FY 2005 Proposed Budget Local Funds Summary

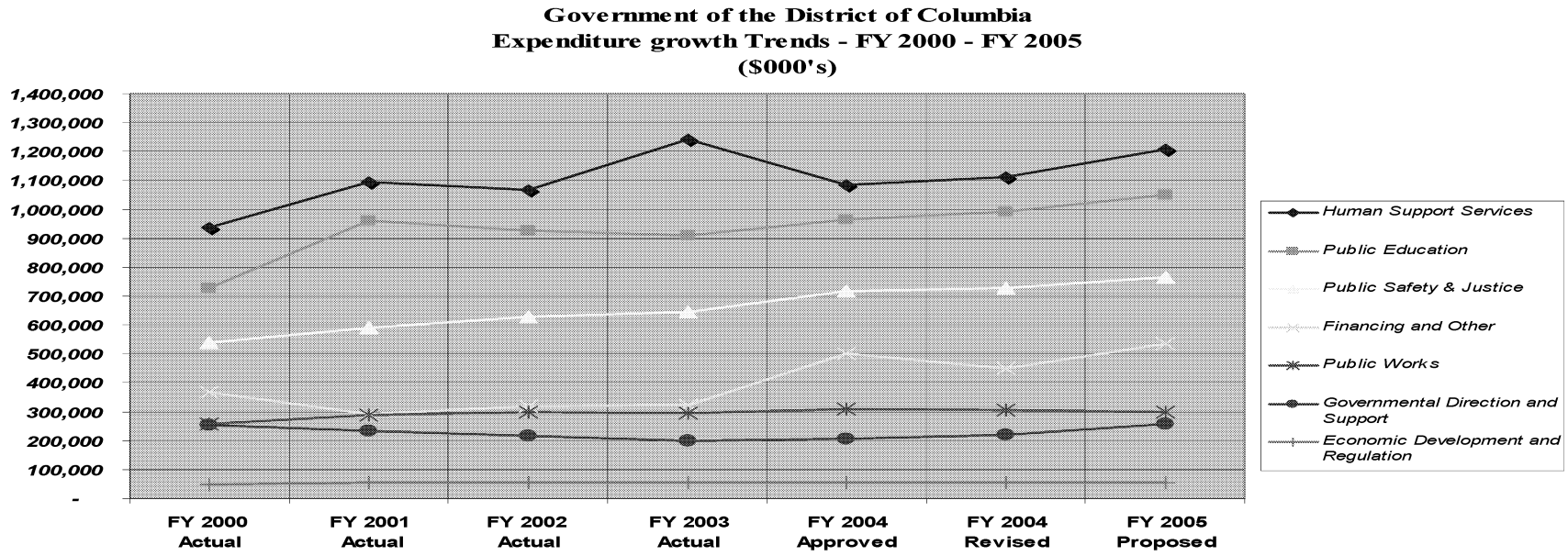
FY 2005 Proposed Local Funds Budget

The FY 2005 Proposed Budget Is $4.173 Billion; Expenditures Increased By $340 Million or 8.9% Over The FY 2004 Approved Budget.

