



Coffee Chat on CFO Revenue Estimate



Welcome and Warm Up!

- First, introduce yourself in the chat! Please share:
 - Your name
 - The Ward you live in
 - Where your child(ren) go to school



Norms for Virtual Meetings

- ✓ **Stay stationary** - we want to be safe! If you are driving, we will move you to the waiting room.
- ✓ Remain **muted** unless talking
- ✓ Make sure your **name** on Zoom is something the **we can recognize you to let you in**
- ✓ **Complete the exit ticket!**

NORMS FOR TODAY:

- *If you tend to be a talker, push yourself to listen more*
- *If you tend to be quieter and often sit and listen, challenge yourself to speak more*



CFO Revenue Estimate



CFO Revenue Estimate: What we KNOW!

- **DC's Chief Financial Officer** released an estimate of how much money the city will bring in over the next three years.
- The CFO estimates that we will have **\$464.1 million less revenue** the next three years.



FY24	FY25	FY26
-\$82.1 million	-\$183 million	-\$200 million



Revenue is down - but why?

There are two main drivers in commercial real estate lowering revenue:

- **Buildings are worth less:** Declining real property tax collections driven by declining real property values, and
- **People aren't buying buildings:** Declining deed tax revenues, linked to weakening sales activity and sunseting of higher deed taxes.



Commercial Real Estate is down - but why?



- **Increasing interest rates**, which increase the cost of borrowing or financing projects, and
- **Continued remote work**, which impact all kinds of economic activity in the District but hit office demand especially hard.



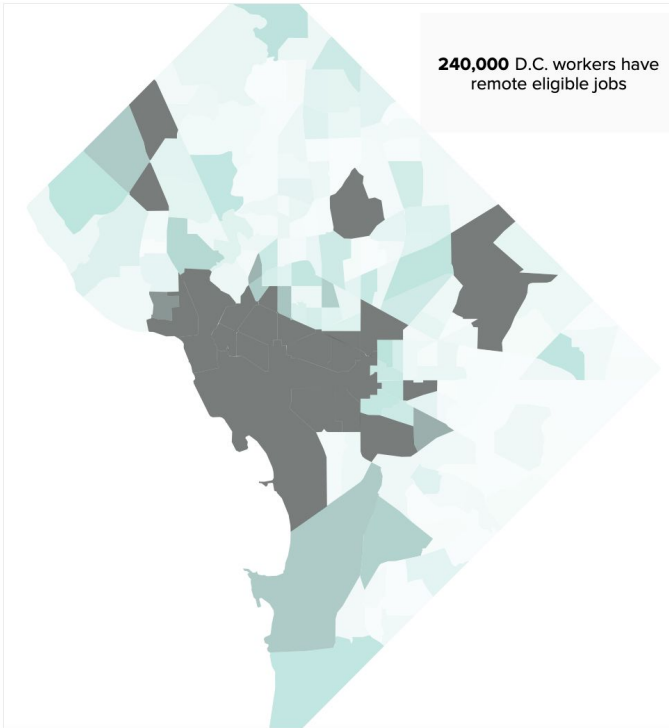
Amount Borrowed	Interest Rate (yearly)	Interest owed
\$10,000	5%	\$500
\$10,000	10%	\$1000

The geography of jobs in D.C. that can be done from home



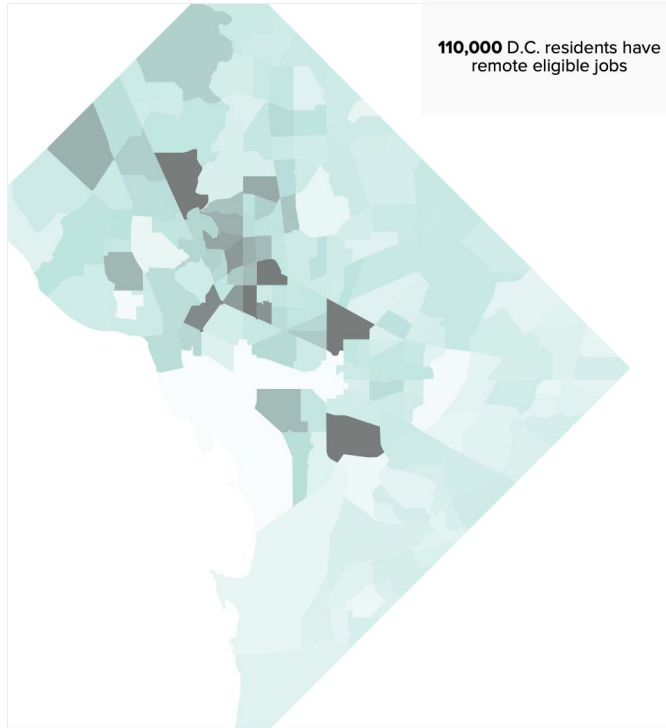
Pre-pandemic geography of work

Where workers work, regardless of their residence




Post-pandemic geography of work?

Where D.C. residents live, regardless of where they work



Note: Shows all primary jobs, excluding education services jobs. Does not distinguish between workers that both live and work in D.C. vs. those that live in D.C. and work elsewhere (or vice versa).

Source: Dingel, Jonathan, and Brent Neiman (2020). "How Many Jobs Can Be Done at Home?" Becker-Freidman Institute for Economics at the University of Chicago, Research/White Paper; U.S. Census Bureau LEHD Origin-Destination Employment Statistics Data (2019).

Total workers or residents
20  1,500



D.C. POLICY CENTER
The Alice M. Rivlin Initiative

What does this mean for your #ParentPriorities?



- These declines could make for a **difficult budget year**.
- DC had a surplus the last few years, but most of that was from **one-time federal funds** that will go away.
- Policymakers may feel **pressured to not increase** program funding.





What does this mean for education budgets?

- The budgets released by DCPS did not account for the **WTU contract increase** of nearly \$80 million.
- To reach **parity funding for public charter schools**, which the Mayor has signaled will happen, they will need to find matching funds (\$70M).
- *This will further strain available funds if done.*





What is the Mayor saying?

- Mayor Bowser stated we will have to **be very prudent** with our budgeting this year.
- Many agencies may face cuts this year to **increase the agencies** she has prioritized.
- There was also a lot of **one-time money** in FY 2023 (\$750M). Will those programs continue?
- **TBD**: What might she **increase**? What might she **change**?



What are some Councilmembers saying?



- Both **Chairman Mendelson** and **Councilmember Allen** have publicly taken issue with the CFO estimate.
- They argue that the CFO **routinely underestimates revenue** and this will prevent them from passing initiatives to help DC residents.
- In particular, they are concerned about a cut to the **free bus** initiative.





Parent Q&A:

What questions do you have about the revenue estimate and how it affects our advocacy?



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PICTURE!



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