



# February 2021 Revenue Estimate

February 26, 2021



# FY 2021-FY 2024 Financial Plan Deficit = \$235 million

## February revenue estimate compared to FY 2021 Budgeted Revenue

Local Source, General Fund Revenue Estimate (\$M)	Actual		Estimated		Projected	
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
<b>FY 2021 BUDGETED REVENUE</b>		<b>8,037.7</b>	<b>8,491.0</b>	<b>8,762.2</b>	<b>9,069.4</b>	
<i>September revision</i>			-211.9	-209.7	-190	-170.4
<i>December revision*</i>			68.4	56.9	101.7	93.2
<i>February revision*</i>			113.8	57.3	36.7	19.0
<b>Total revisions to budgeted revenue</b>			<b>-29.7</b>	<b>-95.5</b>	<b>-51.6</b>	<b>-58.2</b>
<b>February 2021 Revenue Estimate</b>	<b>8,149.8</b>	<b>8,008.0</b>	<b>8,395.5</b>	<b>8,710.6</b>	<b>9,011.2</b>	<b>9,297.4</b>
<b>Revenue Change From Previous Year</b>						
Amount	(165.0)	(141.8)	387.5	315.1	300.6	286.2
<i>Year-Over Year Percent Change</i>	-2.0%	-1.7%	4.8%	3.8%	3.5%	3.2%

\* December and February revisions largely related to better than expected individual and business income taxes for the non-COVID impacted sectors of the economy and the impact of federal relief.

# Components of February Revision



	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
Real Property	\$64.4	(\$40.6)	(\$80.2)	(\$91.5)
Other revisions	\$49.4	\$97.9	\$117.0	\$110.5
<b>Net Revision</b>	<b>\$113.8</b>	<b>\$57.3</b>	<b>\$36.7</b>	<b>\$19.0</b>

Note: Real property revised to reflect preliminary assessments and analysis showing a weakened office market reflected in 2022 property assessments

# American Rescue Plan\* COVID Relief



- Roughly \$2.5 billion direct payments to DC individuals / businesses
  - Unemployment insurance: \$400/week additional until August 29
  - Direct \$1400 payment per person/child
  - Child tax credit enhancement
  - Paycheck Protection Program expansion, Save our Stages performing arts grants
- Grants to DC Government:
  - Rent subsidy \$200 million
  - Coronavirus Relief Grants to DC Government: \$2.2 billion
  - Other federal grants for schools, health care, food assistance, child care

***Note: the above highlights select programs, not an exhaustive list of grants and relief in Act***

\*The American Rescue Plan Act is the federal legislation relating to COVID relief that was introduced in Congress February 2021 but the details remain uncertain.

# Federal Relief Assumptions



- Primarily supports residents and businesses through direct payments, job and wage support, and other assistance.
- Unprecedented level of federal support will prime the economic pump for fast recovery when public health restrictions are lifted. However, successfully controlling the pandemic will drive the recovery and the re-opening timeline.
- The forecast reflects the federal relief impact on key sectors of the District economy, supporting stronger tax revenue.
- Relief does not affect estimated higher rates of remote work, which is expected to reduce office and apartment demand in the District.

# Re-open Assumptions Key to Recovery



## PHASE II

Continues Until Spring  
2021

- Business capacity restricted
- Restaurants: limited indoor dining
- Groups < 25ppl

## 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

- Public health restrictions lifted

*Note: adapted from ReOpenDC phased restrictions*

# COVID Revenue Gap Persists



## Local Revenue

