GROW DC

DC'S FY26 BUDGET

GOVERNMENT OF THE DISTRICT OF COLUMBIA
MURIEL BOWSER, MAYOR

WASHINGTON DC IS A WORLD-CLASS CITY

Last year, DC was growing faster than all 50 states and our population is back over

700,000

Fastest improving urban school district

Violent crime is the **lowest** it has been in three decades

Ranked #1

park system in the country by the Trust for Public Land for five consecutive years

28 consecutive clean audits

Washington DC hit a new tourism record in 2023 with

26 million visitors

29 consecutive balanced budgets

DC led the nation in commercial to residential conversions in 2024

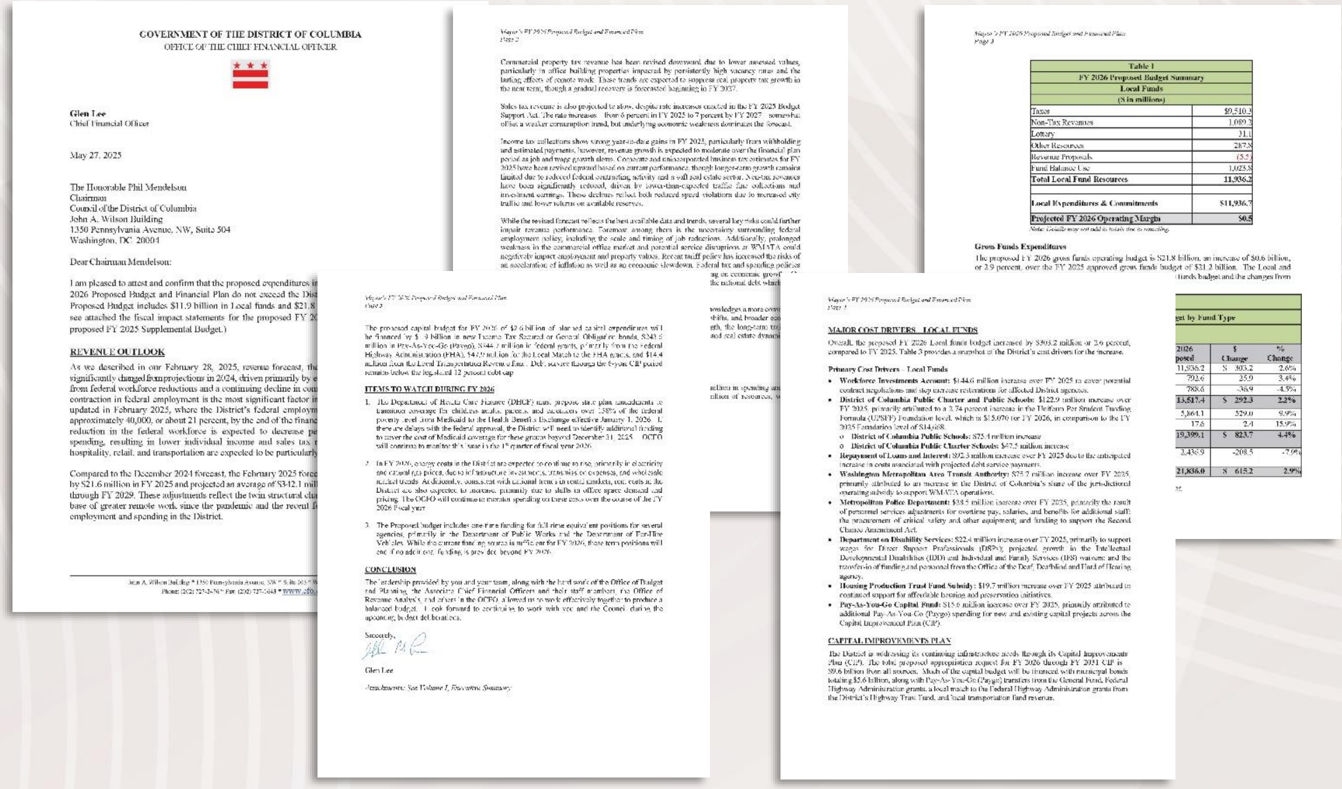
52 days cash on hand

FY 2025 SUPPLEMENTAL & CR FIX

We faced two challenges when building a revised FY 2025 supplemental budget:

Based on the Continuing Resolution (CR) passed by the House, DC was required to reduce its previously approved budget authority by $1.13 billion.

