniel M. Holland,
2. A statement by Associate Professor William H. Oakland,
3. A statement by Mr. Joseph A. Pechman,
4. A statement by Professor Walter W. Heller,
5. A statement by Professor George F. Break,

6. A statement by Associate Professor Elliott R. Morss, and

7. A response by Professor Oliver Oldman to the statements of Professors Morss and Oakland.

The views expressed in these statements are those of the individual concerned and do not necessarily reflect the views of any institutions or groups with which they may be associated. Furthermore, it should be noted that the statement of Mr. Joseph A. Pechman was originally prepared at the invitation of the Subcommittee on Intergovernmental Operations of the Senate Committee on Government Operations.

At a later date, we hope that we will be able to furnish you a statement by Murray Drabkin, Esq. of New York City for inclusion in the record, together with the statements listed above.

As you will see, all of the enclosed statements relate to the proposed reciprocal income tax for the District of Columbia. As you will also see, a variety of viewpoints are represented. Consequently, I think that these statements will provide useful source material for readers of the hearing record who want information regarding the reciprocal income tax proposal.

I realize, of course, that the reciprocal income tax proposal was omitted from H.R. 11341 by the House and that the proposal is unlikely to be considered during this session of Congress by the Senate District Committee. Nevertheless, I think it will be helpful to the Committee to have available an objective discussion of the pros and cons of the reciprocal income tax proposal.

If our group can be of assistance in any other way, please let me know.

Best regards,

THOMAS F. FIELD,
Executive Director.

Enclosures.

JOINT STATEMENT ON THE RECIPROCAL INCOME TAX FOR THE DISTRICT OF COLUMBIA BY DANIEL M. HOLLAND, PROFESSOR OF FINANCE, SLOAN SCHOOL OF MANAGEMENT, MASSACHUSETTS INSTITUTE OF TECHNOLOGY, AND OLIVER OLDMAN, PROFESSOR OF LAW AND DIRECTOR OF THE INTERNATIONAL TAX PROGRAM, LAW SCHOOL OF HARVARD UNIVERSITY

INTRODUCTION

Taxation with Representation is pleased to have this opportunity to sponsor testimony regarding the federal tax system.

Taxation with Representation does not take organizational stands. Consequently, sponsorship of testimony by Taxation with Representation does not mean that the opinions expressed by a witness are necessarily those of the members, officers, or directors of the group. Sponsorship by Taxation with Representation does indicate, however, that the group regards a witness's view as worthy of serious consideration by those concerned with the improvement of the federal tax system.

Taxation with Representation is a nonprofit, nonpartisan, public interest tax lobby that deals solely with federal tax issues. Its goal is to make sure that the general public is adequately represented when tax issues are under discussion in Congress and in the Executive Branch.

Further information about Taxation with Representation is set forth in the group's descriptive brochure, which can be obtained by writing to the address shown above. Membership in Taxation with Representation is open to all who share the group's commitment to improving the federal tax system through more effective representation for the general public.

We are writing in support of H.R. 8392, in particular to urge adoption of the reciprocal income tax provision.

Taxing nonresidents on the income they earn in the District of Columbia would simply extend to the District a practice common to most of the income tax states. In this sense the reciprocal income tax feature of H.R. 8392 is unexceptionable. In our view, however, this feature should also be supported on grounds more relevant to the fiscal crisis that has become endemic to most of our larger and older cities, the District among them. The reciprocal income tax helps to reduce the fiscal imbalance between the District and its neighbors that underlies the District's fiscal crisis.

In general, inner cities where the jobs are concentrated, have too much in the way of expenditure demand and responsibility and too little of the revenue capacity for meeting them compared with the areas around them, where rela-

tively more of the living is done. A local government whose boundaries encompassed both a city and its suburbs would not suffer from the fiscal imbalance that is an important part of the District's financial crisis. Because neither the District's nor other local governments' boundaries are drawn up this way, they are severely constrained in what they can do. When the District is forced to raise the property tax rate to meet its revenue needs, it thereby makes it more desirable for those of its residents who can afford to do so to move out to the surrounding suburbs. The District needs to use state powers to find financial solutions to city problems.

The reciprocal income tax is an exercise of state power and would serve to right this fiscal imbalance by removing the tax exemption on income earned in the District by those who live outside the District. Because this tax would not create an incentive for people to move within the Metropolitan area (since their total income tax burden would not vary significantly no matter where in the Metropolitan region they lived), it is superior to increases in either the property or the sales tax. For this reason, too, it is more equitable. Very simply, the reciprocal income tax is a way of achieving a good measure of fiscal balance within the region of the District, where a fragmented government structure otherwise militates against it.

Sometimes this general argument is put more specifically by pointing to the costs incurred by the city directly on behalf of commuters, and urging that these outlays be recouped by taxes on those who work but do not live in the city. Thus, in the covering letter of April 29, 1971 by Graham Watt (for Walter E. Washington) it is written:

"These revenue proposals are based upon the concept that the costs of the District of Columbia should be shared by all those who take part in the life of the city and who benefit from and require city services, including the Federal Government, District residents, and the thousands of nonresidents who earn their livelihood in the city."

We think that this argument provides a sound basis for measuring the minimum amount of tax to be borne by commuters and should not impose an undue limitation on the scope of the reciprocal income tax. We would stress that the commuter, to the extent of his ability to pay, should be held fiscally responsible for all the benefits he receives. Thus, the relevant criterion for determining the "proper" amount of taxation of nonresidents is not simply the additional cost that they impose on the city in which they work (although these incremental outlays are important). Rather, it is the value to commuters of what the District-cum-suburbs makes possible, i.e., the happy condition of having a job in the District but being the resident of a suburb from which the poverty of the District is excluded.

We have emphasized commuter responsibility for a fair share of city tax burdens and have tried to make the point clearly because we think the idea of the reciprocal income tax is spreading—a salutary measure of local self-help at a time when local governments are too prone to see salvation in Federal manna. It is particularly appropriate for the Congress to indicate its approval of the idea by adopting it for the District of Columbia.

BIOGRAPHICAL NOTE

Daniel M. Holland, a Public Finance Economist, has an A.B. (1941) and a Ph.D. (1951) from Columbia University. He is Professor of Finance at the Sloan School of Management, Massachusetts Institute of Technology. He is author of *Income Tax Burden on Stockholders; Dividends Under the Income Tax; Private Version Plans: Projected Growth*; and articles on government finance.

Oliver Oldman, a member of the New York and Massachusetts bars, has an S.B. (1942) and an LL.B. (1953) from Harvard University. He is presently a Professor of Law and the Director of the International Tax Program at Harvard. He teaches courses in State and Local Taxation and International Tax Problems. His publications include *Readings on Taxation in Developing Countries* (with Bird) (1964 and 1967) and *Financing Urban Development in Mexico City* (with others) (1967).

STATEMENT BY WILLIAM H. OAKLAND, DEPARTMENT OF POLITICAL ECONOMY,
THE JOHNS HOPKINS UNIVERSITY, IN OPPOSITION TO, THE RECIPROCAL INCOME
TAX FOR THE DISTRICT OF COLUMBIA

The fiscal crisis that has threatened to cripple our central cities has been amply documented. The annual scramble for additional funds to meet the spiralling costs of city governments has become one of the outstanding characteristics of post-

war urban life. It is not surprising, therefore, that reforms that promise fiscal relief to our central cities such as the one now being considered by this committee are greeted with enthusiasm by concerned city officials and students of public finance. Unfortunately, closer inspection of the proposed District of Columbia reciprocal income tax reveals it to contain flaws so serious as to warrant its rejection.

ROOTS OF THE FISCAL CRISIS FACING CITIES

In order to properly assess the merits and demerits of the proposed legislation, it is necessary to identify the basic source of fiscal difficulties of our central cities. It is often alleged that the basic root of the problem lies with the exploitation of the inner city by its suburbs. That is, the central city provides services (such as highways, parks, libraries, etc.) which are made available to suburban residents free of charge. Hence, it is argued, suburban residents should be required to contribute along with city residents for the services which are jointly consumed. It is in this spirit that the proposed reciprocal income tax has been put forth and defended. Such a tax will compel residents of Virginia and Maryland who earn their livelihood in the District to bear their fair share of the tax burden.

On its face, the preceding argument, particularly with regard to its equity aspects, appears compelling. However, its major premise does not square with the facts. The *major* source of the fiscal difficulty of the city has not been caused by "freeloading" on the part of suburbanites but is due to an adverse shift in the socio-economic composition of the city's population. To an increasing extent our central cities are becoming populated by low income families who place heavy demands upon the services of the public sector while contributing only negligibly to the costs of such services. The result has been to place a disproportionate burden of the finance of public services upon the remainder of the city's tax base—middle and upper income families and businesses. This burden in turn, has tended to accelerate the natural outmigration of middle and upper income groups to suburban communities where they can escape the costs of subsidizing the public services of the poor. Of course such outmigration only worsens the situation for those families who remain—providing further stimulus to outmigration and so on.

The thrust of the above remarks is that the fiscal plight of the cities rests with their attempt to redistribute income to the poor via the provision of public goods and services. The result is that the relative costs of city vs. suburban living will continue to be such as to ensure the continued demise of the central city. Only if such cost differences are eliminated can the city remain viable.

That the city is not the appropriate unit to undertake the redistribution of income has long been recognized and is reflected in government policy with respect to welfare where the vast bulk of welfare funds originate from federal or state sources. Such considerations also underlie current welfare reform proposals. However, this principle has not been extended to the provision of public goods and services (schools, police, fire, etc.) as it has for private goods and services (food, clothing, shelter).

