

District of Columbia FY2025 Budget Status: In Brief

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Introduction

The U.S. Constitution provides Congress with plenary legislative authority over the District of Columbia (DC) as the federal capital.¹ With the passage of the 1973 District of Columbia Self-Government and Governmental Reorganization Act (Home Rule Act; P.L. 93-198), Congress granted DC limited home rule authority and empowered DC residents to elect a mayor and city council.² The Home Rule Act also outlines the process by which the DC government establishes its budget and manages local finances, subject to congressional approval and oversight.³

Congress retains ultimate legislative authority over DC.⁴ As it pertains to the DC budget process, Congress has historically exercised this authority through approval of the annual DC budget (including planned expenditures of local revenues),⁵ provision of federal payments for certain activities in DC,⁶ and the inclusion of general provisions (often referred to as “riders”) that direct or limit how the local government expends funds.⁷

In some cases, in the absence of full-year appropriations, Congress has included provisions in continuing resolutions allowing DC to expend local revenues pursuant to its current fiscal year budget, prior to formally approving the District of Columbia budget in an appropriations act.⁸ In FY2025, Congress enacted appropriations through two interim continuing resolutions and one full-year continuing resolution. The interim continuing resolutions enabled the DC government to expend locally generated revenues at the city’s FY2025 budgeted levels. The full-year appropriations act, as enacted, required DC to revert its FY2025 expenditures to FY2024 budget levels. Standalone legislation that would enable DC to spend local revenues at FY2025 budgeted levels has passed the Senate but not, to date, the House.⁹

District of Columbia Budget Process

The DC Home Rule Act codifies the process by which the Executive Office of the Mayor and Council of the District of Columbia (DC council) develop DC’s annual budget.¹⁰ Under this process, the mayor establishes a proposed budget, consistent with guidance on funding levels from the DC Chief Financial Officer (CFO). The mayor’s budget also considers agency requests and other analysis by the Executive Office of the Mayor.¹¹

The DC council serves both oversight and deliberative legislative functions related to the budget process. Each DC council committee holds performance review hearings and budget hearings for

¹ Article I, Section 8, clause 17 of the U.S. Constitution, <https://constitution.congress.gov/browse/article-1/section-8/clause-17/>.

² For an overview of the current and previous local governing structures in DC, see CRS In Focus IF12577, *Governing the District of Columbia: Overview and Timeline*, by Joseph V. Jaroscak and Ben Leubsdorf.

³ 87 Stat. 798-812; D.C. Official Code, Subpart 1.

⁴ 87 Stat. 813.

⁵ For a recent example of a provision granting budgetary approval to DC in an appropriations act, see P.L. 118-47, Division B, Title IV, *District of Columbia Funds*.

⁶ For recent examples of federal payments for activities in DC, see P.L. 118-47, Division B, Title IV.

⁷ For recent examples of general provisions pertaining to the DC, see P.L. 118-47, Division B, Title VIII.

⁸ For example, see P.L. 118-83, Division A, Section 128.

⁹ District of Columbia Local Funds Act, 2025, S. 1077 (119th Cong.).

¹⁰ 87 Stat. 798; D.C. Official Code §1–204.42.

¹¹ Council of the District of Columbia, Office of the Budget Director, *Budget Process (Step-by-Step)*, <https://www.dccouncilbudget.com/budget-process-step-by-step>.

each agency under its jurisdiction. Committees compile information and recommendations from this oversight process into committee reports, which provide the basis for the development of a unified balanced budget at the council level.

