



December 2020 Revenue Estimate

December 30, 2020

Revenue Estimate Overview



- April revenue estimate significantly lowered and formed the basis for the approved budget
- Revenues decreased further in September for FY 2021 to FY 2024
- In December, revenues revised upward but still \$461.8 million below approved budget for FY 2021 to FY 2024
- FY 2020 revenue stronger than expected largely due to stronger income and property taxes

December 2020 Local Fund Revenue



Local Source, General Fund Revenue Estimate (\$M)	Actual		Estimated		Projected	
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
FY 2021 BUDGETED REVENUE	8,314.9	7,758.4	8,037.7	8,491.0	8,762.2	9,069.4
<i>September revision to estimate</i>		222.1	-211.9	-209.7	-190.0	-170.4
<i>December revision to estimate</i>		171.1	68.4	56.9	101.7	93.2
<i>Total revisions to budgeted revenue</i>		393.2*	-143.5	-152.8	-88.3	-77.2
December 2020 Revenue Estimate		8,151.6	7,894.2	8,338.2	8,673.9	8,992.2
Revenue Change From Previous Year						
Amount	556.5	(163.3)	(257.3)	444.0	335.7	318.3
<i>Year-Over Year Percent Change</i>	7.2%	-2.0%	-3.2%	5.6%	4.0%	3.7%

* FY 2020 subject to change with final CAFR

December Revision to September Estimate



FY 2020: +\$171.1 million

Stronger than expected ...

- Withholding in September
- Capital gains for high net-worth individuals
- Corporate final returns in October
- Real property collections (2nd half payment with lower delinquencies than expected)

More than offset ...

- Weaker September sales taxes than estimated
- Weaker September deed taxes

December Revision to September Estimate



FY 2021 – FY 2024: +\$320.1 million

Faster recovery...

- Earlier recovery than previously estimated in hospitality due to vaccine progress
- Recently enacted federal relief
- Resident wages outlook stronger
- Stock market significantly better

But..

- Large office and multifamily sales slow

Re-open Assumptions Key to Stronger Forecast



PHASE II

Continues Until Spring
2021

- Business capacity restricted
- Restaurants: no indoor dining
- Groups < 25ppl
- Significant restrictions on businesses

PHASE III

Spring/Summer 2021

- **Business capacity 75% (10ppl per 1000sqft)**
- **Restaurants: indoor dining allowed 50%**
- **Bars/nightclubs: 50% (5 ppl per 1000sqft)**
- **Libraries open with safeguards**
- **Groups < 250 ppl**
- **Offices: telework encouraged but in office up to 50%**

