

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



Jeffrey S. DeWitt
Chief Financial Officer

OCT - 5 2016

The Honorable Muriel Bowser
Mayor of the District of Columbia
1350 Pennsylvania Avenue, NW, 3rd Floor
Washington, DC 20004

Dear Mayor Bowser:

I am transmitting the FY 2018 Current Services Funding Level (CSFL) budget -- as is done each year -- to reflect the current estimate of any budget gap or surplus anticipated for FY 2018. This CSFL covers the period from October 1, 2017 through September 30, 2018. This best practice process provides estimates of anticipated expenditures well in advance of the budget process to allow proactive steps to be taken to address potential issues. The CSFL is a representation of the Local funds cost of operating District agencies in FY 2018 at the FY 2017 service levels, without consideration of any new policy decisions.

The FY 2018 CSFL is \$7.279 billion, which reflects a surplus of \$125.9 million compared to the FY 2018 Local funds revenue estimate published in September 2016. The variance between the FY 2018 CSFL and the FY 2017 recurring Local budget is \$110.5 million. The District's revenues remain strong due to the strength of both the national and local economies, which are a major contributing factor to the surplus. One-time costs in the FY 2017 budget totaling \$126.0 million were removed before calculating the FY 2018 CSFL, as is our usual practice. The primary factors that contribute to the \$110.5 variance between the FY 2018 CSFL and the FY 2017 recurring budget are (1) the \$53.1 million increase to Repayment of Loans and Interest due to increased borrowing, (2) the \$29.6 million combined increase to DC Public Schools and Public Charter Schools due to a 2.0 percent increase for the Student Funding Formula inflationary cost, and (3) the \$20.0 million increase to Settlements and Judgments to address unjust imprisonment case settlements.

Please note that FY 2018 revised actuarial costs, such as the District's pension and retiree health contributions, were not available during the development of the CSFL. I expect that these costs will be known towards the end of the 2016 calendar year and could show an increase over the projected FY 2018 costs. Lastly, the CSFL does not include any increases to labor agreements beyond September 30, 2017.

My staff and I look forward to working with your budget staff during the development of your FY 2018 policy budget. Please do not hesitate to contact me if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey S. DeWitt". The signature is stylized with a large, looped "J" and "D".

Jeffrey S. DeWitt

cc: Members of the Council of the District of Columbia
Rashad M. Young, City Administrator
Matthew Brown, Director, Office of Budget and Finance, Office of the City Administrator
Jennifer Budoff, Budget Director, Council of the District of Columbia
Angell Jacobs, Deputy Chief Financial Officer and Chief of Staff, Office of the Chief
Financial Officer
Gordon McDonald, Deputy Chief Financial Officer, Office of Budget and Planning