Just as we do every year, we also needed to address $167 million of current year spending pressures, as well as make $180 million resources available to meet year-end obligations.



FY 2025 SUPPLEMENTAL: TIMELINE

- **March 8**: Language circulated in CR that would force DC to FY24 spending levels (cuts of $1.1B)
- **March 14**: Senator Collins introduces CR fix for DC
- **March 14**: City Administrator's order restricting personnel actions, travel, training and expenditures issued
- **March 28**: President Trump endorses Senate CR fix
- **April 14**: Mayor Bowser submits 6% solution to Congress
- **April 15**: Mayor’s Order to address Congressionally-Imposed Cuts to DC’s FY 25 budget
- **April 21**: Small and medium sized agencies reductions and spend plan due
- **April 23**: Large agency reductions due
- **April 24**: Detailed examination of proposed agency reductions, furloughs, and closures begins
- **May 7**: Mayor's final decisions submitted to the CFO for the CR fix
- **May 14**: CFO's certification review begins
- **May 27**: CFO certifies the Mayor's FY 25 and FY 26 budget

April 11-28: House goes on recess with no CR solution

FY 2025 SUPPLEMENTAL: HOW WE NARROWED THE GAP

(in millions)

Fund Type	WHERE WE STARTED: FY 2025 Budget	WHERE WE STARTED: FY 2024 Budget CR LIMIT	WHERE WE STARTED: Variance	STEP 1: 6% increase	STEP 2: Variance post 6%	STEP 3: February Revenue Estimate	STEP 3: Is Feb estimate less than the 6%?	STEP 4: Do the funds come with automatic appropriation authority?	STEP 5: Variance Remained to Solve
Local Funds	11,633	10,688	(945)	11,330	(303)	N/A	N/A	No	(303)
Dedicated Taxes	767	623	(144)	660	(106)	794	No	**Solved**	Solved
Other Funds (SPR/O-type)	826	820	(5)	869	**Solved**	848	Solved	Solved	Solved
Enterprise and Other Dedicated Taxes	276	239	(37)	253	(22)	196	**Solved**	Solved	Solved
Enterprise and Other Funds	2,370	2,273	(97)	2,409	**Solved**	N/A	Solved	Solved	Solved
Total	15,871	14,643	(1,227)	15,522	(348)	12,519			

STEP 6	STEP 7
Required net reduction in appropriation	(303)
Add in ARPA carryover	50
Plus, increase in spending needs	(43)
Plus, required carryover	(51)
FINAL TOTAL REDUCTION	**(347)**

STEPS:
1. Calculate 6% increase by *fund type*
2. Determine the difference between the 6% and the FY 25 approved budget by *fund type*
3. Check that the resources are still available in the February revenue estimate
4. Check that the funds come with additional appropriation authority?
5. Calculate final variance
6. Are there any other budget authority adjustments?
7. Add in spending needs and required carryover

*Solved = CR compliant because one or more of the following is true: the total is less than the 6% solution, the revenues came in under the 6% solution or the fund comes with automatic authority

FY 2025 SUPPLEMENTAL: HOW WE CLOSED THE GAP

How we addressed CR gap AND current year spending pressures:

- ★ Instituted a **hiring freeze** saving $63 million in personnel costs
- ★ Made $175 million of **non-personnel services reductions**
- ★ **Shifted** $202 million of spending and costs that could wait from FY 25 to FY 26 or FY 27 in workforce investment and HPTF and $160 million of local funds into special purpose revenue funds in FY 25
- ★ Captured $117 million of **excess special purpose and dedicated tax** revenues

The bottom line:

