

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
OFFICE OF THE CHIEF FINANCIAL OFFICER



**Glen M. Lee**  
Chief Financial Officer

December 29, 2025

The Honorable Muriel Bowser  
Mayor of the District of Columbia  
1350 Pennsylvania Avenue, NW, Suite 306  
Washington, DC 20004

The Honorable Phil Mendelson  
Chairman  
Council of the District of Columbia  
1350 Pennsylvania Avenue, NW, Suite 504  
Washington, DC 20004

**Re: December 2025 Revenue Estimates**

Dear Mayor Bowser and Chairman Mendelson:

The revenue estimate for the FY 2025–FY 2029 District of Columbia Budget and Financial Plan is unchanged from the September 2025 revenue estimate. There has been little change in the District’s economic outlook since the last forecast. Nationally, economic growth has continued to moderate as the labor market has softened. Although inflationary pressures have eased somewhat, they remain a risk to the outlook. The Federal Reserve cut the federal funds rate by a quarter percentage point to 3.5–3.75% in December 2025, determining that the risk of job market deterioration was higher than the risk of higher inflation.

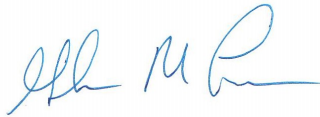
Delayed employment data, due to the recent federal government shutdown, makes it difficult to gauge the performance of the District’s job market relative to prior expectations. According to the September employment report, which is the most recently available, federal job losses have occurred more gradually than previously projected due to court challenges and other implementation difficulties. However, with the removal of many of these obstacles and the October resignations under the federal Deferred Resignation Program, we anticipate that federal workforce cuts will align with the financial plan forecast. Although, in general, cash collections this early in FY 2026 are not a reliable indicator of revenue performance for the full fiscal year, the decline in withholding and sales tax receipts, representing October sales and employment activity, is noteworthy as it may reflect the impact of the largest tranche of federal layoffs.

The impact of federal government layoffs poses the greatest risk to the forecast, both on the downside and the upside. If federal job losses exceed the forecast, revenue may be lower than currently projected; conversely, if job losses are fewer than forecasted, revenue could be higher. More restrictive immigration measures and other federal policies implemented this past year have reduced tourism-related revenue and will continue to pose a risk to the District’s leisure and hospitality sector. The forecast includes substantial additional revenue from capital gains and corporate profits, making financial market performance a significant risk in the future. Uncertain federal data availability and reliability also pose a risk, as these

factors could make it more difficult to monitor and update the District's economic and revenue outlook in a timely manner.

We will continue to closely monitor economic conditions, revenue collections, and policy developments for any material changes that could affect the forecast. If you have any questions regarding these matters, please contact me at (202) 727-2476.

Sincerely,



Glen M. Lee  
Chief Financial Officer

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