Government of the District of Columbia

FY 2016 Approved Budget, FY 2017 Approved Recurring Budget and FY 2018 CSFL

By Appropriation Title

****Local Funds Only and Excluding Enterprise Funds****

AGENCY	FY 2016 APPROVED BUDGET	FY 2017 APPROVED BUDGET	REMOVAL OF ONE-TIME FUNDING	FY 2017 APPROVED RECURRING BUDGET	FY 2018 CSFL	FY 2017 RECURRING BUDGET vs FY 2018 CSFL	% Change
GOVERNMENTAL DIRECTION AND SUPPORT							
AA0 - Office of the Mayor	7,825,388	9,144,175	0	9,144,175	9,176,147	31,972	0.3%
AB0 - Council of the District of Columbia	22,320,877	24,002,435	0	24,002,435	24,035,802	33,367	0.1%
AC0 - Office of the District of Columbia Auditor	4,663,341	5,201,985	0	5,201,985	5,227,316	25,331	0.5%
AD0 - Office of the Inspector General	14,594,721	16,153,879	(1,200,000)	14,953,879	15,220,513	266,634	1.8%
AE0 - Office of the City Administrator	6,128,873	7,069,326	0	7,069,326	7,089,216	19,890	0.3%
AF0 - Contract Appeals Board	1,449,107	1,492,391	0	1,492,391	1,490,422	(1,969)	-0.1%
AG0 - D.C. Board of Ethics and Government Accountability	1,683,892	1,909,619	0	1,909,619	1,912,202	2,583	0.1%
AH0 - Mayor's Office of Legal Counsel	1,596,088	1,641,664	0	1,641,664	1,634,468	(7,196)	-0.4%
AI0 - Office of the Senior Advisor	1,893,502	2,199,908	0	2,199,908	2,197,003	(2,905)	-0.1%
AL0 - Uniform Law Commission	50,000	50,000	0	50,000	51,250	1,250	2.5%
AM0 - Department of General Services	317,876,985	314,156,024	0	314,156,024	300,193,901	(13,962,123)	-4.4%
AR0 - Statehood Initiatives	229,701	234,298	0	234,298	233,913	(385)	-0.2%
AS0 - Office of Finance and Resource Management	21,572,261	23,379,659	0	23,379,659	25,396,673	2,017,014	8.6%
AT0 - Office of the Chief Financial Officer	118,143,873	124,986,266	0	124,986,266	126,040,861	1,054,595	0.8%
BA0 - Office of the Secretary	1,962,633	2,649,426	0	2,649,426	2,654,870	5,444	0.2%
BE0 - D.C. Department of Human Resources	8,174,638	8,427,785	0	8,427,785	8,438,418	10,633	0.1%
CB0 - Office of the Attorney General for the District of Columbia	57,124,234	61,459,260	0	61,459,260	61,384,082	(75,178)	-0.1%
CG0 - Public Employee Relations Board	1,273,910	1,317,934	0	1,317,934	1,324,665	6,731	0.5%
CH0 - Office of Employee Appeals	1,744,654	1,815,293	(36,000)	1,779,293	1,780,435	1,142	0.1%
CJ0 - Office of Campaign Finance	2,704,259	2,833,463	(41,358)	2,792,105	2,803,907	11,802	0.4%
DL0 - Board of Elections	7,390,254	7,623,411	(85,000)	7,538,411	7,580,363	41,952	0.6%
DX0 - Advisory Neighborhood Commissions	926,616	958,661	(25,000)	933,661	933,555	(106)	0.0%
EA0 - Metropolitan Washington Council of Governments	472,213	494,825	0	494,825	494,825	0	0.0%
EM0 - Deputy Mayor for Greater Economic Opportunity	698,000	2,946,433	0	2,946,433	2,946,655	223	0.0%

