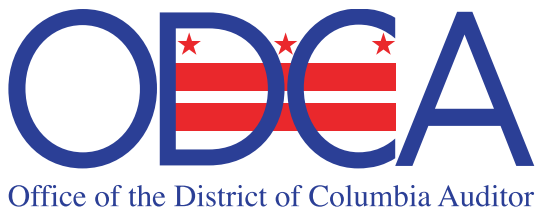


Certification of Revenues for the March 2026 General Obligation Debt Issuance

March 13, 2026

A report by EY/Quantitative Economics and Statistics
for the Office of the D.C. Auditor



Audit Team
EY/Quantitative Economics and Statistics
Will Singer, Assistant Deputy Auditor for Finance

Kathleen Patterson, District of Columbia Auditor
www.dcauditor.org

Certification of Revenues for the March 2026 General Obligation Debt Issuance

The Home Rule Act authorizes the District to issue new general obligation bonds only if the aggregate annual debt service on all such bonds will not exceed 17% of District revenues estimated by the Mayor, and certified by the D.C. Auditor, to be collected in the fiscal year of the new bond issuance.¹ This requirement is called the “17% test.”

In connection with the District’s issuance of general obligation bonds in March 2026, the Office of the Chief Financial Officer (OCFO) requested that the Office of the D.C. Auditor (ODCA) certify the revenue estimate used to compute the 17% test.

To support this certification, ODCA has engaged EY/Quantitative Economics and Statistics (EY/QUEST) to develop and update a model for forecasting District revenues. The model is designed to independently validate that the OCFO’s official revenue estimate is adequate for use in computing the 17% test. EY/QUEST’s most recent report on its revenue forecast model was delivered to ODCA before the bond issuance and published on March 5, 2026.²

The purpose of this separate report is to compare OCFO’s revenue estimate to EY/QUEST’s revenue forecast model. The OCFO revenue estimate is lower than EY/QUEST’s revenue forecast but still within the forecast’s confidence interval.

Accordingly, the D.C. Auditor delivered her certificate in connection with the bond issuance. Based on the schedule of aggregate annual debt service on general obligation bonds, the District passed the 17% test.

On March 3, 2026, the District issued its general obligation bonds in an aggregate principal amount of \$1,070,945,000. The bonds were issued in three series as follows:

- \$384,885,000 aggregate principal amount of General Obligation Bonds, Series 2026A
- \$485,320,000 aggregate principal amount of General Obligation Refunding Bonds, Series 2026B
- \$200,740,000 aggregate principal amount of Multimodal General Obligation Bonds, Series 2026C (Variable-Rate Remarketed Obligations).

¹ D.C. Official Code § 1-206.03(b)(1).

² <https://dcauditor.org/report/modeling-district-revenue-to-certify-debt-service-obligations-methodology-update-2026/>

Certification of the Proposed March 2026 General Obligation Debt Issuance

Prepared for the Office of the District of Columbia Auditor

March 5, 2026

Contents

I. Introduction	2
II. Economic Forecast	3
Overview	3
Income taxes	4
Property and deeds taxes	5
Sales taxes	5
III. Revenue Forecast.....	7
IV. Certification.....	10
V. Conclusions	11
Appendix.....	12
Disclaimer	13

I. Introduction

The District of Columbia Home Rule Act requires the Office of the District of Columbia Auditor (ODCA) to certify compliance with the 17% test prior to the issue of new general obligation bonds. To support this certification, ODCA engaged EY/Quantitative Economics and Statistics (EY/QUEST) in 2023 to develop forecasting models for District revenues, referred to as the “Certification Forecast.” This forecast aims to provide an independent basis to determine that the official revenue projections prepared by the Office of the Chief Financial Officer of the District of Columbia (OCFO) support the proposed debt issuance. In both 2024 and 2025, ODCA re-engaged EY/QUEST to update these models.

EY updated the Certification Forecast model in February 2026.¹ The February 2026 Certification Forecast is data-driven, using econometric models to estimate the relationships between key economic and demographic variables and major revenue sources prior to any dedications. A complete list of inputs and sources for the models is provided in the appendix (Table A1). In cases where there is information about future tax changes (e.g., the implementation of the Fiscal Year 2026 Budget Support Act of 2025), that information is incorporated off-model. Many of the smaller policy adjustments use estimates of the policy proposal amounts outlined in the Budget Support Acts, while the model incorporates manual calculations to estimate larger policy changes such as Universal Paid Leave and the forthcoming increase in the general sales tax rate.