THE APPROPRIATE RANGE OF COMMUTER TAXATION

The preceding remarks are not intended to deny that a central city such as the District of Columbia provides uncompensated services to commuters. What is at issue is the order of magnitude involved. The cost of providing services to commuters could be met by a small fraction of the proceeds of a reciprocal income tax. Well over half of the District's current expenditures are in the areas of health, education and welfare—areas which have nothing to do with commuters. A citizen's group in Baltimore who recently studied the question suggested that the jurisdiction of employment be given to merely one-tenth of the state's income tax as payment for services rendered. Similarly, other central cities have adopted earnings taxes of 1% or 2%, an order of magnitude below what would be provided by the reciprocal income tax.

COMMUTER TAX FOR INCOME REDISTRIBUTION?

One might be tempted to argue that the proposed tax, although not for services rendered to commuters, is a mechanism for compelling suburbanites to share the cost of providing public services for the poor of the District. However, as was pointed out above, the redistribution of income is best handled on a national or a combined national and state level. To move in the direction of metropolitan responsibility for income redistribution would be a step backwards. Furthermore,

since all suburbanites have a stake in educating the poor, etc., the proposal would discriminate against those who happen to work in the district. In summary, the proposed reciprocal income tax is excessive as a benefit tax on commuters and too narrowly based for a means of financing income redistribution.

SUBURBANITES WILL NOT BEAR THE BURDEN OF A RECIPROCAL INCOME TAX

The preceding remarks are based upon the assumption that the District income tax will in fact be paid by commuters. In point of fact, however, it is likely that commuters would be given a credit against their state income tax. Thus the true cost of the measure would be borne by the states of Maryland and Virginia. Since in Maryland, at least, a considerable amount of aid is given to central cities, it is likely that present efforts in this direction would have to be curtailed. Thus the effect of the act might be to redistribute income from the poor in Baltimore City to the poor in Washington, D.C. If, on the other hand, funds for central cities are not cut back but taxes are raised to make up for the loss, the result would be a redistribution of income from the rest of Maryland to the wealthy subdivisions of Montgomery and Prince George's county. This owes to the fact that commuting residents of these counties will continue to consume state services such as police, higher education, highways, etc. without contributing to their cost.

AN ALTERNATIVE SOLUTION

Thus on several grounds the proposed reciprocal income tax would appear to be ill advised. However, it remains the case that some sort of special tax on commuters should be levied. Such a tax could take the form of special user levies such as tolls or parking charges or a levy upon the earnings of commuters. In either case, such a tax should not be offset against state income taxes nor should it amount to more than a small fraction of earnings (say 2%).

BIOGRAPHICAL NOTE

William H. Oakland is Associate Professor of Political Economy at the Johns Hopkins University, a post he has held since 1964. Professor Oakland received his Ph. D. in economics from the Massachusetts Institute of Technology in 1965. He is the author of several papers relating to the Value-Added Tax and the Corporation Income Tax. Currently he is conducting a study of the public finances of the Baltimore metropolitan region under the auspices of the Baltimore Urban Observatory.

STATEMENT BY JOSEPH A. PECHMAN, REGARDING A RECIPROCAL INCOME TAX FOR THE DISTRICT OF COLUMBIA

The request by the District of Columbia that it be given the power to tax all incomes earned within its jurisdiction is eminently reasonable. All the states have this power. In any meaningful sense, the District is also a "state" and it cannot operate efficiently as one unless it is given the same power that the states have. By withholding from the District the full state authority to tax, the Congress is denying it power to raise revenues that are urgently needed to pay for vitally needed public services.

The fiscal plight of the District of Columbia is the result of two basic facts of life. First, like most large cities in the United States, the District of Columbia is finding its tax base moving to the suburbs, while the expenses for operating public services for its residents and commuters are rising sharply. The poor—who have no ability to pay—are being concentrated in the city, while the middle- and high-income recipients move to the surrounding counties. Few cities in the country have been able to cope with this phenomenon. The only way they can make ends meet is to receive assistance from an outside source—either the states or the federal government.

In the case of the District of Columbia, there is a second reason why it is impossible to make ends meet. The level and coverage of District taxes, with the sole exception of the property tax rate, cannot be changed by the District government without the permission of Congress. But Congressional representatives from the surrounding states block every effort to give the District the fiscal powers it needs. As a resident of Montgomery County, Maryland, I believe it is uncon-

scionable that I am allowed to impose costs on the District of Columbia daily, as I commute downtown to work, to dine, to play, or to be entertained, without paying any income taxes in partial return for the services I receive.

I realize it may be political dynamite for my Senators and Congressmen to vote for a reciprocal income tax. However, the facts about this tax have never been fully explained to the suburban electorate. I feel sure that there would be greater receptivity to the idea if the surrounding congressional delegation took the initiative to explain the true facts about the reciprocal income tax to their constituents. These facts are as follows:

1. Although the District of Columbia receives a payment from the federal government, this payment does not even approach the costs which the District incurs as the nation's capitol.

2. State and local taxation of income where it is earned is not a new concept in U.S. public finance. All states with general income taxes already follow the practice, and all cities with a local income tax (except for the City of Baltimore) are allowed by their state government to apply their taxes to earnings of nonresidents:

3. It is true that the tax credit for District income taxes will reduce income tax collections of Virginia and Maryland somewhat. But the amounts are small as compared to their total receipts—about 2 percent in both cases. These amounts should be regarded as long-overdue contributions by Virginia and Maryland to the improvement of the entire metropolitan area of the District of Columbia, in which both states have a vital interest. Criminals do not stop at the District border, nor will urban blight respect jurisdictional boundaries. Virginia and Maryland suburbs are already paying some of the cost of fiscal myopia, and they will pay more as time goes on unless they help the District out of its fiscal plight.

Failure to act on the reciprocal income tax this year will be still another signal to the metropolitan area that the District of Columbia will be allowed to continue to deteriorate. It will further accelerate the exodus of well-to-do from the city to the suburbs, and concentrate the problems of poverty, bad housing, ill-health, and crime in the city. Instead of being an example of good government, the nation's capitol will be the prime example of fiscal neglect brought about by suburban selfishness and Congressional insensitivity.

BIOGRAPHICAL NOTE

Joseph Pechman received his B.S. degree from the College of the City of New York in 1937 and his M.A. and Ph. D. degrees from the University of Wisconsin in 1938 and 1942 respectively. He is presently Director of the Economic Studies Program of the Brookings Institution.

Dr. Pechman has been an official of the Treasury Department and has also been consultant to both the Council of Economic Advisers and the Treasury. He has written extensively on tax problems at the state, federal, and local levels. He was Chairman of President Johnson's Task Force on Intergovernmental Relations, which helped develop the idea of revenue sharing.

His publications include *Federal Tax Policy* (revised edition, 1971) and *Social Security: Perspectives for Reform* (with Henry J. Aaron and Michael K. Taussig) (1968).

NOTE

This statement was originally prepared at the invitation of the Subcommittee on Intergovernmental Operations of the Senate Committee on Government Operations. The views set forth in this statement are Dr. Pechman's own, and do not necessarily reflect the views of any institutions or groups with which he is associated.

STATEMENT BY WALTER W. HELLER, REGENTS' PROFESSOR OF ECONOMICS,
UNIVERSITY OF MINNESOTA, REGARDING THE PROPOSAL FOR A RECIPROCAL
INCOME TAX FOR THE DISTRICT OF COLUMBIA

COMMENTS ON THE PROPOSAL FOR A RECIPROCAL INCOME TAX FOR THE DISTRICT
OF COLUMBIA

As a long-time student of state income taxation, author of a Ph.D. thesis and and co-author of a book on this subject, I can find no justification for the failure to grant the District of Columbia the authority to tax nonresidents on the income

earned within the borders of the District. Not only does every other state-level jurisdiction have the authority to tax nonresidents' income, but every municipal income tax in the country, except Baltimore's also applies to the income of nonresidents.

The taxpayers would be protected from unfair double taxation by credits on their Maryland and Virginia returns for income taxes paid to the District. At the same time, D.C. residents earning income outside of the District would *not* pay taxes to the District but rather to the other jurisdictions.

This is standard operating procedure in the bulk of the income tax states, and it is particularly ironic that the District is denied access to this sort of revenue in light of

The fact that over one-half of all persons working in the District are non-residents of the city;

The nonresidents get the benefits of many of the costly services provided by the District;

The average ability to pay of the nonresidents (primarily middle and upper income recipients) is sharply higher than that of residents of the District (where the poor are concentrated);

The very limited access to other sources of revenue granted by the Congress to the District.

Having lived in Virginia during three different periods of service in the Federal Government, I always found it anomalous that I wasn't required to pay any taxes to the District of Columbia, since the District was obviously supplying services to me. I hope this anomaly will soon be ended.

As members of Congress deal with the affairs of the District of Columbia, they should always keep in mind that their ability to govern is judged not just by what they can do for their own districts but by the quality of government and the adequacy and equity of the tax system that they provide for the only unit of state-local government that is directly under their jurisdiction. If the present exemption of nonresident income earned within the borders of the District is maintained, then the country can only conclude that the selfish and parochial interests of those bordering the District are being served at the expense not only of residents of the District but also of the confidence of the rest of the country in the ability of Congress to further the cause of good government and sound taxation in their nation's capital.