Government of the District of Columbia

FY 2016 Approved Budget, FY 2017 Approved Recurring Budget and FY 2018 CSFL

By Appropriation Title

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JR0 - Office of Disability Rights		1,069,597	1,103,158	0	1,103,158	1,106,023	2,865	0.3%
PO0 - Office of Contracting and Procurement		20,967,859	23,445,649	0	23,445,649	23,426,770	(18,880)	-0.1%
RJ0 - Captive Insurance Agency		1,421,533	2,071,533	0	2,071,533	2,122,921	51,388	2.5%
RK0 - D.C. Office of Risk Management		2,923,299	3,973,395	0	3,973,395	3,964,691	(8,704)	-0.2%
TO0 - Office of the Chief Technology Officer		58,268,434	65,603,491	(750,000)	64,853,491	69,747,972	4,894,482	7.5%
Total, GOVERNMENTAL DIRECTION AND SUPPORT		687,150,740	718,345,346	(2,137,358)	716,207,988	710,609,839	(5,598,149)	-0.8%
ECONOMIC DEVELOPMENT AND REGULATION								
BD0 - Office of Planning		9,362,367	9,459,248	(310,000)	9,149,248	9,151,499	2,251	0.0%
BJ0 - Office of Zoning		2,606,257	2,915,088	0	2,915,088	2,925,701	10,613	0.4%
BX0 - Commission on the Arts and Humanities		14,695,848	21,055,223	(6,580,687)	14,474,536	14,525,438	50,902	0.4%
CF0 - Department of Employment Services		59,190,851	63,769,697	0	63,769,697	64,877,473	1,107,775	1.7%
CI0 - Office of Cable Television, Film, Music, and Entertainment		3,405,263	1,624,586	0	1,624,586	1,790,877	166,291	10.2%
CQ0 - Office of the Tenant Advocate		2,788,415	2,982,566	(176,000)	2,806,566	2,821,862	15,296	0.5%
CR0 - Department of Consumer and Regulatory Affairs		15,052,313	19,988,252	0	19,988,252	19,827,691	(160,561)	-0.8%
DA0 - Real Property Tax Appeals Commission		1,635,856	1,702,654	0	1,702,654	1,714,620	11,966	0.7%
DB0 - Department of Housing and Community Development		12,619,395	10,084,432	0	10,084,432	10,104,295	19,863	0.2%
EB0 - Office of the Deputy Mayor for Planning and Economic Development		17,550,470	13,800,964	(1,660,000)	12,140,964	12,227,616	86,652	0.7%
EN0 - Department of Small and Local Business Development		9,642,186	11,156,857	(700,000)	10,456,857	10,476,501	19,643	0.2%
HP0 - Housing Production Trust Fund Subsidy		50,179,389	55,054,224	(55,054,224)	0	0	0	N/A
HY0 - Housing Authority Subsidy		59,425,283	69,947,560	0	69,947,560	69,947,560	0	0.0%
Total, ECONOMIC DEVELOPMENT AND REGULATION		258,153,892	283,541,352	(64,480,911)	219,060,441	220,391,132	1,330,691	0.6%
PUBLIC SAFETY AND JUSTICE								
BN0 - Homeland Security and Emergency Management Agency		4,551,525	4,667,223	0	4,667,223	4,728,463	61,240	1.3%
FA0 - Metropolitan Police Department		505,836,884	516,469,990	(420,000)	516,049,990	517,411,047	1,361,057	0.3%

Government of the District of Columbia

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	FB0 - Fire and Emergency Medical Services Department	230,277,522	249,840,363	(15,285,864)	234,554,499	234,906,923	352,424	0.2%
	FD0 - Police Officers' and Fire Fighters' Retirement System	136,115,000	146,456,000	0	146,456,000	148,179,543	1,723,543	1.2%
	FH0 - Office of Police Complaints	2,291,634	2,449,188	0	2,449,188	2,450,802	1,614	0.1%
	FI0 - Corrections Information Council	482,292	497,297	0	497,297	496,976	(321)	-0.1%
	FJ0 - Criminal Justice Coordinating Council	1,167,347	630,068	0	630,068	637,123	7,055	1.1%
	FK0 - District of Columbia National Guard	5,026,262	5,139,621	0	5,139,621	5,185,680	46,059	0.9%
	FL0 - Department of Corrections	122,175,524	126,404,140	(5,929,229)	120,474,911	121,146,317	671,406	0.6%
	FO0 - Office of Victim Services and Justice Grants	20,799,183	23,431,304	(556,000)	22,875,304	22,879,300	3,996	0.0%
	FQ0 - Office of the Deputy Mayor for Public Safety and Justice	845,827	1,275,002	0	1,275,002	1,276,665	1,663	0.1%
	FR0 - Department of Forensic Sciences	22,500,349	22,879,234	0	22,879,234	22,928,902	49,668	0.2%
	FS0 - Office of Administrative Hearings	8,805,049	8,926,440	0	8,926,440	8,923,953	(2,487)	0.0%
	FX0 - Office of the Chief Medical Examiner	10,827,793	11,422,664	0	11,422,664	11,409,903	(12,761)	-0.1%
	FZ0 - DC Sentencing Commission	1,609,771	1,086,544	0	1,086,544	1,614,330	527,786	48.6%
	MA0 - Criminal Code Reform Commission	0	700,905	0	700,905	700,905	0	0.0%
	UC0 - Office of Unified Communications	28,196,890	31,924,557	(10,000)	31,914,557	31,862,917	(51,640)	-0.2%
	Total, PUBLIC SAFETY AND JUSTICE	1,101,508,852	1,154,200,540	(22,201,093)	1,131,999,446	1,136,739,748	4,740,302	0.4%
	PUBLIC EDUCATION SYSTEM							
	CE0 - District of Columbia Public Library	55,926,547	58,023,808	(700,000)	57,323,808	58,383,602	1,059,794	1.8%
	GA0 - District of Columbia Public Schools	727,491,755	756,389,181	0	756,389,181	771,504,425	15,115,245	2.0%
	GC0 - District of Columbia Public Charter Schools	677,743,501	723,717,252	0	723,717,252	738,185,828	14,468,576	2.0%
	GD0 - Office of the State Superintendent of Education	137,959,522	146,204,533	(2,400,000)	143,804,533	144,161,315	356,782	0.2%
	GE0 - D.C. State Board of Education	1,153,625	1,480,215	0	1,480,215	1,482,789	2,574	0.2%
	GG0 - University of the District of Columbia Subsidy Account	70,942,472	76,680,000	(5,728,162)	70,951,838	70,951,838	0	0.0%
	GN0 - Non-Public Tuition	74,414,869	74,460,953	0	74,460,953	74,463,170	2,217	0.0%
	GO0 - Special Education Transportation	93,805,376	94,314,008	0	94,314,008	93,988,501	(325,507)	-0.3%