As required in the Home Rule Act, the DC council must approve a budget within 70 days after receiving a budget proposal from the mayor.¹² The council considers and approves the annual DC budget through three separate but related local bills:

1. the Local Budget Act,¹³
2. the Federal Portion Request Act,¹⁴ and
3. the Budget Support Act.¹⁵

The Home Rule Act directs the mayor to transmit the federal portion of the budget to the President, who forwards it to Congress for review, possible modification, and approval through the annual appropriations process. Under the act, the chair of the DC council is required to submit the local portion of the budget to the Speaker of the House of Representatives and the President of the Senate, for review by Congress.¹⁶ In practice, the DC government transmits the full budget and financial plan as one package to Congress and the President, concurrently.¹⁷

Since enactment of P.L. 109-115 for FY2006 appropriations, Congress has typically included budgetary approvals, appropriations of federal payments, and general provisions for DC in a multi-agency appropriations bill. In FY2006 and FY2007, DC appropriations were included in Transportation, Treasury, Housing and Urban Development, the Judiciary, the District of Columbia, and Independent Agencies appropriations bills (P.L. 109-115 and P.L. 110-5, respectively). Since FY2008, DC appropriations have been included in the Financial Services and General Government appropriations bill (FSGG). Before FY2006, DC appropriations were provided by the House and the Senate in a stand-alone bill.

Local Budget Autonomy

In 2013, DC enacted the Local Budget Autonomy Amendment Act of 2012 (D.C. Law 19-321).¹⁸ Prior to 2013, some DC political leaders had expressed concern about the effect of delays in the annual federal appropriations process on the ability of the DC government to manage its affairs and deliver public services.¹⁹ The local act amended DC's home rule charter to allow for enactment of DC's local budget after a 30-day congressional review period (also known as a

¹² 87 Stat. 801; D.C. Official Code §1–204.46.

¹³ For an example, see DC Government, *B25-0785 - Fiscal Year 2025 Local Budget Act of 2024*, September 27, 2024, <https://lims.dccouncil.gov/Legislation/B25-0785>.

¹⁴ For an example, see DC Government, *B25-0786 - Fiscal Year 2025 Federal Portion Budget Request Act of 2024*, July 19, 2024, <https://lims.dccouncil.gov/Legislation/B25-0786>.

¹⁵ DC budget support acts typically include amendments to local laws that are deemed necessary to carry out the fiscal year budget. For an example, see DC Government, *B25-0784 - Fiscal Year 2025 Budget Support Act of 2024*, September 27, 2024, <https://lims.dccouncil.gov/Legislation/B25-0784>.

¹⁶ 87 Stat. 801; D.C. Official Code §1–204.46.

¹⁷ For example, see DC Government, *Fiscal Year 2025 Approved Budget and Financial Plan*, July 30, 2024, <https://cfo.dc.gov/page/annual-operating-budget-and-capital-plan>.

¹⁸ *D.C. Law 19-321, Local Budget Autonomy Amendment Act of 2012*, <https://lims.dccouncil.gov/Legislation/B19-0993>.

¹⁹ DC Council, *Report on Bill 19-993, "Local Budget Autonomy Act of 2012*, December 4, 2012, https://lims.dccouncil.gov/downloads/LIMS/26749/Committee_Report/B19-0993-CommitteeReport1.pdf?Id=60330.

layover period), similar to most other DC laws.²⁰ The DC Board of Elections placed the proposed charter amendment on an April 23, 2013, ballot. DC voters approved the local budget autonomy charter amendment with 83% of the vote in support of the amendment.

The act faced legal and federal legislative challenges.²¹ A 2016 DC Superior Court ruling upheld the act.²² The DC government has observed the act in its budget process since 2016.²³ On the other hand, the Government Accountability Office, in a 2016 analysis, contended that the act had “no legal standing,” and suggested that determining the level of DC’s local budget autonomy “is a matter within Congress’s discretion under its constitutional powers.”²⁴ Congress has continued to exercise its authority to approve, modify, or disapprove the DC budget, including planned expenditures of locally generated revenues, through the regular federal appropriations process.²⁵

District of Columbia FY2025 Local Budget

District of Columbia Government

On April 3, 2024, the DC mayor submitted a proposed FY2025 budget to the DC council.²⁶ The council approved a budget of \$21.2 billion in gross funds, on June 12, 2024. Of the \$21.2 billion in the budget as approved by DC council, about \$15.8 billion were from local sources. The council transmitted the budget to the mayor on July 1, 2024. The budget was enacted without the mayor’s signature on July 15, 2024. On July 30, 2024, the DC government transmitted its budget and financial plan to Congress and the U.S. President.²⁷