This report presents a slightly modified March 2026 Certification Forecast, which applies the same gross revenue estimates calculated in the February 2026 Certification Forecast, while updating the local fund revenue amounts. Specifically, local fund revenues are calculated as the annual gross revenue forecast amounts less the most recent estimates of revenues dedicated to other funds for FY 2025 through FY 2030 in DC OCFO’s February 2026 Quarterly Revenue Estimate. This analysis includes a baseline to compare to the February 2026 OCFO forecast, the latest official forecast available.²

The Certification Forecast is meant to independently validate the official forecast prepared by the OCFO Office of Revenue Analysis (ORA) economists and not to replace it and should not be used as an official projection of District revenues.

¹ Office of the District of Columbia Auditor (2026, March 5). Modeling District Revenue to Certify Debt Service Obligations – Methodology Update 2026. Retrieved from: <https://dcauditor.org/report/modeling-district-revenue-to-certify-debt-service-obligations-methodology-update-2026/>

² Government of the District of Columbia, Office of the Chief Financial Officer. (2026, February 27). February 2026 Revenue Estimates for FY2025 - 2030. Retrieved from: <https://cfo.dc.gov/release/ocfo-releases-february-2026-revenue-estimates>

II. Economic Forecast

Overview

The latest major development in the District economy is the federal workforce reduction in 2025 and 2026 and other federal policy uncertainty. Recent employment numbers through November 2025 suggest a 13% reduction in federal employment and a 4% reduction in total employment in the District when compared to the fourth quarter of 2024 – a decrease of 28,700 jobs. When compared to the fourth quarter 2024, Oxford Economics forecasts suggest that the long tail of the reduction in federal employment could ultimately reach a 17% drop in federal employment in the District by 2028. Although part of the drop in federal employment could be mitigated by growth in other sectors, overall District employment is still expected to decrease by 4% in 2028 compared to 2024 Q4.

In 2025, the leisure sector is the only sector with employment growth compared to the last quarter of 2024. After government employment, the professional services sector had the second largest decline in magnitude (4,200 jobs), suggesting potential ripple effects from federal employment reductions and contract terminations, while the transportation sector had the largest percentage decline (7%). For context, FY 2024 weekly average wages are as follows: \$2,722 for the federal sector, \$3,478 for the professional sector, and \$2,200 for the transportation sector, all of which are experiencing job losses. In contrast, the leisure sector (retail and accommodation and food services) shows a weekly average wage ranging from \$882 to \$964 and is experiencing growth.³ This trend suggests that the District economy is shifting from higher-paying sectors to lower-paying sectors, which puts further pressure on tax revenue.

In addition, other federal policy uncertainty remains and could further reduce District tax revenue. The federal government shutdown from October 1, 2025 through November 12, 2025 was the longest one in U.S. history.^{4,5} The Congressional Budget Office estimated a loss of about \$11 billion in U.S. GDP across the country associated with a six-week government shutdown.⁶ Cushman & Wakefield notes that historically, markets with a strong government presence, such as the District and surrounding region, bear the brunt of a government shutdown.⁷

³ Oxford Economics. (2025, December 22). Wages, weekly, average, nominal for District of Columbia. Average of 2023 Q4, 2024, Q1, 2024 Q2, and 2024 Q3.

⁴ U.S. Bureau of Labor Statistics. (2025). 2025 federal government shutdown impact of the Current Population Survey. Retrieved from: <https://www.bls.gov/cps/methods/2025-federal-government-shutdown-impact-cps.htm#:~:text=Federal%20government%20agencies%20were%20shut%20down%20or,collection,%20were%20suspended%20during%20that%20time%20period.>

⁵ Tresiman, R. (2025, November 5). NPR. The government shutdown is now the longest in U.S. history. See how it compares. Retrieved from: <https://www.npr.org/2025/11/05/nx-s1-5598315/government-shutdown-longest-history>

⁶ Congressional Budget Office. U.S. Congress. (2025, October 29). A Quantitative Analysis of the Effects of the Government Shutdown on the Economy Under Three Scenarios, as of October 29, 2025. Retrieved from: <https://www.cbo.gov/system/files/2025-10/61823-Shutdown.pdf>

⁷ Cushman & Wakefield. <https://www.cushmanwakefield.com/en/united-states/insights/government-shutdowns> (2023, September 28). U.S. Government shutdowns: Four takeaways from history. Retrieved from:

