



The District's Dime

Going Beyond the Budget Book

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DC's \$75 Million Problem

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DC risks having to cut \$75 million in services a year from now. At first glance, recent reports from the Chief Financial Officer (CFO) suggest that there will be enough money to maintain services in 2017, but that's only because the spending projections don't include tens of millions of dollars the Mayor and DC Council approved on a "one-time" basis for 2016 – including important investments in health care, affordable housing, the community college, and others. When the cost of maintaining these services is counted, the city will have less than needed to fund all of the services that residents and businesses are receiving this year.

In other words, we may be faced with budget cuts over the coming year and little or no opportunity to make progress on things like addressing the homelessness crisis or closing the school achievement gap.

Every year, the CFO's [Current Services Funding Level \(CSFL\)](#) projects the costs of maintaining current government services into next year, when adjusted for inflation and other economic factors. The CFO found that it will cost \$7.15 billion to cover ongoing expenses in 2017, and revenues will be about \$7.17 billion. In other words, it looks like DC has a cushion of \$20 million.

However, the CSFL does not reflect the cost of renewing \$93 million in services being funded this year on a one-time basis. These so-called "one-time" services include some things that are very important to DC residents – and would be missed if they go away. The following are missing from the 2017 Current Services Funding Level because they are one-time:

- \$50 million of the Housing Production Trust Fund's \$100 million;
- \$3.5 million of the University of the District of Columbia's budget;
- \$2 million for grants to afterschool and summer programs for youth through the Children and Youth Investment Trust;
- \$2 million in investments in the Department of Health for teen pregnancy prevention and for providing housing for people with AIDS; and
- \$16 million for Medicaid payments to hospitals (funded by a one-time dedicated tax).

If those services are maintained, expenses would total \$7.24 billion vs \$7.17 billion in revenues – a \$75 million shortfall.

Unless DC can find alternative ways to fund these items – including one-time funding streams, efficiency savings, or new revenues – it will be difficult to make ongoing commitments or to support new initiatives, like phase two of the strategic plan to end chronic homelessness.

DC's policymakers will face hard choices and tradeoffs in the budget negotiations this spring. The fiscal year 2016 budget made a lot of progress in addressing the affordable housing crisis and helping individuals get safe and stable housing. If the District is to continue to move forward, it will need to do all it can to preserve those investments. As the Mayor and DC Council makes those decisions, DCFPI hopes that they will consider every option to maintain programs that help residents thrive.