Financial Services and General Government Appropriations Bills

The House Financial Services and General Government Appropriations Act, 2025 was marked up in subcommittee on June 5, 2024; marked up in full committee on June 13, 2024; and reported as an original measure (H.R. 8773; H.Rept. 118-556) on June 17, 2024. The bill would have approved the locally funded portion of the DC FY2025 budget. The bill also included a provision that would have enabled the DC government to expend local funds at FY2026 levels in the event

²⁰ For an overview of the regular DC lawmaking process, and the Congressional role, see CRS Report R47927, *District of Columbia Local Lawmaking and Congressional Authority: In Brief*, coordinated by Joseph V. Jaroscak.

²¹ Council of the District of Columbia v. Jeffrey S. Dewitt, 144 Daily Wash. L. Rptr. 893 (D.C. Super. Ct. March 18, 2016).

²² “Superior Court Judge Sides with D.C. Lawmakers on Control of Locally-Raised Dollars,” *Washington Post*, March 18, 2016, https://www.washingtonpost.com/local/public-safety/superior-court-judge-sides-with-dc-lawmakers-on-control-of-locally-raised-dollars/2016/03/18/1059c6e6-ed55-11e5-a6f3-21ccdbc5f74e_story.html.

²³ Information provided by the District of Columbia Office of the Chief Financial Officer, 2020.

²⁴ U.S. Government Accountability Office, Testimony Before the Subcommittee on Government Operations, Committee on Oversight and Government Reform, House of Representatives: District of Columbia Local Budget Autonomy Amendment Act of 2012, GAO-16-663T, May 12, 2016, <https://www.gao.gov/assets/680/677232.pdf>.

²⁵ For example, see P.L. 118-47, Division B, Title IV.

²⁶ Letter from Muriel Bowser, Mayor of the District of Columbia, to Phil Mendelson, Chair, Council of the District of Columbia, April 3, 2024, <https://lims.dccouncil.gov/downloads/LIMS/55149/Introduction/B25-0785-Introduction.pdf?Id=188163>.

²⁷ DC Government, *FY2025 Approved Budget and Financial Plan*, Volume 1 Executive Summary, July 30, 2024, <https://app.box.com/s/emvn3bwdcje7p68ru78dx7itbe7vobxz>.

of a federal government shutdown during the next fiscal year.²⁸ Additionally, the bill would have provided \$856.2 million in federal payments for DC.²⁹

The Senate Financial Services and General Government Appropriations Act, 2025 was marked up in full committee and reported as an original measure (S. 4928; S.Rept. 118-206) on August 1, 2024. Like the House FSGG appropriations bill, this bill would have approved the locally funded portion of the DC FY2025 budget. The bill also included an identical provision to that in the House FSGG bill regarding DC's local budget authority in the event of a shutdown in FY2026. Additionally, the bill would have provided \$904.8 million in federal payments for DC.

FY2025 Continuing Resolutions

No full-year FY2025 appropriations measure was enacted prior to the end of September 2024. On September 26, 2024, President Joseph R. Biden signed the Continuing Appropriations and Extensions Act, 2025 (P.L. 118-83) providing continuing appropriations through December 20, 2024, largely based on FY2024 levels. P.L. 118-83 included a provision enabling the DC government to expend locally raised funds at the rate set forth in DC's "Fiscal Year 2025 Local Budget Act of 2024" (DC Act 25–501; or DC's FY2025 budget).³⁰ Subsequently, the Further Continuing Appropriations Act, 2025 (Division A of P.L. 118-158) was enacted on December 21, 2024. It provided continuing appropriations through March 14, 2025, and, in effect, extended the DC government's authority to expend its locally derived revenues at the levels outlined in its FY2025 budget during that period.

FY2025 Full-Year Continuing Resolution

On March 11, 2025, the Full-Year Continuing Appropriations and Extensions Act, 2025 (H.R. 1968) passed the House by a vote of 217-213. The bill passed in the Senate on March 14, without amendment, by a vote of 54-46. On March 15, President Donald J. Trump signed the Full-Year Continuing Appropriations and Extensions Act, 2025 (P.L. 119-4), primarily setting funding for most government agencies and DC, at FY2024 levels.

