

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



Jeffrey S. DeWitt
Chief Financial Officer

November 20, 2017

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 2019 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 2019. This CSFL covers the period from October 1, 2018 through September 30, 2019. 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 2019 at the FY 2018 service levels, without consideration of any new policy decisions.

The FY 2019 CSFL is \$7.687 billion, which reflects a surplus of \$10.2 million compared to the FY 2019 Local funds revenue estimate published in September 2017 and the approved emergency supplemental passed by the Council. 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.

The variance between the FY 2019 CSFL and the FY 2018 recurring Local budget is \$230.6 million. One-time costs in the FY 2018 budget totaling \$176.5 million were removed before calculating the FY 2019 CSFL. The primary factors that contribute to the \$230.6 variance between the FY 2019 CSFL and the FY 2018 recurring budget are (1) \$65.3 million for Medicaid, which reflects an 8.3 percent Medicaid growth rate applied to all affected agencies, (2) the \$64.1 million increase in debt service, which is primarily due to increased borrowing in recent years, and (3) the \$39.4 million combined increase to DC Public Schools and Public Charter Schools due to the approved Washington Teachers Union (WTU) pay raises. Unlike in prior years, the margin is also impacted by the requirement for advance funding of the Emergency and Contingency Cash Reserves, estimated to be \$8.7 million, and the estimated additional Bond Escrow requirement of \$60.0 million.

Please note that FY 2019 revised actuarial costs, such as the District's pension and retiree health contributions, were not available during the development of the CSFL. These costs will be known towards the end of the 2017 calendar year and could show an increase over the projected FY 2019 costs. Lastly, other than the WTU agreement, the CSFL does not include any increases to labor agreements beyond September 30, 2018.

My staff and I look forward to working with your budget staff during the development of your FY 2019 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 fluid and cursive, with the first name "Jeffrey" and last name "DeWitt" clearly distinguishable.

Jeffrey S. DeWitt

cc: Members of the Council of the District of Columbia
Rashad M. Young, City Administrator
Jennifer Reed, Director, Office of Budget and Performance Management, 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 2017 Approved Budget, FY 2018 Approved *Recurring Budget* and FY 2019 CSFL

By Appropriation Title

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

AGENCY	FY 2017 APPROVED BUDGET	FY 2018 APPROVED BUDGET	REMOVAL OF ONE-TIME FUNDING	FY 2018 APPROVED RECURRING BUDGET	FY 2019 CSFL	FY 2018 RECURRING BUDGET vs FY 2019 CSFL	% Change
GOVERNMENTAL DIRECTION AND SUPPORT							
AA0 - Office of the Mayor	9,144,175	10,471,605	(125,000)	10,346,605	10,339,736	(6,869)	-0.1%
AB0 - Council of the District of Columbia	24,002,435	25,338,058	0	25,338,058	25,302,303	(35,755)	-0.1%
AC0 - Office of the District of Columbia Auditor	5,201,985	5,860,412	(642,175)	5,218,237	5,209,364	(8,873)	-0.2%
AD0 - Office of the Inspector General	16,153,879	15,520,513	0	15,520,513	15,598,597	78,084	0.5%
AE0 - Office of the City Administrator	7,069,326	7,657,319	(300,000)	7,357,319	7,369,452	12,133	0.2%
AF0 - Contract Appeals Board	1,492,391	1,490,422	0	1,490,422	1,491,025	603	0.0%
AG0 - D.C. Board of Ethics and Government Accountability	1,909,619	2,178,719	(50,000)	2,128,719	2,157,721	29,002	1.4%
AH0 - Mayor's Office of Legal Counsel	1,641,664	1,634,468	0	1,634,468	1,640,601	6,133	0.4%
AI0 - Office of the Senior Advisor	2,199,908	3,149,003	(952,000)	2,197,003	2,205,960	8,957	0.4%
AL0 - Uniform Law Commission	50,000	51,250	0	51,250	51,250	0	0.0%
AM0 - Department of General Services	314,156,024	281,482,831	(646,197)	280,836,634	285,841,082	5,004,448	1.8%
AR0 - Statehood Initiatives	234,298	233,912	0	233,912	238,315	4,403	1.9%
AS0 - Office of Finance and Resource Management	23,379,659	24,264,179	0	24,264,179	22,843,051	(1,421,128)	-5.9%
AT0 - Office of the Chief Financial Officer	124,986,266	126,627,016	0	126,627,016	128,171,110	1,544,094	1.2%
BA0 - Office of the Secretary	2,649,426	2,958,186	0	2,958,186	2,979,602	21,416	0.7%
BE0 - D.C. Department of Human Resources	8,427,785	8,866,053	(210,929)	8,655,123	8,654,904	(219)	0.0%
CB0 - Office of the Attorney General for the District of Columbia	61,459,260	63,616,335	0	63,616,335	63,543,596	(72,739)	-0.1%
CG0 - Public Employee Relations Board	1,317,934	1,439,951	(36,959)	1,402,992	1,409,457	6,465	0.5%
CH0 - Office of Employee Appeals	1,815,293	2,129,035	(244,000)	1,885,035	1,886,807	1,772	0.1%
CJ0 - Office of Campaign Finance	2,833,463	2,908,335	0	2,908,335	2,906,438	(1,897)	-0.1%
DL0 - Board of Elections	7,623,411	7,907,003	(215,000)	7,692,003	7,729,219	37,216	0.5%
DX0 - Advisory Neighborhood Commissions	958,661	1,026,907	0	1,026,907	1,037,920	11,014	1.1%
EA0 - Metropolitan Washington Council of Governments	494,825	519,566	0	519,566	519,566	0	0.0%
EM0 - Deputy Mayor for Greater Economic Opportunity	2,946,433	3,247,030	0	3,247,030	3,278,457	31,427	1.0%