Changes in Local Fund Revenues and Expenditures, 2003 to 2005

	($000's)	FY 2003 Actuals	FY 2004 Approved	FY 2004 Revised	FY 2005 Proposed	Variance Over FY 2003	% Change Over FY 2003	Variance Over FY 2004 Approved	% Change Over FY 2004 Approved	% of FY 2005 Increase
	Revenues									
1	Taxes	3,293,374	3,339,913	3,441,217	3,628,730	335,356	10.18%	288,817	8.39%	84.99%
2	Non-Tax Revenues	315,780	289,201	286,672	292,447	(23,333)	-7.39%	3,246	1.14%	0.96%
3	Lottery	72,050	70,200	70,200	71,100	(950)	-1.32%	900	1.28%	0.26%
4	**Local Fund Revenues**	**3,681,204**	**3,699,314**	**3,798,089**	**3,992,277**	**311,073**	**8.45%**	**292,963**	**7.72%**	**86.21%**
5	Fund Balance Use	1,802	96,498	129,423	80,000	78,198	4339.51%	(16,498)	-17.10%	-4.85%
6	Revenue Enhancements	0	38,760	0	95,755	95,755	N/A	56,995	-81.89%	16.77%
7	Transfers from Federal and Private Sources	0	0	0	6,361	6,361	N/A	6,361	N/A	1.87%
8	**Revised Revenues**	**1,802**	**135,258**	**129,423**	**182,117**	**180,315**	**10006.35%**	**46,859**	**174.21%**	**13.79%**
9	**Total Revenues with Revisions**	**3,683,006**	**3,834,572**	**3,927,512**	**4,174,394**	**491,388**	**13.34%**	**339,822**	**8.89%**	**100.00%**
10	**Expenditures**									
11	Governmental Direction and Support	199,089	206,824	220,924	258,257	59,168	29.72%	51,433	24.87%	15.13%
12	Economic Development and Regulation	56,520	53,336	55,036	55,584	(936)	-1.66%	2,248	4.21%	0.66%
13	Public Safety & Justice	646,732	716,715	728,115	765,324	118,592	18.34%	48,609	6.78%	14.30%
14	Public Education	909,354	962,941	990,941	1,048,316	138,962	15.28%	85,375	8.87%	25.11%
15	Human Support Services	1,242,888	1,085,277	1,113,277	1,208,418	(34,470)	-2.77%	123,141	11.35%	36.22%
16	Public Works	293,952	308,029	305,629	299,826	5,874	2.00%	(8,203)	-2.66%	-2.41%
17	Financing and Other	322,491	499,612	451,012	536,966	214,475	66.51%	37,354	7.48%	10.99%
18	**Total Expenditures**	**3,671,026**	**3,832,734**	**3,864,934**	**4,172,691**	**501,665**	**13.67%**	**339,957**	**8.87%**	**100.00%**
19	**Operating Margin, Budget Basis**	**11,980**	**1,838**	**62,578**	**1,703**					

FY 2000 Through FY 2005 Local Funds Expenditure Growth



Local Funds ($000's)									Variance from FY 2004 Approved Budget	
	Appropriation Title	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Approved	FY 2004 Revised	FY 2005 Proposed	$ Change	% Change
	Expenditures									
1	Human Support Services	937,013	1,094,601	1,067,242	1,242,888	1,085,277	1,113,277	1,208,418	123,141	11.3%
2	Public Education	728,125	962,412	926,254	909,354	962,941	990,941	1,048,316	85,375	8.9%
3	Public Safety & Justice	538,129	590,391	628,511	646,732	716,715	728,114	765,324	48,609	6.8%
4	Financing and Other	368,070	290,310	317,410	322,491	499,612	451,012	536,966	37,354	7.5%
5	Public Works	257,933	287,367	297,336	293,952	308,029	305,629	299,826	(8,203)	-2.7%
6	Governmental Direction and Support	255,251	233,266	216,651	199,089	206,824	220,924	258,257	51,433	24.9%
7	Economic Development and Regulation	49,338	54,524	56,071	56,520	53,336	55,036	55,584	2,248	4.2%
8	**Subtotal Local Fund Expenditures**	**3,133,859**	**3,512,869**	**3,509,475**	**3,671,026**	**3,832,734**	**3,864,934**	**4,172,691**	**339,957**	**8.9%**

FY 2000 Through FY 2005 Local Funds Expenditure Growth

Local Funds Expenditures, FY 2000 - FY 2005
(Dollars in millions)

		Fiscal Year						
Function	***Agencies***	***2000 Actual***	***2001 Actual***	***2002 Actual***	***2003 Actual***	***2004 Approved***	***2004 Revised***	***2005 Proposed***
Human Support Service Agencies	Human Services, Health, PBC + PBC Transition, Mental Health, Child and Family Services	865	1,001	976	1,137	994	1,020	1,110
Elementary and Secondary Education	DC Public Schools, Public Charter Schools	651	874	838	840	876	902	951
Public Safety and Public Works Agencies	Police, Fire, Corrections, Public Works, DMV, Transportation	600	640	688	701	742	753	749
Mandatory Subsidies and Debt Service	WMATA Subsidy, Police/Fire/Teacher Pensions, Debt Service Agencies	551	487	503	519	578	576	649
Rest of Government	All Others	468	510	504	475	642	614	714
District Total		***3,134***	***3,513***	***3,509***	***3,671***	***3,833***	***3,865***	***4,173***

NOTES:
Medicaid Reserve (FY 2003) allocated as $13.8 million in DCPS and $60.3 million in Human Support Services
FY 2003 Medicaid write-off allocated to Human Support Services
FY 2001 was first year that DCPS and Charter Schools had authority to spend from following year's appropriation
District totals (and some individual agencies) include Federal Payments in FY 2001 and earlier years

FY 2000 Through FY 2005 Local Funds Expenditure Growth

Percent of District Spending (Local Funds)