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	GW0 - Office of the Deputy Mayor for Education	3,571,327	3,742,667	(500,000)	3,242,667	3,276,722	34,055	1.1%
	GX0 - Teachers' Retirement System	44,469,000	56,781,000	0	56,781,000	57,774,668	993,668	1.8%
	Total, PUBLIC EDUCATION SYSTEM	1,887,477,994	1,991,793,617	(9,328,162)	1,982,465,455	2,014,172,860	31,707,405	1.6%
	HUMAN SUPPORT SERVICES							
	AP0 - Office on Asian and Pacific Islander Affairs	834,599	854,987	0	854,987	854,911	(76)	0.0%
	BG0 - Employees' Compensation Fund	20,221,002	21,521,002	0	21,521,002	21,708,502	187,500	0.9%
	BH0 - Unemployment Compensation Fund	6,887,000	6,887,000	0	6,887,000	6,887,000	0	0.0%
	BY0 - D.C. Office on Aging	31,369,065	30,263,426	(250,000)	30,013,426	30,021,520	8,094	0.0%
	BZ0 - Office on Latino Affairs	2,781,734	2,811,873	(12,687)	2,799,186	2,801,491	2,305	0.1%
	HA0 - Department of Parks and Recreation	41,685,373	45,963,071	(60,000)	45,903,071	47,075,827	1,172,756	2.6%
	HC0 - Department of Health	78,870,176	76,856,609	(2,950,000)	73,906,609	73,984,891	78,282	0.1%
	HG0 - Office of the Deputy Mayor for Health and Human Services	1,390,873	2,295,172	0	2,295,172	2,300,387	5,216	0.2%
	HM0 - Office of Human Rights	3,740,892	4,058,275	(50,000)	4,008,275	4,000,511	(7,764)	-0.2%
	HT0 - Department of Health Care Finance	700,010,624	705,605,632	0	705,605,632	722,470,828	16,865,196	2.4%
	HX0 - Not-for-Profit Hospital Corp. Subsidy	0	2,000,000	(2,000,000)	0	0	0	N/A
	JA0 - Department of Human Services	270,601,349	298,901,140	(15,533,311)	283,367,829	286,108,692	2,740,863	1.0%
	JM0 - Department on Disability Services	117,624,692	118,738,285	0	118,738,285	117,117,095	(1,621,190)	-1.4%
	JY0 - Children and Youth Investment Collaborative	5,510,448	4,920,000	0	4,920,000	4,920,000	0	0.0%
	JZ0 - Department of Youth Rehabilitation Services	105,675,731	101,528,794	0	101,528,794	101,458,017	(70,777)	-0.1%
	RL0 - Child and Family Services Agency	163,995,382	166,553,240	(1,050,000)	165,503,240	165,180,891	(322,349)	-0.2%
	RM0 - Department of Behavioral Health	226,855,502	226,757,748	0	226,757,748	225,225,050	(1,532,698)	-0.7%
	VA0 - Office of Veterans' Affairs	413,959	408,399	0	408,399	407,213	(1,186)	-0.3%
	Total, HUMAN SUPPORT SERVICES	1,778,468,401	1,816,924,654	(21,905,998)	1,795,018,655	1,812,522,827	17,504,172	1.0%
	PUBLIC WORKS							

