

# CFO Forum

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## ***FY 2004 Consensus Budget***

This year has been very challenging for the District:

- *Closed a \$323 million budget gap last October to resolve a revenue shortfall.*
- *Resolved a revenue and expenditure gap of \$134 million in March.*

The Mayor and the Council produced a consensus budget for FY 2004, which was adopted on May 6 and transmitted to Congress on June 2.

On a five-year basis, the District has a balanced budget and financial plan because of:

- *A Stable Revenue Picture*
- *Spending Reductions*
- *Fiscal Discipline*



# ***FY 2004 Operating Budget***

## Gross Funds

- *The District's proposed gross funds operating budget is \$5.69 billion, an increase of \$119 million, or 2.1 percent, over the FY 2003 approved budget.*
- *The total number of FTEs from all funding sources is 33,867, an increase of 233, or less than 1 percent.*

## Local Funds

- *The proposed local funds budget (which comprises two-thirds of the total budget) is \$3.83 billion, an increase of \$230 million, or 6.4 percent, over the FY 2003 approved budget.*
- *The total locally funded FTEs is 26,245, a decrease of 150, or less than 1 percent.*



# ***FY 2004 Operating Budget***

## Highlights

Human Support Services (including Medicaid), Public Education, and Public Safety account for more than 75 percent of the District's FY 2004 gross funds budget.

More than 80 percent of the local funds increase is in the following three areas:

- **Public Safety - \$114 million**

- √ *Negotiated pay raises for police and fire - \$42 million*
- √ *Actuarial increase in Police and Fire Retirement Fund - \$27 million*
- √ *Overtime (Police, Fire and Corrections) - \$19 million*

- **Education - \$41 million**

- √ *DCPS - \$25 million (UPPFS increase, teacher pay raise)*
- √ *DC Public Charter Schools - \$12 million (UPPFS increase)*

- **Human Support Services - \$33 million**

- √ *Mandatory Costs for MRDDA (\$12 million) and YSA (\$10 million)*
- √ *Medicaid costs associated with utilization, waivers, and provider fees - \$29 million*
- √ *Health Care Safety Net - \$6.5 million*
- √ *Medicaid Reserve Reduction - (\$32.3 million)*



# FY 2004-2007 Financial Plan

District of Columbia  
FY 2004 -- FY 2007 Proposed Budget and Financial Plan  
GENERAL FUND  
(Dollars in Thousands)

|   | FY 2002<br>Actual | FY 2003<br>Approved | FY 2003<br>Adjusted | FY 2004<br>Proposed | FY 2005<br>Projected | FY 2006<br>Projected | FY 2007<br>Projected |
|---|-------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| 1 General Fund Revenues                           | \$ 3,639,577      | \$ 3,640,638        | \$ 3,715,030        | \$ 3,891,257        | \$ 4,066,081         | \$ 4,203,215         | \$ 4,411,982         |
| 1a Fund Balance Use                               | 37,401            | 18,485              | 69,395              | 149,093             | 0                    | 0                    | 0                    |
| 1b Revenue Enhancements                           | 0                 | 126,850             | 13,500              | 38,760              | 81,860               | 121,731              | 76,802               |
| 1c <b>Total Resources</b>                         | <b>3,676,978</b>  | <b>3,785,973</b>    | <b>3,797,925</b>    | <b>4,079,110</b>    | <b>4,147,941</b>     | <b>4,324,946</b>     | <b>4,488,784</b>     |
| <b>Program Expenditures</b>                       |                   |                     |                     |                     |                      |                      |                      |
| 2 General Program Expenditures                    | 3,629,431         | 3,715,527           | 3,716,935           | 3,970,272           | 4,057,105            | 4,222,377            | 4,368,818            |
| 3 Grant Disallowances                             | 0                 | 0                   | 0                   | 57,000              | 0                    | 0                    | 0                    |
| 4 Budgeted Reserve                                | 0                 | 70,000              | 70,000              | 0                   | 0                    | 0                    | 0                    |
| 5 Budgeted Contingency (Cash Set-Aside)           | 0                 | 0                   | 0                   | 50,000              | 30,000               | 30,000               | 30,000               |
| 6 Tobacco Trust Fund (Program Funds)              | 0                 | 0                   | 0                   | 0                   | 29,375               | 30,796               | 29,939               |
| 7 Tobacco Trust Fund (Investment Funds)           | 0                 | 0                   | 0                   | 0                   | 29,375               | 30,796               | 29,939               |
| 8 <b>Total Expenditures</b>                       | <b>3,629,431</b>  | <b>3,785,527</b>    | <b>3,786,935</b>    | <b>4,077,272</b>    | <b>4,145,855</b>     | <b>4,313,969</b>     | <b>4,458,696</b>     |
| 9 <b>Operating Margin, Budget Basis</b>           | <b>47,547</b>     | <b>446</b>          | <b>10,990</b>       | <b>1,838</b>        | <b>2,086</b>         | <b>10,977</b>        | <b>30,088</b>        |
| 10 <b>Beginning Fund Balance</b> <sup>1</sup>     | <b>837,873</b>    | <b>865,328</b>      | <b>865,328</b>      | <b>806,923</b>      | <b>661,668</b>       | <b>673,128</b>       | <b>694,901</b>       |
| 11 Operating Margin, Budget Basis                 | 47,547            | 446                 | 10,990              | 1,838               | 2,086                | 10,977               | 30,088               |
| 12 GAAP Adjustments and Transfers (Net)           | (20,092)          | (18,485)            | (69,395)            | (147,093)           | 9,375                | 10,796               | 9,939                |
| 13 <b>Ending Fund Balance</b>                     | <b>865,328</b>    | <b>847,289</b>      | <b>806,923</b>      | <b>661,668</b>      | <b>673,128</b>       | <b>694,901</b>       | <b>734,928</b>       |
| <b>Composition of Fund Balance</b>                |                   |                     |                     |                     |                      |                      |                      |
| 14 Emergency Reserve (4% of local expenditures)   | 142,132           | 145,017             | 145,017             | 163,091             | 165,834              | 172,559              | 178,348              |
| 15 Contingency Reserve (3% of local expenditures) | 106,599           | 108,762             | 108,762             | 122,318             | 124,376              | 129,419              | 133,761              |
| 16 Budgeted Contingency (Cash Set-Aside)          | 0                 | 0                   | 0                   | 20,000              | 20,000               | 20,000               | 20,000               |
| 17 Tobacco Trust Fund (Investment Funds)          | 0                 | 0                   | 0                   | 0                   | 29,375               | 60,171               | 90,110               |
| 19 Fund Balance not in Cash Reserve               | 616,597           | 593,510             | 553,144             | 356,259             | 333,544              | 312,752              | 312,709              |
| 20 <b>Ending General Fund Balance (Line 13)</b>   | <b>865,328</b>    | <b>847,289</b>      | <b>806,923</b>      | <b>661,668</b>      | <b>673,128</b>       | <b>694,901</b>       | <b>734,928</b>       |