	2000 Actual	2001 Actual	2002 Actual	2003 Actual	2004 Approved	2004 Revised	2005 Proposed
Human Support Services	27.6%	28.5%	27.8%	31.0%	25.9%	25.0%	25.7%
Elementary and Secondary Education	20.8%	24.9%	23.9%	22.9%	22.9%	23.3%	22.3%
Public Safety and Public Works	19.1%	18.2%	19.6%	19.1%	19.4%	19.5%	18.1%
Mandatory Subsidies and Debt Service	17.6%	13.9%	14.3%	14.1%	15.1%	10.8%	15.5%
Rest of Government	14.9%	14.5%	14.4%	12.9%	16.8%	21.4%	18.4%
Total Government	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Human Suport Services and Elementary/Secondary Education combined for 48.3 percent of spending in 2000 and were 48.0 percent combined in 2003.

Elementary/Secondary Education share has remained relatively level since FY 2001.

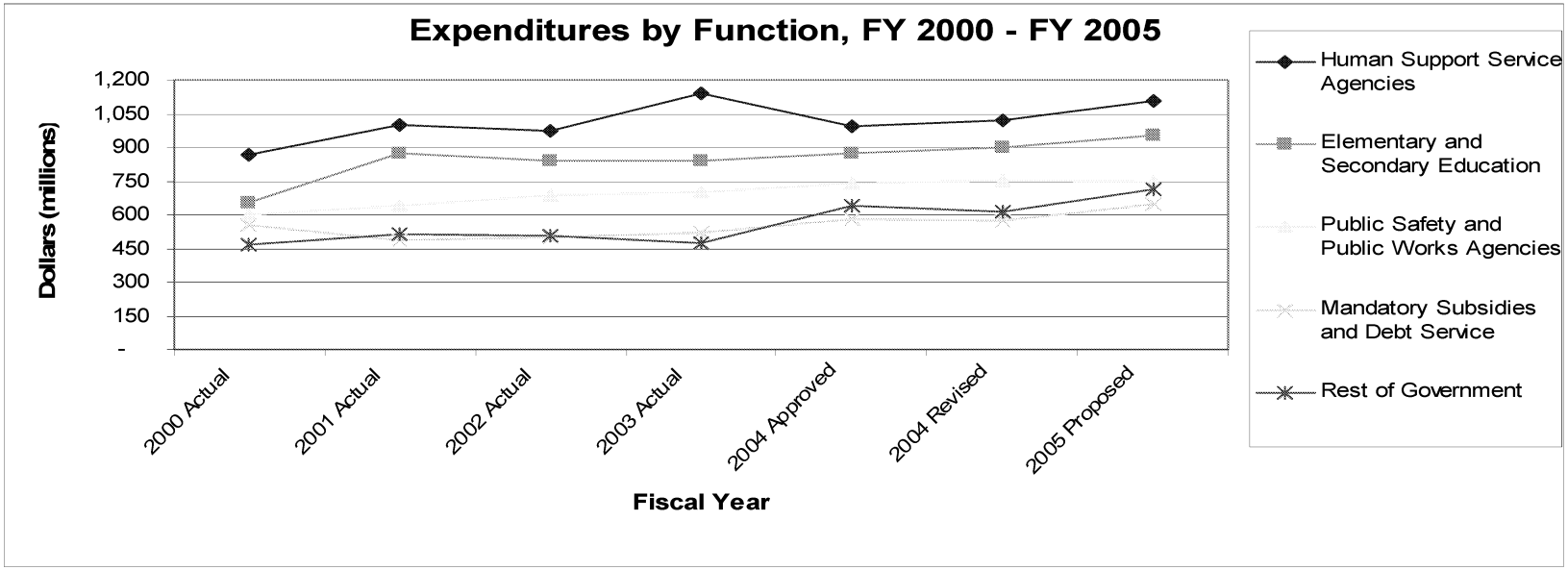
Public Safety and Public Works (basic/core functions of municipal government) have accounted for steady share of District expenditures over past six years.

Decrease in Debt Service has freed up a great deal of funds, especially since 2000. Reasons: tobacco securitization (and subsequent debt buy-down), low interest rates in recent years.

WARNING, however: required pension contributions (part of "Mandatory Subsidies") are expected to see large increases in FYs 2005 and 2006.

Fewer than 20 agencies account for 82 to 84 percent of District spending. "Rest of Government" (perhaps 70 to 80 agencies, depending on year) account for 16 to 18 percent.