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	KA0 - District Department of Transportation	85,024,935	75,404,779	0	75,404,779	79,910,155	4,505,376	6.0%
	KC0 - Washington Metropolitan Area Transit Commission	126,569	139,038	0	139,038	139,038	0	0.0%
	KE0 - Washington Metropolitan Area Transit Authority	257,388,745	246,900,726	0	246,900,726	257,915,848	11,015,122	4.5%
	KG0 - Department of Energy and Environment	17,155,650	18,126,168	(1,050,000)	17,076,168	17,175,878	99,711	0.6%
	KT0 - Department of Public Works	125,679,971	137,496,202	(1,000,000)	136,496,202	134,452,600	(2,043,602)	-1.5%
	KV0 - Department of Motor Vehicles	28,090,614	30,199,232	(300,000)	29,899,232	29,778,865	(120,367)	-0.4%
	TC0 - Department of For-Hire Vehicles	1,099,976	4,067,518	0	4,067,518	4,113,226	45,708	1.1%
	Total, PUBLIC WORKS	514,566,460	512,333,663	(2,350,000)	509,983,663	523,485,610	13,501,947	2.6%
	FINANCING AND OTHER							
	DO0 - Non-Departmental	2,754,080	3,804,080	(800,000)	3,004,080	3,004,080	0	0.0%
	DS0 - Repayment of Loans and Interest	591,626,518	619,100,061	0	619,100,061	672,164,396	53,064,335	8.6%
	ELO - Master Equipment Lease/Purchase Program	48,413,196	29,380,873	0	29,380,873	19,254,435	(10,126,438)	-34.5%
	EZ0 - Convention Center Transfer-Dedicated Taxes	8,114,592	3,186,228	0	3,186,228	3,265,884	79,656	2.5%
	PA0 - Pay-As-You-Go Capital Fund	21,449,000	66,613,875	(2,814,000)	63,799,875	48,048,001	(15,751,874)	-24.7%
	RH0 - District Retiree Health Contribution	95,400,000	31,000,000	0	31,000,000	33,200,000	2,200,000	7.1%
	SM0 - Schools Modernization Fund	14,275,513	13,522,513	0	13,522,513	8,749,175	(4,773,338)	-35.3%
	UP0 - Workforce Investments	17,815,276	18,025,000	0	18,025,000	18,025,000	0	0.0%
	ZA0 - Repayment of Interest on Short-Term Borrowings	3,750,000	1,250,000	0	1,250,000	4,650,000	3,400,000	272.0%
	ZB0 - Debt Service - Issuance Costs	6,000,000	6,000,000	0	6,000,000	5,000,000	(1,000,000)	-16.7%
	ZH0 - Settlements and Judgments	21,292,448	21,292,448	0	21,292,448	41,824,759	20,532,311	96.4%
	ZZ0 - John A. Wilson Building Fund	4,744,649	4,369,093	0	4,369,093	4,082,344	(286,749)	-6.6%
	Total, FINANCING AND OTHER	835,635,272	817,544,171	(3,614,000)	813,930,171	861,268,074	47,337,903	5.8%
	Grand Total	\$7,062,961,611	\$7,294,683,342	(\$126,017,523)	\$7,168,665,819	\$7,279,190,090	\$110,524,271	1.5%