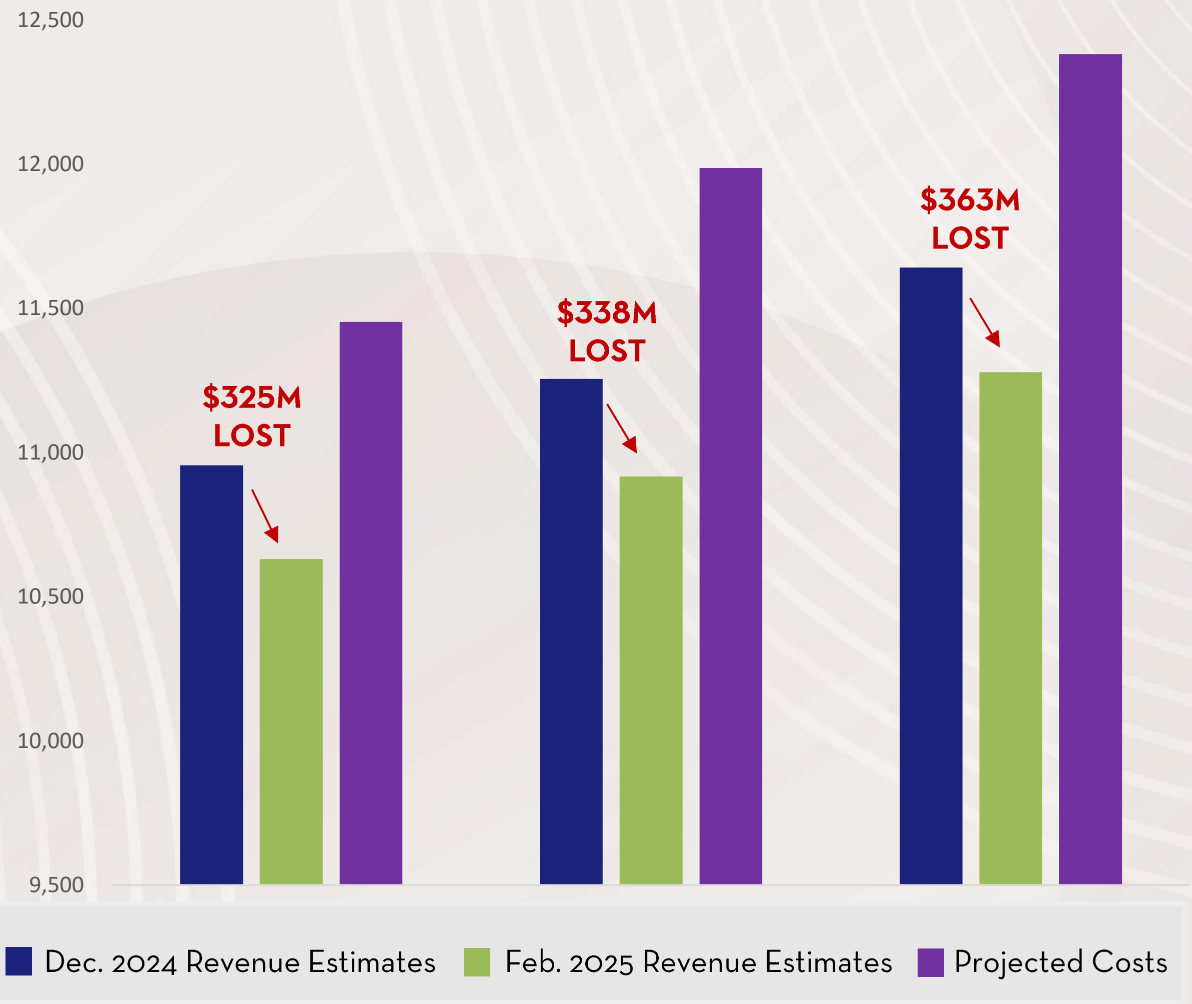
- No **furloughs** or **layoffs**
- No **facility closures**
- A fully funded **public safety & public education ecosystem**
- No changes to **summer programming**

Through these actions we were also able to address $167 million of **increased spending pressures** and ensure $180 million of **resources remain available** for end-of-year obligations.

IMPACT OF FEDERAL GOVERNMENT JOB LOSSES

Federal government job losses have caused economic uncertainty and a shifting economy, across the country but especially in DC.

The February revenue estimate showed just how real that impact is in DC: revenues were revised **downward by $1 billion** over the next four years, driven by an expected **loss of 40,000 jobs**, **reduced income** and consumer spending, and the continued impacts of **remote work** on the commercial office market.



