



# Budget Basics & Beyond

OFFICE OF THE BUDGET DIRECTOR

COUNCIL OF THE DISTRICT OF COLUMBIA

January 2023

# What is the budget?

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In the most basic terms, the budget is the District's spending plan for the fiscal year – what we are spending our money on and what type of money we are using to pay for that spending.

# Types of Spending

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District government spending happens in two distinct places:



The **operating budget** includes the funding necessary to keep the government running from day to day.

*“Where is the spending?”* –  
Programmatic attributes: Agency,  
program, activity, and service

*“How are you spending it?”* –  
Comptroller Source Group and  
Comptroller Source Object

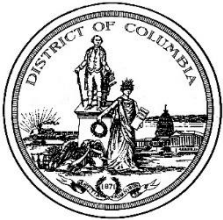


The **capital budget** includes the funding for procuring, building, or renovating District-owned assets like school facilities, roads, vehicles, or IT systems.

# Operating Budget

# Fund Types

*Appropriated Fund Type identifies the funding source for a particular program, activity, service, or CSG*



## Raised and Controlled by the District: **\$15.2B**

- Local (Fund Code 100) – General Fund: **\$10.8B**
  - ARP - Local Revenue Replacement: **\$0.4B**
- Dedicated Taxes (Fund Code 110) – General Fund: **\$0.6B**
- Special Purpose Revenue (Fund Code 600) – General Fund: **\$0.8B**
- Enterprise & Other (Fund Codes 610 & 620): **\$3.1B**

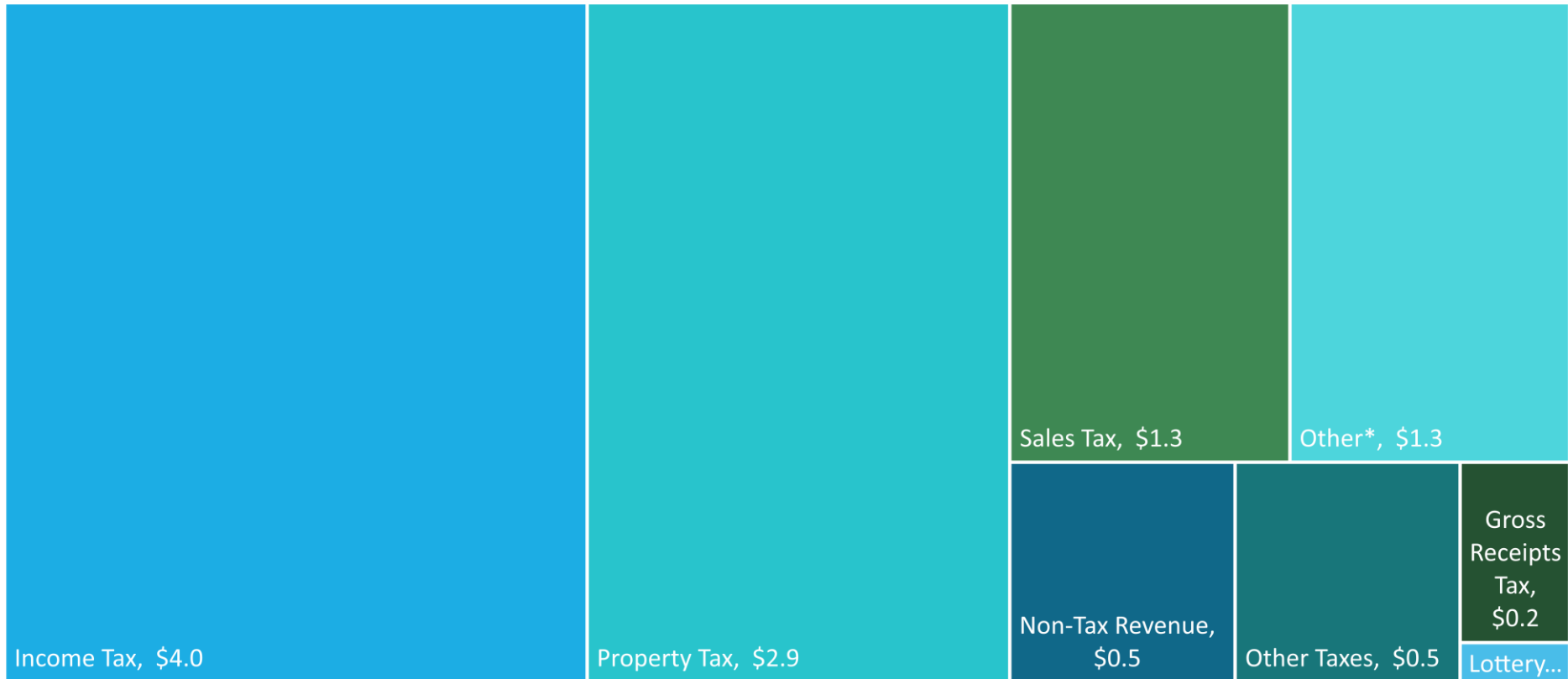
## Other Sources of Funding: **\$4.8B**

- Federal Payments (Fund Code – 150): **\$0.4B**
  - ARP - State, County, Metro: **\$0.3B**
- Federal Grants (Fund Code – 200): **\$1.7B**
- Federal Medicaid (Fund Code – 250): **\$2.7B**
- Private Grants and Donations (Fund Codes 400 & 450): **<\$0.1B**