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JR0 - Office of Disability Rights	1,103,158	1,105,023	0	1,105,023	1,107,975	2,952	0.3%
PO0 - Office of Contracting and Procurement	23,445,649	22,839,682	0	22,839,682	22,882,578	42,896	0.2%
RJ0 - Captive Insurance Agency	2,071,533	2,122,921	0	2,122,921	2,122,921	0	0.0%
RK0 - D.C. Office of Risk Management	3,973,395	3,964,691	0	3,964,691	3,958,377	(6,314)	-0.2%
TO0 - Office of the Chief Technology Officer	65,603,491	68,875,988	0	68,875,988	72,105,911	3,229,923	4.7%
Total, GOVERNMENTAL DIRECTION AND SUPPORT	718,345,346	699,486,412	(3,422,260)	696,064,151	704,583,295	8,519,144	1.2%
ECONOMIC DEVELOPMENT AND REGULATION							
BD0 - Office of Planning	9,459,248	9,657,347	(200,000)	9,457,347	9,474,883	17,536	0.2%
BJ0 - Office of Zoning	2,915,088	3,069,279	0	3,069,279	3,083,586	14,307	0.5%
BX0 - Commission on the Arts and Humanities	21,055,223	28,835,438	(14,360,000)	14,475,438	14,693,996	218,558	1.5%
CF0 - Department of Employment Services	63,769,697	62,379,641	0	62,379,641	63,537,361	1,157,720	1.9%
CI0 - Office of Cable Television, Film, Music, and Entertainment	1,624,586	1,661,771	0	1,661,771	1,674,154	12,383	0.7%
CQ0 - Office of the Tenant Advocate	2,982,566	3,537,633	(500,000)	3,037,633	3,052,147	14,514	0.5%
CR0 - Department of Consumer and Regulatory Affairs	19,988,252	21,957,700	(1,010,000)	20,947,700	21,035,806	88,106	0.4%
DA0 - Real Property Tax Appeals Commission	1,702,654	1,714,620	0	1,714,620	1,724,545	9,925	0.6%
DB0 - Department of Housing and Community Development	10,084,432	23,104,295	(11,000,000)	12,104,295	12,174,264	69,969	0.6%
EB0 - Office of the Deputy Mayor for Planning and Economic Development	13,800,964	13,000,026	(450,000)	12,550,026	12,613,263	63,237	0.5%
EN0 - Department of Small and Local Business Development	11,156,857	14,631,912	(2,850,000)	11,781,912	11,907,300	125,388	1.1%
HP0 - Housing Production Trust Fund Subsidy	55,054,224	48,317,389	(48,317,389)	0	0	0	N/A
HY0 - Housing Authority Subsidy	69,947,560	85,980,465	0	85,980,465	85,980,465	0	0.0%
SR0 - Department of Insurance, Securities, and Banking	0	200,000	(200,000)	0	0	0	N/A
Total, ECONOMIC DEVELOPMENT AND REGULATION	283,541,352	318,047,515	(78,887,389)	239,160,126	240,951,771	1,791,645	0.7%
PUBLIC SAFETY AND JUSTICE							
BN0 - Homeland Security and Emergency Management Agency	4,667,223	4,827,226	0	4,827,226	4,891,962	64,736	1.3%