A SOUND BUDGET FOR A STRONG FUTURE

STRUCTURAL BALANCE

We brought the District into structural balance in the financial plan

We did not increase the use of fund balance in the financial plan

We shifted the fund balance to meet the spending needs in the given fiscal year

REDUCTIONS

We made $243 million of reductions including stopping new programs that had not yet started

We saved $100 million in efficiencies through lease savings, energy savings, telecom savings and smarter deployment of resources across the financial plan

Made $1.1 billion of reductions to programs and services across FY 27 – FY 29

RIGHTSIZE COSTS

We made policy changes to several programs that were growing far faster than our revenues to avoid nearly $500 million in new costs

REVENUES

We did not introduce any new taxes

We captured unbudgeted revenues

We repurposed existing revenues to ensure our resources aligned with our growth agenda

A TRANSFORMATIONAL GROWTH AGENDA

To build a Growth Agenda, we asked ourselves:

Does it keep people and families in DC and attract new residents?

Does it create economic activity to fund city services and programs?

Does it attract new businesses and create new jobs for DC residents?

GROWTH AGENDA

CUTS RED TAPE & REDUCES BARRIERS TO GROWTH

- ★ **Double down on** business attraction strategies and incentives
- ★ **Reform zoning procedures** to streamline reviews of new development projects
- ★ **Pause BEPS & Net Zero requirements**
- ★ **Repeal the Parking Benefit Equivalent Program**
- ★ **RENTAL Act (Reform TOPA)**
- ★ **Repeal Initiative 82 & establish sales tax holidays for restaurants**
- ★ **Reduce Universal Paid Leave tax**
- ★ Putting **vacant lots back to productive use**
- ★ **Business license fee and penalty waivers**
- ★ **Sales tax delay**
- ★ **Improve transfer and recordation tax appeals**

GROWTH AGENDA

LEANS IN ON SPORTS, ENTERTAINMENT & TECH

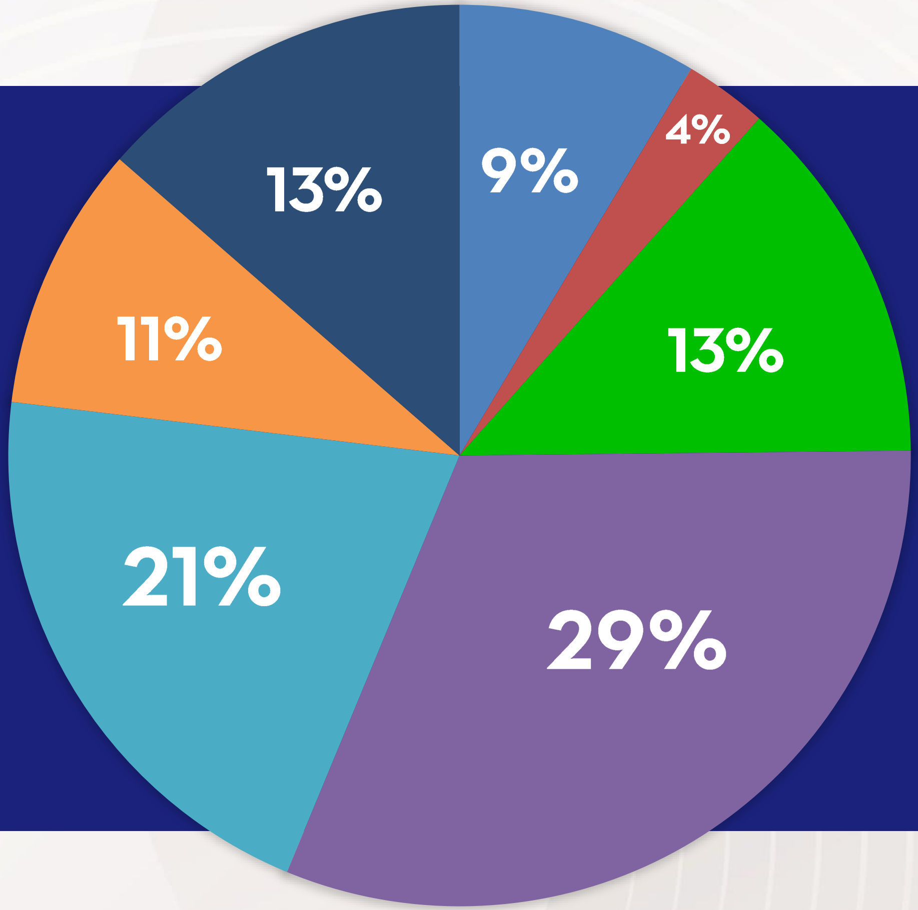
- ★ **Bring the Commanders home** to RFK
- ★ **Transform Capital One Arena**
- ★ Enhance and renovate **National Theatre, Lincoln Theatre, and Howard Theatre**
- ★ **Revive the Qualified High Technology Companies** tax incentive
- ★ **Invest in tech incubators** & recruit and support **start-ups**
- ★ **Expand gaming opportunities to allow for commercial BINGO, live Poker and Blackjack tournaments**