# How does DC raise its local funds?

FY 2023 Approved Budget - \$10.8 Billion in Local Fund Resources

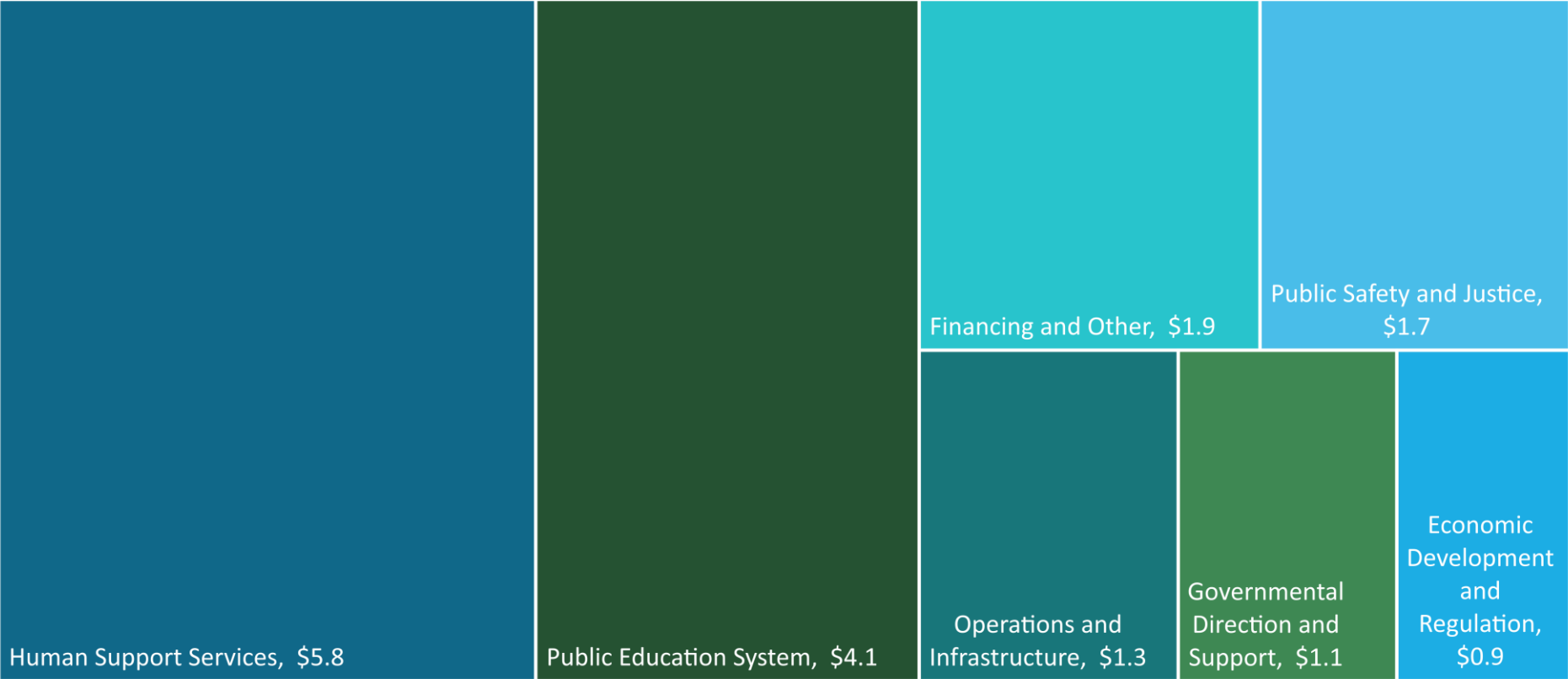


**(#s in billions)**

*\*Other includes ARPA Local Revenue Replacement (\$0.4B); Revenue Proposals, Transfers, Miscellaneous (\$0.4B); and Fund Balance (\$0.5B)*

# Where does DC's money go?

FY 2023 Approved Expenditure Budget - \$20 Billion in Gross Revenues



(#s in billions)

\*The District also spends \$3.1B out of various Enterprise Funds, including: Proprietary Funds (e.g., the Not-For-Profit Hospital Corporation), Fiduciary Funds (e.g., Other Post-Employment Benefits), revenue generated by Component Units (e.g., the University of the District of Columbia), and the Housing Production Trust Fund

# Data captured in the Executive Summary (Vol. 1)

Figure 1-1: Where the money comes from (gross funds)

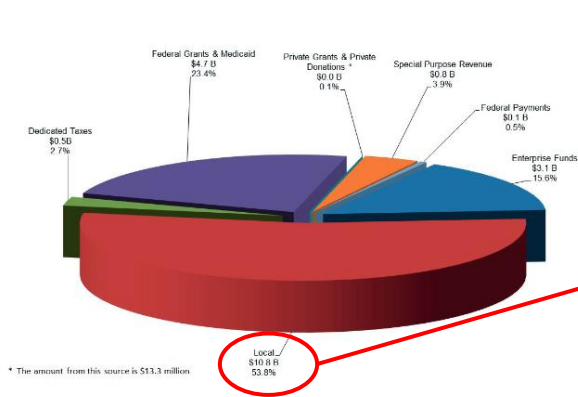


Figure 1-2: Where the money comes from (local funds only)

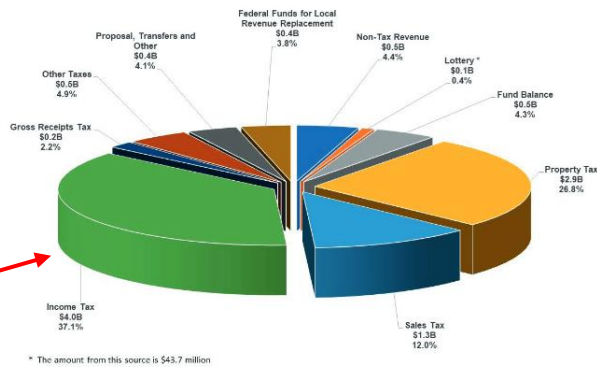
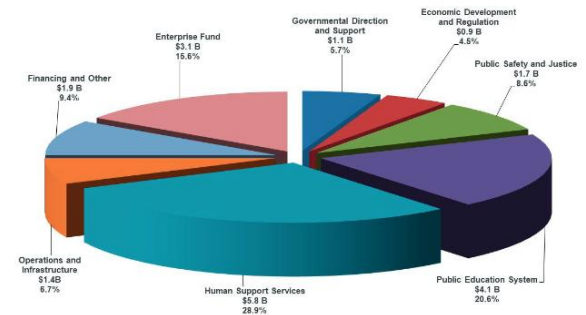


Figure 1-3: Where the money goes (by appropriation title)





# Data captured in the Executive Summary (Vol. 1)

Table 2-2  
FY 2023 - FY 2026 GENERAL FUND - Local Funds Component  
(S thousands)