**Government of the District of Columbia****General Assumptions - FY 2018 Current Services Funding Level (CSFL)******Local Funds Only and Excluding Enterprise Funds******General Assumptions**

The following are the calculations for the general assumptions that were applied to nearly all District agencies in the FY 2018 CSFL:

1. **Fringe Benefit Rate Adjustments (By Agency)** – The FY 2018 fringe benefit rate increase was calculated based on: 1) a three-year average of fringe benefit data; 2) the percentage of health and other benefits to total fringe benefits; and 3) a projection of growth in benefits.
2. **Consumer Price Index (CPI) Growth Factor** – The 2.5 percent inflation factor is based on the seasonally adjusted CPI for the Metropolitan DC region, which is forecasted by the Office of Revenue Analysis (ORA).

GENERAL ASSUMPTIONS	DESCRIPTION	APPLICABLE CSGs	AMOUNT
Fringe Benefit Rate Adjustment	Three-year average of fringe benefit data and percent of health and other benefits.	14	(1,966,267)
Consumer Price Index	Inflation Factor of 2.5% for the DC Metro Region applied to applicable Nonpersonal Services costs.	40, 41	12,254,030
Grand Total			\$10,287,764



Government of the District of Columbia

Specific Assumptions - FY 2018 Current Services Funding Level (CSFL)

****Local Funds Only and Excluding Enterprise Funds******Specific Assumptions**

The following are the calculations for the specific assumptions that were applied only to certain Comptroller Source Groups (CSGs) within a particular agency or within specific groups of agencies:

1. **Removal of One-Time Funding** – All FY 2017 one-time items were removed from the CSFL.
2. **Recurring Budget Items** – Where applicable, recurring budget items were identified to adjust CSGs 11 (Regular Pay - Continuing Full Time), 13 (Additional Gross Pay), 14 (Fringe Benefits - Current Personnel), 15 (Overtime Pay), 40 (Other Services and Charges), 41 (Contractual Services - Other), and 50 (Subsidies and Transfers). Recurring budget items for all other CSGs were not adjusted in the FY 2018 CSFL.
3. **Fixed Cost Inflation Factor: CSGs 30, 31, 32, 33, 34, and 35** – The fixed costs projections for the FY 2018 CSFL were derived from a historical rate calculation that compares the approved budget against expenditures over a 3-year period, and the application of a 2.5 percent Consumer Price Index. Telecommunication estimates were provided by the Office of Finance and Resource Management, and fleet estimates were provided by the Department of Public Works.
4. **Medicaid Growth Factor** – The rate of 2.3 percent was provided by the Department of Health Care Finance.
5. **Student Funding Formula Inflation Factor** – The funding formula was increased by 2.0 percent to account for inflationary costs that are generally associated with educating students in the District of Columbia Public Schools and Public Charter Schools.
6. **Debt Service Adjustments** – Projected adjustments were provided by the Office of Finance and Treasury.
7. **Operating Impact of Capital** – Projected adjustments for completed capital projects that will have operating costs.
8. **Other Adjustments** - These adjustments were unique to a particular agency and did not meet the criteria of the other adjustment scenarios.

SPECIFIC ASSUMPTIONS	AMOUNT
Removal of One-Time Funding	(126,017,523)
Recurring Budget Items	28,451,259
Fixed Cost Inflation Factor	(19,786,265)
Medicaid Growth Factor	16,209,353
Student Funding Formula Inflation Factor	29,583,820
Debt Service Adjustments	40,564,559
Operating Impact of Capital	5,033,322
Other Adjustments	180,459
Grand Total	(\$25,781,016)