GROWTH AGENDA: SUPPORTING DOWNTOWN

SUPPORTS DOWNTOWN

- ★ **Host activations** during Capital One Arena construction
- ★ Launch the **Gallery Place Cultural District** and **Chinatown Renewal Initiative**
- ★ **Increase new office conversions** by expanding the Housing in Downtown program to include Georgetown and Mt. Vernon Triangle
- ★ Deliver 7th and 8th streets to create **Gallery Square**
- ★ Develop a **Master Plan for Southwest DC** as a new mixed-use community south of The National Mall
- ★ Implement **citywide retail incentives** to revitalize commercial corridors in all 8 wards
- ★ **Better enforcement of vending**
- ★ **Expands mayoral telework policy**

FY 2026 OPERATING BUDGET OVERVIEW



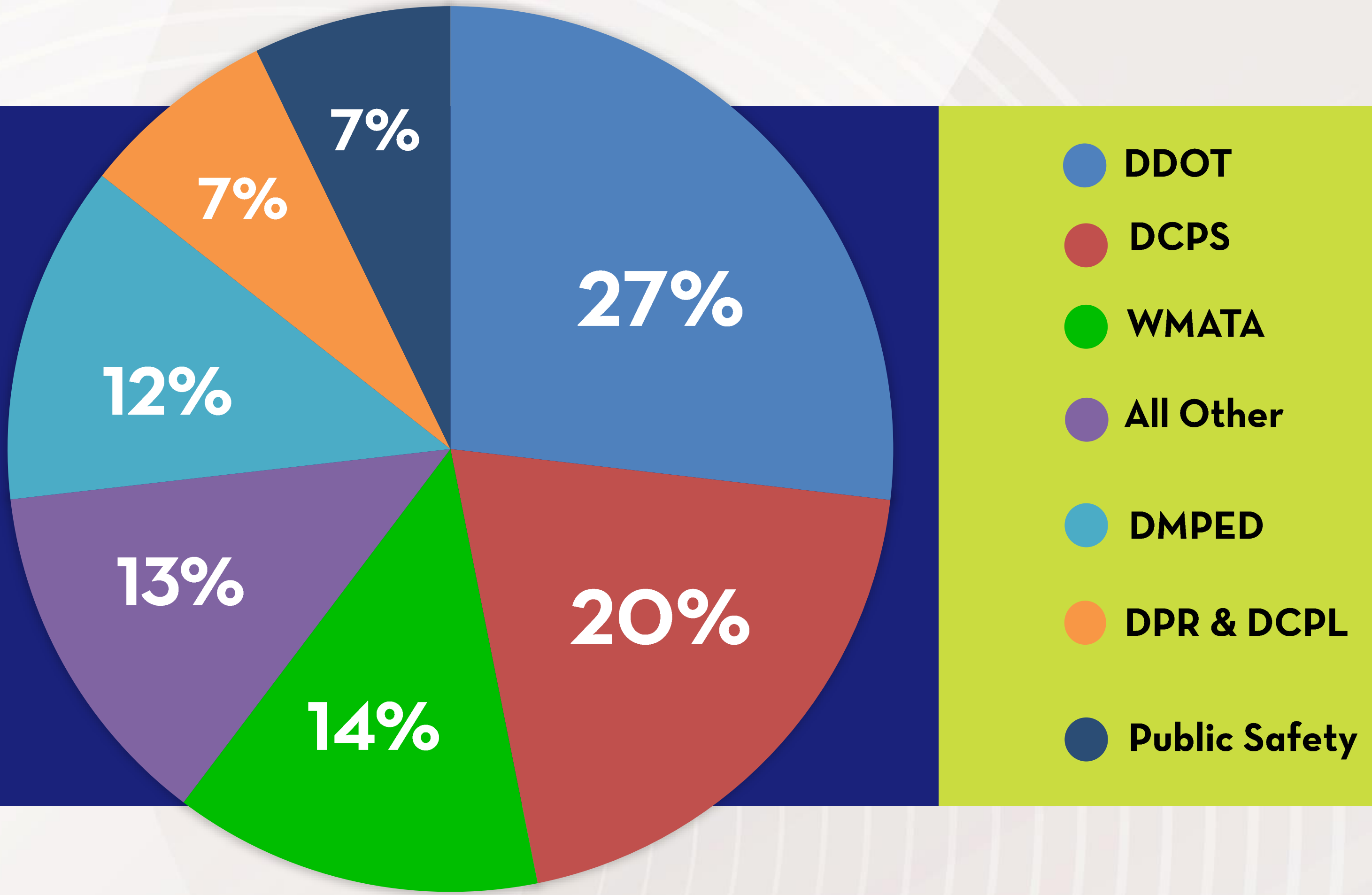
- Public Education System
- Human Support Services
- Financing and Other
- Public Safety and Justice
- Operations and Infrastructure
- Governmental Direction and Support
- Economic Development and Regulation

