



District of Columbia

April 2020 Revised Revenue Estimate

April 24, 2020

**Office of the Chief Financial Officer
District of Columbia**



District of Columbia

Forecast Assumptions

- Slow recovery beginning late summer 2020 (U-shaped recovery from recession)
- Strong stock market recovery in 2021
- Federal aid does not offset revenue loss

Wages in DC

- Previous projection of 4% growth in FY 2020 revised to minus 1.0% in FY 2020 and grows 0.6% in FY 2021
- FY2022 growth of 5.5% from 2021 reflects recovery

Jobs in DC

- Previous projection of 1.1% revised down to minus 5.1%, 93,000 jobs lost (mostly hospitality) from January 2020 to July 2020
- FY2021 increases 0.5% from FY 2020 as economy begins to recover.

Real Gross Domestic Product for DC

- Previous projection of 2% growth in FY 2020 revised to minus 3.8% from FY 2019
- FY2021 will grow 2.3% reflecting the recovery.

Stock market (S&P 500)

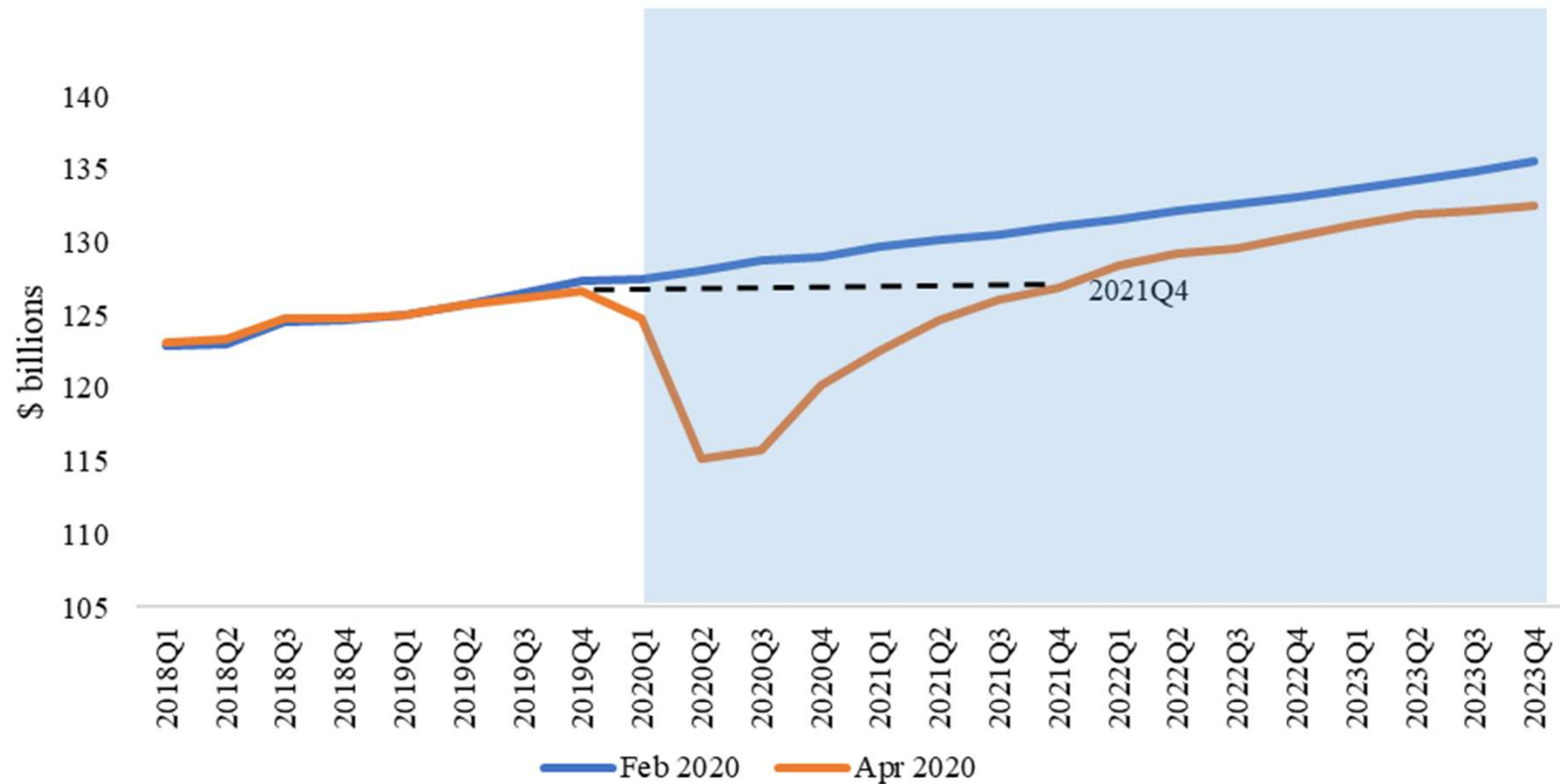
- Down 15% year over year in the fourth quarter of calendar year 2020.
- Recovering prior peak by end of calendar year 2021.



