

**COUNCIL OF THE DISTRICT OF COLUMBIA**  
**Office of the Budget Director**



**WHY BUDGET AUTONOMY IS IMPORTANT FOR THE DISTRICT**

**The District has demonstrated very rigorous financial controls:**

\*17 consecutive clean audits and year-end surpluses\*

\*AAA rated income tax-secured bonds\*

\*AA- general obligation bonds\*

\*Fund balance of \$1.75 billion\*

**The Financial Reasons for Budget Autonomy:**

**Budget planning suffers from a revenue estimate lag.** The District is required to have a balanced budget, but must base its revenues on an estimate developed by the CFO 8 months prior to the start of the fiscal year. Under autonomy, the balance requirement remains, but lag time will be significantly reduced.

**There are more detrimental consequences of the lag.** The delay between budget development and implementation leads to overcasting or underprojecting agency requirements, which undermines the legislature's ability to conduct oversight and allocate resources to priorities.

**Limited ability to modify budget during the FY in response to needs.** The Home Rule Act contemplates supplemental/deficiency budgets, but they require active congressional approval, which is improbable and imposes a burden on Congress.

**The District is caught up in federal government shutdowns.** If the federal government shuts down due to an absence of appropriations, the District does, too. This means the government cannot perform basic functions – everything from education, to sanitation, to environmental protection, to permitting. Budget autonomy would keep the municipality functioning and serving residents, businesses, employees, and visitors.

**The District's FY is not properly aligned with its functions.** Other states and cities use a fiscal year that aligns with the school year, but the District's is tied to the federal government's, which forces the District to request an advance to the school system ahead of each fiscal year. The autonomy legislation allows the Council to change the FY by act.

**The District is financially self-sufficient.**

For FY14, the District's operating budget is \$12.2 billion, of which only 1% includes direct payments from the US Government. The remainder – 99% of the District's revenues – come from local taxes and fees, private donations, and the same federal grants that are available to all other states and cities.