DC's FY26 General Funds Budget is **$13 billion**

This represents a $207M, or **1.6% increase**, over the FY25 revised budget

DC continues to invest ***50 percent*** of all local funds into public education and human support services

FY 2026 CAPITAL BUDGET OVERVIEW



The District's Capital Budget is **$2.6 billion** for FY26 and **$9.7 billion** from FY26 – FY31

The largest share of capital funds continue to be invested in DDOT, DC Public Schools, and WMATA.

INVESTING IN OUR SCHOOLS

SCHOOLS

$2.8 billion, a **$123M increase** from FY 25, to support more than 101,000 DC public schools and DC public charter school students. **$270M** to support **pay raises** for DCPS and DCPCS teachers

$2 billion for **30 school modernizations** and **$148M** for small capital improvements at schools such as **HVAC** replacement, **windows** replacement, and athletic **field** improvements

$10.7M to replace and modernize **technology equipment** and upgrade **IT infrastructure** at DCPS schools

$3M to continue **High Impact Tutoring**

$25M to demolish building 41 so UDC can plan and design **new student housing**

Full funding for core childcare programs including the **childcare subsidy**, **PKEEP**, and the **pay equity** fund

RIGHTSIZING

To afford these investments in our students, teachers, and schools, we had to make the tough choice to eliminate ***programs that had not begun*** saving **$31M** annually, including child wealth funds and the child tax credit.

INVESTING IN A SAFE DC

$30M increase for **MPD** to hire **more officers**, create a new horse mounted unit, and purchase crime fighting technology and equipment

$2M for **Safe Commercial Corridor** grants

$7.3M increase for **FEMS** for critical firefighting gear and continuation of the life-saving pre-hospital blood infusion program

$1.3M to **raise salaries of 911 and 311 call takers** to $61,313 annually and $1M for call taker recruitment and retention bonuses

$1.6M for **258 mobile cameras and 111 license plate readers** that can be used to increase safety for major events such as the upcoming **America** 250 **Celebration**

Legislation allowing MPD officers to be **hired at DFS** & retired MPD officers and/or FEMS firefighters to be **hired at OUC**

$46M to purchase **FEMS fleet** such as ambulances and fire trucks, and $33M for a fire boat replacement. $18M to purchase **MPD fleet** including cruisers and motorcycles

Legislation to increase **enforcement** of illegal and unsafe vending

Building a New DC Jail Faster

We remain committed to a new DC jail. We have maintained funding to allow us to continue to design a new correctional facility with the community and stakeholders.