BIOGRAPHICAL NOTE

Walter W. Heller received his B.A. from Oberlin College in 1935, and his M.A. and Ph.D. degrees from the University of Wisconsin in 1938 and 1941, respectively. He is also the recipient of numerous honorary degrees.

Professor Heller has had extensive government experience, including the post of Chairman of the President's Council of Economic Advisors from 1961 through 1964.

He has been a member of the staff of the Economics Department at the University of Minnesota since 1946 and has been Regents' Professor of Economics since 1967.

Professor Heller has long been interested in state income taxation. His writings on the subject include his doctoral dissertation, entitled *State Income Tax Administration*.

STATEMENT BY GEORGE F. BREAK, PROFESSOR OF ECONOMICS, UNIVERSITY OF CALIFORNIA, BERKELEY, REGARDING THE DISTRICT OF COLUMBIA REVENUE ACT OF 1971

UNIVERSITY OF CALIFORNIA, BERKELEY,
Berkeley, California.

My name is George F. Break, and I am Professor of Economics at the University of California, Berkeley. I write in support of the District of Columbia Revenue Act of 1971 (H.R. 8392). Elimination of the exemption of nonresidents from the District's graduated net income tax, as proposed in that Act, would materially improve the equity of local taxation in the entire Washington-Maryland-Virginia metropolitan area. This is true regardless of whether tax equity is considered from the point of view of relative fiscal needs and capacities or from the point of view of the enjoyment of benefits received from local government services. Few tax reform measures score high on both of these tests simultaneously.

The so-called reciprocal income tax does just that, and it thus deserves enactment at the earliest possible date.

RELATIVE FISCAL NEEDS AND CAPACITIES

The desperate fiscal straits of central cities throughout this country have, unfortunately, now become a matter for daily comment and commiseration in the nation's press. It is not my function to discuss the specific fiscal needs and capacities of different parts of the Washington-Maryland-Virginia SMSA. Others, much better qualified than I, will do so in their own testimonies. I would, however, like to indicate my strong conviction that, given the relative fiscal situations of central cities and suburbs, equity requires that local income tax laws give at least some primacy of claim to jurisdictions of income origin. To allocate all of the taxable income of suburban commuters to jurisdictions of residence would simply exacerbate existing urban fiscal ills. To allocate personal income to the jurisdictions of source, on the other hand, would make a small, but important, contribution to the much-needed improvement in the quality of urban life in this country. Equity also requires that this be done so as to ensure that commuters are not taxed at higher rates than residents with equal incomes. This the reciprocal income tax law accomplishes both by taxing the income of in-commuters at the same rates as District of Columbia residents and by allowing out-commuters a credit against their D.C. income tax for income taxes paid to jurisdictions in which they work.

BENEFITS RECEIVED FINANCING

Tax equity is not simply a matter of drawing revenues from those most able to pay. Wherever feasible, tax laws should also be designed so as to allocate payments in some reasonable relationship to the receipt of governmental service benefits. That cities render such benefits to all who work, shop, or operate businesses within their boundaries is unquestionable. The problem is to relate local taxes to those benefit flows. While it is generally agreed by fiscal experts that this cannot be done on a specific individual-to-individual basis, there is wide support for the proposition that the enjoyment of city government services is related sufficiently closely to the amount of economic activity carried out by each business enterprise to warrant the use of that amount as a tax base by the city in question. If this rationale for local taxation is accepted, the appropriate tax base would be the value added to production and output by the operations of every business located in the city. I am not, however, proposing that such a value-added tax be adopted by the District of Columbia in the near future. It is too untried and too complicated a levy to be embraced without full discussion and consideration. What is important, though, is the close relation between a value-added tax levied on an origin basis, as it should in this case, and a personal income tax that reaches income wherever it is earned. Both levies would include in their bases all profits, wages and salaries, and rental income arising from economic activity in the city. Moreover, economists are generally agreed that the incidence patterns of a proportional, personal income tax and a value-added tax of the so-called income type—which is one of the major versions of that tax—are identical in the long run.

What all of this means is that local income taxation need not be supported solely on the basis of ability to pay. For those who prefer benefits received as the primary principle of taxation a local income tax should have equal attractions, provided only that it reaches incomes wherever they are earned. This is exactly what the District of Columbia Act of 1971 proposes to do. It deserves wide support and early enactment.

BIOGRAPHICAL NOTE

George F. Break is Professor of Economics, and Chairman of the Department at the University of California, Berkeley.

Professor Break received his B. Com. from the University of Toronto in 1942 and his Ph. D. from the University of California, Berkeley, in 1951.

Professor Break is the author of several well-known books and monographs including *Public Finance*, 1961 (with Earl R. Rolph); *The Economic Impact of Federal Loan Insurance*, 1961; *Studies in Greek Taxation*, (with Ralph Turvey), 1964; *Federal Lending and Economic Stability*, 1965; *Intergovernmental Fiscal Relations in the United States*, 1967; *Agenda for Local Tax Reform*, 1970; as well as over twenty articles on taxation.

NOTE

The following statement represents Professor Break's personal views and not those of the University of California.

STATEMENT BY DR. ELLIOTT R. MORSS, ECONOMIC CONSULTANT, REGARDING
THE DISTRICT OF COLUMBIA REVENUE ACT OF 1971

Mr. Chairman, I will restrict my comments¹ to the reciprocal income tax proposal. Briefly, my conclusions are that D.C. residents (including persons, profit-making firms, and non-profit organizations), commuters, tourists, and the Federal government should contribute their "fair share" to the costs of operating the D.C. government. However, there is little agreement on what constitutes a "fair share" and no comprehensive quantitative information on who benefits and pays for D.C. services. I will suggest a "fair share" definition and then indicate what quantitative information is needed to determine the fair share of each of the units mentioned above.

Until the needed quantitative information is assembled, statements on whether a commuter or reciprocal income tax is appropriate are speculative. I concluded that a decision on the Reciprocal Income Tax should be deferred until the quantitative information needed for a rational decision is pulled together, but that in the meantime the tax status of non-profit organizations operating in the District of Columbia should be reexamined.

At the conclusion of my remarks, I have included an appendix in which I offer some thoughts on arguments offered in earlier testimony on the reciprocal income tax before this Subcommittee.

DEFINING "FAIR SHARE"

In attempting to determine what the various units benefitting from D.C. government services should contribute to their operation, it is essential that some agreement be reached on what constitutes a "fair share" of the costs of such services. There are numerous possible definitions of "fair share", but certainly a reasonable one in this case is that every unit "consuming" D.C. government services contribute to the costs in proportion to consumption. This means, for example, that commuters and other groups that consume D.C. government services should help pay for them.

An important, albeit technical point is how one defines "consumption". Specifically, the question is whether the tax burden should be allocated on the basis of the additional costs of providing services, or instead, on the basis of benefits received. For example, it might be that commuters derive considerable benefits from D.C. roads, but to the extent that District residents would have the roads in any case, the additional costs of providing these roads to commuters might be considerably less on a relative basis than the commuters' share of benefits from the roads. In short, should a cost or benefit criterion serve as the basis on which to allocate costs? The answer to this question involves a value judgment. *However, while this point may turn out to be quantitatively quite important, it presently constitutes a somewhat premature concern since we presently do not have the data to make allocations on either basis.*

Undue Emphasis on the Commuter?

Accepting for the moment that some agreement can be decided on for fair share, one might ask why so much attention is presently being focused on the commuter. Probably, this attention is based on the implicit assumption that commuters, in relation to other groups benefitting from services provided by the D.C. Government, are getting relatively more for their contribution than other groups.

This assumption might in fact turn out to be correct, but let me mention briefly other groups who benefit from D.C. services. They include:

1. D.C. residents
2. Federal government and related organizations
3. Profit-making firms operating in the District
4. Non-profit organizations operating in the District

¹ The views expressed in this statement are my own and do not necessarily reflect those of the organizations for whom I work.

5. Tourists

6. Non-commuter residents of the suburban Washington area

As regard residents, an important question is the extent to which groups from different social and economic strata are being "exploited" relative to each other (exploited is used here and elsewhere in my testimony to mean paying more in relation to their consumption of government services than other groups). A cursory examination suggests that the D.C. fiscal system redistributes income from rich to poor. Unquestionably, this is as it should be. However, it should be noted that this has had the undesirable side effect of driving higher income residents to the suburbs in search of higher quality services.

Traditionally, it is agreed that the Federal government's contribution should come close to what it would pay if the property it owned in the District was taxed at regular rates. I would note in passing that this would only fit the fair share criterion if the resulting payment (or, value of property owned) bore some relation to Federal government's consumption of government services. When one thinks of the various ways in which the Federal government and related groups such as the embassies benefit from D.C. services, one might seriously question the accuracy of the property value criterion.

Let me briefly summarize the point of this section: *If the financial costs of D.C. government services are to be spread equitably, a study is needed to determine which groups are currently consuming and paying for D.C. government service.* Until this basic work is done, it will be little more than speculation to make judgments concerning such things as the appropriateness of the proposed reciprocal income tax.

In this regard, it should be noted that a study with this precise objective is underway at the Urban Institute. The study will probably not be completed until the end of this calendar year. It is this sort of study, i.e., one that attempts to determine who benefits from and who pays for D.C. services, that is needed before appropriate judgments can be made concerning the allocation of the costs of D.C. services.

WHAT CAN BE SAID PRIOR TO COMPLETION OF THE STUDY?

While it might be satisfying to members of the Subcommittee to know that such a study is underway, it is of little assistance in your current work to determine how the 1972 fiscal year budget should be financed. Consequently, let me throw out some speculations that I do not feel will later prove to be incorrect.