	FY 2020 Actual	FY 2021 Actual	FY 2022 Approved	FY 2022 Revised	FY 2023 Approved	FY 2024 Projected	FY 2025 Projected	FY 2026 Projecte
<b>1 Revenues</b>								
2 Taxes	7,588,846	8,186,863	7,968,780	8,566,607	8,926,011	9,179,139	9,454,581	9,748,723
4 General Purpose Non-Tax Revenues	522,140	488,466	451,408	476,654	475,738	473,030	476,457	472,156
6 Transfer from Lottery	38,060	48,150	56,586	43,458	43,731	42,399	42,699	43,923
<b>7 Subtotal, Local Fund Revenues</b>	<b>8,149,046</b>	<b>8,723,479</b>	<b>8,476,774</b>	<b>9,086,718</b>	<b>9,445,480</b>	<b>9,694,567</b>	<b>9,973,737</b>	<b>10,264,802</b>
8 Bond Proceeds for Issuance Costs	9,403	0	10,000	10,000	11,000	11,000	11,000	11,000
9 Fund Balance Use	560,093	759,899	46,548	179,788	189,216	332,890	292,257	314,359
10 Fund Balance Use from FY 2022	0	0	102,737	0	273,609	0	19,034	44,650
11a Central Services Cost Allocation from Federal Funds	545	16	954	954	954	954	954	954
11b Federal Reimbursement for FY 2021 Match	0	0	0	84,377	0	0	0	0
12a Transfer from TIF/PILOT/Other	7,895	178,502	212,462	212,462	405,692	8,890	11,945	9,045
12b Transfer from Capital Fund Paygo	19,742	18,927	0	15,740	0	0	0	0
13a Revenue Proposals	0	0	103,307	(2,055)	25,974	16,744	16,409	15,276
13b ARPA - Federal Funds - Local Revenue Replacement	0	0	382,592	563,225	407,003	80,337	0	0
13c ARPA - Federal Funds - Conformity Revenue	0	0	39,800	39,800	0	0	0	0
<b>14 Total Local Fund Resources</b>	<b>8,746,724</b>	<b>9,680,823</b>	<b>9,375,174</b>	<b>10,191,011</b>	<b>10,758,928</b>	<b>10,145,383</b>	<b>10,325,337</b>	<b>10,660,087</b>

Re: February 2022 Revenue Estimates

Dear Mayor Bowser and Chairman Mendelson:

This letter certifies the revenue estimate for the FY 2022 – FY 2026 District of Columbia Budget and Financial Plan. FY 2022 local source revenue has been revised upward by \$148.8 million based on stronger year-to-date collections. The out-year forecast for FY 2022 – FY 2025 has also been revised upward by a total of approximately \$454.2 million. The table below compares the February 2022 estimate with the December 2021 revenue estimate.

February revenue estimate compared to previous estimate

Local Source, General Fund Revenue Estimate (\$M)	Actual		Estimated		Projected	
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
December 2021 Revenue Estimate		8,937.9	9,273.1	9,547.1	9,839.4	
February revision		148.8	172.4	147.4	134.3	
<b>February 2022 Revenue Estimate</b>	<b>8,723.5</b>	<b>9,086.7</b>	<b>9,445.5</b>	<b>9,694.6</b>	<b>9,973.7</b>	<b>10,264.8</b>
Revenue Change from Previous Year Amount	573.6	363.2	358.8	249.1	279.2	291.1
Year-Over-Year Percent Change	7.0%	4.2%	3.9%	2.6%	2.9%	2.9%

Table 3-12  
Policy Proposals Impacting General Fund Revenues, Fiscal Years 2022-2026  
(Dollars in thousands)

Revenue Source	FY 2022 Revised	FY 2023 Original	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected
Local Fund Revenue (Feb 2022 Estimates)	9,086,718	9,445,480	9,694,567	9,973,737	10,264,802
plus Local Fund Policy Proposals	(2,055)	25,974	16,744	16,409	15,276

# The Operating Budget

## WHERE

How agency budgets are organized

- Program
- Activity
- Service

## WHAT

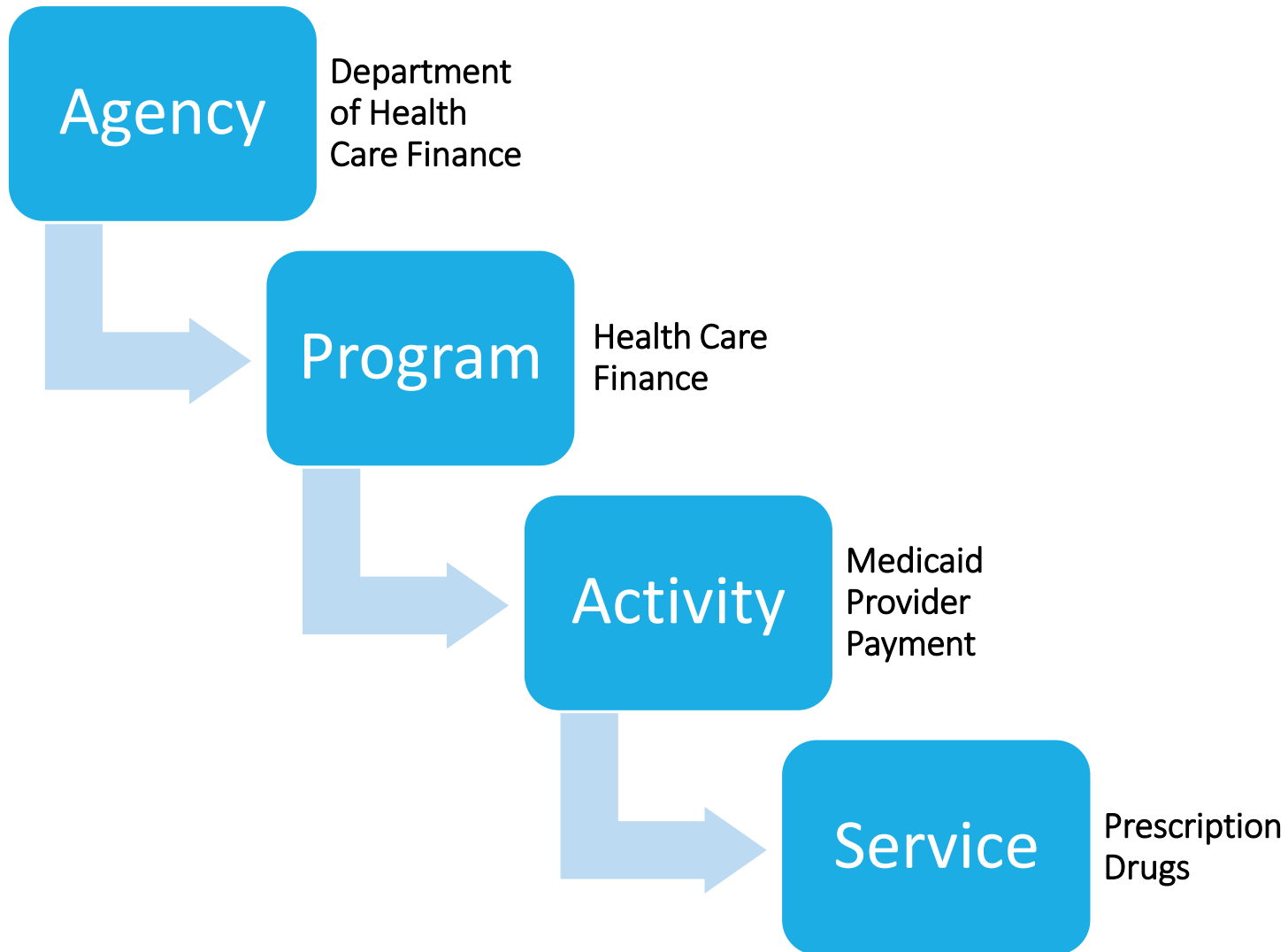
Comptroller Source Group:

