

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the City Administrator**



**Bill 26-662, the “Fiscal Year 2026 Revised Local Budget  
Emergency Act of 2026”**  
**and**  
**Bill 26-663, the “Fiscal Year 2026 Revised Local Budget  
Temporary Act of 2026”**

Testimony of:  
**Kevin Donahue**  
**City Administrator**  
and  
**Jenny Reed**  
**Deputy City Administrator**

Before the

Committee of the Whole  
The Honorable Phil Mendelson  
Chairman

April 24, 2026

Good morning, Chairman Mendelson, members, and staff of the Committee of the Whole. I am Kevin Donahue, and I serve as the City Administrator, and joining me is Jenny Reed, the Deputy City Administrator and Director of the Office of Budget and Performance Management. We are providing the Executive's testimony on the FY26 Supplemental Budget.

### **Four Priorities in Developing the Budget**

I want to begin by highlighting the four priorities Mayor Bowser set out for us as we developed the FY26 Supplemental and FY27 Budgets.

- **Enhance education and public safety:** DC's comeback depends on strong schools and a safe city. We're proud of investments we have made – and continue to make – that have led to increased enrollment, graduation rates, test scores, teacher retention, and parent satisfaction in our public schools. We're equally proud of the great improvements to the District's public safety ecosystem, resulting in the lowest violent crime levels in 30 years.
- **Preserve core services:** By ensuring these services remain reliable and accessible, we help foster vibrant communities where residents feel supported and engaged. Some of the things that make DC an attractive place to live are our fantastic Department of Parks and Recreation and DC Public Libraries. We made sure to maintain these and other core government services our residents rely on, such as trash pickup, Department of Motor Vehicle services, excellent transportation systems, and making sure we are keeping capital assets in a state of good repair.
- **Protect healthcare:** The Mayor's budget makes sure our residents can keep their healthcare coverage through the Medicaid and Alliance programs, and adds new dental and vision services beginning October 1.
- **Grow our economy:** One of our biggest challenges is making sure we are responding to the DOGE-inflicted softening of our economy. Any budget passed by Council must include strategies and tools to attract new businesses, create thousands of new jobs, and keep our existing employers. Growing our economy is how we create the revenue to fund programs and services our residents count on.

While our economy has softened, we still have a strong and solid foundation to grow from. In fact, just this week *Moody's Analytics upgraded the District's rating outlook*. Moody's cited our "very

strong fiscal governance and prudent budget management [that] will mitigate federal policy uncertainty and offset expected softer revenue.” That is a testament to the hard work we’ve done to maintain the District’s fiscal stability and set up its long-term financial sustainability for future administrations. I will now turn to Deputy City Administrator Reed to discuss the FY26 Supplemental Budget.

### **FY26 Supplemental Budget**

The FY26 Supplemental Budget makes adjustments to approved FY26 appropriation levels to address new costs and identify savings to be used in both FY26 and FY27. The FY26 Supplemental Budget, at a high level:

- Identifies \$304 million in reductions across agencies in local funds, local non-lapsing, special purpose revenue, dedicated taxes, and enterprise funds;
- Adds \$191 million in local funds to address mid-year funding needs; and
- Shifts \$132 million in capital funds among projects and creates three new capital projects.

As part of the budget submission requirements, the Office of the City Administrator prepares a narrative that describes these changes in greater detail. A copy of the narrative is included with my written testimony. I will summarize some of the key changes in the FY26 Supplemental Budget.

***Additional Funds:*** The \$191 million of additional funds also falls into three high level buckets.

- \$49 million was added to the Departments of Public Works, General Services, and Transportation to cover costs related to January’s snowcrete storm, which include overtime, snowplowing and hauling contracts, bobcats deployed to clear residential alleys, contracted support for bus shelter and bus stop clearing, sidewalk clearing, and salt purchases.
- \$103 million was added to address mid-year funding needs, including \$33 million for the childcare subsidy, \$22 million for the local rent supplemental program, \$22 million for overtime costs, and \$5 million for the Fair Elections program.
- \$7.7 million was added for new expenses, including funds to support additional maintenance work at DCPS schools over the summer, funds to replace stolen SNAP benefits, and funds to begin implementation of EBT chip cards for SNAP recipients to help better protect them from stolen benefits.

**Capital Budget Shifts:** Approximately \$132 million was shifted among capital projects and we created the following three new projects.

- \$7.7 million to support demolition of the United Medical Center and make the space available for redevelopment;
- \$25 million to fund the acquisition of a third bridge housing site to supplement the Aston and E Street facilities; and
- \$1 million to support Children’s Hospital in identifying a new location for a 425-bed hospital, outpatients services, and office space.

**Reductions:** The majority of reductions come from three major changes.

- We captured \$95 million in debt service savings as a result of refinancings and updates to planned borrowing identified by the Office of the Chief Financial Officer.
- \$70 million reduction was made to Workforce Investments, which reduces the funding available for new collective bargaining agreements (CBAs) and was one of the toughest choices we had to make when developing this budget. The remaining Workforce Investments funds will cover the costs of CBAs with the Washington Teachers Union and the Fraternal Order of Police through FY26,<sup>1</sup> and cover step increases removed from individual agency budgets as part of the FY26 Budget development and then added back into Workforce Investments.
- Approximately \$25 million was reduced in the Department of Healthcare Finance as a result of an updated Alliance enrollment forecast that showed fewer residents than anticipated were utilizing the program. This updated forecast was also applied to the FY27 Budget and throughout the financial plan.

I am proud of the work done by my team and our agencies in developing the budget. I am equally proud to work in an administration where so many of our employees go above and beyond in ensuring our residents are well served. FY27 will present many challenges, but I have full confidence the Mayor’s budget will let us meet those challenges and keep moving our city forward.

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<sup>1</sup> Going forward, these costs have been added to the agencies’ budgets, as well as costs for the attorneys and Council of Residents and Interns CBAs.

Thank you for the opportunity to testify today about the FY26 Supplemental Budget. We are available to answer any questions.