Continued political uncertainty creates the risk for future government shutdowns. The federal government avoided a full shutdown in early 2026⁸ with funding that will last through September 30, 2026, while there remains a partial shutdown for some departments.⁹ Other federal policy decisions and uncertainty may have an impact on spending in the District. In 2025, visitor spending in real dollars in the District fell below 2022 spending levels when there had been a surge in spending after the pandemic, and regional resident spending declined specifically after deployment of the National Guard in the District.¹⁰ Furthermore, Congressional riders on appropriation bills that target the District could impact District finances. In this report, the forecast assumes amendments decoupling from the One Big Beautiful Bill Act are passed. These amendments, if not passed, are associated with an estimated potential loss of \$179 million in personal and business income taxes in FY 2026 and a total loss of \$593 million from FY 2026 through FY 2029.¹¹

Income taxes

Individual and corporate income tax revenue reflect resiliency with strong growth, 15% and 9% respectively, in FY 2025. Going forward, the long-term impact of federal workforce cuts, along with potential ripple effects in the private sector, are likely to contribute to slow growth in District tax revenue over the next couple of years. Accounting for these factors, Oxford Economics forecasts stagnant employment growth in the District which would perform worse than the U.S. through 2028 and a net outward migration from 2026 to 2030.¹²

However, if residents remain in the District and secure jobs outside the area, this may protect individual income tax revenue. In 2025, industries in the broader metropolitan area that added the most jobs included health care, state and local government, and construction.¹³ At the same time, research on professional job postings across the U.S. suggests 27% of jobs in the District involve hybrid work patterns, making it one of the top 12 U.S. cities with new hybrid jobs.¹⁴ The District

⁸ New York Times. (2026, February 1). Trump Administration Live Updates: Senate Democrats and White House Reach Spending Deal. Retrieved from: <https://www.nytimes.com/live/2026/01/29/us/trump-news>

⁹ New York Times. (2026, February 2). Here's What to Know About the Partial Government Shutdown. Retrieved from: <https://www.nytimes.com/2026/02/02/us/politics/government-shutdown-what-to-know.html>

¹⁰ Loh, T. H., & Haskins, G. (2025, December 12). Consumer spending and visitor demand in the Washington, DC region are dropping. *Brookings*. Retrieved from: <https://www.bls.gov/ces/>
<https://www.brookings.edu/articles/consumer-spending-and-visitor-demand-in-the-washington-dc-region-are-dropping/>

¹¹ Government of the District of Columbia, Office of the Chief Financial Officer. Fiscal Impact Statement – D.C. Income and Franchise Tax Conformity and Revision Emergency Amendment Act of 2025. Retrieved from: https://app.cfo.dc.gov/services/fiscal_impact/pdf/spring09/FIS%20DC%20Income%20and%20Franchise%20Tax%20Conformity.pdf

¹² Oxford Economics. (2026, January 15). Washington: Construction job gains help offset federal government losses. Retrieved from: <https://my.oxfordeconomics.com/reportaction/bC0De6f2a8CA417cB758Bd/Toc?SearchTerms=District%20of%20Columbia>

¹³ Oxford Economics. (2026, January 9). City Economic Forecast Washington: Construction job gains help offset federal government losses. Retrieved from: <https://my.oxfordeconomics.com/reportaction/bC0De6f2a8CA417cB758Bd/Toc?SearchTerms=District%20of%20Columbia>

¹⁴ Half, R. (2026, January 23). Remote work statistics and trends for 2026. Retrieved from: <https://www.roberthalf.com/us/en/insights/research/remote-work-statistics-and-trends>

provides a range of amenities including digital infrastructure, coworking spaces, inclusive professional communities, and a stable cost of living compared to other major cities. These factors collectively may attract and retain a strong base of remote workers in the area.¹⁵

Another risk factor for income taxes is the relocation of some federal agencies, such as the Department of Agriculture and the Department of Housing and Urban Development, to outside of the District. At the same time, the administration has ended some federal leases and posted an initial list of federal assets to sell.¹⁶ Although the relocation does not affect business income taxes as the federal government does not pay business income taxes in the District, it could reduce individual income if District residents ultimately move outside the District to be closer to new office locations.