- Personnel Services
- Non-Personnel Services

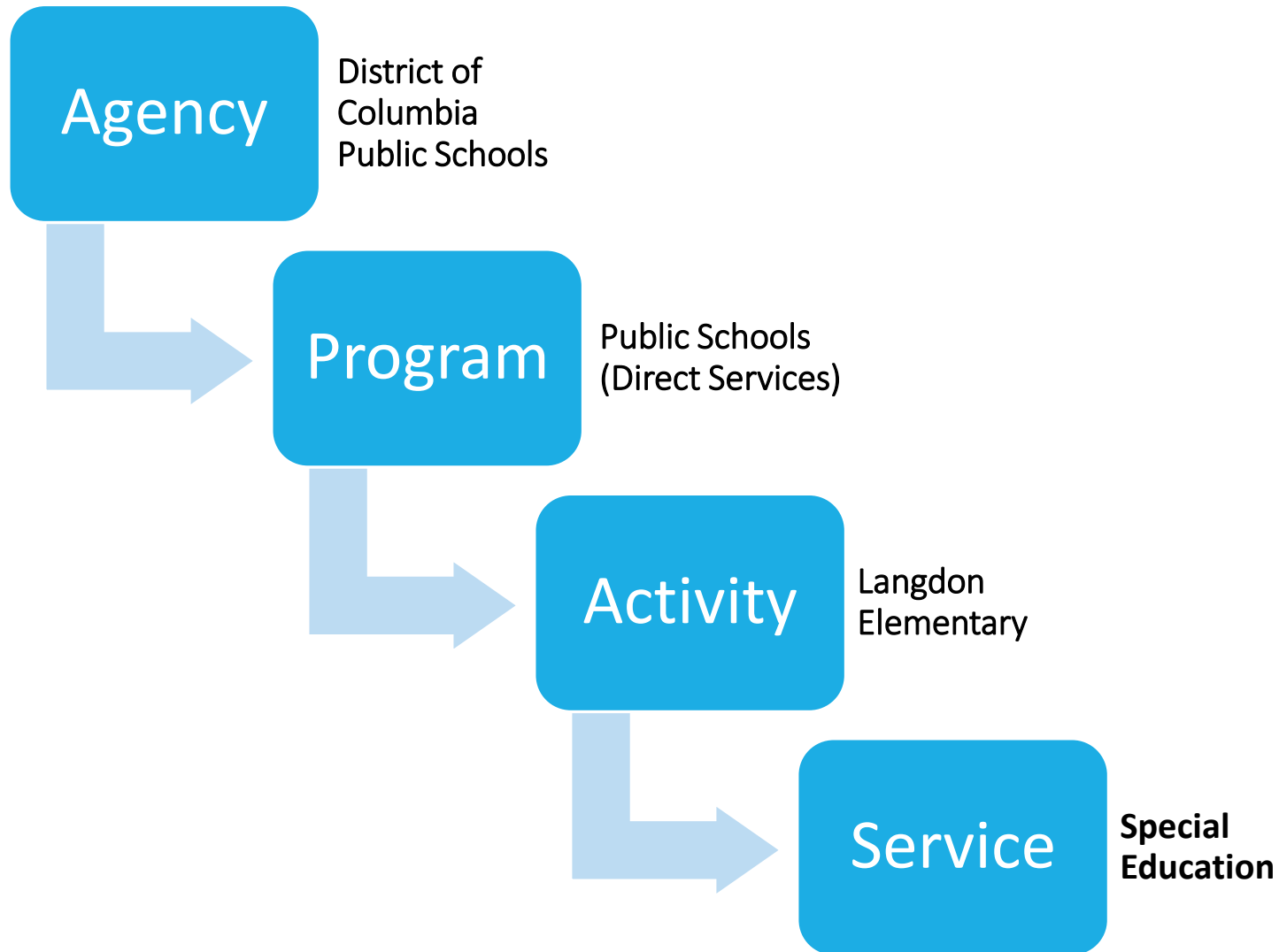
## HOW

- Fund Type
- One-Time vs. Recurring

# Where is it being spent?



# Where is it being spent? (example 2)



# What are we spending the money on?

## Comptroller Source Group (CSG)

### Personnel Services (PS): CSGs 11 – 15

- Spending on “people”
- Includes salaries (regular and temporary employees), fringe benefits, bonuses, and overtime
- The most common are CSG 11 (regular pay for full-time continuing employees) and CSG 14 (fringe benefits)

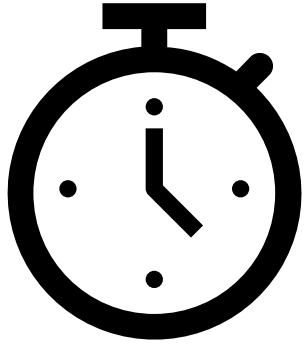


### Non-Personnel Services (NPS): CSGs 20 – 70

- Spending on good and services
- Includes grants, contracts, and human care agreements
- Includes supplies, materials, and equipment
- Includes fixed costs like rent, telecommunications, electricity, and security services

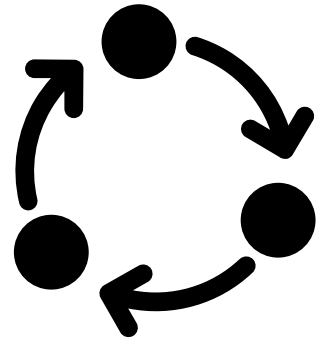


# How: One Time vs. Recurring



## One-Time Funding

- Spending that will only occur in one fiscal year.
- One-time funds cannot be used for costs that will spread over several fiscal years.



## Recurring Funding

- Spending that will occur in the budget formulation year and continue throughout the financial plan.
- The OCFO measures inflation rates for spending in different agencies that must be applied when identifying sources and uses of recurring funds.
- Putting recurring funds into the budget does not guarantee that the spending will continue in subsequent fiscal years.

