



# chairman's update

the NEWSLETTER of  
DC Council Chairman Phil Mendelson

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## Budget Season is Here and A Lot of Money is Available

On April 4<sup>th</sup> the Mayor releases her proposal for the Fiscal Year 2018 Budget. FY 2018 begins this October 1<sup>st</sup>. Every year there are complaints that there is not enough funding: more money for housing, schools, homelessness, public safety, etc. Sometimes the demand is for “full funding,” whatever that entails.

As we are about to embark on budget season for deciding the FY 2018 budget, it is useful to know just how much money we actually have. This discussion concerns only local funds; e.g., it excludes federal funds such as for Medicaid.

The current year's (FY 2017) budget was based on estimated local source general fund revenue of \$7.126 billion. The FY 2018 budget will be based on estimated local source general fund revenue of \$7.438 billion – growth of \$312 million (about 4.4%). These figures are taken from the OCFO's February revenue estimates and reflect the tax cuts adopted by the Council in 2014.

The Mayor will have available additional dollars, too. The required contributions for retirement benefits (police/fire/teacher pension & OPEB) will be \$27 million less than this year; of the Mayor's commitment to invest \$100 million annually to the Housing Production Trust Fund (for affordable housing), \$40 million will come from FY 2016 surplus; and there will be \$221 million in FY 2017 revenue growth available for FY 2018 one-time investments. These three items total \$288 million.

In sum, the Mayor has \$600 million more to spend in FY 2018.

The growth in our revenues, and spending, is breathtaking. This should allow us to invest in infrastructure such as schools, public buildings, and roads, as well as invest in programs (e.g., homelessness) in such a way that adding resources now will reduce the demand later.

This is our challenge: to spend these precious dollars carefully.

## Constituent Services Corner

A senior resident attended one of the Chairman's Senior lunches in Ward 5. After admitting she was unable to attend one of his Annual Tax Town Halls, she was looking for some help with her real property tax. She learned that there is “Homestead deduction” available which reduces every homeowner's tax by \$615.98.

After working with our constituent services team, along with the Office of Tax and Revenue, we were able to determine she indeed qualified for the deduction and was able to file an appeal right away.

Filing does not have to be a taxing experience, contact Chairman Mendelson's constituent services team for relief.

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

**Contact our  
Constituent Services  
Team at  
(202) 724-8032**



ChmnMendelson



ChairmanPhilMendelson

# *chairman's* update

## **The Good News & Bad News from Wall Street**

Last month, I joined the Mayor, CFO and Councilmember Jack Evans on our annual visit to the Wall Street ratings agencies. This was my fifth trip, and we had the best story ever. Indeed, the analysts were uniformly impressed with our fiscal picture. However, they were also quite clear that the Federal Government is a major factor holding back our bond ratings.

The District's financial strength is saving us a lot of money. We're saving millions of interest by not having to borrow for cash-flow purposes. At the same time, because our ratings are just below triple-A, we save millions annually on each bond issuance.

Much of our financial strength is due to initiatives promoting financial discipline. In 2010 we established two reserve funds that are in addition to two funds established by Congress. The \$1.165 billion total of the four funds is now equivalent to 56 days' operating cash. Sixty days is considered best practice. Our reserves have eliminated the need for short-term cash flow borrowing. The Council has also legislatively established a 12% cap on debt, rather than the Home Rule Act's ceiling of 17%. We also have a local Anti-Deficiency Act, it is stronger than Federal law, and gives powers to the CFO to control spending.

Additionally, we have not: legislatively tapped the reserve funds for use in the annual operating budget; adopted unbalanced budgets; borrowed from the pension or OPEB to balance the budget; ignored the 12% debt cap; or fund increased annual budgets with general tax increases. (Indeed, we've cut taxes.)

Disappointingly, the Wall Street analysts were very clear: Our bond rating is below triple-A chiefly because of the Federal Government. We made the argument that we have Budget Autonomy, but what they see is a Congress that can step in at any time with legislation that adversely affects this city. That makes Wall Street nervous. We could change the relationship with Statehood but until we reach that goal, the District will continue to have restricted financial freedom.

## **Homeowner Help through Tax Town Halls**

For the 12<sup>th</sup> consecutive year, I hosted Tax Town Hall meetings during the month of March. The workshops were held on a Tuesday night in Brightwood, a Monday night at Trinidad Recreation Center, and the final Saturday in March at the Hillcrest Recreation Center.

Since the Council adopted a 10% cap on how much real property taxes can increase from one year to the next, the number of appeals has dropped substantially. Not surprising, interest in the Tax Town Hall has diminished. Nonetheless, these town halls explain the appeal process for those who are interested. Moreover, they are a good opportunity to explain to residents the tax relief programs that are available. These include the Homestead Deduction, which reduces your tax by \$615.98; and the Senior Citizens Property Tax Credit, which is available to homeowners 65 years and older who have household income of less than \$129,000. The Senior Citizen credit cuts one's tax by 50%.

Your notice of assessment has the direct phone number for the assessor of your specific property. If you have any questions about your assessment, call that number. If you have questions on how to appeal, you can call my office at 202.724.8032. If want to appeal, remember the absolute deadline is April 3rd.

## **Upcoming Hearings of the Committee of the Whole**

### **Public Briefing on the FY 2018 Budget**

April 7, 2017  
10 a.m. in Room 500

### **Roundtable on National Mall Parking Feasibility Study Sense of the Council (PR22-190)**

April 7, 2017  
1:30 p.m. in Room 412

### **Budget Oversight Hearing: MWCOG, OZ, OP**

April 10, 2017  
10 a.m. in Room 123

### **Hearing on Inclusionary Zoning Amendment Act (B22-104)**

April 10, 2017  
12 p.m. in Room 412

### **Budget Oversight Hearing: UDC, DCRB and OPEB**

April 11, 2017  
10 a.m. in Room 123

### **Budget Oversight Hearing: OBP and DCRA**

April 13, 2017  
10 a.m. in Room 500

### **Hearing on Language Access for Education Amendment Act of 2017 (B22-75)**

April 24, 2017  
11 a.m. in Room 120

To sign up to testify, or for more information, contact the Committee at (202) 724-8196