Property and deeds taxes

With assessments that reflect current conditions, property taxes will likely see stagnation or a decline in the next few years. On the commercial side, Cushman & Wakefield data shows there is an ongoing trend of rising vacancy rates and lower asking rents.¹⁷ CoStar forecasts show rising vacancy rates through FY 2027 and low or negative net deliveries throughout the forecast period. On the residential side, there is simultaneously potential upside and downside. RedFin data shows that year-over-year for December 2025 the median home price increased 12.7%, while median sale price per square foot was down 1.6% and the number of homes sold was down 14.8%.¹⁸ However, the conversion of office space to residential space may mitigate these risks and help bolster the property tax in future years.¹⁹

Deed taxes may suffer from a lower demand for purchasing large commercial space, though potential purchases by developers converting to residential space may facilitate transactions. As a result, deed taxes remain volatile and somewhat more difficult to predict.

Sales taxes

Sales taxes in food, hotel, and parking are supported by both visitors and residents and show growth. The Oxford Economics forecast for District wage and salary and food and accommodations continues to grow in the coming years. Risks to the forecast stem from a potential reduction in resident income and number of visitors to the area which could occur due to a range of factors such as federal job losses, poor economic conditions, and policy uncertainty.

¹⁵ Resident Magazine. (2025, November 2). Why remote workers are relocating to Washington, DC. Retrieved from: <https://resident.com/resource-guide/2025/11/02/why-remote-workers-are-relocating-to-washington-dc>

¹⁶ Liu, A., Loh, T. H., & Haskins, G. (2025, September 24). Early warning signs for the DC region's economy amid federal downsizing. *Brookings*. Retrieved from: <https://www.brookings.edu/articles/early-warning-signs-for-the-dc-regions-economy-amid-federal-downsizing/>

¹⁷ Cushman & Wakefield. (2025). Marketbeat Washington, DC: Office <https://assets.cushmanwakefield.com/-/media/cw/marketbeat-pdfs/2025/q4/us-reports/office/washington-dc-americas-marketbeat-office-q42025.pdf>

¹⁸ Redfin. (2025, December). Washington, DC, DC Housing Market. Retrieved from <https://www.redfin.com/city/12839/DC/Washington-DC/housing-market>

¹⁹ Grant, P. (2026, January 6). Washington D.C.'s stockpile of old offices makes it a mecca for housing conversions. *The Wall Street Journal*. Retrieved from: <https://www.wsj.com/real-estate/commercial/dc-real-estate-office-housing-conversion>

The Certification Forecast is modeled using historical data and the forecast from endogenous economic and demographic variables from Oxford Economics, CoStar, and the Congressional Budget Office. Table 1 summarizes the primary economic variables that are used in the analysis. Further details about sources are included in the Appendix (Table A1).

Table 1. Summary of economic variables impacting the revenue outlook

Indicator	FY 2025 value	FY 2025-2030 Compound Annual Growth Rate (CAGR) growth forecast	Use in models
DC employment, incl. nonresidents (level)	769,430	-0.5%	Fines
DC food and accommodation GDP (\$M)	6,248	4.2%	General sales
DC GDP (\$M)	191,046	3.2%	Business income
DC house prices – purchase only index (index)	608	2.7%	Real property (residential assessed value)
DC office net deliveries (sq ft)	0*	N/A*	Real property (commercial assessed value)
DC office vacancy (rate)	17.16%	0.4%	Real property (commercial assessed value)
DC resident population (level)	709,750	0.1%	Licenses/fees, Charges
DC wage and salary income (\$M)	99,854	3.5%	Individual income, General sales, Deed tax, Lottery
US adjusted domestic corporate profits (\$M)	3,963,308	1.6%	Business income
US capital gains (\$M)	1,547,825	-0.3%	Individual Income
US gross private domestic investment (\$M)	5,408,879	4.5%	Licenses/fees
US existing single family home sales (level)	3,695,003	3.8%	Deed tax