Unlike the previous two continuing resolutions enacted for FY2025, the act did not include or extend the provision enabling the DC government to expend locally generated funds at the levels outlined in its FY2025 budget. As such, as enacted, the full-year continuing resolution required the DC government to expend locally derived funds in its FY2025 budget at FY2024 budgeted levels for the remainder of the fiscal year.³¹

Related Congressional and Local Actions

Congressional Proposals

In advance of the House's consideration of the Full-Year Continuing Appropriations and Extensions Act, 2025, Delegate Eleanor Holmes Norton filed an amendment with the House

²⁸ H.R. 8773, Title VIII, Section 815.

²⁹ Federal and DC estimates of annual federal payment amounts typically differ because some federal payments are made to independent agencies to carry out activities in DC, and do not appear in the DC budget.

³⁰ P.L. 118-83, Division A, Section 128.

³¹ For information on other DC related provisions in the full-year continuing resolution, see CRS Report R48517, *Section-by-Section Summary of the Full-Year Continuing Appropriations Act, 2025 (Division A of P.L. 119-4)*, coordinated by Drew C. Ahern.

Committee on Rules that would have continued the DC government’s authority to expend locally derived funds at its FY2025 budgeted levels. The amendment also included a provision that would have enabled the DC government to expend its local funds pursuant to its budget, in the event of a government shutdown during FY2026. The committee did not make the amendment in order for consideration by the House.³²

Shortly after the Full-Year Continuing Appropriations and Extensions Act, 2025 passed in the Senate without amendment, the Senate considered a separate bill that would provide DC with the authority to expend local revenues as specified in its FY2025 budget for the remainder of the fiscal year. The bill, the District of Columbia Local Funds Act, 2025 (S. 1077), was introduced in the Senate, read twice, considered, read the third time, and passed without amendment by voice vote on March 14, 2025.

The bill was received in the House on March 18, and held at the desk. As of the date of publication of this report, the House had not taken up the bill or other potential measures that would authorize the DC government to resume the expenditure of locally generated funds at its FY2025 budgeted levels for the remainder of the fiscal year.

District of Columbia Government Local Budget Adjustments

On March 14, the DC government city administrator released an order restricting personnel actions, travel, training, and certain expenditures, citing “a projected drop in revenue across the four-year financial plan, economic uncertainty at the national and regional levels, and ongoing spending pressures in the Fiscal Year 2025 approved budget.”³³ On April 14, the mayor notified Congress that the DC government would exercise its authority to increase its FY2025 local fund appropriations by 6% above the FY2024 levels, pursuant to Section 817 of the Omnibus Appropriations Act, 2009 (P.L. 111-8),³⁴ to partially address the budget gap.³⁵ On April 15, the mayor ordered freezes on multiple categories of local executive branch expenditures, including various personnel actions. The mayor’s order also directed the city administrator to develop a furlough plan and authorized the local executive branch to establish further restrictions or grant waivers.³⁶

The mayor transmitted a supplemental FY2025 budget to the DC council concurrently with the FY2026 budget proposal submission, on May 27, in the form of emergency and temporary local legislation.³⁷ Also on May 27, the CFO of DC submitted a fiscal impact statement to the DC council, which certified that sufficient funds were available for the proposed FY2025 budget

³² House Rules Committee, H.R. 1968, <https://rules.house.gov/bill/119/hr-PIH-full-year-continuing-appropriations-and-extensions-act-2025>.

³³ Kevin Donahue, City Administrator’s Order No. 2025-1: City Administrator of the District of Columbia, Restrictions on Personnel Actions, Travel, Training, and Expenditures, March 14, 2025, https://oca.dc.gov/sites/default/files/dc/sites/oca/page_content/attachments/City%20Administrator%20Order%202025-1%20%28Personnel%2C%20Travel%20%26Training%2C%20Certain%20Purchases%20%26%20Office%20Space%20Construction%29%2003.14.25.pdf.