# Capital Budget

# Capital Budget – Key Terms

## Funding Term

- Approved for the 6-year Capital Improvement Plan period, which is the budget year and the next five years

## Budget allotment

- A project's annual spending authority
- Cannot spend more than has been allotted to a project
- Does not expire at end of FY and remains available until spent or reprogrammed

## Budget authority

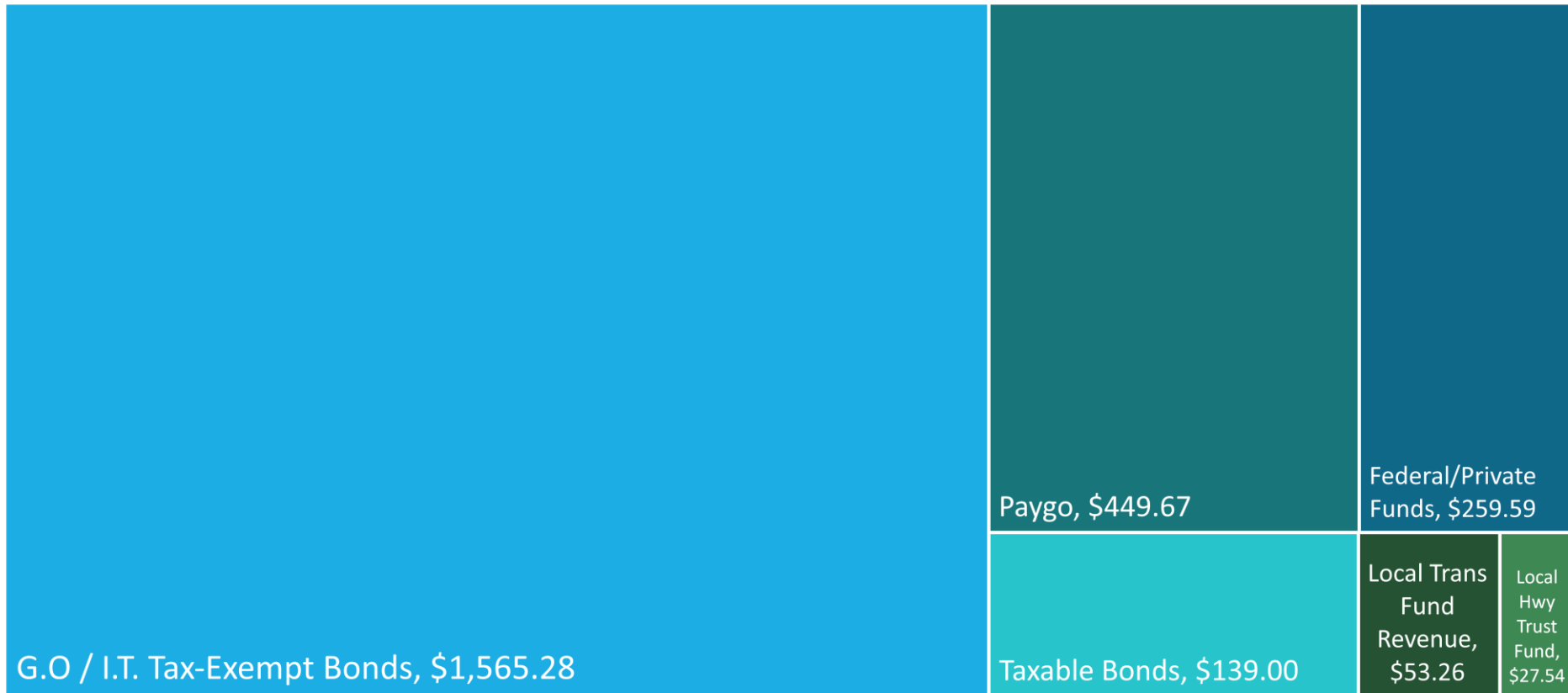
- A project's total spending authority planned through the end of the 6-year period
- Allows agencies to budget and contract for multi-year projects

## Capital Eligible

- A project must be at least \$250,000 and:
  - ✓ result in a District-owned asset,
  - ✓ increase the value of an District-owned asset, or
  - ✓ increase the life of a District-owned asset by at least 2 years

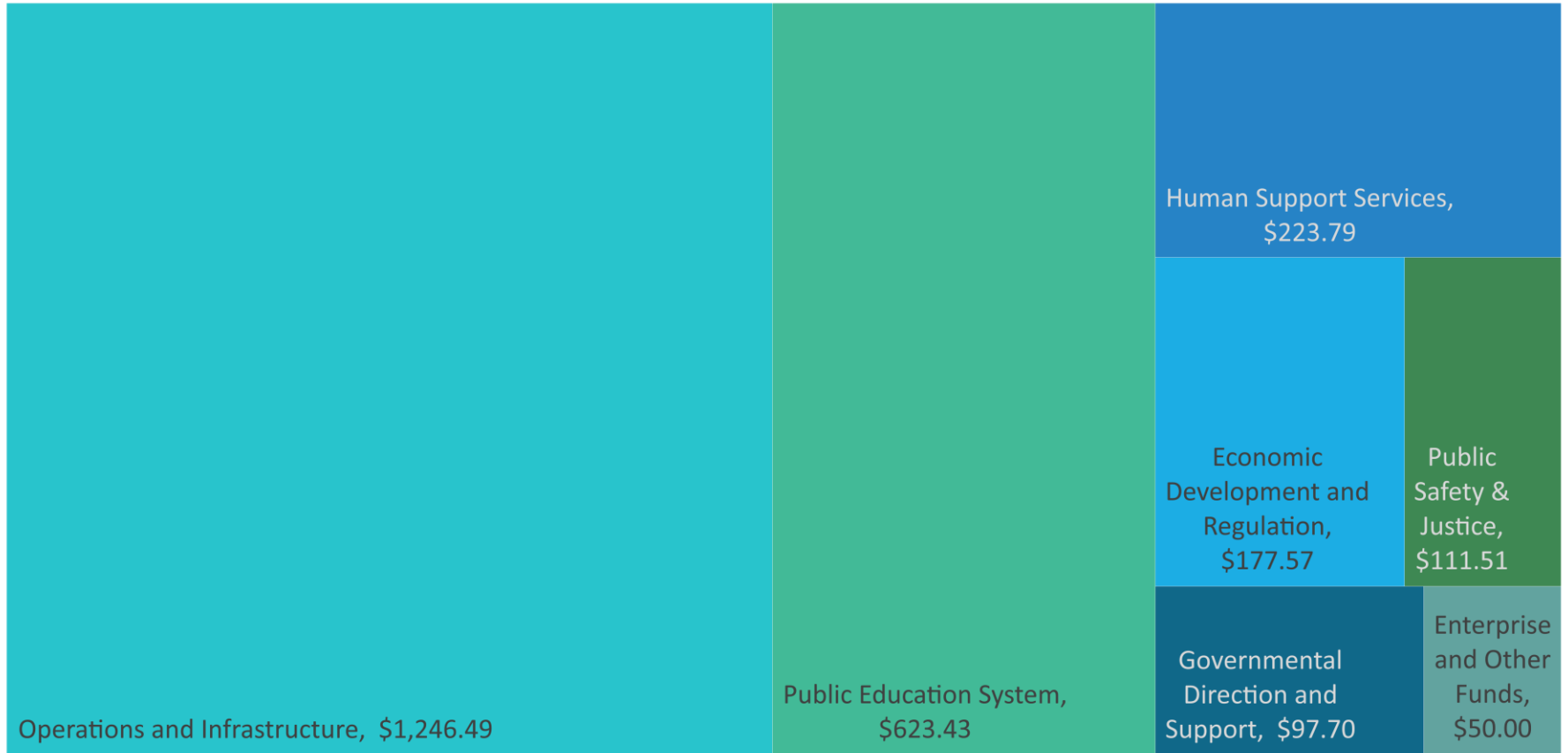


# Sources of Funds for the Capital Budget



**(FY23 #s in millions)**

# Where do we spend the capital budget?



(#s in millions)

