

# GROW DC

## DC'S FY26 BUDGET

# 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**

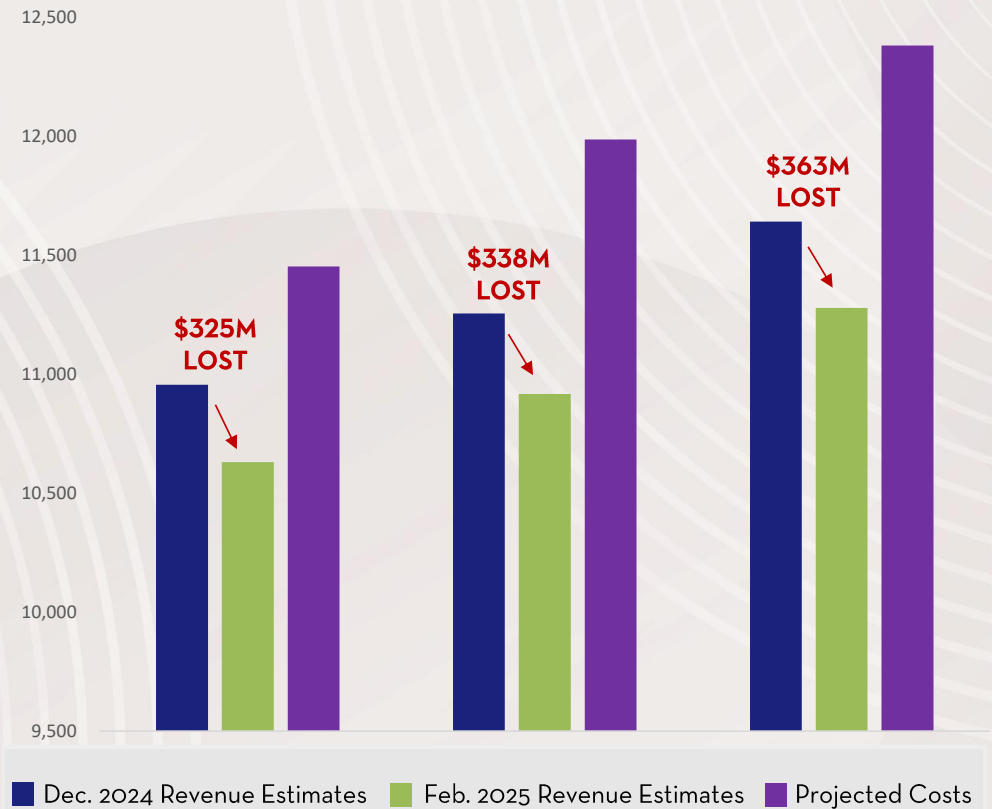
**DC led the nation** in commercial to residential conversions in 2024

**52 days** cash on hand

# 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**, **lower consumer spending**, and the continued impacts of **remote work** on the commercial office market and property tax assessments.



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

## REDUCTIONS

Made \$243M of reductions, including stopping new programs not yet started

Saved \$100M in efficiencies through lease savings, energy savings, telecom savings, and smarter deployment of resources across the financial plan

Made \$1.1B of reductions to programs and services across FY 27 - FY 29

## RIGHTSIZE COSTS

Made policy changes to programs that were growing far faster than our revenues

Avoided \$500 million in new costs

## REVENUES

No new taxes on residents or businesses

Captured unbudgeted revenues

Repurposed existing revenues to ensure our resources aligned with our Growth Agenda

# TOUGH DECISIONS WERE REQUIRED IN ORDER TO KEEP COSTS WITHIN REVENUE LIMITS

## Health & Human Services

Healthcare costs were projected to **grow \$182M** over FY 25 and rapid re-housing costs were set to grow **\$60M**. To control costs, we propose:

- Shifting some residents to a **basic health plan** with largely the same benefits and low costs as in Medicaid
- Enforcing exits from rapid re-housing when residents **exceed time limits**

## Energy

Our energy costs are expected to **grow by 50 percent** in four years and current laws cause delays and significantly increase costs. To control costs, we propose:

- Propose to delay the implementation the **BEPS**, and **Renewable energy standard** initiatives until we can find a manageable and affordable path forward
- Utilize **SETF** dollars to cover DC's utility costs while we work on strategies to lower energy costs

## Capital Projects

Two capital projects were experiencing **significant cost increases** causing us to look for more affordable solutions:

- Delaying **net zero requirements** that can add costs, delays, and maintenance concerns to existing projects
- Delaying **project labor agreements** that would have added \$138M of additional costs to school modernizations and several DDOT projects

## Overtime

Overtime costs have risen significantly (**>\$30M in FY 26**) from staff shortages, increased demands for service, and leave usage.