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FA0 - Metropolitan Police Department	516,469,990	503,729,442	(950,000)	502,779,442	504,371,606	1,592,164	0.3%
FB0 - Fire and Emergency Medical Services Department	249,840,363	249,680,668	(11,147,000)	238,533,668	239,667,158	1,133,490	0.5%
FD0 - Police Officers' and Fire Fighters' Retirement System	146,456,000	105,596,000	0	105,596,000	120,009,000	14,413,000	13.6%
FH0 - Office of Police Complaints	2,449,188	2,600,802	(150,000)	2,450,802	2,468,186	17,384	0.7%
FI0 - Corrections Information Council	497,297	748,313	0	748,313	754,157	5,844	0.8%
FJ0 - Criminal Justice Coordinating Council	630,068	1,237,782	(370,000)	867,782	875,308	7,526	0.9%
FK0 - District of Columbia National Guard	5,139,621	5,187,673	(344,000)	4,843,673	4,879,882	36,209	0.7%
FL0 - Department of Corrections	126,404,140	124,076,532	0	124,076,532	124,845,637	769,105	0.6%
FO0 - Office of Victim Services and Justice Grants	23,431,304	28,941,300	(1,225,000)	27,716,300	28,167,478	451,178	1.6%
FQ0 - Office of the Deputy Mayor for Public Safety and Justice	1,275,002	1,613,365	0	1,613,365	1,619,712	6,347	0.4%
FR0 - Department of Forensic Sciences	22,879,234	25,786,572	0	25,786,572	25,962,771	176,199	0.7%
FS0 - Office of Administrative Hearings	8,926,440	10,009,253	0	10,009,253	10,134,239	124,986	1.2%
FX0 - Office of the Chief Medical Examiner	11,422,664	11,445,208	0	11,445,208	11,497,648	52,440	0.5%
FZ0 - DC Sentencing Commission	1,086,544	1,178,839	(85,000)	1,093,839	1,090,113	(3,726)	-0.3%
MA0 - Criminal Code Reform Commission	700,905	700,905	0	700,905	704,946	4,041	0.6%
NS0 - Neighborhood Safety and Engagement	0	2,129,416	(750,000)	1,379,416	1,380,382	966	0.1%
UC0 - Office of Unified Communications	31,924,557	32,735,550	0	32,735,550	32,728,710	(6,840)	0.0%
Total, PUBLIC SAFETY AND JUSTICE	1,154,200,540	1,112,224,845	(15,021,000)	1,097,203,845	1,116,048,894	18,845,049	1.7%
PUBLIC EDUCATION SYSTEM							
CE0 - District of Columbia Public Library	58,023,808	59,323,376	(500,000)	58,823,376	60,178,631	1,355,255	2.3%
GA0 - District of Columbia Public Schools	756,389,181	789,566,469	0	789,566,469	813,306,828	23,740,359	3.0%
GC0 - District of Columbia Public Charter Schools	723,717,252	813,738,500	0	813,738,500	834,261,751	20,523,251	2.5%
GD0 - Office of the State Superintendent of Education	146,204,533	165,386,544	(17,250,000)	148,136,544	150,114,201	1,977,657	1.3%
GE0 - D.C. State Board of Education	1,480,215	1,711,267	0	1,711,267	1,710,564	(703)	0.0%
GG0 - University of the District of Columbia Subsidy Account	76,680,000	78,180,000	(500,000)	77,680,000	77,680,000	0	0.0%