**FY 2023 Approved Capital Budget (\$2.5 billion)**

## Pay-As-You-Go Capital

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**Transfer** of General Funds to Capital budget.

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**Shorter-term** than G.O./I.T. bonds. Usually pays for capital needs with a shorter lifetime, such as equipment.

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**Can be transferred** back to the General Fund, unlike debt-supported portion of Capital budget.

(PA0)

## Pay-As-You-Go Capital Fund

Table PA0-1

Description	FY 2020	FY 2021	FY 2022	FY 2023	% Change
	Actual	Actual	Approved	Approved	from FY 2022
OPERATING BUDGET	\$280,940,215	\$298,930,072	\$354,794,021	\$502,925,589	41.8
FTEs	0.0	0.0	0.0	0.0	N/A
CAPITAL BUDGET	\$0	\$0	\$0	\$0	N/A
FTEs	0.0	0.0	0.0	0.0	N/A

The mission of the Pay-As-You-Go Capital Fund is to provide an additional funding source and offset long-term bond borrowing costs for capital projects.

### FY 2023 Approved Operating Budget, by Comptroller Source Group

Table PA0-3 contains the approved FY 2023 budget at the Comptroller Source Group (object class) level compared to the FY 2022 approved budget. It also provides FY 2020 and FY 2021 actual expenditures.

Table PA0-3

(dollars in thousands)

	Actual FY 2020	Actual FY 2021	Approved FY 2022	Approved FY 2023	Change from FY 2022	Percentage Change*
<b>Comptroller Source Group</b>						
50 - Subsidies and Transfers	280,940	298,930	354,794	502,926	148,132	41.8
<b>SUBTOTAL NONPERSONAL SERVICES (NPS)</b>	<b>280,940</b>	<b>298,930</b>	<b>354,794</b>	<b>502,926</b>	<b>148,132</b>	<b>41.8</b>
<b>GROSS FUNDS</b>	<b>280,940</b>	<b>298,930</b>	<b>354,794</b>	<b>502,926</b>	<b>148,132</b>	<b>41.8</b>

Pay-As-You-Go Capital:  
Transfer to  
Capital in the  
Budget Book

# Data captured in the Capital Improvements Plan (Vol. 5)

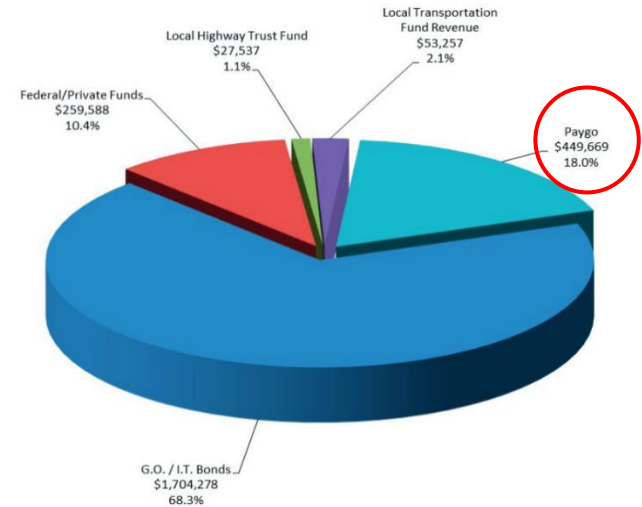
Table CA-1: Overview

Table 5-1  
**Overview**

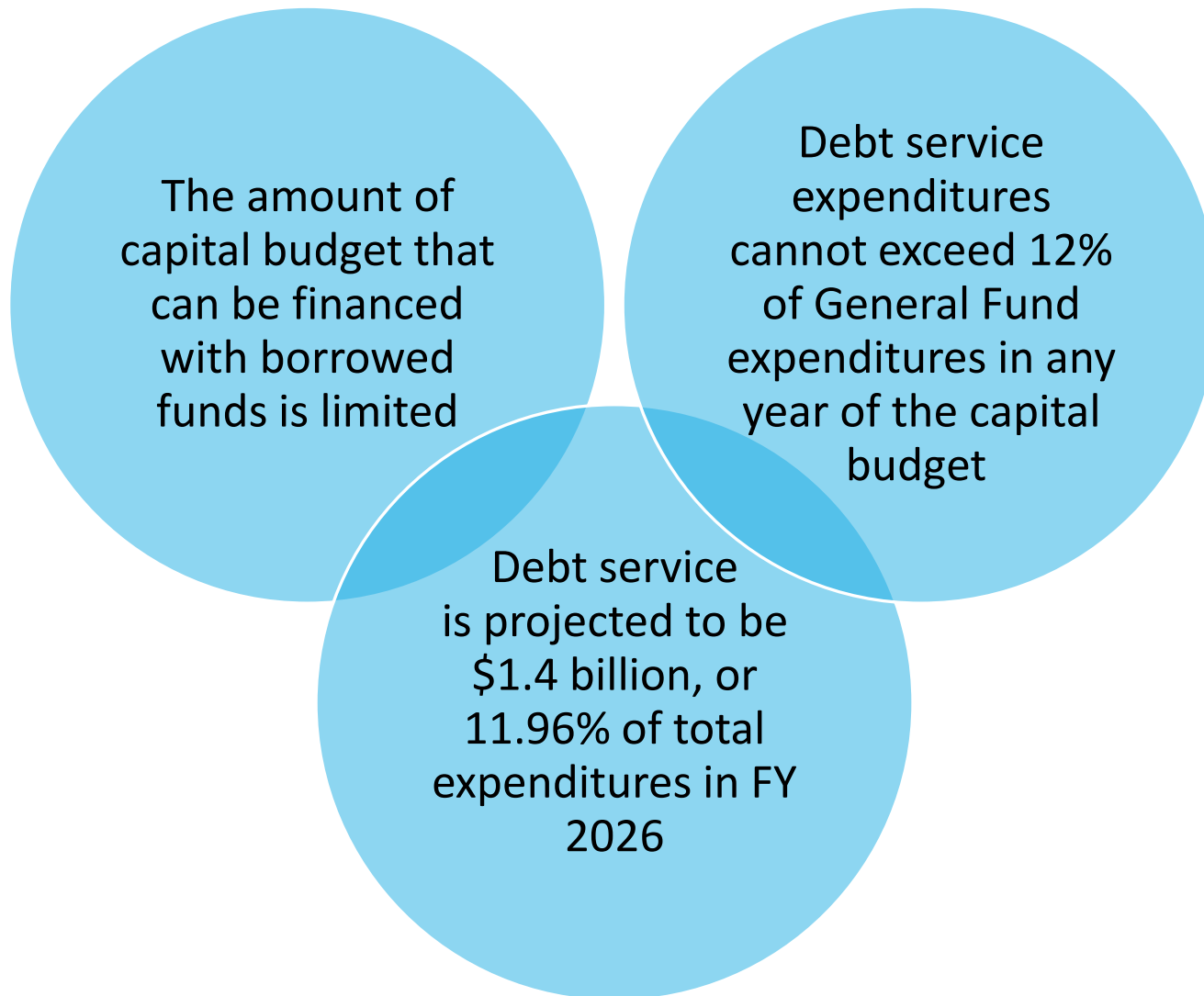
(Dollars in thousands)