It should be noted that studies of who benefits and who pays for city services have been done for other cities recently. Two of the best were done for Detroit and Atlanta. The conclusion of the Detroit study was that suburbanites were underpaying by \$3.97 per capita (or \$9.6 million) for services received from Detroit's city government.² This is a very small amount in relation to the overall Detroit city budget.

The study of Atlanta, while using a somewhat different analytical method, can be compared with the Detroit study. The comparison suggests that the suburbanites would have to pay the central city three or four times as much as in the case of Detroit to compensate the city for the services which the suburbanites are consuming.³

It is suggestive, although hardly conclusive to speculate as to the reason for these differing results. Perhaps the most notable difference between the Atlanta and Detroit situation is the tax structure of the central cities. Atlanta's only significant own revenue source is the property tax. Detroit, on the other hand, also derives substantial incomes from an income tax that is levied on residents at a 3% rate and is levied on the Detroit earnings of non-residents at a ½% rate. To fully compensate the central city for service provided to suburbanites, it appears that the non-resident tax rate would have to be increased to about 1½%.

The second and final point I want to mention involves the tax treatment of non-profit organizations operating in the District of Columbia. Under present laws, non-profit organizations are exempt from the D.C. income tax and from the property tax if they are fortunate enough to own property. Historically, for non-profit organizations the tax exemption has been based on the grounds that they

² William B. Neenan, "Suburban-Central City Exploitation Thesis: One City's Tale," *National Tax Journal* XXIII (1970), pp. 117-139.

³ Frank M. Graves, "Fiscal Disparities Between the Atlanta and Non-Atlanta Areas of Fulton County, Georgia," *National Tax Journal*, XXIII (1971), pp. 449-456.

provide a public service in lieu of paying taxes. In this regard, it is worth noting that the non-profit organizations operating in Washington, D.C. are quite unlike non-profit organizations operating elsewhere in two very important ways:

First, there are two types—The purely public service types and those lobbying for particular interests such as the National Rifle Association and the American Pharmaceutical Association;

Second, their public service contribution, if there is one, is usually national and rarely is of much benefit to the D.C. community. This suggests that the usual justification for the tax exempt status of nonprofits does not hold for D.C. organizations because most of these do not provide public services of direct benefit to residents of the D.C. area. For this reason, I would urge that the tax laws be changed so that D.C. tax exemptions be provided only to organizations directly beneficial to D.C. residents. This change should be preceded by a study to determine whether an operationally useful definition of what constitutes "directly beneficial to D.C. residents" can be worked out. Certainly, it is clear that under the standards I have in mind all trade associations, most public interest law firms, the National Rifle Association, the Brookings Institution, The Urban Institute, and Resources for The Future, among others, would lose their tax exempt status.

To get some idea of the quantitative magnitudes involved, consider the following. Leaving aside the property tax exemptions of the U.S. Government, the D.C. Government, religious and charitable organizations, hospitals, libraries, cemeteries, and foreign-owned properties, the D.C. Government estimates that in fiscal year 1971, it lost \$29.7 million through property tax exemptions to other nonprofit organizations.

One could argue that at least insofar as the trade associations are concerned, some form of gross income or gross receipts tax is justified in addition to the property tax. This is because they are profitable enterprises for the firms that invest in them. For if they were not, the firms would not pay to maintain them, but would put their money in higher yielding investments. The imposition of such a tax would add revenues to those that could be realized from imposing the property tax on nonprofit corporations operating in the District of Columbia.

CONCLUSION

Let me briefly restate my most important points:

1. The distribution of the D.C. tax burden should be based on who consumes D.C. services, and until an attempt is made to determine who benefits and pays for these services, arguments for or against a reciprocal income tax remain speculative at best.
2. Current emphasis on the reciprocal income tax should not blind us to the fact that the other groups benefit from D.C. services.
3. Most non-profit organizations should lose their property tax exemption.
4. A gross receipts tax should be imposed on trade associations operating in the District of Columbia.

APPENDIX—REVIEW OF SOME OF THE POINTS RAISED IN EARLIER TESTIMONY ON THE RECIPROCAL INCOME TAX PROPOSAL BEFORE THE SUBCOMMITTEE ON FISCAL AFFAIRS

A number of witnesses—not necessarily those sponsored by Taxation with Representation—have made arguments relating to the D. C. Revenue Act of 1971 that call for further comment. Set forth below are the arguments in question, and my responses to them:

Argument.—Commuters should not have to help pay for services that D. C. residents would insist upon anyhow, such as roads, police, fire, and sanitation.

Response.—1. The existence of higher income commuters necessitates substantially larger expenditures for costs of these services than would be the case in the absence of commuters.

2. Even if this were not the case, there is certainly nothing unfair about asking commuters, who do, after all, benefit from the services, to bear part of their costs.

3. In considering costs attributable to commuters, one should not be limited to budgetary items. For example, it is safe to say that the high levels of air pollution we experienced last summer (and will probably again experience this summer) would not have occurred in the absence of commuter auto exhausts.

Argument.—Suburbanites are already heavily taxed by their respective city, county, and state governments.

Response.—1. One might feel sorry for suburbanites. Indeed, it is quite probable that the taxes they pay their own government do not come back to them in services but go to provide services to less-well-off parts of their states.

2. But feeling sorry for the heavily taxed suburbanites is hardly justification for exempting them from paying D. C. taxes to compensate for benefits received from D. C. government services. To do otherwise would be analogous to arguing a person should not have to pay the full cost of an expensive car because he has other expensive tastes.

3. Suburbanites do not appear to be heavily taxed. Professor Seymour Sachs of Syracuse University recently reported in a paper presented before the House Banking and Currency Committee that on a per capita basis, the 1967 D. C. tax burden is \$347 whereas the suburbanite tax burden was only \$151.

Argument.—D.C. businesses benefit tremendously from purchases made by commuters. For example, Neil M. Shpritz, an economist in the Economic Development Division of the State of Maryland, estimates that Maryland commuters make purchases amounting to more than \$350 million each year in the District of Columbia.

Response.—1. One could counter by noting that D.C. provides the job base that gives the commuters the wherewithal to buy goods and services.

2. It is perhaps more relevant to point out that no one is forcing commuters to buy goods and services from D.C. businesses. They do so voluntarily, suggesting that they are happy to have the opportunity to spend their money in the District of Columbia.

3. But, however one comes out on the above two points, they should have little bearing on whether commuters should be asked to pay additional taxes to the D.C. government. Rather, the answer to this latter question should depend primarily on the extent to which they consume (in a benefit or cost sense) D.C. government services.

Argument.—About half of the operating and capital budgets of the D.C. government go to the provision of social services (health, education and welfare), and since commuters do not benefit from these services, they should not be asked to help pay for them.

Response.—The majority of taxpaying D.C. residents are in the position as the suburbanites on this point. That is, the majority of D.C. resident taxpayers have incomes that are too high to permit them to qualify for most of the health and welfare services offered by the D.C. government. As regards educational outlays, many of the taxpaying residents do not benefit because given the low-quality educational service offered in D.C. schools, they feel forced to undertake the additional financial burden of sending their children to private schools. It should also be noted that Washington, D.C. suburbanites probably derive more indirect benefits from the social services provided by the D.C. government than from those for which they are now paying, i.e., Montgomery County residents derive more benefits from D.C. social services than they do from Baltimore social services.

2. The D.C. situation is one in which a poor population has chosen and/or has been forced by zoning and other suburban restrictions to locate in the central city. Should suburbanites not benefitting directly from D.C. social services be exempted from paying for them while D.C. taxpayers, who also derive little benefit from them, are required to pay the entire burden?

3. Perhaps the best answer is that these services should be a Federal responsibility. But until that time comes, there is probably some justification for a suburban contribution.

BIOGRAPHICAL NOTE

Dr. Elliott R. Morss received his B.A. from Williams College in 1960 and his Ph.D. from The Johns Hopkins University in 1963. He served as an economist with the Fiscal Affairs Department of the International Monetary Fund from January 1966 through June 1968. He has written extensively on tax matters, both as an assistant professor at the University of Michigan from 1963 through 1965 and during 1969 when he was a lecturer and research associate with the International Tax Program at Harvard University. During 1970, he was a consultant to the Connecticut State Revenue Task Force and the Office of Economic Opportunity. More recently, he has worked on urban tax and fiscal problems for Development Alternatives, Inc., the Urban Institute, and the World Bank.

NOTE REGARDING COMMENT AND DISSENT PROCEDURE

National Committee members and directors of Taxation With Representation may file statements of comment, reservation, or dissent within 15 days of submission of a statement under the group's auspices. Recently, Taxation With Representation presented six statements relating to the D.C. Revenue Act of 1971. Those statements inspired this comment by Dr. Morss, who is one of Taxation With Representation's directors.

RESPONSE BY OLIVER OLDMAN, PROFESSOR OF LAW AND DIRECTOR OF THE INTERNATIONAL TAX PROGRAM, LAW SCHOOL OF HARVARD UNIVERSITY, TO THE VIEWS OF PROFESSORS MORSS AND OAKLAND

FURTHER STATEMENT OF OLIVER OLDMAN OF THE RECIPROCAL INCOME TAX PROPOSAL FOR THE DISTRICT OF COLUMBIA

Dr. Morss and Professor Oakland in commenting on the proposed elimination of the exemption of nonresidents from the D.C. income tax both argue that commuters should be taxed by D.C. on the D.C. services they consume. If their concept of D.C. services were broad enough, I would have no quarrel with them. These services include relieving the suburban communities of the burden of financing government services for the poor who congregate in D.C.