FY 2000 Through FY 2005 Local Funds Expenditure Growth



Annual Growth Rates, District Expenditures (Local Funds)
(Growth Over Previous Year)

	2000 Actual	***2001 Actual***	***2002 Actual***	***2003 Actual***	***2004 Approved***	***2004 Revised***	***2005 Proposed***
Human Support Services	15.5%	15.8%	-2.5%	16.5%	-12.6%	2.6%	11.7%
Elementary and Secondary Education	15.8%	34.3%	-4.1%	0.2%	4.3%	3.0%	8.6%
Public Safety and Public Works	5.7%	6.8%	7.4%	1.8%	5.9%	1.5%	0.9%
Mandatory Subsidies and Debt Service	-8.3%	-11.6%	3.3%	3.1%	11.4%	-0.3%	12.3%
Rest of Government	17.0%	9.0%	-1.2%	-5.7%	35.1%	-4.4%	11.2%
Total Government	***8.9%***	***12.1%***	***-0.1%***	***4.6%***	***4.4%***	***0.8%***	***8.9%***

District expenditures (Local) grew 4.6 percent in FY 2003 over FY 2002. Excluding the $99 million Medicaid write-off from the FY 2003 expenditures would reduce that growth rate to 1.8 percent.

Top 10 Operating Agency Local Budget Increases for FY 2005

($ Millions)

	Agency	FY 2004 Approved Budget	FY 2005 Proposed	Proposed increase Over FY 2004	Percentage Increase Over FY 2004	Percentage of FY 2005 Increase
1	Department of Health	459	516	57	12.5%	16.8%
2	DC Public Charter Schools	138	190	52	38.0%	15.4%
3	Department of Human Services	226	268	42	18.6%	12.3%
4	Department of Mental Health	129	166	37	28.9%	10.9%
5	Child and family Services	126	160	34	27.3%	10.1%
6	Office of the Chief Technology Officer	16	41	25	158.9%	7.4%
7	DC Public Schools	738	761	22	3.0%	6.6%
8	Office of the Chief Financial Officer	73	95	22	30.2%	6.5%
9	Department of Corrections	100	121	20	20.4%	6.0%
10	Metropolitan Police Department	348	355	7	2.1%	2.2%
11	**Subtotal Top 10**	**2,352**	**2,672**	**320**	**13.6%**	**94.1%**
12	Remaining 83 District Agencies	1,481	1,501	20	1.3%	5.8%
13	**Subtotal Remaining Agencies**	**1,481**	**1,501**	**20**	**1.3%**	**5.8%**
14	**District Total**	**3,833**	**4,173**	**340**	**8.9%**	**100.0%**

Major Cost Drivers for FY 2005 Local Funds Proposed Budget

($000's)

2	**FY 2004 Approved Budget**			**3,832,734**	
3					
4		**Amount**	**% 0f FY 05 Cost Driver**		
5	**Inflationary/Formula/Current Law Baseline Adjustments**				
6	Reserve Requirements	15,500	4.6%		
7	Debt Service **	51,011	15.0%		
8	FY 2005 Fixed Cost Inflation and Approved Pay Raises Increases	45,129	13.3%		
9	Pension Obligations	27,308	8.0%		
10	Multi-jurisdictional Agreements	4,070	1.2%		
11	Public Education Formula Increases	74,681	22.0%		
12	Elimination of One-time Grant Disallowance	(57,000)	-16.8%		
13	**Total Inflationary/Formula Baseline Adjustments**	**160,698**	**47.3%**		
14					
15	**Baseline adjustments for Entitlement/Court Ordered Functions**				
16	Medicaid Related Adjustments	47,637	14.0%		
17	Court Order Adjustments	43,626	12.8%		
18	**Total Baseline adjustments for Entitlement/Court ordered functions**	**91,263**	**26.8%**		
19					
20	**Technical Baseline Adjustments**				
21	FY 2005 Impact of FY 2004/FY 2005 Policy Decisions	46,527	13.7%		
22	Operating Impact of Capital Projects	27,599	8.1%		
23	Select Contractual Increases	32,467	9.6%		
24	**Total Technical Baseline Adjustments**	**106,593**	**31.4%**		
25					
26	**Enhancements/Additions to Baseline**				
27	Programmatic Enhancements	22,167	6.5%		
28	Cost of implementig Revenue Enhancements	14,091	4.1%		
29		**36,258**	**10.7%**		
30	**Expenditure Reductions/Transfers**				
31	Programmatic Expenditure Reductions	(26,723)	-7.9%		
32	Transfers to Other Fund Types	(28,132)	-8.3%		
33		**(54,855)**	**-16.1%**		
34					
35	**FY 05 Cost Drivers**		**100.0%**	**339,957**	
36					
37	**Total Expenditures**			**4,172,691**	**8.9%**