District of Columbia

GDP declines and returns to pre-COVID 19 levels end of calendar year 2021

Real Gross Domestic Product in District of Columbia





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Assumed Phases of Recovery

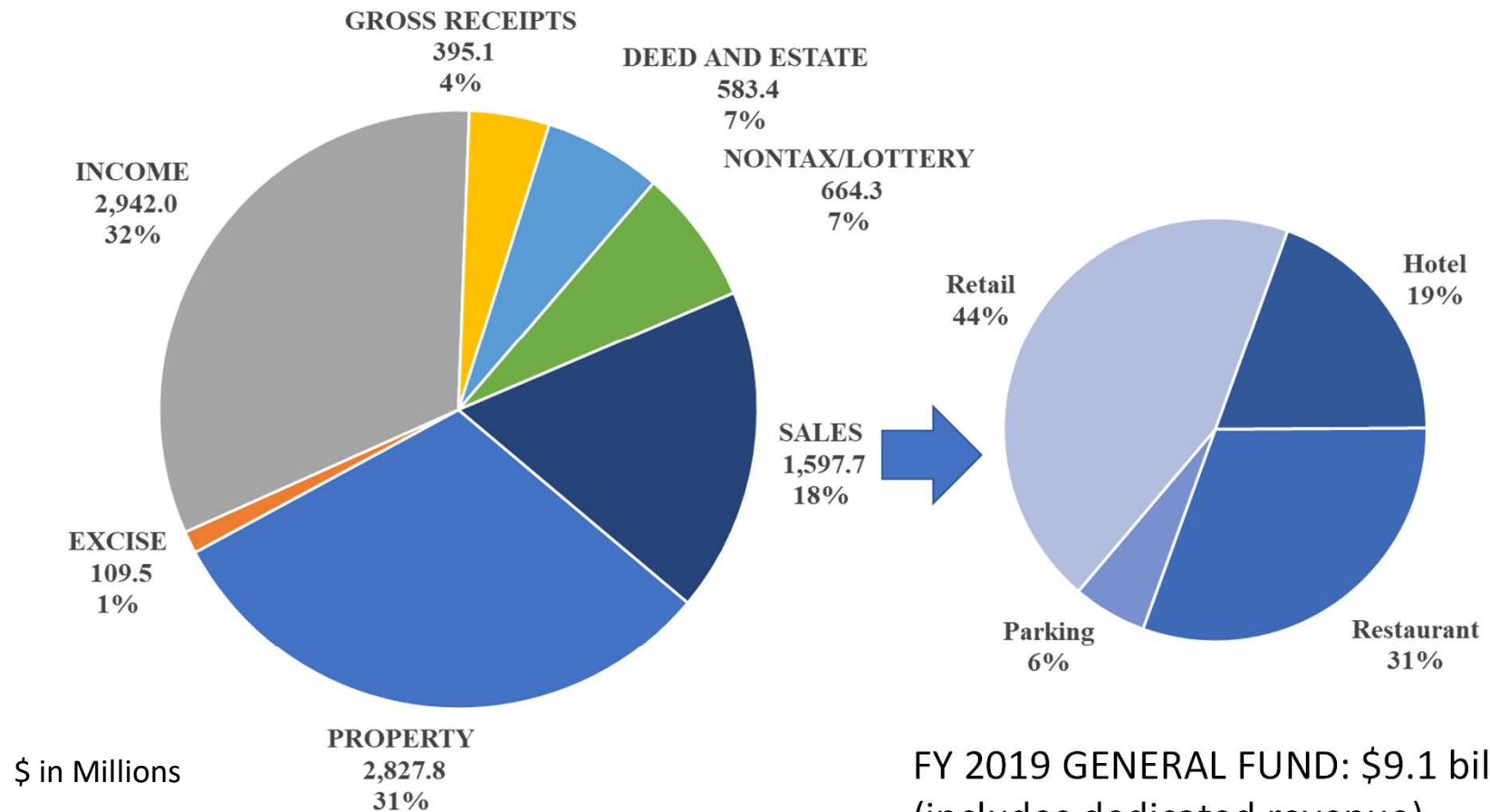
- Some businesses allowed to reopen with social distancing and other restrictions in Summer
- Recovery begins in Fall of 2020
- New “normal” by Spring/Summer 2021