Total number of projects receiving funding	310
Number of ongoing projects receiving funding	264
Number of new projects receiving funding	46
FY 2023 new budget allotments	\$2,494,329
Total FY 2023 to FY 2028 planned funding	\$10,926,590
Total FY 2023 to FY 2028 planned expenditures	\$10,926,590
FY 2023 Appropriated Budget Authority Request	\$4,071,892
FY 2023 Planned Debt Services (G.O./I.T. Bonds)	\$1,010,728
FY 2023-FY 2028 Planned Debt Service (G.O./I.T. Bonds)	\$7,305,228

Figure CA-1: CIP by Fund Source



# Capital Budget – Debt Ceiling



# Budget Approval Process

## Budget Roles

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**The Mayor:** Prepares and submits an annual balanced budget to the Council.

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**The Council:** Reviews, modifies, and approves the annual budget--all within 70 days.

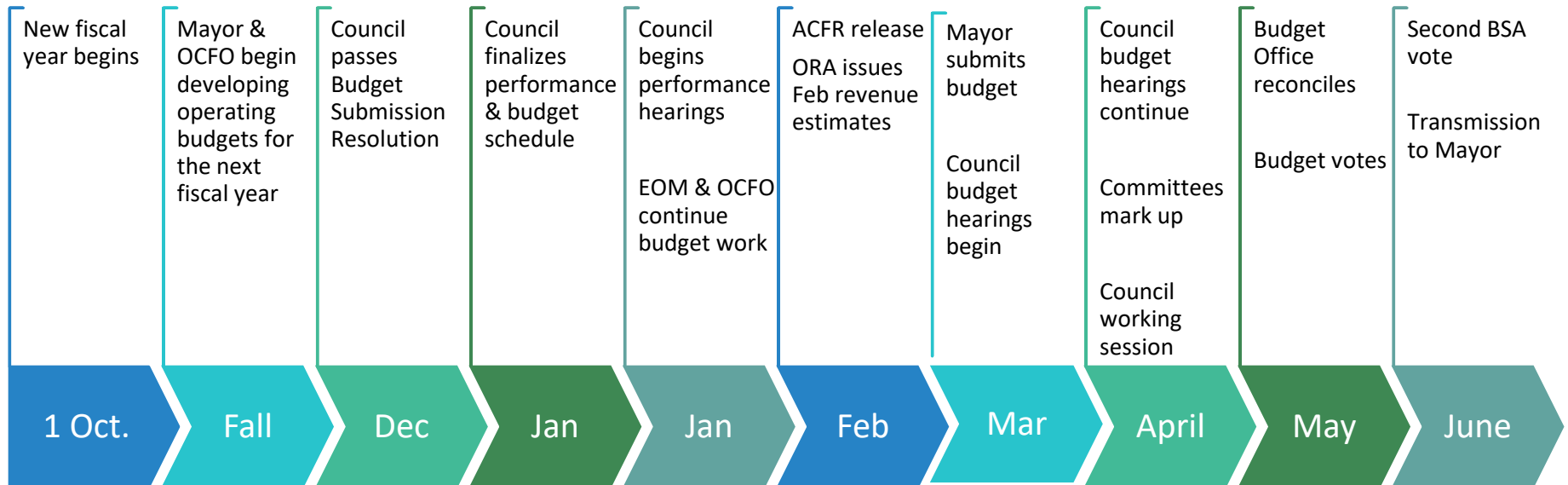
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**The Chief Financial Officer:** Helps the Mayor develop her proposed budget and helps the Council pass a balanced budget and financial plan.



# Budget Timeline

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# The Four-Year Financial Plan

The District's budget must balance in the budget formulation year and the three subsequent fiscal years.

This means that revenues must match expenditures throughout the four-year financial plan.

## FY 2023 - FY 2026 Approved Budget and Financial Plan: GENERAL FUND

(\$ thousands)