In addition to recruitment and retention, we propose changes to **DC's PFL 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

# 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?

# DOES IT KEEP PEOPLE AND FAMILIES IN DC AND ATTRACT RESIDENTS?

## 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 through the UPSFF

**\$300M** to support **pay raises** for DCPS and DCPCS teachers

## SAFE DC

Allow **retired MPD and FEMS** members to work at **OUC** without impacting retirement benefits

Creating an 80 cents per night fee on **occupied hotel rooms** to **critical IT systems** for OUC's **911 and 311 systems**



## SCHOOL FACILITIES

- **\$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

# DOES IT GENERATE ECONOMIC ACTIVITY TO FUND CITY SERVICES & PROGRAMS?

## MORE ECONOMIC ACTIVITY = MORE REVENUES

- ★ Transform **Capital One Arena** and **host activations** during arena construction
- ★ **Increase new office conversions** by expanding the Housing in Downtown program to Georgetown and Mt. Vernon Triangle
- ★ Implement **citywide retail incentives** to revitalize commercial corridors in all 8 wards
- ★ Create a **citywide telework policy** for **ALL** DC government workers
- ★ **TOPA reform** (RENTAL Act)
- ★ Putting **vacant lots back to productive use**
- ★ **Poker & Blackjack** tournaments and Commercial **Bingo**
- ★ **Reform zoning procedures** to streamline reviews of new development projects



# DOES IT ATTRACT NEW BUSINESSES AND CREATE NEW JOBS FOR DC RESIDENTS?

## CUTS RED TAPE, REDUCES BARRIERS TO GROWTH & INCENTIVES BUSINESSES TO LOCATE AND STAY IN DC

- ★ **Expand access** to the **Neighborhood Prosperity Fund**
- ★ **Repeal Tipped Minimum Wage**
- ★ **Increase funding** for the Economic Partnership
- ★ Repeal **Parking Benefit Equivalent** program
- ★ **Reduce** Universal Paid Leave **tax**
- ★ Create three **restaurant sales tax holidays**
- ★ 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**



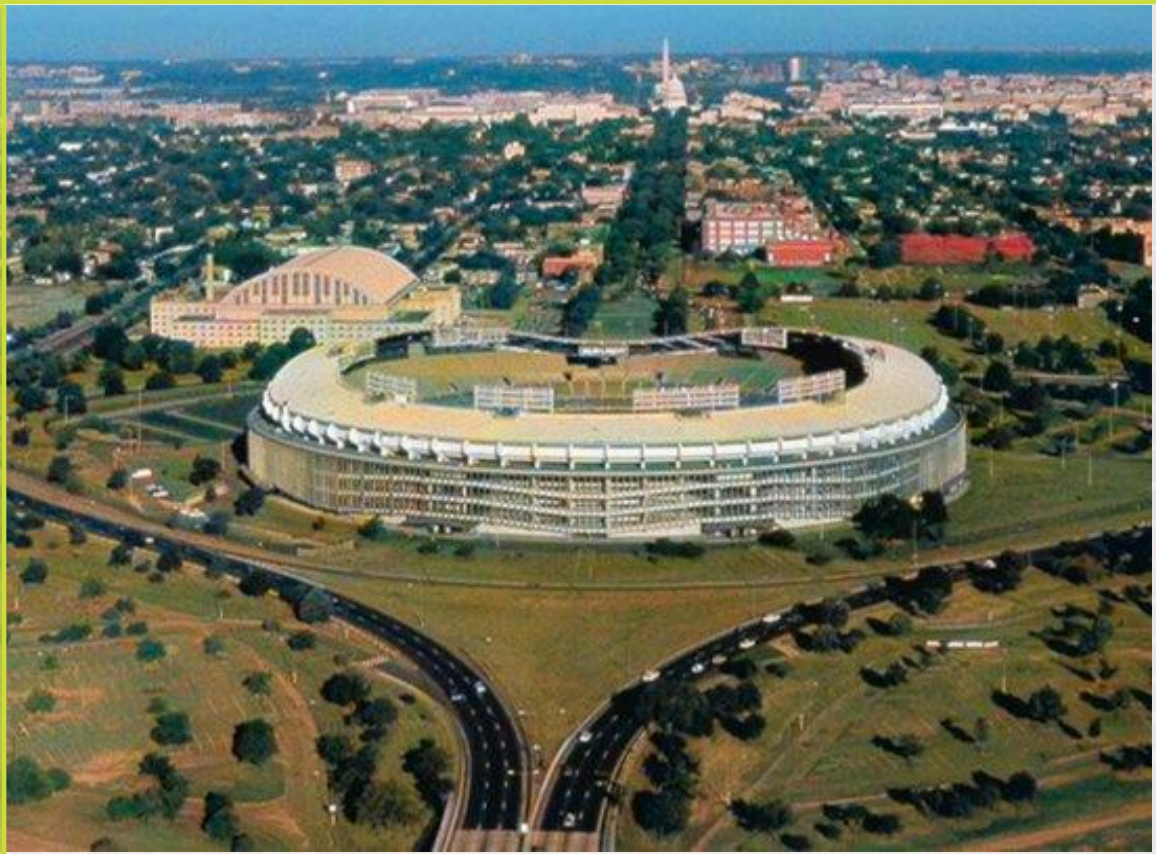
# ONE INVESTMENT CHECKS ALL THREE BOXES

## 180 ACRES OF OPPORTUNITY

*At a time when we must be focused on economic growth that creates jobs and revenue for DC, we have 180 acres of opportunity in Ward 7.*

### WE CAN:

- ✓ Bring the **Commanders home** to RFK
- ✓ Build 5,000-6,000 **new homes** with at least **30% affordable**
- ✓ Build a state-of-the-art **Sportsplex for our youth**
- ✓ Enhance our connections with the **Anacostia River** and **Kingman Island**
- ✓ Create more than **30,000 jobs**
- ✓ Generate more than **\$4 billion in new revenue** from the stadium and mixed-use districts





# Together, we can Grow DC

**FY26 BUDGET AND FINANCIAL PLAN**

 **GOVERNMENT OF THE  
DISTRICT OF COLUMBIA**  
**DC MURIEL BOWSER, MAYOR**