



# What Do I Do With These Budget Books?

Office of the Budget Director  
Council of the District of Columbia

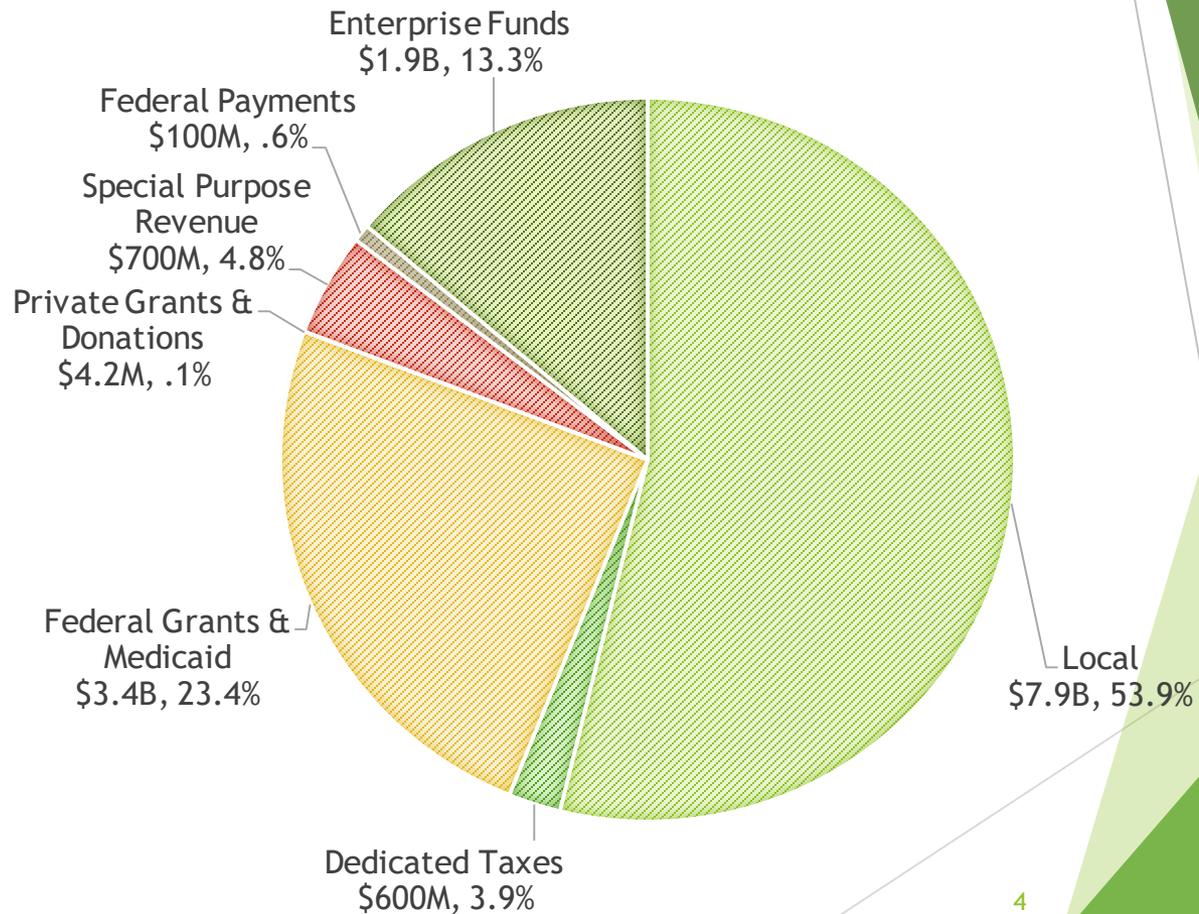
# Outline

- ▶ Funding sources, key concepts (slides 1-8)
- ▶ Operating Budget—guidelines for making changes (slides 9-12)
- ▶ Capital Budget—guidelines for making changes (slides 13-15)
- ▶ A note on earmarks
- ▶ Budget Office contacts

# How Much Does the District Have?

- ▶ FY19 Approved Budget
  - ▶ Local funds - \$7.9 billion
  - ▶ Dedicated taxes - \$600 million
  - ▶ Special purpose revenue - \$700 million
  - ▶ Federal grants and Medicaid - \$3.4 billion
  - ▶ Federal payments - \$100 million
  - ▶ Enterprise funds - \$1.9 billion
  - ▶ Private grants and donations - \$4.2 million
- ▶ A discussion of all funds can be found in Volume I of the Budget and Financial Plan.