³⁴ 123 Stat. 699; D.C. Official Code §47-369.02.

³⁵ Letter from Muriel Bowser, Mayor of the District of Columbia, to House Committee on Appropriations and Senate Committee on Appropriations, April 14, 2025, <https://wjla.com/resources/pdf/d1d2f166-fff6-4a14-a0ca-b1647ce17148-MayorBowsertoChairColeandChairCollins41425.pdf>.

³⁶ Muriel Bowser, *Extraordinary Measures to Address Congressionally-Imposed Cuts to the District’s Fiscal Year 2025 Budget*, DC Office of the Mayor, Mayor’s Order 2025-053, April 15, 2025.

³⁷ DC Government, *B26-0263 - Fiscal Year 2025 Revised Local Budget Emergency Act of 2025*, May 27, 2025, <https://lims.dccouncil.gov/Legislation/B26-0263> and DC Government, *B26-0264 - Fiscal Year 2025 Revised Local Budget Temporary Act of 2025*, May 27, 2025, <https://lims.dccouncil.gov/Legislation/B26-0264>.

adjustments.³⁸ **Table 1** provides a side-by-side comparison of budgeted expenditures of local funding sources for FY2024, the original FY2025 budget as transmitted to Congress on July 30, and the revised version of the FY2025 budget based on the 6% adjustment of FY2024 levels.

Table 1. District of Columbia Budgeted Expenditure of Local Revenues

In Millions

Local Revenue Type	FY2024 (approved)	FY2025 (original)	FY2025 (6% adjustment) ^a
Local Funds ^b	\$10,688	\$11,633	\$11,330
Dedicated Tax	\$623	\$767	\$660
Special Purpose Funds	\$820	\$826	\$869
Enterprise Funds	\$2,512	\$2,646	\$2,662
Total	\$14,643	\$15,872	\$15,521

Source: DC Government, *Grow DC: DC's FY26 Budget*, May 27, 2025, pp. 3-6, https://mayor.dc.gov/sites/default/files/dc/sites/mayoromb/page_content/attachments/FY26-Budget-Presentation-Deck.pdf.

Notes: Amounts may not match source material due to rounding.

- a. These amounts reflect the DC government's adjustment of FY2024 levels, based on its statutory authority to increase annual appropriations by 6% if sufficient revenues are available.
- b. The term local funds as used throughout this report, generally describes all locally derived revenues included in the local budget act. However, the term is also used as a designation for a specific category of local revenues in the DC budget and financial plan. the category includes taxes, non-tax revenues, lottery, revenue proposals, and other sources.

In addition to the 6% adjustment mentioned above, the local government sought to address the budget gap through the following measures:

- a hiring freeze that saved an estimated \$63 million;
- \$175 million in reductions to non-personnel services;
- moving \$362 million for expenditure in different fiscal years or different accounts; and
- allocation of \$117 million in “excess special purpose and dedicated tax” funds.

The DC government also noted that it was able to meet the budget requirements without imposing furloughs or layoffs, closing facilities, cutting funding for public safety or public education, and without modifying its summer programs.³⁹

³⁸ Letter from Glen Lee, DC Chief Financial Officer, to Phil Mendelson, Chair, Council of the District of Columbia, May 27, 2025, https://mayor.dc.gov/sites/default/files/dc/sites/mayoromb/page_content/attachments/FY26_BSA__Fiscal_Impact_State_ment_0.pdf.

³⁹ DC Government, *Grow DC: DC's FY26 Budget*, May 27, 2025, pp. 3-6, https://mayor.dc.gov/sites/default/files/dc/sites/mayoromb/page_content/attachments/FY26-Budget-Presentation-Deck.pdf.

Discussion

As noted above, the U.S. Constitution provides Congress with plenary legislative authority over DC. Generally, Congress has exercised its authority on the DC budget through the federal appropriations process. Specifically, in annual appropriations acts, Congress typically approves the local DC budget, provides appropriations of federal payments for specified purposes, and establishes directives or limitations on certain local policies or actions through general provisions.