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GN0 - Non-Public Tuition	74,460,953	70,021,295	0	70,021,295	71,176,650	1,155,355	1.7%
GO0 - Special Education Transportation	94,314,008	92,292,335	0	92,292,335	92,529,420	237,085	0.3%
GW0 - Office of the Deputy Mayor for Education	3,742,667	7,519,731	0	7,519,731	7,604,375	84,644	1.1%
GX0 - Teachers' Retirement System	56,781,000	59,046,000	0	59,046,000	52,665,000	(6,381,000)	-10.8%
Total, PUBLIC EDUCATION SYSTEM	1,991,793,617	2,136,785,517	(18,250,000)	2,118,535,517	2,161,227,420	42,691,903	2.0%
HUMAN SUPPORT SERVICES							
AP0 - Office on Asian and Pacific Islander Affairs	854,987	854,911	0	854,911	864,099	9,188	1.1%
BG0 - Employees' Compensation Fund	21,521,002	21,708,502	0	21,708,502	21,708,502	0	0.0%
BH0 - Unemployment Compensation Fund	6,887,000	6,680,390	0	6,680,390	6,680,390	0	0.0%
BY0 - D.C. Office on Aging	30,263,426	35,617,220	(3,128,299)	32,488,921	32,983,835	494,914	1.5%
BZ0 - Mayor's Office on Latino Affairs	2,811,873	3,301,491	0	3,301,491	3,343,566	42,075	1.3%
HA0 - Department of Parks and Recreation	45,963,071	46,762,191	(40,000)	46,722,191	47,737,664	1,015,474	2.2%
HC0 - Department of Health	76,856,609	74,015,725	(767,409)	73,248,316	73,461,757	213,441	0.3%
HG0 - Office of the Deputy Mayor for Health and Human Services	2,295,172	1,787,264	0	1,787,264	1,792,004	4,740	0.3%
HM0 - Office of Human Rights	4,058,275	4,599,752	0	4,599,752	4,610,633	10,881	0.2%
HT0 - Department of Health Care Finance	705,605,632	713,077,581	(600,000)	712,477,581	769,540,357	57,062,776	8.0%
HX0 - Not-for-Profit Hospital Corp. Subsidy	2,000,000	0	0	0	0	0	N/A
JA0 - Department of Human Services	298,901,140	365,268,655	(19,971,478)	345,297,177	370,697,620	25,400,443	7.4%
JM0 - Department on Disability Services	118,738,285	116,611,535	0	116,611,535	123,564,809	6,953,274	6.0%
JY0 - Children and Youth Investment Collaborative	4,920,000	0	0	0	0	0	N/A
JZ0 - Department of Youth Rehabilitation Services	101,528,794	96,885,071	0	96,885,071	97,649,503	764,431	0.8%
RL0 - Child and Family Services Agency	166,553,240	158,633,122	(1,000,000)	157,633,122	159,530,065	1,896,942	1.2%
RM0 - Department of Behavioral Health	226,757,748	229,065,685	(63,210)	229,002,475	233,943,138	4,940,663	2.2%
VA0 - Office of Veterans' Affairs	408,399	467,213	0	467,213	468,665	1,452	0.3%
Total, HUMAN SUPPORT SERVICES	1,816,924,654	1,875,336,310	(25,570,396)	1,849,765,913	1,948,576,607	98,810,694	5.3%