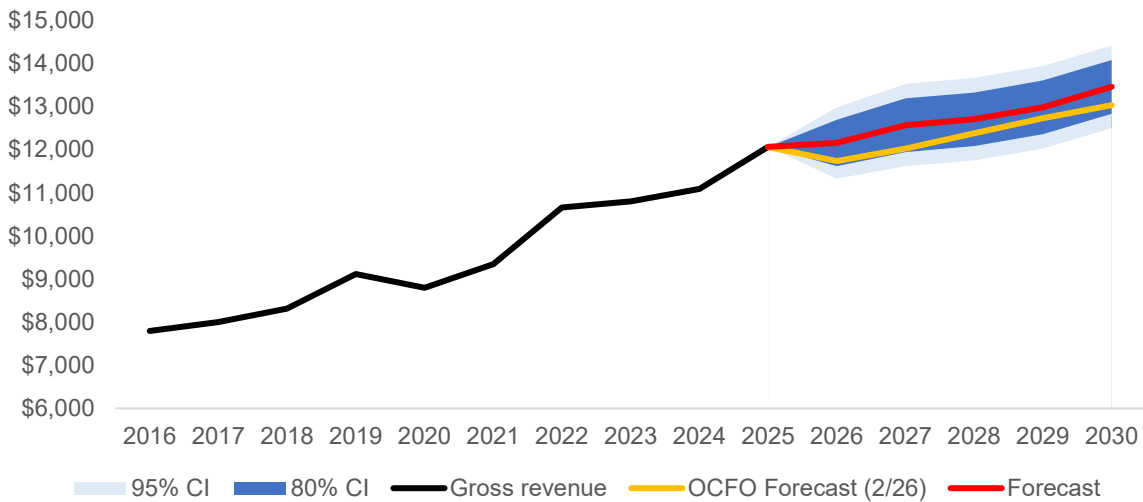
Sources: US Congressional Budget Office (CBO); US Bureau of Economic Analysis (BEA); US Bureau of Labor Statistics (BLS); US Census Bureau, CoStar; Oxford Economics (US BLS, US BEA; FHFA, National Association of Realtors, Haver Analytics, US Census Bureau).

*Office net deliveries reflect the difference between construction completed and demolition, changing from 0 sq ft in FY 2025 to -316,572 sq ft in FY 2029. The full fiscal year forecast is only available through FY 2029, which does not affect the model as a lagged variable is used for DC office net deliveries.

III. Revenue Forecast

Gross revenue. For FY 2026, the Certification Forecast estimates \$12.2 billion in gross revenue (local fund plus dedicated revenue). Much of this growth is driven by income and sales taxes. Figure 14 depicts the total gross revenue forecast.

Figure 1. Gross revenue forecast, FY 2016-2030 (\$ millions)



Sources: DC OCFO February 2026 [Quarterly Revenue Estimates](#), DC OCFO [2025 ACFR](#), ODCA

The Certification Forecast projects about \$252-\$542 million more in revenue each year than compared to OCFO’s February 2026 revenue estimate; however, the revenue estimate is within the 95% confidence interval of the Certification Forecast. Table 17 provides additional details on the composition of gross revenue. Model adjustments considering District specific conditions and corporate profit trends also contribute to a reduction in property tax and business income tax forecasts in the out years relative to the prior forecast.

Table 2. Revenue forecast comparison, FY 2025-2030, (\$ in millions)