It is the existence of the entire metropolitan community, including the suburban ring, which gives rise to the concentration of poverty problems at the center. Similarly it is properly argued that the financial burden should also be shared on a metropolitan wide basis. The appropriate immediate action for Congress is not to wait, as Professor Oakland counsels, for data on costs, but to act now by adopting the reciprocal income tax. The arrival of data in due course may be occasion to raise or lower the rate.

Professor Oakland also argues that any payment of the reciprocal income tax by Maryland residents will come not out of their pockets but out of the poor in Baltimore. Why should we assume that the State of Maryland will reduce its poverty-oriented programs by the amount of tax credits claimed by Maryland residents for D.C. tax paid? Is it not more reasonable to assume that Maryland will either live up to its existing programs or curtail some other governmental expenditures? In any case, the appropriate action for Congress here is to give D.C. the taxing power in the nature of a state's taxing power, so that D.C. is at least no worse off than its neighboring states. Congressional action on the reciprocal income tax proposal for D.C. does not of course in any way detract from desirability of other federal legislation directed at the problems of the poor.

BIOGRAPHICAL NOTE

Oliver Oldman, a member of the New York and Massachusetts bars, has an S.B. (1942) and an LL.B. (1953) from Harvard University. He is presently a professor of Law and the Director of the International Tax Program at Harvard. He teaches courses in State and Local Taxation and International Tax Problems. His publications include *Readings on Taxation in Developing Countries* (with Bird) (1964 and 1967) and *Financing Urban Development in Mexico City* (with others) (1967).

PROCEDURAL NOTE

This statement is submitted under Taxation with Representation's comment, reservation, and dissent procedure. Under this procedure, the group's National Committee members and directors may file statements of comment, reservation, or dissent within 15 days of submission of a statement under the group's auspices. Thereafter, the author of the original statement may submit a further, answering statement which will be distributed in the same way as the original.

(Subsequent to the hearing the following statements were received.)

REPLY BY PROF. WILLIAM H. OAKLAND DEPARTMENT OF POLITICAL ECONOMY,
THE JOHNS HOPKINS UNIVERSITY, TO THE VIEWS OF PROF. OLIVER OLDMAN,
HARVARD UNIVERSITY

Professor Oldman appears to take the position that income redistribution is a metropolitan responsibility as opposed to a state and/or federal function. I reject this view on the following grounds: (1) income redistribution is everyone's responsibility not merely those residing in large urban areas; (2) the present fiscal crisis owes to a large measure to the attempt of local governments to redistribute income—leading to the erosion of the central city tax base; the reciprocal income tax suffers from the same flaw—it can be avoided by employment leaving the central city. What is needed is federal aid to central cities which would equalize their fiscal resources to those of the suburban areas.

Even if we accept the proposition that each metropolitan area should be responsible for its own poor the reciprocal income tax would be a very inequitable method of carrying out such redistribution because all of those who live and work in the suburbs would escape the tax. At best therefore the proposal is a clumsy and inequitable tool for metropolitan-wide income redistribution.

BIOGRAPHICAL NOTE

William H. Oakland is Associate Professor of Political Economy at the Johns Hopkins University, a post he has held since 1964. Professor Oakland received his Ph. D. in economics from the Massachusetts Institute of Technology in 1965. He is the author of several papers relating to the Value-Added Tax and the Corporation Income Tax. Currently he is conducting a study of the public finances of the Baltimore metropolitan region under the auspices of the Baltimore Urban Observatory.

PROCEDURAL NOTE

This statement is submitted under Taxation with Representation's comment, reservation, and dissent procedure. Under this procedure, the group's National Committee members and directors may file statements of comment, reservation, or dissent within 15 days of submission of a statement under the group's auspices. Thereafter, the author of the original statement may submit a further, answering statement which will be distributed in the same way as the original.

STATEMENT BY PHILIP E. VINCENT, ASSISTANT PROFESSOR, UNIVERSITY OF
SOUTHERN CALIFORNIA, REGARDING THE DISTRICT OF COLUMBIA REVENUE
ACT OF 1971

This statement discusses the proposed District of Columbia Revenue Act of 1971 (H.R. 11341—92nd Congress 2nd Session). In particular it deals with the reciprocal income tax provisions of that bill. The basic recommendation is that the imposition of such a tax should be carefully examined and perhaps greatly modified or abandoned. This conclusion derives partly from research by the author on the issue of commuter impacts on central cities in the U.S. and from an evaluation of fundamental issues of tax efficiency and equity at the local and national levels.

IMPORTANCE OF THE ISSUES FOR THE NATION

The issue of local income taxes, particularly progressive income taxes with reciprocity elements to be imposed by major central cities, makes the District of Columbia Revenue Act of 1971 important not only for District residents but also for citizens of metropolitan areas throughout the United States. The actions taken in the District in area of taxation may set a pattern for central cities and other local governments. Although, in some respects the District may be considered as "the 51st state," in other respects it is more like the central cities of major metropolitan areas throughout the U.S. and the rest of the world. For example, it tends to house a relatively large percentage of the poor families, many of whom are black, contained in the surrounding region, and it is daily subject to

large inflows of commuters—including some shoppers—who return in the evenings to the “bedroom communities” of the surrounding suburbs. Hence, my comments are partly directed to the issue of whether it is good social and economic policy to promote such taxes as are proposed in this bill for central cities and other local governments throughout the nation, as well as to the particular case of Washington and the District of Columbia.

CENTRAL CITY “EXPLOITATION”

For some time in the new literature of urban economics, the concept of the “central city exploitation thesis” has been discussed. Generally this hypothesis has been that central cities of major metropolitan areas have been subject to added costs—perhaps primarily in the governmental sector, but conceivably in the private sector—imposed on them by the residents of the surrounding suburbs who are able to escape from paying for these costs. Over twenty years ago, statistical evidence was developed that demonstrated a relationship between central city governmental expenditures per capita and the growth of the population of the suburbs.¹ Perhaps the major factor thought to cause this association was the flow of commuting workers who came into the central city and used its public services but did not pay for them, primarily because the main source of revenue for local governments has been property taxes. A broader definition of exploitation of central cities includes the argument that suburban residents also are able to avoid financing the services and bearing the additional costs that tend to be associated with the relatively large numbers of poor people who live in the inner cities compared with the suburbs. Thus under this latter concept, those higher-income families that continue to reside in the central cities must bear these additional expenses that their suburban compatriots mainly avoid.

Few economists have attempted to attack either of these issues with a reasonably complete analysis of both the costs that suburbanites may either impose directly on the central city or are able to avoid by not living in the central city. However, in the area of the net impact of both commuting workers and retail shoppers, the writer has recently published a study that attempts to estimate both the average costs imposed by the commuters as well as the possible gains to central cities from having this commuter flow for a sample of 65 U.S. central cities.² As part of the same study, my coauthors have examined the fiscal impact of nonwhites on central cities as well as the problems of overlapping governments in a metropolitan area.³ These studies provide some hard evidence to those who have been arguing that suburbanites should have taxes imposed on them either to pay for the direct costs they appear to impose on central cities or perhaps to carry some “fair share” of the burden that a large number of poor impose on higher-income residents of central cities.

To briefly summarize the results of a rather complex statistical analysis based on fairly general assumptions, I suggested that commuting workers and shoppers may also cause gains to central city residents as well as impose costs on them. For example, for the sample of 65 cities that I investigated, the average impact of commuting workers and shoppers on central cities was \$12 and \$8 per central city resident, respectively, for 1960 (1970 census data are not yet available for an updating). These are fairly large impacts considering that the average level of total current expenditures, excluding education, by these cities was \$64 per capita, i.e., approximately one-third of these costs appear to be commuter-related. This impact appears to occur on city functions mainly where we would expect to observe commuters raising central city costs either directly or indirectly through the buildings they inhabit during the day, e.g., highways, police protection, fire protection, and parks and recreation.

However, these results present only half the picture. The potential gains arising through commuters, perhaps rather indirectly, must also be investigated. For example, I suggested that the commuting labor force is a complementary factor of production to the central city resident labor force and the land and capital equipment of the central city. My findings are that on the fiscal side, it is quite possible

¹ Amos R. Hawley, “Metropolitan Population and Municipal Government Expenditures in Central Cities,” *The Journal of Social Issues*, 7 (Nos. 1 and 2, 1951), pp. 100-108; Harvey E. Brazer, *City Expenditures in the United States*, National Bureau of Economic Research, Occasional Paper 66 (New York: National Bureau of Economic Research, 1959).

² Phillip E. Vincent, “The Fiscal Impact of Commuters,” *Fiscal Pressures on the Central City: The Impact of Commuters, Nonwhites, and Overlapping Governments*, Werner, Z. Hirsch, et al. (New York: Praeger Publishers, 1971), pp. 41-143.

³ Henry S. Terrell, “The Fiscal Impact of Nonwhites,” pp. 144-240, and Donald C. Shoup and Arthur Rosett, “Fiscal Exploitation by Overlapping Governments,” pp. 241-303, *ibid.*

that central city governments may recoup the extra expenditure costs associated with commuting workers and shoppers through additional property tax receipts indirectly associated with large numbers of commuting workers and through nonproperty taxes presumably borne more directly by nonresident shoppers in central cities. My median estimates are that central cities on the average had a net fiscal gain of \$6 per central city resident rather than a net loss, which so many writers have claimed to be the probable case.