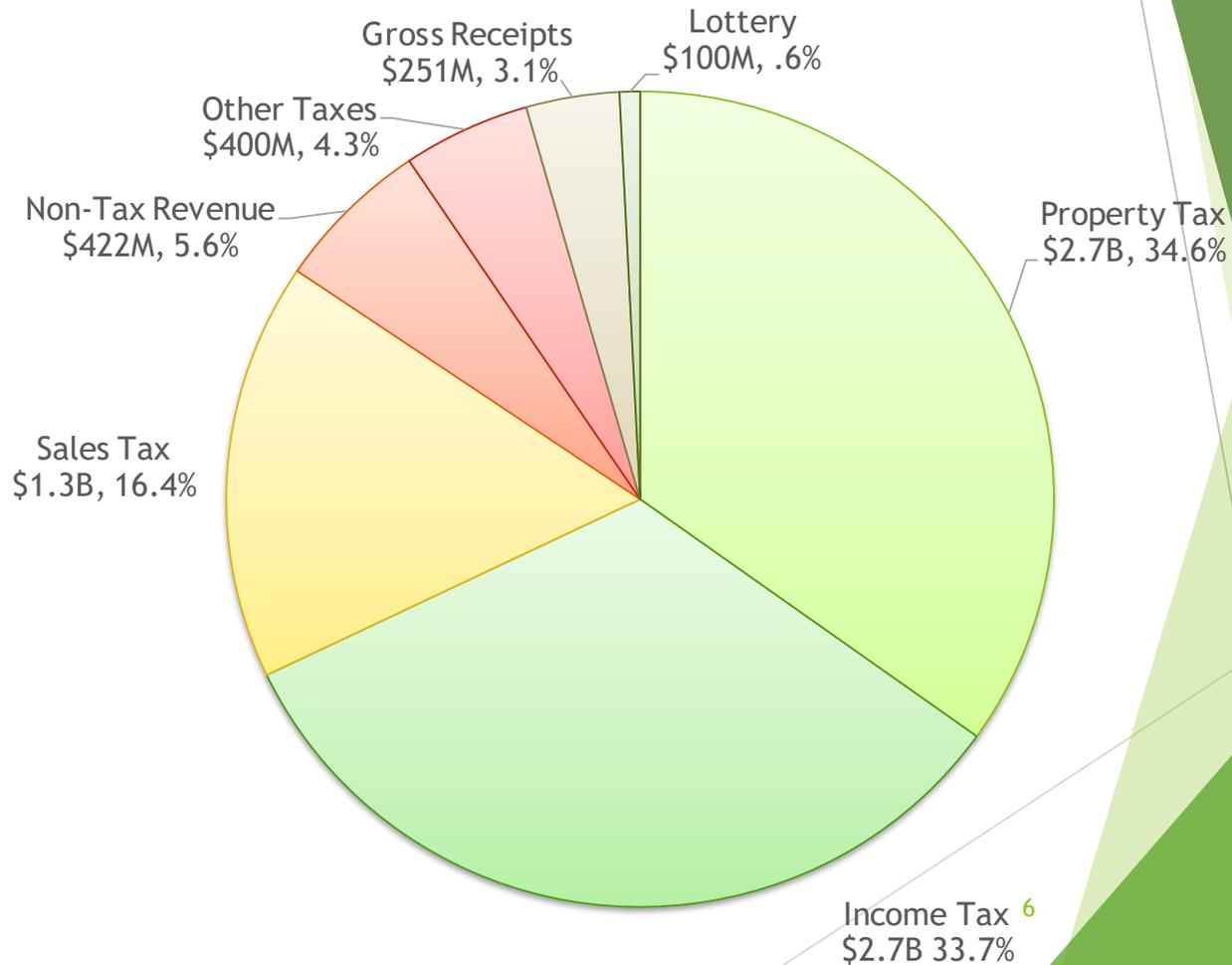
# FY 19 Approved Budget Sources



# How Does the District Raise Local Funds?

- ▶ Income tax - \$2.7 billion
- ▶ Sales tax - \$1.3 billion
- ▶ Property tax - \$2.7 billion
- ▶ Gross receipts tax - \$200 million
- ▶ Non-tax revenue - \$400 million
- ▶ Other taxes - \$400 million
- ▶ Lottery - \$100 million
- ▶ Transfers and other - \$100 million