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PUBLIC WORKS							
KA0 - District Department of Transportation	75,404,779	82,902,752	(642,099)	82,260,653	83,401,925	1,141,272	1.4%
KC0 - Washington Metropolitan Area Transit Commission	139,038	141,000	0	141,000	141,000	0	0.0%
KE0 - Washington Metropolitan Area Transit Authority	246,900,726	290,494,900	(2,051,000)	288,443,900	326,697,109	38,253,209	13.3%
KG0 - Department of Energy and Environment	18,126,168	18,115,386	(150,000)	17,965,386	18,082,686	117,300	0.7%
KT0 - Department of Public Works	137,496,202	139,965,714	(3,764,384)	136,201,330	135,002,892	(1,198,438)	-0.9%
KV0 - Department of Motor Vehicles	30,199,232	29,800,436	(250,001)	29,550,435	29,970,418	419,983	1.4%
TC0 - Department of For-Hire Vehicles	4,067,518	4,095,397	(200,000)	3,895,397	3,961,619	66,222	1.7%
Total, PUBLIC WORKS	512,333,663	565,515,584	(7,057,484)	558,458,101	597,257,648	38,799,547	6.9%
FINANCING AND OTHER							
DO0 - Non-Departmental	3,804,080	3,804,080	(800,000)	3,004,080	3,004,080	0	0.0%
DS0 - Repayment of Loans and Interest	619,100,061	686,968,610	0	686,968,610	756,379,321	69,410,711	10.1%
ELO - Master Equipment Lease/Purchase Program	29,380,873	19,254,435	0	19,254,435	11,844,303	(7,410,132)	-38.5%
EZ0 - Convention Center Transfer	3,186,228	0	0	0	0	0	N/A
PA0 - Pay-As-You-Go Capital Fund	66,613,875	59,960,250	(27,444,767)	32,515,482	53,436,000	20,920,518	64.3%
RH0 - District Retiree Health Contribution	31,000,000	44,500,000	0	44,500,000	49,100,000	4,600,000	10.3%
SM0 - Schools Modernization Fund	13,522,513	0	0	0	0	0	N/A
UP0 - Workforce Investments	18,025,000	68,488,368	0	68,488,368	0	(68,488,368)	-100.0%
ZA0 - Repayment of Interest on Short-Term Borrowings	1,250,000	0	0	0	0	0	N/A
ZB0 - Debt Service - Issuance Costs	6,000,000	8,000,000	0	8,000,000	8,000,000	0	0.0%
ZC0 - Commercial Paper Program	0	8,502,640	0	8,502,640	10,628,300	2,125,660	25.0%
ZH0 - Settlements and Judgments	21,292,448	21,824,759	0	21,824,759	21,824,759	0	0.0%
ZZ0 - John A. Wilson Building Fund	4,369,093	4,082,344	0	4,082,344	4,082,344	0	0.0%
Total, FINANCING AND OTHER	817,544,171	925,385,486	(28,244,767)	897,140,718	918,299,108	21,158,389	2.4%



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Grand Total	\$7,294,683,342	\$7,632,781,668	(\$176,453,297)	\$7,456,328,372	\$7,686,944,742	\$230,616,371	3.1%

**Government of the District of Columbia
General Assumptions - FY 2019 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 2019 CSFL:

1. **Fringe Benefit Rate Adjustments (By Agency)** – The FY 2019 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 1.7 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	1,432,995
Consumer Price Index	Inflation Factor of 1.7% for the DC Metro Region applied to applicable Nonpersonal Services costs.	20, 30, 31, 32, 33, 34, 35, 40, 41, 50, 60 and 70	31,867,099
Grand Total			\$33,300,094



Government of the District of Columbia

Specific Assumptions - FY 2019 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 2018 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** – The fixed costs projections for the FY 2019 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 1.7 percent Consumer Price Index.
4. **Medicaid Growth Factor** – The rate of 8.3 percent was provided by the Department of Health Care Finance.
5. **Debt Service Adjustments** – Projected adjustments reflect FY 2019 Financial Plan
6. **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.
9. **FY 2019 Pay Raises** - This adjustment reflects the impact of approved pay raises in FY 2019.

SPECIFIC ASSUMPTIONS	AMOUNT
Removal of One-Time Funding	(176,453,297)
Recurring Budget Items	20,698,272
Fixed Cost Inflation Factor	(1,096,389)
Medicaid Growth Factor	65,270,671
Debt Service Adjustments	64,126,239
Operating Impact of Capital	5,633,512
Other Adjustments	3,317,359
FY 2019 Pay Raises	39,392,363
Grand Total	\$20,888,730