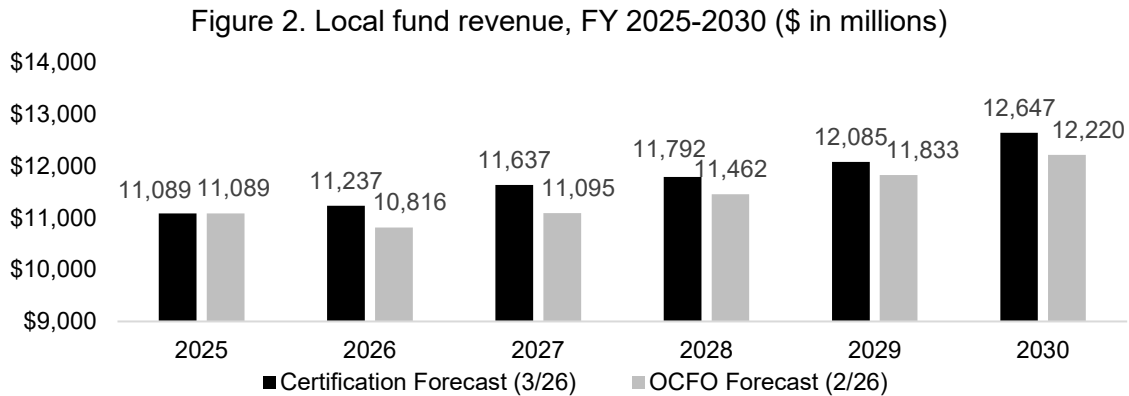
Certification Forecast – March 2026									
	Real Property	General Sales	Individual Income	Business Income	Deeds	Nontax	All Other	Gross	Annual change
2025	2,891	2,091	3,605	1,235	407	1,030	811	12,070	8.8%
2026	2,749	2,134	3,736	1,291	413	1,038	802	12,161	0.8%
2027	2,771	2,380	3,821	1,321	449	1,035	797	12,575	3.4%
2028	2,635	2,497	3,879	1,346	483	1,040	832	12,713	1.1%
2029	2,666	2,620	3,981	1,375	516	1,068	763	12,990	2.2%
2030	2,745	2,749	4,129	1,421	553	1,102	765	13,465	3.7%
Certification Forecast – June 2025									
	Real Property	General Sales	Individual Income	Business Income	Deeds	Nontax	All Other	Gross	Annual change
2025	2,841	2,142	3,389	1,346	346	1,170	823	12,056	8.6%
2026	2,751	2,289	3,447	1,346	338	1,188	829	12,187	1.1%
2027	2,860	2,460	3,552	1,454	404	1,197	839	12,766	4.8%
2028	2,956	2,599	3,661	1,563	537	1,222	841	13,380	4.8%
2029	3,112	2,714	3,800	1,691	571	1,228	820	13,936	4.2%
Certification Forecast (March 2026 variance from June 2025)									
	Real Property	General Sales	Individual Income	Business Income	Deeds	Nontax	All Other	Gross	Annual change (pp)
2025	+51	-51	+216	-111	+61	-141	-11	+14	+0.1
2026	-2	-155	+289	-55	+75	-150	-27	-26	-0.3
2027	-89	-80	+269	-133	+45	-161	-41	-191	-1.3
2028	-321	-102	+218	-217	-54	-182	-9	-667	-3.7
2029	-446	-93	+181	-315	-55	-160	-57	-946	-2.0
OCFO Forecast – February 2026									
	Real Property	General Sales	Individual Income	Business Income	Deeds	Nontax	All Other	Gross	Annual change
2025	2,891	2,091	3,605	1,235	411	1,026	811	12,070	8.8%
2026	2,744	2,007	3,699	1,084	359	1,028	819	11,741	-2.7%
2027	2,768	2,155	3,710	1,170	391	1,000	839	12,033	2.5%
2028	2,824	2,185	3,798	1,231	485	1,010	849	12,383	2.9%
2029	2,893	2,251	3,930	1,259	540	1,024	841	12,738	2.9%
2030	2,979	2,310	4,112	1,288	591	1,033	725	13,037	2.4%
Certification Forecast (March 2026) variance from OCFO Forecast (February 2026)									
	Real Property	General Sales	Individual Income	Business Income	Deeds	Nontax	All Other	Gross	Annual change
2025	0	0	0	0	-4	+4	0	0	0.0
2026	+5	+127	+36	+207	+55	+9	-18	+421	+3.5
2027	+3	+225	+112	+151	+57	+35	-42	+542	+0.9
2028	-189	+312	+82	+115	-3	+30	-17	+330	-1.8
2029	-227	+370	+51	+116	-23	+44	-78	+252	-0.7
2030	-234	+439	+17	+133	-38	69	+40	+427	+1.3

Sources: ODCA, DC OCFO February 2026 [Quarterly Revenue Estimates](#), DC OCFO [2025 ACFR](#)

Dedicated revenue. For the dedicated revenue to other agencies or funds, the Certification Forecast uses the most recent OCFO forecast of dedicated revenues. The bulk of the dedicated revenue is sales tax, where nearly \$600 million, or about one-fourth, is dedicated, including \$200

million (in FY 2024) of hotel and restaurant tax revenue that was dedicated to Events DC and \$178.5 million annually that is dedicated to support WMATA capital investments.

Local revenue. Local revenue is calculated as gross revenue less dedicated revenue and is used for the 17% test. Figure 15 shows that the Certification Forecast estimates that local revenue will grow from \$11.1 billion in FY 2025 to \$12.6 billion in FY 2030.²⁰ For comparison, the OCFO Forecast estimates that local revenue will grow from \$11.1 billion in FY 2025 to \$12.2 billion in FY 2030.