	FY 2020 Actual	FY 2021 Actual	FY 2022 Approved	FY 2022 Revised	FY 2023 Approved	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected
<b>1 Revenues</b>								
2 Taxes/Taxes	7,588,846	8,186,863	7,968,780	8,566,607	8,926,011	9,179,139	9,454,581	9,748,723
3 Dedicated Taxes	458,390	439,243	544,512	517,884	543,886	570,391	581,544	590,102
4 General Purpose Non-Tax Revenues	522,140	488,466	451,408	476,654	475,738	473,030	476,457	472,156
5 Special Purpose (O-type) Revenues	612,092	664,307	740,330	726,601	729,617	712,034	710,166	699,505
6 Transfer from Lottery	38,060	48,150	56,586	43,458	43,731	42,399	42,699	43,923
<b>7 Subtotal, General Fund Revenues</b>	<b>9,219,528</b>	<b>9,827,030</b>	<b>9,761,616</b>	<b>10,331,204</b>	<b>10,718,984</b>	<b>10,976,992</b>	<b>11,265,447</b>	<b>11,554,409</b>
8 Bond Proceeds for Issuance Costs	9,403	0	10,000	10,000	11,000	11,000	11,000	11,000
9 Fund Balance Use	560,093	832,548	128,619	281,529	260,140	332,890	292,257	314,359
10 Fund Balance Use from FY 2022	0	0	102,737	0	273,609	0	19,034	44,650
11 Transfer from Federal Funds	545	16	954	85,331	954	954	954	954
12 Transfer from Enterprise and Other Funds	27,637	197,429	212,462	228,202	405,692	8,890	11,945	9,045
13 Revenue Proposals and ARPA - Federal Funds for Local	0	0	508,369	600,970	428,906	96,081	16,475	16,406
<b>14 Total General Fund Resources</b>	<b>9,817,205</b>	<b>10,857,023</b>	<b>10,724,757</b>	<b>11,537,236</b>	<b>12,099,286</b>	<b>11,426,808</b>	<b>11,617,113</b>	<b>11,950,824</b>
15								
<b>16 Expenditures (by Appropriation Title)</b>								
17 Governmental Direction and Support	928,076	1,019,455	962,417	1,022,780	1,101,069	1,064,198	1,081,641	1,103,771
18 Economic Development and Regulation	374,174	359,076	491,949	717,506	798,933	425,990	448,104	457,434
19 Public Safety and Justice	1,155,821	1,320,490	1,361,103	1,369,539	1,416,129	1,406,844	1,438,746	1,455,938
20 Public Education System	2,619,107	2,686,169	2,906,404	2,924,815	3,150,021	3,023,548	3,036,792	3,053,999
21 Human Support Services	1,932,550	1,961,105	2,226,568	2,287,110	2,531,604	2,405,889	2,522,902	2,551,828
22 Operations and Infrastructure	1,005,173	1,039,212	1,140,929	1,197,914	1,259,590	1,223,785	1,241,870	1,238,980
23 Financing and Other - Selected Agencies (DOO, EPO, UJO, UPO, ZHO, ZZO)	63,234	36,526	139,778	209,640	112,309	132,645	141,307	143,668
24 Bond Issuance Costs (ZBO)	6,127	498	10,000	10,000	11,000	11,000	11,000	11,000
25 Debt Service (DSO, ZAO, SMO, DTO, ZCO, ELD)	803,333	794,610	857,837	857,837	1,018,253	1,075,081	1,150,907	1,350,442
<b>26 Subtotal, Operating Expenditures</b>	<b>8,887,597</b>	<b>9,217,141</b>	<b>10,096,984</b>	<b>10,597,141</b>	<b>11,398,909</b>	<b>10,768,980</b>	<b>11,073,268</b>	<b>11,367,060</b>
27 Paygo Capital (PAO)	280,940	298,930	354,794	355,994	502,926	454,424	329,959	367,464
28 Transfer to Trust Fund for Post-Employment Benefits (RHO)	47,300	53,600	50,300	53,000	41,500	39,000	34,600	30,400
29 Repay Contingency Reserve Fund (SVO)	0	0	0	9,556	0	0	0	0
30 Transfer to Enterprise and Other Funds (KZO, EZO)	109,672	105,420	206,988	165,207	149,450	163,903	178,786	185,400
<b>31 Total Expenditures and Transfers</b>	<b>9,325,509</b>	<b>9,675,091</b>	<b>10,709,066</b>	<b>11,180,898</b>	<b>12,092,784</b>	<b>11,426,308</b>	<b>11,616,613</b>	<b>11,950,324</b>
<b>32 Operating Margin Before Reservations</b>	<b>491,696</b>	<b>1,181,931</b>	<b>15,690</b>	<b>356,338</b>	<b>6,502</b>	<b>500</b>	<b>500</b>	<b>500</b>
<b>33 Set-Aside for Replenishment of Reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>34 Reserved for Subsequent Years' Expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>337,293</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>35 Operating Margin After Reservations</b>	<b>491,696</b>	<b>1,181,931</b>	<b>15,690</b>	<b>19,045</b>	<b>6,502</b>	<b>500</b>	<b>500</b>	<b>500</b>

# Budget Legislation

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Budget Submission Requirements Resolution



Local Budget Act



Budget Support Act



Federal Portion Budget Request Act



Supplemental Budget

# Budget Submissions Requirements Resolution

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Passed each Nov. or Dec., it tells the Mayor when to submit her proposed budget for the next fiscal year



It also states what information and documentation must be submitted with the proposed budget



Examples: requiring the HPTF budget and projected cash flow, and filterable tables from PeopleSoft for positions

# Local Budget Act (LBA)

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Appropriates funding for each agency, giving them the authority to obligate and expend up to that amount

Home Rule Act requires Council to approve a budget, by act, within 70 days after Mayor's transmittal—so first reading must happen no later than 56 days after transmittal

Following the Mayor's signature, the Chairman transmits LBA for standard passive 30-day congressional review—thanks to Budget Autonomy

# Local Budget Act

## GOVERNMENTAL DIRECTION AND SUPPORT

Governmental direction and support, \$919,946,000 (including \$804,057,000 from local funds, \$260,000 from dedicated taxes, \$30,779,000 from other funds, and \$552,000 from private funds), to be allocated as follows: program fees collected from the issuance of debt shall be available for the payment of expenses of the debt management program of the District:

(1) Board of Elections. - \$9,608,000 from local funds

(2) Board of Ethics and Government Accountability. -

\$2,625,000 from local funds and \$153,000 from other funds); provided, that all funds deposited, without regard to fiscal year, into the following funds are authorized for expenditure and shall remain available for expenditure until September 30, 2020: the Lobbyist Administration and Enforcement Fund, the Open Government Fund, and the Ethics Fund;

(3) Captive Insurance Agency. - \$3,041,000 (including \$2,152,000 from local funds and \$889,000 from other funds); provided, that all funds deposited, without regard to fiscal year, into the following funds are authorized for expenditure and shall remain available for expenditure until September 30, 2020: the Captive Trust Fund, the Medical Claims Reserve Fund, and the Subrogation Fund;

Total appropriation for cluster, by fund type

Agency appropriation

SPR funds with ongoing authority

# Budget Support Act (BSA)

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Vehicle for legislative changes necessary to implement funding or revenue included in the budget

Compilation of subtitles, organized by cluster

Two votes and passive congressional 30-day review.  
First reading aligns with LBA first reading, but BSA second reading happens the following month

# Supplemental Budget

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Fiscal Year 2023 Revised Local Budget  
Emergency Adjustment Act aka “the  
supplemental”

Revises the current fiscal year’s local budget  
act to adjust appropriation levels for some  
agencies

Provides budget authority for additional  
revenue and addresses budget shortfalls or  
expenditure changes in specific agencies



# Contact Us

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