# FY 2018 Approved Local Sources



# Funds

- ▶ The District's operating budget is allocated to six funds: local, special purpose, dedicated taxes, federal (including Medicaid), federal payments and intra-district.
  - ▶ Local - funds raised by most general taxes and fees - most flexible
  - ▶ Special purpose - funds raised by a specific fee for a specific purpose; (e.g., bag fee)
  - ▶ Dedicated taxes - a statutory add-on to the local sales tax or a new fee for a specific purpose (e.g., ballpark concession sales)
  - ▶ Federal - funds received from the federal government including grants, federal payments and Medicaid
  - ▶ Intra-district - funds received by one district agency from another district agency for service delivery

# The Financial Plan

- ▶ In addition to a balanced budget the District is required to have a balanced 4-year financial plan.
- ▶ The Financial plan is developed at the same time as the annual budget.
- ▶ Any proposed legislation must be funded in the current budget and throughout the financial plan.

# District Accounting

- ▶ The District budget consists of two major categories
  - ▶ Personal Services (PS) - expenses directly related to an employee (e.g., salaries, fringe benefits, overtime, etc.)
  - ▶ Non-personal Services (NPS) - any expense not directly related to an employee (supplies, phone, computers)

# District Accounting

- ▶ Within the two categories there are Comptroller Source Groups (CSG)
  - ▶ Personal Services CSGs
    - ▶ 11 - Regular Pay - Continuing Full Time
    - ▶ 14 - Fringe Benefits
    - ▶ 15 - Overtime
  
  - ▶ Non Personal Services CSGs
    - ▶ 20 - Supplies and materials
    - ▶ 30 - Energy, Communications and Building Rentals
    - ▶ 31 - Telephone, Telegraph, Telegram
    - ▶ 35 - Occupancy Fixed Costs
    - ▶ 40 - Other Services and Charges
    - ▶ 41 - Contractual Services
    - ▶ 50 - Subsidies and Transfers
    - ▶ 70 - Equipment and Equipment Rental
  
  - ▶ There are other CSGs that are not commonly used
  
- ▶ A summary of the agency's budget by category can be found in Table 3 of each budget chapter. This summary includes all fund types.

# District Accounting

- ▶ Agency budget are subdivided by:
  - ▶ Division/Program
  - ▶ Activity
  - ▶ Service
  - ▶ Organization “Org”
  
- ▶ The agency’s budget subdivided can be found in table 4 of each budget chapter. However, this subdivision includes all fund types. Also, table 4 does not include service or org level information. You can get that information from the budget office.

# What Can I Do With the Budget?

## ▶ Funds

- ▶ Local - the most flexible. You can manipulate within the available resources
- ▶ Special Purpose - funds must be used for the specified purpose of the fee
- ▶ Dedicated Tax - can only be used for the purpose of the dedication
- ▶ Federal - can only be used for the activities specified in the grant award letter, federal payment agreement, or Medicaid State Plan Amendment
- ▶ Intra-district - can only be used to perform the services agreed upon by the purchasing and receiving agencies

# What Can I Do With the Budget?

## ▶ Personal Services

- ▶ Budget is tied to a position. In order to change the budget you have to add or delete a position. Deleting a position may result in a layoff
- ▶ Positions funded by federal funds cannot be used for any purpose not included in the grant award letter or Medicaid State Plan

# What Can I Do With the Budget?

## ▶ Non Personal Services

- ▶ More flexible, however, federal and special purpose funds are restricted to the use outlined in the grant award letter or in the legislation creating the special fund
- ▶ CSG 35 Occupancy Fixed Costs includes rents and utilities payments; the Council Budget Office discourages the reallocation of these funds because the budget is often based on data from the Department of General Services
- ▶ CSG 41 Contractual Services is often tied to contracts that the agency intends to enter into during the fiscal year.

