

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
OFFICE OF THE CHIEF FINANCIAL OFFICER



**Jeffrey S. DeWitt**  
Chief Financial Officer

November 21, 2014

The Honorable Vincent C. Gray  
Mayor of the District of Columbia  
1350 Pennsylvania Avenue, NW- 6<sup>th</sup> Floor  
Washington, DC 20004

Dear Mayor Gray:

I am transmitting the FY 2016 Current Services Funding Level (CSFL) budget -- as is done each year -- to reflect the current estimate of any budget gap or surplus anticipated for FY 2016. This CSFL covers the period from October 1, 2015 through September 30, 2016. This best practice process provides estimates of anticipated expenditures well in advance of the budget process to allow proactive steps to be taken to address potential issues in advance. The CSFL is a representation of the Local funds cost of operating District agencies in FY 2016 at the FY 2015 service levels without consideration of any new policy decisions. The FY 2016 CSFL is \$7.04 billion.

The budget and financial plan submitted to Congress on August 7, 2014 included \$181 million of projected efficiency savings or cost reductions that would need to be achieved during FY 2016. An update of these efficiency savings requirements reflecting the most recent revenue estimates and projected spending levels indicates a budget gap of \$147.4 million. Incorporating the recently identified spending pressure in the Department of Human Services (DHS) for homeless services, as a result of the court order in Reid v. District of Columbia, increases the estimate by \$15.7 million, resulting in resource needs of \$163.1 million (2.3 percent of the projected FY 2016 budget) for the CSFL to match projected revenues for FY 2016. Any expenditure reductions and/or increases in forecasted revenues between now and the budget development process could decrease or eliminate the projected budget gap. Conversely, a decrease in the projected revenues and/or additional spending pressures would increase the projected gap.

As mentioned previously, the CSFL is developed each year to provide prudent planning for upcoming budgets. The table below provides the history of forecasted CSFL budgets and projected budget gaps since FY 2011, the year in which the CSFL calculation was first instituted. In each of these years, the gap was addressed through revenue growth, expenditure reductions, or a combination of the two.

(In millions)

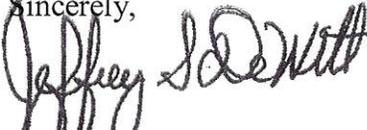
Fiscal Year	CSFL Budget	Budget Gap	% Budget Gap to CSFL
FY 2011	\$ 5,590.8	\$ (522.7)	-9.3%
FY 2012	5,493.1	(140.6)	-2.6%
FY 2013	5,870.1	(114.9)	-2.0%
FY 2014	6,045.8	(107.3)	-1.8%
FY 2015	6,480.0	(2.7)	-0.04%
FY 2016	7,043.3	(163.1)	-2.3%

\* CSFL calculation instituted in FY 2011

As in the past, the OCFO will work closely with your budget staff to put in place a plan to address the projected CSFL gap. We will continue to monitor spending and revenues in the coming months and update you, the Mayor-Elect and the Council on any changes that occur.

Please do not hesitate to contact me if you have any additional questions or concerns.

Sincerely,



Jeffrey S. DeWitt

- cc: Muriel Bowser, Mayor-Elect  
All Members of the Council of the District of Columbia  
Allen Y. Lew, City Administrator  
Eric Goulet, Deputy Chief of Staff and Budget Director, Mayor's Office of Budget and Finance  
Jennifer Budoff, Budget Director, Council of the District of Columbia  
Angell Jacobs, Deputy Chief Financial Officer and Chief of Staff, Office of the Chief Financial Officer  
Gordon McDonald, Deputy Chief Financial Officer, Office of Budget and Planning