PHASE IV
Fall 2021

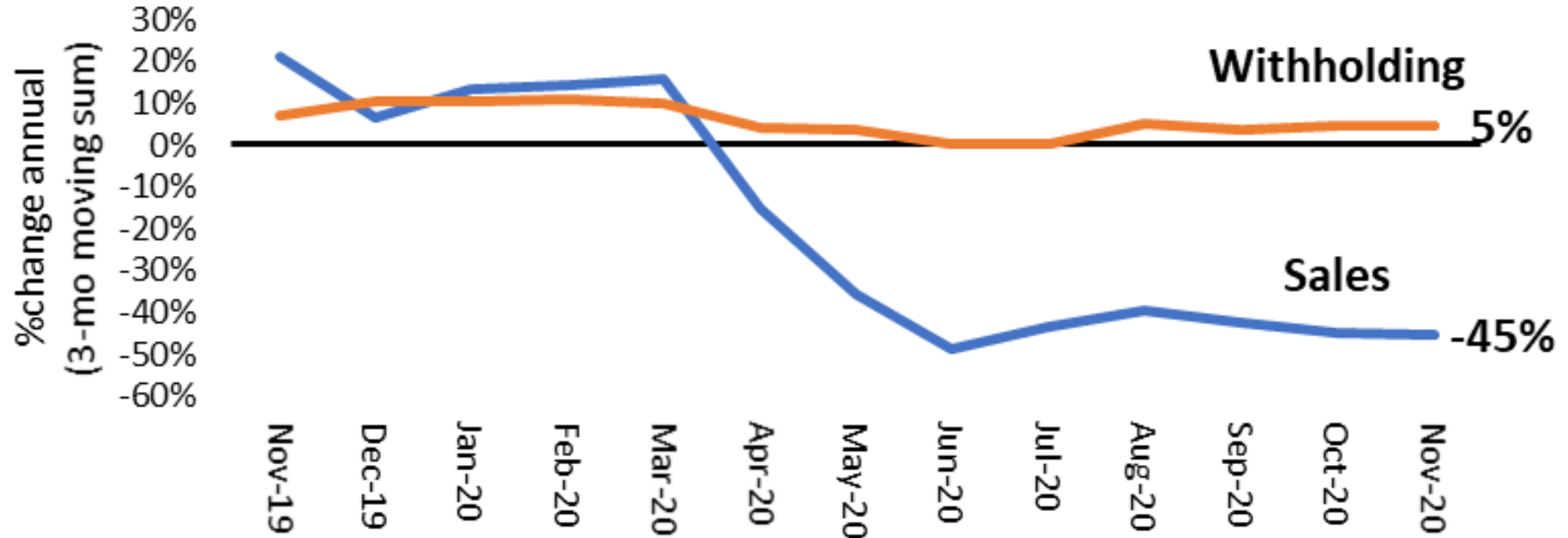
- Return to normal

Effects of the COVID Recession

Divergence in two major taxes



General sales tax and Individual income tax withholding



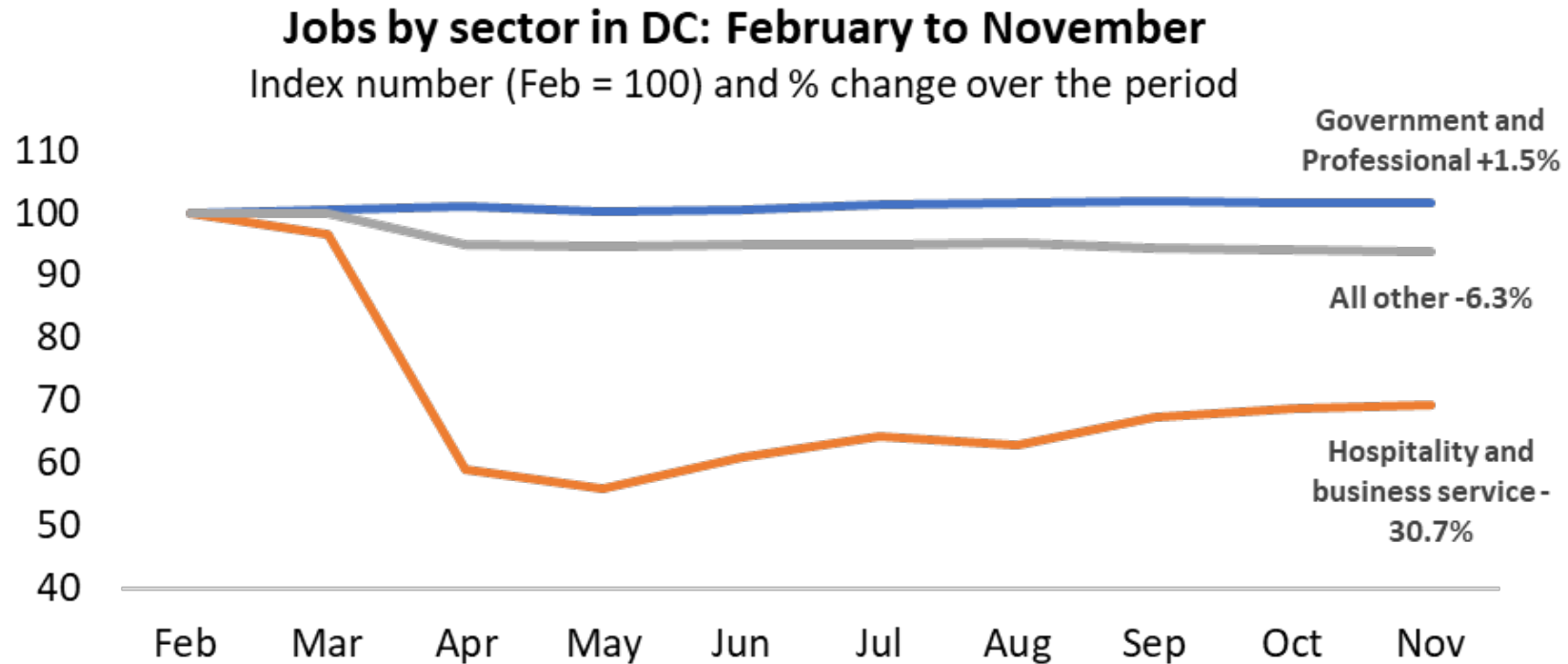
Divergence in industry employment



Net job loss in DC from February to November: 53,700 (6.7%)

- Higher wage government and professional service sectors gained 5,400 jobs or 1.5 percent
- Two thirds of all losses occurred in lower wage hospitality and business services

Job losses concentrated in lower wage sectors



Average annual wages:

Government and professional	\$110,300	(49% of Nov. District employment)
Hospitality and business services	\$ 43,400	(12% of Nov. District employment)
Other	\$ 64,400	(39% of Nov. District employment)

Questions?