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SALES TAXES COMPRISE 18% OF REVENUE.

- 56% of sales tax essentially shut down
- Online and essential purchases up but retail still falling



FY 2019 GENERAL FUND: \$9.1 billion
(includes dedicated revenue)



District of Columbia

April 2020 Revenue Estimate

April revenue estimate compared to previous estimate

	Actual	Estimated	Projected			
Local Source, General Fund Revenue Estimate (\$ millions)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
February 2020 Revenue Estimate	8,314.9	8,452.0	8,690.0	8,975.9	9,249.2	9,547.1
April revision to estimate		-721.8	-773.6	-605.6	-568.1	-555.1

April 2020 Revenue Estimate		7,730.2	7,916.4	8,370.3	8,681.1	8,992.0
Revenue Change from Previous Year						
Amount	556.5	(584.7)	186.2	453.9	310.9	310.8
Year-Over-Year Percent Change	7.2%	-7.0%	2.4%	5.7%	3.7%	3.6%



\$395 Million reduction in sales tax revenue including \$262 million local and \$134 million dedicated to other funds in FY 2020

- DRIVEN BY SHUTDOWN OF HOSPITALITY SECTOR
 - Affects Convention Center and Other Dedications

Components of Sales Tax Reduction

<i>\$millions</i>	2020	2021
Sales Tax:	(395.7)	(377.3)
Local	(262.1)	(296.5)
Dedicated/Enterprise	(133.5)	(80.8)
<i>Convention Center</i>	<i>(86.2)</i>	<i>(70.8)</i>
<i>Other</i>	<i>(47.3)</i>	<i>(10.0)</i>

Other includes tax increment areas, WMATA, Commission on Arts and Humanities and sales at the ballpark



Risks Remain

Could it get better?

- Public health interventions continue to work
- Therapy protocol earlier than expected
- Vaccine
- Increased federal assistance
- Broader acceptance/use of new delivery/consumption channels
 - Restaurant carryout / delivery
 - Traditional in-person services delivered online (fitness, instruction, hobbies)

Could it get worse?

- Second wave of infection
- Layoffs extend deeper into professional sectors
- Reopening delayed
- Serious financial market problems:
 - Greater negative stock market reaction
 - Financial institution stresses
 - Increased levels of bankruptcies