# What Can I Do With the Budget?

- ▶ **Recurring vs. One-Time Funding**
  - ▶ Because we use a 4-year financial plan, costs must be accounted for on a recurring basis... except for one-time expenses like pilot programs or studies
  - ▶ To fund a recurring cost, you need a recurring source of funds
  - ▶ To fund a one-time cost, you only need one-time funds

# Capital Budget

- ▶ Each year the District prepares a 6 year Capital Improvement Plan (CIP).
- ▶ The CIP is funded using 5 primary local sources:
  - ▶ General obligation bonds - tax exempt long-term bonds backed by the full faith and credit of the District taxpayers
  - ▶ Revenue bonds - backed by a dedicated revenue source such as income taxes or fees
  - ▶ Short-term bonds - tax exempt financing for equipment purchases such as ambulances, police cars, fire engines
  - ▶ Pay-as-You-Go (Pay-go) - local tax dollars transferred to the capital program to fund capital eligible projects
  - ▶ Local transportation fund - rights-of-way occupancy fee revenue transferred to the capital program to fund DDOT projects
- ▶ There are other sources of capital financing that are less frequently used. A description of all capital sources can be found in volume 5 of the Budget and Financial Plan.

# Capital Budget

- ▶ Projects eligible for capital funding must:
  - ▶ Create or improve a District-owned asset
  - ▶ Exceed a dollar threshold of \$250,000
- ▶ The District has a statutory debt limit of 12 percent of general fund expenditures during the six year CIP period
- ▶ Capital budget funds do not lapse; the funds remain available until expended or reallocated to another project

# Capital Budget

- ▶ What can I do with the capital budget?
  - ▶ Individual project allocations can be increased/decreased with available funding
  - ▶ Projects can be moved from one year of the CIP to another as long the entire CIP remains balanced and does not exceed the debt cap
- ▶ What can't I do with the capital budget?
  - ▶ Fund improvements that will not be owned by the District or improvements to District property that is to be transferred to a developer
  - ▶ Fund operations and maintenance
  - ▶ Always talk to us about which capital project you want to fund and how you want to fund it

# Budget Legislation

- ▶ Local Budget Act
  - ▶ Appropriates local dollars for each agency
  - ▶ Must be approved, by act, within 70 days after Mayor's transmittal
- ▶ Federal Budget Request Act
  - ▶ Federal funds only
  - ▶ Transmitted to President for inclusion in congressional federal appropriations act
- ▶ Budget Support Act
  - ▶ Legislative vehicle that implements the budget
  - ▶ Purpose is to support the budget; subtitles must be germane and must be funded
  - ▶ Includes changes to law *necessary* to implement the budget

# A Note About Earmarks

- ▶ Earmarks - specified, noncompetitive grants to nonprofit entities - are subject to specific requirements under Council rules.
  - ▶ To receive an earmark, the named grantee must submit certain documents within 7 days after the 1<sup>st</sup> Local Budget Act vote (Rule 730).
  - ▶ Earmark grantees are prohibited from receiving earmarks in consecutive fiscal years (Rule 731).
  - ▶ An earmark may not exceed \$250,000 for a noncapital grant and \$1 million for a capital project (Rule 732).
  - ▶ The DC Auditor may randomly audit earmark recipients (Rule 733).
  - ▶ Conflict-of-interest disclosure requirements (Rule 734; *see also* ethics laws).

# Who Can I Call For Help

- ▶ Revenue Assistance- Jen Budoff [jbudoff@dccouncil.us](mailto:jbudoff@dccouncil.us) - 724-5689
- ▶ LBA/BSA Assistance- Anne Phelps [aphelps@dccouncil.us](mailto:aphelps@dccouncil.us) - 724-8169
- ▶ Capital Budget Assistance - Joe Wolfe [jwolfe@dccouncil.us](mailto:jwolfe@dccouncil.us) - 727-6132
- ▶ Operating Budget Assistance:
  - ▶ Averil Carraway [acarraway@dccouncil.us](mailto:acarraway@dccouncil.us) - 724-8544
  - ▶ Susanna Groves [sgroves@dccouncil.us](mailto:sgroves@dccouncil.us) - 724-7782
  - ▶ Angela Joyner [ajoyner@dccouncil.us](mailto:ajoyner@dccouncil.us) - 724-5688
  - ▶ Jason Kim [jkim@dccouncil.us](mailto:jkim@dccouncil.us) - 724-8139
  - ▶ Anne Phelps [aphelps@dccouncil.us](mailto:aphelps@dccouncil.us) - 724-8169
  - ▶ Joe Wolfe [jwolfe@dccouncil.us](mailto:jwolfe@dccouncil.us) - 727-6132