Source: Office of the Chief Financial Officer, June 2003

<sup>1</sup> The FY 2002 Beginning Fund Balance was restated as part of the implementation of GASB 34.



# ***FY 2004-2009 Capital Improvements Plan (CIP)***

Six-Year Planned Expenditures - \$1.7 billion

## Highlights of the CIP:

- *WMATA (metrorail rehabs, metrobuses) - \$573 million*
- *School modernization and repairs - \$511 million*
- *Information technology - \$174 million*
- *Parks and recreation - \$60 million*
- *Fire and Emergency Medical Services - \$56 million*

# DC College Savings Plan

[www.DCCollegeSavings.com](http://www.DCCollegeSavings.com)

## Low Initial Contribution

- *\$100 or \$25/month for automatic bank deposits*

## Full Range of Products

- *Age-based portfolio with 5 age bands*
- *Single fund investment strategy with 6 options*
- *Stability of principal investment option*

## Benefits

- *District tax deduction of up to \$3,000 per taxpayer from federal Adjusted Gross Income*
- *Federal and District tax exemption on earnings*
- *High account limit of \$260,000 per beneficiary*

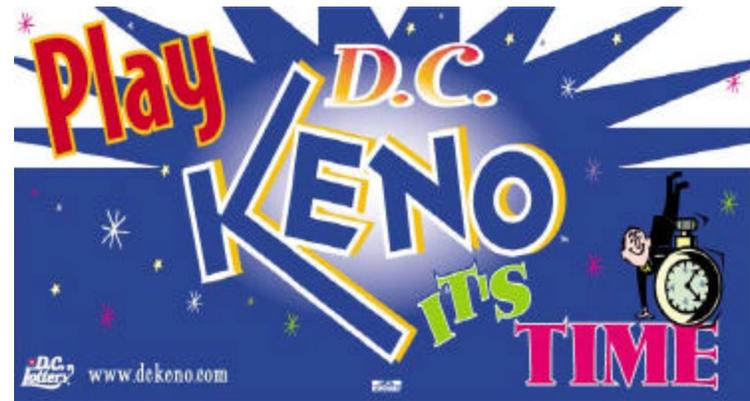


DC College Savings Plan

## Why Keno?

- **Increase Sales**

*On average, Keno has increased total online lottery sales by more than 20 percent during its first year of operation in each of the states offering the game.*



- **Attract New Players**

*According to a marketing survey conducted by the DC Lottery, Keno appeals to a wide variety of players, increasing the Lottery's potential to attract a broader player base.*

- **Develop a New Agent Base**

*Keno will attract retailers in social settings like bars, restaurants and clubs.*