We will work with the private sector to build a facility that DC ***will operate***. During construction, DC will not have to allocate funds from its capital budget, making payments only after the construction is completed.

INVESTING IN A CLEAN DC

$4.6M to support our **Clean Corridors** initiative with 80 DPW staff

$2.3M to **expand curbside composting** to 12,000 households

$5.1M for **stormwater management infrastructure** like green roofs, meadows, and medians

$687K for a **DPW swing shift crew** to focus on collection of household trash/recycling, public litter cans, and bulk trash pickup

$244K for DLCP **vending enforcement** team to work nights and weekends – especially for large special events downtown

$1.8M for DOB **nuisance abatement fund** to help address residential property maintenance and housing code violations

$22.3M to purchase new **DPW** heavy, medium, and light duty vehicles for trash/recycling collection and snow plowing

INVESTING IN HOUSING AND ECONOMIC DEVELOPMENT

AFFORDABLE HOUSING

HPTF is back at $100M for FY26!

$1M to continue the **Heirs Property** program

$23M for the **Home Purchase Assistance Program**

$52.4M to support **DC Housing Authority** public housing improvements

New Communities:

- **$119M** for Barry Farm
- **$18M** for Bruce Monroe
- **$5M** for Park Morton
- **$35M** for NW One

ECONOMIC DEVELOPMENT

$6M for assistance and repairs at **National Theatre**, **Lincoln Theatre**, and **Howard Theatre**

$32M for **Fletcher Johnson infrastructure** site improvements

$15M for the **East Capitol Gateway grocery infrastructure**

$20M for continued **Hill East infrastructure** & $15M for **Saint Elizabeths** continued infrastructure site improvements

$820K to support the **America 250 Celebration** through planning and engagement

$750K to support small area planning, including $300k for **implementation grants** for **Deanwood**, **Nannie Hellen Burroughs Ave NE, and Pennsylvania Ave SE** and $275k for **H Street NE neighborhood small area plan**

$202M for **utilities and infrastructure** at RFK campus

INVESTING IN LIBRARIES AND RECREATION CENTERS

LIBRARIES AND RECREATION CENTERS

$166M to complete the modernization of 6 DCPL **libraries**

$188M to support modernizations of **22 recreation centers**, **pools**, **and parks** and $3M for planning and design of a new **Olympic-sized heated outdoor pool** at Carter Barron

$26.3M for small capital improvements at recreation centers such as HVAC replacements, playground equipment updates, and roof repairs

$400K for **stipends to DPR volunteer coaches** to offset transportation, time, and other out-of-pocket expenses incurred with volunteer coaching

SportsPlex

$89M to create a new **indoor year-round youth sportsplex** at the RFK Campus that will allow for indoor track, gymnastics and more!

INVESTING IN HEALTH

$97M increase to support increased costs for Medicaid services, including:

- **$8.3M** to support increased utilization for services for individuals with developmental disabilities
- **$8M** increase in **Medicaid reimbursement rates** for **dentists** providing the first step in adjustments to rates that haven't been made in 15 years.
- **$2.2M** to cover sickle cell anemia coverage and treatment

$3.9M increase to fully fund a new animal care contract

$300k to increase **Safe at Home** and serve 795 seniors on the waitlist and $425k to expand DACL's **Home Delivered Meals** program to approximately 150 seniors

$175k to support **access to fertility services** through the DC Health Exchange

RIGHTSIZING PROGRAM COSTS

DC's **Medicaid costs** were forecasted to grow by $182M. To lessen the increase, we propose changes to eligibility, benefits, and provider rates.