Further, the argument that central cities may in fact *not* be exploited by commuters in this sense is made even stronger when central city per capita incomes are compared with commuter flows. Here I obtained a median estimate of increased central city resident income of \$77 per capita in association with additional relative levels of commuting workers. Interestingly enough, however, it appears that additional retail sales to suburban residents does *not* lead to significant income gains to the average central city resident, contrary to the arguments that most central city retailers tend to make in requesting downtown development projects to be financed by the city government.

Although the above results appear to be the first coming from a rather inclusive national cross-section study of this issue, they must certainly be treated with caution due to some of the assumptions necessary for making the study and the statistical problems involved in collecting and analyzing the large amount of data involved. However, these results do give some contrary evidence to a widely-held view among urban economists as well as informed laymen.

The Terrell study noted above, can be used to make at least some inferences about the broader conceptualizations of what "central city exploitation" is. He finds that there are serious impacts on central city government finances of having relatively large numbers of nonwhites compared with the metropolitan area as a whole. This impact is fundamentally associated with the economic status and social characteristics, e.g., educational levels, of the nonwhite population. Such differences in nonwhite vs. white characteristics may derive from past and current discrimination against nonwhites in schooling, jobs, and housing. In terms of impact on decreasing revenues of central city governments, Terrell derives an average of about \$7 per central city resident for a sample of U.S. cities in 1960. On the expenditure side such functions as education do have higher expenditures in association with the nonwhite, low-income population. Interestingly and contrary to the preconceptions of some, central cities are not burdened with extra welfare payment expenditures since they generally do not have responsibility for this area, which is usually assigned to county and state governments.

POTENTIAL EFFECTS OF COMMUTER INCOME TAXES

Although the Terrell analysis does have implications for the District of Columbia, most of the rest of my comments will deal with the interrelationships of commuters with the District, since this area is most familiar to me. However, some of my comments will be relevant to the concerns of those who wish to enlarge the fiscal bases of the District and other central cities in order to help finance the additional expenditures and revenue losses associated with poor nonwhites who have been forced to agglomerate in our central cities.

The above-described results for commuters with respect to central cities suggest that more, not less, commuters may be better for many central cities, at least if the additional commutation does not result completely from outmigration of middle and upper-income central city residents. If the District of Columbia imposes an income tax, particularly one that is rather progressive as is that proposed in the District of Columbia Revenue Act of 1971, it may well find that at least some commuters and their employers will leave the District. Certainly, the imposition of this tax should raise District revenues significantly, at least at first, but over the longer run, the District and Congress must consider whether the additional tax revenue might not be outweighed by negative impacts on District resident average incomes. Unfortunately, the results of my study permit no more than speculation that a net negative effect may actually occur; but if significant numbers of commuters in cooperation with their employers move out to avoid the increased taxes, the impact on incomes may outweigh the gains in tax revenues. If the concern of the District and other central city governments is the total welfare of its citizens, a reduced commutation flow may lead to less total income of the residents, including here the tax revenues of the District government. Such an impact is in addition, of course, to the out-migration of District residents who do not work in the District.

Obviously the District is a rather special case. Since most of the commuting workers may be Federal government employees who choose to live in suburbs in

Virginia and Maryland they will not be able to avoid the taxes by encouraging their firms to move. But over the longer run, some of these employees who are "on the margin" will decide to leave government service and take other positions outside the District. And it is not inconceivable that some agencies of the Federal government that may be considering location of new facilities outside the District will be encouraged to do so by employees residing outside the District who want to avoid the new District income tax. Clearly, the situation in private firms is rather different. Even lobbying or consulting firms that do business with Federal agencies in the District may be tempted to move outside so that they can avoid raising gross salaries to make up for the reduced after-tax salaries of their employees. Of course, insofar as the credit for Maryland and Virginia income taxes is included in the District income tax provisions, this incentive is reduced. But this also appears to reduce the revenue collected from the income tax by the District and is somewhat self-defeating.

Federal government employees will tend to demand higher wage payments in order to make up for their decline in relative take-home pay if they have been commuting in from outside the District. Insofar as they are successful with these demands then the burden of the District income tax will be partly shifted to the general Federal taxpayer throughout the nation. As to the poor, mainly black, residents of the District, the possibility of shifting burdens and generally avoiding the tax clearly seems more limited.

The older tax literature generally emphasizes the difficulties of administering income taxes in small jurisdictions. Tax evasion seems to be much easier and the degree of administrative sophistication necessary for auditing and interpretation of rules appears to be higher than for other types of taxes. More recently, these problems have appeared to be smaller than previously thought since a few states do allow local income taxes; local income taxes have been utilized fairly intensively in such states as Ohio and Pennsylvania. However, I have not read any discussions of efforts to evaluate evasion and coverage aspects, and the rates are generally low and constant (proportional, perhaps with some basic exemption level). One area of difficulty experienced by Detroit apparently was assessing the extent of income earned in Detroit by traveling salesmen and by those in similar occupations where work is performed not only in the jurisdiction, the present bill is not clear on this issue and only defines nonresident income as including wages from services performed in the District and other income attributable to trade or business. This problem exists for states with income taxes, but it is more severe for local governments in a metropolitan area with many flows of goods and services across tax jurisdiction boundaries. As an indication of the potential administrative difficulties, the U.S. Internal Revenue Service decisions are specifically indicated in the bill as not binding on the District Commissioner in assessing tax liability. Of course, using the IRS's definitions and the Federal tax as a basis for calculating one's District tax is a great simplification.

INCOME REDISTRIBUTION ON THE LOCAL LEVEL

I will now discuss perhaps the most fundamental issue of those raised thus far. This issue is related to the question of who is responsible for taking care of the special problems of central cities like the District, which are primarily caused by their relatively high proportions of low-income families. The top marginal rates of the proposed District income tax structure are rather high making the tax fairly progressive, more so than, for example, the California income tax; the marginal rates effectively range up to 13 percent on so-called "earned" (labor) income and over 18 percent on "unearned" (nonlabor) income. In other words, this tax is in effect rather redistributive of income, particularly if the expenditure benefits generated through the tax revenues tend to go relatively more to low-income groups.

I would argue that such income redistribution should not generally be the province of local government both on efficiency and equity grounds. Some of the efficiency aspects have been referred to above in that some groups would tend to migrate out of the District or stop commuting into it. In general, any small jurisdiction that attempts to undertake significant income redistributions will tend to have outward flight by higher income groups together with continuing in-migration of low-income groups unless all local jurisdictions have the same tax structure. Eventually such a policy would turn out to be self-defeating. If applied nationwide, the rich would tend to segregate themselves from the poor into particular local jurisdictions with nonredistributive tax, expenditure, and regulatory structures even more than they do now. A rather inefficient allocation of resources could result from such tax differentials that are not associated with benefits received.

Most of these points are fairly well established from the theory of local public finance.

Somewhat less easy to understand is the argument against treating each metropolitan area separately with regard to helping to pay for services that are consumed by the poor. It is a widely-held view that the disparity of suburban vs. central city resources (e.g., tax bases per capita) must be overcome on a metropolitan area by metropolitan area basis. The poor of the central city are considered to be the responsibility of not only the higher income residents of each central city, but also of the escapees to the suburbs surrounding that particular central city.

I would make the counterargument that insofar as some redistribution of income is a social policy in the United States, it should be undertaken primarily at the Federal level. It seems to me that if I live in the suburbs and there are poor in my particular central city, my obligation is just as much to the poor in another central city or in my own suburbs or a rural area. Hence, I would like to see my tax payments that go toward helping the poor, either through direct transfer payments or through particular expenditures such as on schools in low-income neighborhoods, be distributed to the poor throughout the nation through the Federal tax and expenditure system. Otherwise, I have no guarantee that high-income individuals in other metropolitan areas are also going to pay their fair share of taxes to aid the poor in their particular metropolitan areas. Furthermore, some metropolitan areas have relatively more high-income individuals than others. And what of those high-income persons who do not live in such metropolitan areas? Finally, I realize that if my metropolitan area tends to help its (present) poor and others do not in like degree, my area will in the long run face higher numbers of the poor who will migrate in and the out-migration of some of my high-income neighbors.

I believe the above are good arguments for making income redistribution, perhaps through the means of providing high levels of social services to the poor as well as a progressive income tax, primarily a Federal and somewhat a state function. To take two very pressing areas, I subscribe to the argument that there is an urgent need to make the welfare function a completely Federal function and to increase significantly Federal and state aid to elementary and secondary education. This, I believe, would go far toward relieving the fiscal crises in which central cities appear to find themselves. New York City is simply the most publicized example of a city in trouble, but note that a significant share of its budget is devoted to education and welfare.

It may be that a tax on suburban commuters is the only politically feasible solution to pressing central city problems at this point. The major recommendations I subscribe to above have been painfully slow coming about, although they are under intense discussion in Congress and state legislatures around the country. But I believe that the direction being taken by imposing a steeply progressive income tax that hits commuters is not the direction we should be taking. There are, of course, sound efficiency arguments as to why commuters should be taxed for costs they impose on the central cities and do not reimburse (of course, commuter flows are increasing into the suburbs, and the latter's costs are also presumably affected). The public is now becoming aware that a much more efficient allocation of resources would take place if those who pollute the atmosphere were taxed in accordance with the costs they impose on others; a similar argument can be made in the commutation area. But good measures of these costs (and possible benefits) must be obtained lest the situation be worsened rather than bettered.