Sources: ODCA, DC OCFO February 2026 [Quarterly Revenue Estimates](#), DC OCFO [2025 ACFR](#)

²⁰ The March 2026 Certification Forecast of gross revenue remains unchanged from ODCA’s report on Modeling District Revenue to Certify Debt Service Obligations – Methodology Update 2026. However, the March 2026 Certification Forecast of local fund revenue amounts are updated by calculating ODCA’s forecast of annual gross revenues less the most recent estimates of revenues dedicated to other funds for FY 2025 through FY 2030 in DC OCFO’s February 2026 Quarterly Revenue Estimate. Of note, in ODCA’s Methodology Update 2026 report, FY 2025 local revenue was calculated as gross revenue less the dedicated tax revenue total reported in the DC OCFO 2025 Annual Comprehensive Financial Report table MDA-6, which does not include all revenue classified as dedicated to other funds in the revenue letters.

IV. Certification

District law states that ODCA is required to certify compliance with the 17% test before new general obligation bonds can be issued. In February 2026, the District sold three series of its General Obligation Bonds (the 2026 Bonds) to be issued on March 3, 2026.

To test if debt service meets the 17% requirement, the maximum annual debt service (MADS) of outstanding GO and ITS debt and the 2026 Bonds is calculated as a share of revenue in the year when the 2026 Bonds are issued. After issuance of the 2026 Bonds, MADS occurs in FY 2026 when debt service is \$625.3 million for GO bonds (an increase of \$14.1 million over the existing \$611.2 million FY 2026 GO debt service amount) and \$577.8 million for ITS bonds, a total of \$1.2 billion.

Ultimately, the total \$1.2 billion in debt service represents 11.1% of OCFO's February 2026 Revenue Estimate of \$10.8 billion in local fund revenue for FY 2026. As stated earlier, OCFO's February 2026 Revenue Estimate is within the confidence interval of the Certification Forecast, adjusting for revenues dedicated to other funds. The Auditor's certification is based on the February 2026 revenue estimates.

The March 2026 Certification Forecast also finds the District would meet the 17% test's requirement. Total debt service represents 10.7% of the March 2026 Certification Forecast estimate of \$11.2 billion in local fund revenue for FY 2026. If amendments decoupling from the One Big Beautiful Bill Act were not to be passed, the Certification Forecast would be an estimated \$11.1 billion, representing a \$179 million reduction for individual and business income taxes, in FY 2026. In such a case, total debt service would represent 10.9% of local fund revenue and the District would still meet the 17% test's requirement.

Table 4 below details the calculation for the 17% requirement test using the maximum annual debt service in FY 2026 compared to the estimated revenue for FY 2026 under both forecasts.

Table 3. Calculation of debt certification, FY 2026 (\$ in millions)

	OCFO December / September 2025 Revenue Estimate	March 2026 Certification Forecast	March 2026 Certification Forecast (with no decoupling)
Estimated local revenue in FY 2026 <i>Fiscal year bonds are issued</i>	\$10,816	\$11,237	\$11,057
Total GO and ITS debt service in FY 2026 <i>Fiscal year with maximum annual debt service</i>	\$1,203	\$1,203	\$1,203
Share of local revenue <i>Required to be under 17%</i>	11.1%	10.7%	10.9%

Source: DC OCFO February 2026 [Quarterly Revenue Estimates](#); ODCA Certification Forecast revenue analysis; Final Calculation of Limitation on Borrowing received February 17, 2026 from OCFO; DC OCFO [Fiscal Impact Statement](#) of D.C. Income and Franchise Tax Conformity and Revision Emergency Amendment Act of 2025.

V. Conclusions

This March 2026 Certification Forecast estimates \$12.2 billion in gross revenue (local fund plus dedicated revenue) in FY 2026 and \$11.2 billion in local revenue. The results of the analysis suggest that OCFO's February 2026 estimate of \$10.8 billion in FY 2026 local fund revenue is near the lower bound but within the confidence interval of the Certification Forecast. The maximum annual debt service (MADS) is \$1.2 billion in FY 2026, composed of \$625.3 million of GO debt service, including the 2026 Bonds, and \$577.8 million of ITS debt service. MADS is 11.1% of OCFO's forecasted \$10.8 billion in FY 2026 local fund revenue, meeting the 17% requirement. Likewise, MADS is 10.7% of the March 2026 Certification Forecast of \$11.2 billion in FY 2026 local revenue, supporting the reasonableness of the estimate that the District meets the 17% requirement.

Risks to the economic and revenue outlook include further reductions to the federal workforce, economic slowdowns associated with political uncertainty and future government shutdowns, relocation of office space outside of the District, and impacts of the One Big Beautiful Bill Act if decoupling amendments are not passed. While these present real risks to the forecast, ultimately the District's revenues are expected to keep debt service below the 17% threshold.

