

## DC Leaders: Don't Govern with Your Hands Tied!

### It's time to pause restrictive fiscal policies limiting DC's response to important needs

January 2017

We, the undersigned, share Mayor Bowser and the DC Council's commitment to making the District of Columbia a place where everyone can thrive, no matter what ward they live in or school they attend. Yet this year there are many daunting challenges facing the District that, if unaddressed, threaten to derail this vision for our community.

- The District continues to face a spiraling affordable housing and homelessness crisis, including the highest homelessness rate in a survey of 32 US cities. Thousands of individuals, families, and children are homeless, and thousands more are on the cusp because of the lack of affordable housing.
- Metro is strained by failures to maintain its infrastructure at a time when a growing population – more than 1,000 new DC residents each month – makes a strong public transit system even more important. This same growth will affect the needs of our schools.
- The new Congress and president-elect are threatening to cut federal funding for critical safety net supports for DC residents, such as Medicaid and SNAP. We hope that advocacy to minimize the cuts will be successful, but we should prepare to address the resulting hardship to families.

**DC's current restrictive fiscal policy forces District officials to govern with their hands tied, limiting their ability to maintain a vital city and care for residents.** The District is financially thriving, with growing revenues and one of the healthiest reserves in the nation. Yet current fiscal policies prevent new revenues from being used to meet urgent needs, in favor of automatic tax cuts and ever-growing reserve funds.

As our elected officials begin the task of creating the FY2018 budget, we urge them to untie DC's hands and create the fiscal flexibility the District needs to meet unprecedented, urgent needs facing us in 2017 and beyond. Here are three sensible steps District leaders can take to meet the brewing crisis:

1. **Spend DC's surplus from FY 2016:** Substantial budget surpluses have pushed the city's fund balance from under \$1 billion in 2009 to a record \$2.2 billion in 2015 – one of the healthiest in the nation. Under current policy, DC leaders cannot easily use any year-end surplus to fund critical needs. This policy should change to fund affordable housing, school modernization, or Metro costs, among other priorities.
2. **Put automatic tax cuts on hold for 2018:** Since 2014, DC law has devoted every dollar of newly projected revenue to tax cuts, without giving the Mayor or Council the opportunity to consider other uses. Over \$100 million of growing revenues has gone to tax cuts so far. This inflexible policy ties leaders' hands and limits their ability to meet emerging needs.
3. **Create a budget cushion to deal with looming federal cuts:** The DC budget for 2018 will be adopted before federal budget decisions affecting the District are made. DC's 2018 budget should include a reserve that can be easily accessed to offset unanticipated federal budget cuts.

DC residents voted in large numbers in the 2016 election, a testament to their desire to make their priorities heard loud and clear. They are proud that the District can be a beacon of hope in dark times. And, they will look at the District's proposed FY2018 budget to see if it reflects these values. We urge Mayor Bowser and the DC Council to ensure they have the full financial flexibility to answer this call.

ORGANIZATION NAME:

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*Please send scanned form, and direct any questions to: Simone Holzer, DC Fiscal Policy Institute, sholzer@dcfpi.org*

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