- **Eligibility:** shift childless adults and adult caregivers between 138% - 200% of the federal poverty level to a new health plan run by the DC Health Benefits Exchange with largely the same benefits, minimal to zero premiums and out-of-pocket costs, and ability to utilize existing managed care organizations to avoid coverage disruptions.
- **Benefits:** long term care and Home and Community Based Reform, Drug Rebates for zero pay claims, and reform of durable medical equipment
- **Provider Rates:** pausing inflationary adjustments for rates and implementing a targeted efficiency level for managed care organizations

INVESTING IN HUMAN SERVICES

$18.9M increase to support to **continuum of care** for homeless services including 24/7 access to shelter

$7.6M for **Permanent Support Housing** for approximately 156 families to support exit pathways from FRSP

$5.6M for **DC Flex** for approximately 460 Families to create new exit pathways from FRSP and short-term family housing

$5.1M to provide an alternative site to assist with exit and diversion path to families seeking services from Virginia Williams

$2.9M for **Homelessness Prevention Program**

$57.5M for **Federal City Shelter** redevelopment, $43M for **NY Ave Shelter** redevelopment and $5M for **Naylor Road** shelter renovation

RIGHTSIZING PROGRAM COSTS

DC's locally funded **Temporary Assistance for Needy Families** program expenses have grown 48% since 2020 and were forecasted to grow by $11M more in FY 26.

Making the following changes **eliminates this $11M increase and saves $2M on an annual basis**:

- Pause the **COLA increase** for benefits
- Adjust the **temporary reduction in benefits** for households who don't meet requirements for four consecutive weeks without good cause

INVESTING IN TRANSPORTATION AND THE ENVIRONMENT

$76M in additional funds for **WMATA** to support bus and rail service, $57M to continue to build out **Bus Priority Lanes** and $45M to build a **pedestrian tunnel** in the NoMa neighborhood

$6M to provide **transportation for students** to school in Ward 7 and Ward 8 Safe Passage zones

$331M in local capital funds for **bridge replacements and improvements:** H Street Bridge, Benning Road Bridge, Long Bridge Pedestrian and Bicycle Bridge, and 11th Street Bridge Park

$402M to maintain **roads, sidewalks, and alleys** in a **state of good repair** and $105M to build out the roadways at the new RFK campus

$11M to support **Anacostia River** dredging and clean up

$13M to expand **Capital Bikeshare** and $73M to build out the **pedestrian and bicycle trail network**

$106M to make **roadway safety improvements** along the High Injury Network

RETHINKING HOW WE ADDRESS ENERGY COSTS

Since 2020, energy costs have grown by 54% while utilization has not. To control costs, we must:

- **Short term:** Scale back electrification programs, push out renewable energy purchases, and utilize SETF to help cover electricity costs.
- **Long term:** Implement more energy savings initiatives, revisit pricing structure, fund battery storage, utilize purchase power agreements, and expand solar on DC government facilities

NEXT GENERATION STREETCAR

With the exciting development of RFK, it's time to re-imagine what the transportation network needs are including re-envisioning what the streetcar will look like and eliminating the Benning Road extension.

By FY 29, we will launch a **next generation streetcar** that doesn't require fixed tracks and can use the overhead charging structure. And we will work with the Community to ensure the new transportation network meets their needs as we fund a $2M WMATA transportation study.

INVESTING IN GOVERNMENT OPERATIONS

$7.9M for DCPS schools' **repairs and maintenance** over the summer

$1.9M to pilot **in-housing security services** at some DC government buildings

$16.9M for **critical system replacements** at DC government buildings such as HVACs and boilers

$2.1M to enhance **cybersecurity**, $853k for cybersecurity infrastructure buildout, and $792k for cybersecurity hardware maintenance

$11.5M to support a new **CBE online marketplace** and PASS modernization and maintenance

Legislation to require independent agencies to adhere to the Executives standards and policies for **cybersecurity, AI use, and telework**

A NEW HOME FOR THE DC ARCHIVES

$4.9M to make improvements to the **Charles Sumner School** as the **new home of the DC Archives** and $23M to build a state-of-the-art facility for storage in DC. The previously considered site will now be used for student housing for UDC.

STRATEGIES TO ADDRESS OVERTIME

Overtime costs have risen significantly due to staff shortages, increased demands for service and leave usage, costing DC $29M more in FY 26. In addition to recruitment and retention we are proposing the following changes to DC's paid family leave program:

- Limit family medical leave for caretaking of a family member to 2 weeks
- Define family member to include immediate family
- Create waiting period for family/personal medical leave
- Require 12-week work commitment upon return from PFL

Together, we can Grow DC

FY26 BUDGET AND FINANCIAL PLAN

WE ARE WASHINGTON DC
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