Appendix**Table A1. Certification Forecast sources for explanatory variables**

Explanatory variable	Source	Last update
DC employment, incl. nonresidents (level)	Oxford Economics (BLS)	December 2025
DC food and accommodation GDP (\$M)	Oxford Economics (US BEA)	December 2025
DC GDP (\$M)	Oxford Economics (US BEA)	December 2025
DC house prices – purchase only index (index)	Oxford Economics (FHFA)	December 2025
DC office net deliveries (sq ft)	CoStar	January 2026
DC office vacancy (rate)	CoStar	January 2026
DC resident population (level)	Oxford Economics (US Census Bureau)	December 2025
DC wage and salary income (\$M)	Oxford Economics (US BEA)	December 2025
US adjusted domestic corporate profits (\$M)	US CBO	February 2026
US capital gains (\$M)	US CBO	February 2026
US gross private domestic investment (\$M)	US CBO	February 2026
US existing single family home sales (level)	Oxford Economics (National Association of Realtors, Haver Analytics)	December 2025

Note: Acronyms are as follows: Office of the Chief Financial Officer (OCFO) US Bureau of Economic Analysis (BEA), US Congressional Budget Office (CBO), US Bureau of Labor Statistics (BLS), Federal Housing Finance Agency (FHFA).

Disclaimer

The Report is intended solely for use by the Office of the DC Auditor (“ODCA”). While we believe the work performed is responsive to ODCA’s request pursuant to the agreed scope of work, we make no representation as to the sufficiency of the Report and our work for any other purposes. Any third parties reading the Report should be aware that the Report is subject to limitations, and the scope of the Report was not designed for use or reliance by third parties for these purposes or any other purpose. We assume no duty, obligation, or responsibility whatsoever to any third parties that may obtain access to the Report.

The services performed by EY were advisory in nature. EY’s scope of work was determined by ODCA and agreed to by EY. The findings and analyses contained in the Report are based on data and information made available to EY through the date hereof. The analyses conducted in this report constitute neither an examination nor a compilation of prospective financial statements nor the application of agreed-upon procedures thereto in accordance with the attestation standards established by the American Institute of CPAs (AICPA). Accordingly, EY does not express an opinion on or offer any other assurances as to whether the analyses are presented in conformity with AICPA presentation guidelines or as to whether the underlying assumptions provide a reasonable basis for the analyses. Neither the Report nor any of our work constitutes legal opinion or advice. No representation is made relating to matters of a legal nature, including, without limitation, matters of title or ownership, legal description, encumbrances, liens, priority, easements and/or land use restrictions, the validity or enforceability of legal documents, present or future national or local legislation, regulation, ordinance or the like, or legal or equitable defenses.

This report contains forward-looking statements, including statements about trends in commodity prices and currency exchange rates; demand for commodities; production forecasts; plans, strategies, and objectives of management; capital costs and scheduling; operating costs; anticipated productive lives of projects, and facilities; and provisions and contingent liabilities. These forward-looking statements reflect expectations at the date of this report; however, they are not guarantees or predictions of future performance. They involve known and unknown risks, uncertainties, and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this report. Readers are cautioned not to put undue reliance on forward-looking statements. Except as required by applicable laws or regulations, ODCA does not undertake to publicly update or review any forward-looking statements, whether as a result of new information or future events. Past performance cannot be relied on as a guide to future performance.

This report was prepared by:

Sally Wallace, EY/QUEST Managing Director

Leqi Zhao, EY/QUEST Manager

Natasha Herrick, EY/QUEST Senior Analyst

About ODCA

The mission of the Office of the District of Columbia Auditor (ODCA) is to support the Council of the District of Columbia by making sound recommendations that improve the effectiveness, efficiency, and accountability of the District government.

To fulfill our mission, we conduct performance audits, non-audit reviews, and revenue certifications. The residents of the District of Columbia are one of our primary customers and we strive to keep the residents of the District of Columbia informed on how their government is operating and how their tax money is being spent.

Office of the District of Columbia Auditor
1331 Pennsylvania Avenue, N.W.
Suite 800 South
Washington, DC 20004

202-727-3600
odca.mail@dc.gov
www.x.com/ODCA_DC
www.dcauditor.org



Information presented here is the intellectual property of the Office of the District of Columbia Auditor and is copyright protected. We invite the sharing of this report, but ask that you credit ODCA with authorship when any information, findings, or recommendations are used. Thank you.