PREPARED STATEMENT OF THE METROPOLITAN WASHINGTON BOARD OF TRADE

Mr. Chairman, members of the Committee, the Metropolitan Washington Board of Trade is grateful for this opportunity to express our views respecting the bill to provide additional revenue for the District of Columbia and to briefly comment respecting a number of aspects of the District's fiscal problem.

Let me just take a moment to establish our credentials.

The Board of Trade is the Washington area's oldest and largest association of business and professional leaders. It is a voluntary membership organization composed of more than 3,000 different firms and enterprises. It was formed in 1889 and for more than 80 years has been involved in virtually every important development in the National Capital area. The overriding reason for its formation was to present a united front on behalf of the business and professional community to the Congress of the United States in matters affecting the District of Columbia.

Originally it was concerned solely with D. C. affairs, but since World War II it has become increasingly involved in metropolitan area problems and now engages in a variety of important activities of interest and value to the entire metropolitan community.

Our Convention and Visitors Bureau is the major visitor promotion agency in Metropolitan Washington. It seeks to increase visitor spendings through the promotion of tourism, conventions, and various functions and special events like the Cherry Blossom Festivals. Current spendings of some 17 million visitors is at the rate of approximately \$650 million a year making this activity the biggest source of new money in this community after the federal payroll.

Our Economic Development Bureau's mission is to attract to Washington new enterprises, branch offices of national corporations and associations and to encourage growth among the enterprises already here. While our economic development activities are on a metropolitan area basis, we are deeply concerned about the economic stability of the District of Columbia and have, on many occasions as we normally do, opposed efforts by outside agencies to attract enterprises and employment from the District of Columbia.

Our Retail Bureau is composed of substantially all the major retail enterprises, in the community. While it, too, now operates on a metropolitan area basis, it is very deeply concerned with the preservation and even greater development of a viable central district in downtown Washington.

Our Urban Affairs Bureau deals with a long list of extremely important matters including the rail rapid transit system, Potomac River Basin development, commercial aviation, zoning, crime and related matters as well as the physical planning and development of the District of Columbia.

Finally, the remaining major functions of the Board of Trade are conducted by our Merit Employment and Training Council which is concerned with employment and training problems. It has concentrated most of its efforts on center city problems through sponsoring Job Opportunity Week, Prep Clubs in high schools, and the just completed seventh annual campaign to secure summer employment for disadvantaged youth.

The Board of Directors of the Metropolitan Washington Board of Trade includes the heads of many of the biggest enterprises in this community which employ well over 100,000 people. We also number on our Board of Directors and in our membership many of the largest property owners in the District of Columbia. Quite obviously the Board of Trade and its members are deeply concerned about the economic health and welfare of Washington.

Since our people personally and through the enterprises they own or manage account for a very high percentage of D.C. government revenues, it is not surprising that during the last 82 years we have carried on more research and conducted more studies respecting District of Columbia fiscal affairs than any other non official agency. Since World War II when Washington's growth has all been in nearby Maryland and Virginia, we have devoted progressively more time each year to the maintenance of a sound and adequate tax base in the District of Columbia. Currently several task forces and committees of the Board of Trade are giving preferred attention to ways and means of intensifying land use and thus expanding the tax base. This Committee, of course, fully appreciates the necessity for increasing District revenues to cover rapidly increasing costs of providing additional and more expensive services in the central city for a rapidly growing community.

This is an extremely difficult objective to accomplish. During the last several years crime in the District has exerted a very debilitating influence on the District's attractiveness to business enterprises and the people who work in them. With fine cooperation and support from the Congress and a great cost, we do now feel that these conditions are being improved steadily.

Additional costs for public health, welfare, education and most municipal activities have combined to skyrocket the budget of the District of Columbia and also its taxes and revenues.

For these and other reasons, the District has already become unattractive to a large number of businesses which have moved into nearby Maryland and Virginia. Increased taxes in general will make the District of Columbia still less competitive with adjoining jurisdictions, insure continued shrinkage of its tax base and the loss of its private economy.

I would now like to make some direct comments pertinent to H.R. 11341, the House-passed Appropriation Bill for the District of Columbia. We are, of course, appreciative of the federal payment of \$170 million which the House has provided this year, yet we wish to call to this Committee's attention the fact that this

amount is still \$16 million below that which the Mayor and his associates feel is necessary for the proper operation of the District. We recommend to this committee that the full amount be provided. In previous testimony we have endorsed, as an emergency measure, the imposition of a so-called commuter tax. We continue to recommend this type of tax if the federal payment is not sufficient to meet the city's needs.

We are further pleased to note, and we recommend that the action of the House in phasing out the onerous Personal Property Tax on Inventories in the District of Columbia be accomplished within three years as recommended.

We recommend a moratorium on the adoption of any other taxes or increased tax rates and further recommend that all concerned take prompt action to expand the tax base of the District of Columbia through (a) construction of a balanced transportation system, (b) the modernization of the Zoning Code accompanied by relaxation of the building height restrictions, and (c) the execution of a plan for downtown renewal keyed to the development of a large scale private business development including a convention and sports arena.

We recommend to the Council of Governments that they undertake a thorough study of taxation in every jurisdiction in the Metropolitan Washington area with a view toward developing adequate comparable levies and rates throughout the community which would encourage expansion of the tax base but discourage significant variations between jurisdictions. The Council of Governments informs us that this recommendation has not yet been acted on by its Board of Directors.

We are hopeful that positive steps will be taken to implement this matter in the near future since it should be conducted simultaneously and in close liaison with the work of the Commission on the Organization of the Government of the District of Columbia which is currently engaged in a study to provide a more viable and, hopefully, a more economical government operation for the District of Columbia.

PREPARED STATEMENT OF ETTA M. HORN, CHAIRMAN, CITY-WIDE WELFARE RIGHTS ORGANIZATION

City-Wide Welfare Rights Organization represents a large majority of the welfare recipients in the city of Washington, D.C. We consider section 704 of H.R. 11341 to be an incredibly evil piece of legislation. It disturbs us that another fraud is being worked on the poor people of the city of Washington, even when we, at long last, supposedly have some representation in the Congress of the United States. It is another striking example of the "plantation" attitude of Congress toward the citizens of Washington, and in particular towards its poor citizens. In this short statement which presents an outline of our position on the provision, we would like to set forth three basic points.

First, this legislation will take away the legal rights of welfare recipients won for all tenants in the District of Columbia in major housing law decisions. If a welfare recipient is living in a rat-infested broken-down building, "maintained" by a slum-lord, he will not have the right to withhold his rent based on the legal theory of warranty of habitability.

Most welfare recipients live in public housing. We have found that the United States Government, through its agency the National Capital Housing Authority, is one of the biggest slum-lords in the city. Through tenant organizations and hard, bitter fights, the public housing tenants of Washington have begun to get positive response from NCHA. This provision would completely destroy those victories, in regards to welfare recipients. Once again the poor would be deprived of decent, safe, sanitary housing guaranteed to them by the United States Government for over thirty-five years.

Moreover, this evil legislation would take away from the court system in the District the power to determine the legal rights of landlords and tenants and place the power in the Commissioner of Public Welfare. Some say that this provision is unconstitutional. It may well be unconstitutional, but that answer is not sufficient. In spite of its questionable constitutionality, it was passed by the House of Representatives. In spite of its questionable constitutionality, it is being considered by this committee. We want the true answer to be given—that it is another attempt to deprive the poor of their dwindling legal rights. That attempt, and all future, similar attempts, must be stopped.

Second, this legislation will deprive the poor of a basic right of all American citizens—the right to allocate personal income. Many times emergencies arise for which all people must make unusual expenditures—health problems, school problems and clothing problems. The District of Columbia welfare recipients do not receive a clothing allowance. Most welfare mothers have significant problems

providing minimum clothing for their children. Why must the poor be deprived of the right and power to make emergency allocations of their inadequate resources?

Third, this legislation is yet another attempt to deprive the poor of basic human dignity and control of their lives. Once again an important right—the right to determine when they are receiving adequate, decent, safe, and sanitary housing—will be taken away from the poor. Once again the Congress of the United States will push the poor back further into legalized slavery. As always, when the poor begin to rise, when they fight for legal rights and win, and when they begin to achieve some measure of human dignity, the forces of “law and order” in this country stop the chain of events and place a mailed foot in the face of the down-trodden.

We have one final point for your consideration. In spite of the serious nature of this legislation, in spite of the fact that it will affect the lives of thousands of welfare recipients in the city of Washington, we have been deprived of the basic right to be heard on this issue. This situation must end. We will be heard on this issue and on every other issue which so affects the lives of the poor in the District of Columbia. We may be considered second-class citizens, but we will raise first-class voices in protest of the shoddy treatment accorded us by the Congress of the United States. Let the Congress stand on notice that the rights for which we have fought so hard will not go down the sink-hole of back-room Congressional dealings without protest.

AMERICAN TRUCKING ASSOCIATIONS, INC.,
Washington, D.C., November 17, 1971.

HON. THOMAS F. EAGLETON,
U.S. Senate, New Senate Office Building, Washington, D.C.

MY DEAR SENATOR: American Trucking Associations supports the proposed amendment to the District of Columbia Minimum Wage Act (D.C. Code, Sec. 36-404) as contained in Section 707 of H.R. 11341 recently passed by the House of Representatives. This amendment provides an exemption from the Act's overtime pay provisions for all those trucking “employees with respect to whom the Secretary of Transportation has power to establish qualifications and maximum hours of service pursuant to the provisions of Section 204 of Part II of the Interstate Commerce Act.” In presenting our comment and justification, we speak as the national trade association of the trucking industry, representing all types of motor carriers, having affiliated associations in the fifty states and the District of Columbia.