When operating under a continuing resolution, Congress typically provides direction to DC as to its local budget authority for the specified period in the act. Since FY2003, Congress has authorized the DC government in at least one continuing resolution per year to expend its local funds at rates established in the DC budget for the current fiscal year.⁴⁰ That did not occur in the FY2025 full-year appropriations act, which required DC to expend its local funds at rates budgeted for the previous fiscal year.

In annual appropriations acts, Congress has also regularly included a provision that would enable DC to carry out local expenditures based on its budget, in the event of a federal shutdown in the subsequent fiscal year (sometimes referred to as a shutdown provision). The FY2025 full-year appropriations act did not include such a shutdown provision.

During federal shutdowns since FY2016, when the DC Government began to operate under the process outlined in the Local Budget Autonomy Amendment Act (D.C. Law 19-321), the local government has typically continued normal operations. If a shutdown were to occur in FY2026, in the absence of a shutdown provision, it is unclear whether the DC government would carry out local functions under its FY2026 budget pursuant to D.C. Law 19-321, or if it would be required to shut down. During the 2013 federal funding lapse, the local government continued to operate after the then-Mayor declared all city personnel to be “essential.”⁴¹ During the 1995 and 1996 funding lapses, the local government initially shut down some services but later received a congressional exemption from the federal shutdown.⁴²

Some Members of Congress have introduced bills that would codify changes to DC’s local budget authority. For example, the District of Columbia Local Budget Autonomy Act of 2012 (S. 2345) would have amended the Home Rule Act to expand DC’s authority over the local budget process. A provision in the Make America Secure and Prosperous Appropriations Act, 2018 (H.R. 3354, Title VIII, Section 817) would have formally repealed the Local Budget Autonomy Act of 2012.

Other, broader proposals to grant DC statehood or retrocede parts of the current federal district to Maryland would modify the local governing structure and likely reduce the federal role in the DC

⁴⁰ For example, see P.L. 108-2, Section 126.

⁴¹ Martin Austermuhle, “Gray Moves to Keep All D.C. Employees on the Job During Shutdown,” *WAMU*, September 25, 2013, https://wamu.org/story/13/09/25/gray_asks_to_keep_all_dc_employees_on_the_job_during_shutdown; Sam Ford, “Government Shutdown 2013: Mayor Gray Applauded for Defending D.C.,” *WJLA*, October 17, 2013, <https://wjla.com/news/local/government-shutdown-2013-mayor-gray-applauded-for-defending-d-c--95554>.

⁴² Paul Duggan, “In the District, Closings Shut Door on Services,” *Washington Post*, November 15, 1995, <https://www.washingtonpost.com/archive/politics/1995/11/15/in-the-district-closings-shut-door-on-services/274074fe-46e4-4d43-9a24-04526c28354f>; David A. Vise, “D.C. Shutdown Wouldn’t Stop Most Services,” *Washington Post*, January 2, 1996, <https://www.washingtonpost.com/archive/local/1996/01/03/dc-shutdown-wouldnt-stop-most-services/58f1dbe1-0731-48f2-8113-c0c9512488e8>; Mike DeBonis, “D.C. Officials Ponder Whether to Defy Federal Shutdown and Keep City Government Open,” *Washington Post*, September 24, 2013, https://www.washingtonpost.com/local/dc-politics/dc-officials-ponder-whether-to-defy-federal-shutdown-and-keep-city-government-open/2013/09/24/9e743060-24cb-11e3-ad0d-b7c8d2a594b9_story.html.

budget process.⁴³ Some Members of Congress have also proposed repealing the Home Rule Act, which could potentially lead to an expansion of congressional involvement in the local budget process, compared to its current role.⁴⁴

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⁴³ For an overview of such proposals, see CRS In Focus IF11443, *District of Columbia Voting Representation in Congress: Overview of Proposals*, by Joseph V. Jaroscak.

⁴⁴ For an example of this type of proposal, see the Bringing Oversight to Washington and Safety to Every Resident Act of the 118th Congress, H.R. 1089 and S. 440.