Public Hearing on the
FY 2020 Comprehensive Annual Financial Report (CAFR)

Testimony of
Kevin Donahue, City Administrator

Before the Committee of the Whole
The Honorable Phil Mendelson, Chairman

February 3, 2021
Our Strong Financial Position

- 24th consecutive clean audit
- 6th year in a row with no material weaknesses or significant deficiencies
- 60 days cash on hand
- Fully funded pension and retiree health care
- Bond ratings remain strong
Our Focus Amid the Pandemic

Maintain core government functions that focus on the health, well-being, and safety of DC residents and businesses.

Maximize resources available for the immediate public health response to COVID-19.

Maximize resources available for those in our community hardest hit by the COVID-19 public health emergency.


Don’t lose ground on key District priorities.
The Bedrock: Our Reserves

**FISCAL STABILIZATION**
2.34% of budget. May be used to cover revenue shortfalls experienced by the District government.

**CONTINGENCY**
4.0% of budget. Available for unanticipated, non-recurring needs that arise. Funds must be replenished within 1-2 years.

**CASH FLOW**
8.33% of budget. Provides daily operating cash to pay employees, meet contract payments, and cover daily supplies, alleviating the need to borrow funds to manage daily operations.

**EMERGENCY**
2.0% of budget. Available for extraordinary unanticipated, non-recurring needs, such as a natural disaster or calamity. Typically used only after Contingency Reserve has been exhausted.

**AS OF SEPT. 30, 2020**
- **$795.1 million** The Cash Flow Reserve was replenished by the end of the year, standing ready to meet cash flow needs in the new fiscal year.
- **$311.3 million** The District fully replenished its Contingency Reserve after depleting the fund in FY 2020 to respond to COVID-19 and other unforeseen needs.
- **$218.2 million** The Fiscal Stabilization Reserve was fully replenished as of Sept. 30 but was used to balance the FY 2021 Budget and 4-year financial plan.
- **$155.6 million** We preserved the Emergency Reserve in case we had a worsening COVID-19 crisis or another unforeseen emergency.

**AS OF JAN. 27, 2021**
- **$495.1 million** The Cash Flow Reserve is providing daily operating cash to pay employees, meet contract payments, and cover daily supplies, alleviating the need for short-term borrowing to manage daily operations.
- **$110.3 million** The District continues to use its Contingency Reserve to respond to immediate COVID-19 needs, as well as first amendment activities and political violence.
- **$5.7 million** About 97% of the Fiscal Stabilization Reserve was used to balance the FY 2021 Budget and 4-year financial plan. It will be replenished over the life of the plan.
- **$155.6 million** We continue to preserve the Emergency Reserve for any truly calamitous event that might occur, given the strains that the past year has put on the District’s resources.
Enabled a Robust COVID-19 Response

**Meal distribution**
1.5M meals delivered across 85 sites, plus 170K+ meals for seniors

**Free, robust testing**
Over 300K tests and 62K vaccines administered

**Rental assistance**
$21M in emergency grants and assistance provided

**Contact tracing**
Nearly 400 contact tracers hired, 99% of whom live in DC

**Remote learning**
Connected 6,000 families to free internet

**Local stimulus**
Over 9,000 residents received supplemental $1,200 support

**Unemployment benefits**
$1.5B+ in additional federal and local benefits distributed

**Small business grants**
$100M Bridge Fund and $200K in Dream Grants for Ward 7 & 8 businesses
The District government and District residents and businesses are estimated to receive a total of $6.7B in federal response and recovery funds.

- The vast majority of funds ($5.5B) are passed through as direct assistance to businesses ($2.8B), hospitals ($397M), WMATA, and payments to residents through programs like Unemployment Insurance, SNAP and LIHEAP.

- Nearly $887M came to District government through broad relief funds (Coronavirus Relief Fund - $495M) or specific increases to grants (such as Community Development Block Grant) within District agencies to allow them to expand services.

- The costs of responding to COVID-19 are substantial and still growing. Importantly, the District needs the same federal funds given to every other state to be able to respond to the full impacts of the COVID-19 public health crisis.

Amounts include funds not directly provided to DC Government and FY 2021 awards that do not tie directly to FY 2020 CAFR reported totals.
Contingency Cash & FEMA Public Assistance ($345M in FY 2020)
- Hospital support and buildout capacity
- Contact tracing equipment
- Testing equipment and personnel
- Personal protective equipment (PPE)
- Cleaning, sanitizer and wipes
- Ventilators
- ISAQ and PEP-V sites for residents who are experiencing homelessness
- Alternative Care Site staffing, supplies, and equipment
- Mortuary services
- Virtual Family Resource Center
- Warehouse support
- Support to prevent infection in residents under DC’s care (DYRS, DOC, DBH)
- Qualified overtime for employees dedicated to COVID-19 efforts

Coronavirus Relief Fund ($495M)
- Payroll and overtime for public safety, health and other DC government workers dedicated to COVID-19 response
- Healthcare services & emergency childcare
- Small business assistance
- Services for residents experiencing homelessness
- Funding to support remote learning and building readiness for schools
- Cleaning and PPE
- Food assistance
- Unemployment assistance support
- Telework/tech support for response efforts
- FEMA Public Assistance Local Match
- Tablets and other IT in the DC Jail to continue trainings and communication with families and legal support

Agency Specific Grants ($392M)
- Rental assistance
- Childcare assistance
- Remote learning and other support (DCPS/UDC)
- Food assistance
- Dislocated workers assistance
- Mental health & substance use disorder assistance
- Utility assistance
- Enhanced shelter services for residents who are homeless
- Transportation
- Testing and tracing support
Our Urgent Priorities

- **RESTORE HEALTH & WELL-BEING**
- **LEAD AN EQUITABLE RECOVERY**
- **MINIMIZE LEARNING LOSS**
- **REDUCE GUN VIOLENCE**
- **PREVENT EVICTIONS & CONTINUE STRENGTHENING HOUSING AFFORDABILITY**
## FEBRUARY 2021

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For more information and to RSVP visit [budget.dc.gov](http://budget.dc.gov)

## SENIOR BUDGET ENGAGEMENT FORUM
Wednesday, FEBRUARY 10 – 12PM

## BUDGET ENGAGEMENT FORUM #1
Tuesday, FEBRUARY 16 – 6PM

## BUDGET ENGAGEMENT FORUM #2
Thursday, FEBRUARY 18 – 6PM

## BUDGET ENGAGEMENT FORUM #3
Saturday, FEBRUARY 20 – 11AM

*Forums will be held virtually via Telephone Town Hall.*

The Mayor’s FY 2022 Proposed Budget will be delivered to Council March 31, 2021.