It is germane to our supportive argument to note that the amendment, as proposed, is identical to the provisions of Section 13(b) (1) of the Fair Labor Standards Act of 1938, as amended, the so-called Motor Carrier Act overtime pay exemption. It reads as follows:

“The [overtime pay] provisions of Section 7 shall not apply with respect to (1) any employee with respect to whom the Interstate Commerce Commission [now the Department of Transportation] has power to establish qualifications and maximum hours of service pursuant to the provisions of Section 204 of the Motor Carrier Act, 1935;”

While the D.C. Minimum Wage Act contains such a provision now, it applies only to those employees who spend less than fifty percent of any workweek within the Washington Metropolitan Region. We respectfully suggest that while the Congress clearly intended to grant the exemption in Title VII, Sec. 702 of Public Law 91-650, it erred in imposing the restriction as to a percent of time worked in a geographical region. In practical effect it gave no exemption at all. Quite the opposite, it negated for certain District-located motor-carrier employees an exemption which applies in federal law in every state in the union.

The federal exemptive language has been found in the Fair Labor Standards Act since Congress enacted it in 1938. On as many as ten or more occasions, or nearly every two years, Congress has considered bills to eliminate or curtail this exemption among others, but on repeated occasions has sustained the existence and operation of the federal motor carrier overtime pay exemption. As recently as September 21, 1970 American Trucking Associations submitted a detailed statement to the General Subcommittee on Labor, detailing our reasons for opposing a repeal proposal contained in H.R. 10948. H.R. 7130, reported by the House Education and Labor Committee in the current session, recognizes this position by leaving the exemption intact. S. 1861, now pending before the Senate Subcommittee on Labor also retains the exemption.

The federal exemption is a limited one. It applies only to certain employees of interstate, regulated motor carriers, whose duties affect safety of operations. The Department of Transportation (formerly the Interstate Commerce Commission) has determined, and the courts have agreed, that the exemption may be applied only to those employees of affected carriers whose job duties center on activities in a class of work defined as that of a driver, driver's helper, loader or mechanic (Pyramid Motor Freight Corp. v. Ispass, 330 U.S. 695; Levinson v. Spector Motor Co., 330 U.S. 649; Morris v. McComb, 332 U.S. 422.)

We are not here asking for a larger area of exemption than presently pertains in the federal law. We do not seek to exempt any employees not presently qualified for exemption under Federal law. We are not urging exemption from the minimum wage provisions of the District of Columbia Act, although data we shall refer to here suggests that coverage in this high wage industry is not necessary to achieve the purposes of that Act.

Our single, limited position is that the exemption which Congress has long recognized in federal law should not become inoperative in the District of Columbia for employees reached by the federal exemption.

Our reasons are as follows:

I. VITAL NEED FOR MOTOR CARRIER FLEXIBILITY PRECLUDES STANDARDIZED WORK WEEK IN THE TRUCKING INDUSTRY

Congress, in establishing the Motor Carrier Act Exemption for the fifty states and the District of Columbia and having refused to modify it through the years, rightly recognized that motor carriers are a public service industry entirely dependent upon the requirements of the public they serve. As such they have no control over "production." Motor Carriers operate "round the clock." They do their work before and after the manufacturer or producer or seller or user opens or closes his establishment. By the very service nature of their operations, motor carriers' workloads are tied directly to the short term or even seasonal rise and fall of the business of those they serve.

For example, interstate carriers of general commodities directly or indirectly service the shipping requirements of most District wholesalers and retailers. These carriers have little or no control over the before and after hours inventory requirements of their customers. Most food chains and retailers as well as food processing establishments in the District of Columbia are serviced by for-hire and private carrier fleets operating in interstate commerce to and from the District. They must be flexible to cope with the timely carriage of vast quantities of essential and highly perishable commodities. Their clients' service requirements are not respecters of fixed or limited work schedules. Household movers are called to move government and private business offices usually on weekends and after normal business hours. They must be free to move private householders without assessing their customers the cost of penalty overtime rates. Usually they are called on to finish packing and loading within a single day's work span. In peak seasons they cannot control their weekly hours. Many bulk liquid haulers service public utilities as well as private consumers according to peak seasonal needs. Other examples may be found in shipments required by the services within the defense establishment. The time element or volume is usually not in the motor carrier's control.

Flexibility and availability of service have made the trucking industry a vital and significant servant of commerce in the District of Columbia. In fact, it has been said that motor carriers have made much of our nation's commerce possible.

Congress has continued to recognize this public service aspect of motor carriers in maintaining the limited overtime exemption for motor carrier employes whose workweek cannot be made to fit a standard pattern.

II. TRUCKING'S HIGH WAGE CONDITIONS MORE THAN MEET THE PURPOSES OF THE ACT AND HAVE BEEN ACHIEVED WITHOUT LEGISLATIVE PROTECTION; INDUSTRIAL STRIFE WOULD BE CREATED BY THE ABSENCE OF THE AMENDMENT

Trucking is a highly unionized industry. The vast majority of personnel in the District of Columbia who should be considered in the exempt employee classification are subject to collectively bargained labor agreements between truck operators and the International Brotherhood of Teamsters. This labor organization is one of the largest in the United States. Its officials are known to be hard bargainers. To them can go much of the credit for the high pay of our industry's employes.

Since these unions are well organized, militant, and powerful, the employees they represent do not need the protection of the D.C. Minimum Wage Act. It is obvious that where labor agreements do not require overtime pay after 40 hours, the union has recognized the impossibility or impracticability of insisting upon it.

It is equally obvious that the unions have demanded and obtained other considerations for those they represent to more than offset any return available through statutory overtime. Labor agreements which do not contain overtime pay provisions do grant such monetary benefits as high wage rates on daily, weekly and trip guarantees.

For example, carriers of general commodities with employees in the District of Columbia are covered by the terms of the National Master Freight Agreement and its supplemental wage agreements. These agreements have current minimum wage rates of \$5.21 per hour under negotiated wage packages which will have increased to \$5.91 by 1973. Tank carriers in the Eastern states including the District of Columbia have bargained wage increases of \$1.85 in the past year, lifting employees to similarly high wage rates.

Even those local carriers who are not party to union agreements are compelled by competitive labor market conditions to pay wages which reflect the effective presence of the Teamsters Union. A Bureau of Labor Statistics Community Wage Survey conducted in 1971 for the greater Washington Metropolitan Area shows average truck driver earnings of \$3.66 per hour. None of the surveyed drivers earned less than \$1.80 per hour. Over half earned between \$3.03 and \$4.81 per straight time hour, sums far in excess of the minimum required by law.

An industry survey developed for the national freight negotiations discloses that in 1970 local trucking employees subject to District of Columbia supplemental wage agreements averaged \$193 per week. In addition such employees receive liberal paid vacations, holidays, health and welfare insurance, and pension rights. These benefits were achieved by private agreement and irrespective of a legislated overtime pay exemption.

Clearly it may be anticipated that these conditions are such that maintenance of the proposed overtime pay exemption for the categories of trucking employees referred to will not impair the purposes of the District of Columbia Minimum Wage Act.

To the contrary, the imposition of new wage requirements not presently in effect by labor agreement will only serve to open negotiated wage conditions won by hard bargaining, thereby creating the clear danger of unnecessary industrial strife.

III. THE 50% METROPOLITAN REGION WORKWEEK REQUIREMENT IS UNNECESSARY AND CREATES AN ADMINISTRATIVE BURDEN.

Removal of the 50% Metropolitan Region workweek requirement, which was enacted in 1970, will not deny District of Columbia Minimum Wage Act coverage to employees who do not qualify for the Motor Carrier Act exemption. Retention of the 50% workweek requirement on those otherwise regarded as having the Motor Carrier Act exemption, imposes a difficult administrative burden both on the employer and on the government, since measurement of how much time individual truckdrivers spend in and out of the District of Columbia is nearly impossible to calculate. For these reasons we urge that the 1970 amendment creating the 50% Metropolitan Region workweek test be abandoned.

CONCLUSION

We have recited briefly several reasons to show that there is absolutely no justification for limiting or denial of the federal overtime exemption applicable to a limited number of employees of interstate motor carriers in all the fifty states. The Bill's proposal will not impair the purpose of the District of Columbia Minimum Wage Act, which is to eliminate substandard conditions and wages in employment. In proof of this we have drawn attention to the high earnings and fringe benefits of District trucking employees. We have demonstrated that the vital need for motor carrier flexibility precludes a standardized workweek in the trucking industry. Furthermore, complex wage structures in the trucking industry necessitate preservation of the Fair Labor Standards Act overtime exemption in the District. Its removal could well bring about a reduction in the take-home pay of these motor-carrier employees. Overtime payments would necessitate higher costs to shippers and very likely increase the exodus of business firms from the District, both carrier and shipper alike. It would mean higher prices for the

consumer since nearly all goods are shipped at least in part by truck. In short, no one would be benefited by denial of the motor carrier exemption. We petition for no more than to have the Congress give legislative recognition to the fact that an exemption in the federal law for thirty-three years has also operated in the District of Columbia without negative effect on the working conditions of motor carrier employees.

Sincerely,

WILLIAM A. BRESNAHAN, *President.*

Senator INOUYE. Thank you very much. The committee stands adjourned.

(Whereupon, the committee adjourned at 1 p.m.)

○

