

**PUBLIC BRIEFING ON
FISCAL YEAR 2017 PROPOSED
BUDGET AND FINANCIAL PLAN**

**Before the
Committee of the Whole
Council of the District of Columbia**

The Honorable Phil Mendelson, Chairman

**April 4, 2016, 10:00 am
John A. Wilson Building
Council Chambers**



**Testimony of
Jeffrey S. DeWitt
Chief Financial Officer
Government of the District of Columbia**

Good morning, Chairman Mendelson and Members of the Committee of the Whole. I am Jeffrey DeWitt, Chief Financial Officer of the District of Columbia. I am pleased to appear before you today to testify on the Fiscal Year 2017 Proposed Budget and Financial Plan. The Fiscal Year 2017 Proposed Budget includes \$7.3 billion in Local funds and \$13.4 billion in Gross funds (excluding Intra-District funds).

The Office of the Chief Financial Officer (OCFO) worked closely with the Mayor's executive leadership team, Office of Budget and Finance staff, and agency program staff to produce a balanced budget and five-year financial plan that reflects the Mayor's priorities. As indicated in my certification letter contained in the budget books, I have certified that the FY 2017 Budget and Financial Plan, as proposed, is balanced.

FY 2017 BUDGET HIGHLIGHTS

The proposed FY 2017 budget grew 3.1 percent over the approved FY 2016 budget. Revenues and other resources equal expenditures, with a margin of at least \$500K in each of the fiscal years of the financial plan period. It reflects more efficient debt structuring, the use of Special Purpose Revenue (O-type) and fixed

commodity reserves, carryover of funds from prior fiscal years, and policy initiatives that produce revenue throughout the financial plan period.

The Mayor's budget and financial plan does not make use of any federally or locally mandated reserves, which are important to maintain our high credit rating, and federally and locally mandated reserves currently result in our 49 days of cash reserves. The credit rating is important to ensure the capital program can be financed at the lowest possible cost.

The Mayor's proposed budget makes significant investments in infrastructure improvements – a total of \$6.3 billion over the capital planning horizon. The majority of this amount, \$4.3 billion, will be financed through the issuance of municipal bonds or debt. As I indicated previously, my office worked to ensure that debt service costs in the capital plan are structured as efficiently as possible to lessen the impact on the financial plan, to the extent possible.

That being said, the large bond funding does have an impact on future available resources. Approximately one-third of all future revenue growth must go to support the associated debt service for the bonds. As a result, labor, contract, and other non-capital costs must be constrained to well below 3 percent growth

throughout the financial plan, assuming the capital plan is implemented as scheduled. This constraint would also apply to any changes that the Council might make to the proposed budget. Careful monitoring of these costs, as well as execution of the capital plan, is required to ensure the financial plan remains balanced in all future years. The Office of the Chief Financial Officer is available to assist you and your staff with any questions or analysis as you review and potentially consider changes to the proposed budget in the coming weeks.

CONCLUSION

In closing, I would like to thank Mayor Bowser, City Administrator Rashad Young and his team, the Office of Budget and Planning, the Associate Chief Financial Officers, and all others in the OCFO that have worked effectively together to produce a balanced budget. I now look forward to working with the Council during the upcoming budget deliberations.