

AND COMPLICATED FEDERAL APPROPRIATIONS PROCESS THAT HAS SEVERE EFFECTS ON THE DISTRICT GOVERNMENT.

AS YOU KNOW, IN ORDER TO COMPLY WITH THE FEDERAL PROCESS, THE DISTRICT MUST DEVELOP ITS BUDGET MONTHS IN ADVANCE OF THE TIMEFRAME NEEDED BY THE CITY. IN FACT, THE DISTRICT HAS HAD TO ADOPT THE FEDERAL FISCAL YEAR OF OCTOBER 1-SEPTEMBER 30, WHEN ANOTHER FISCAL YEAR MAY BE MORE APPROPRIATE FOR THE CITY. THE CONGRESSIONAL APPROPRIATIONS SCHEDULE PREVENTS THE DISTRICT FROM USING MORE CURRENT REVENUE ESTIMATES AND EXPENDITURE NEEDS THAT WOULD LEAD TO A BUDGET BASED ON BETTER AND MORE COMPLETE DATA. FURTHER, THE DUAL NATURE OF THE FEDERAL APPROPRIATIONS PROCESS REQUIRES TWO AFFIRMATIVE ACTIONS BY CONGRESS, THE DISTRICT'S APPROPRIATION IS OFTEN CAUGHT UP IN NATIONAL POLICY DISPUTES THAT TYPICALLY DELAY OUR LOCAL BUDGET ENACTMENT AND THAT DO NOT HAVE ANYTHING TO DO WITH THE DISTRICT. THIS FLAW WAS MADE ABUNDANTLY CLEAR BARELY A MONTH AGO, WHEN THE DISTRICT WAS FORCED TO SPEND ITS VERY LIMITED FUNDS PREPARING FOR A POTENTIAL SHUTDOWN. IN LOST TAX REVENUE ALONE, THE DISTRICT COULD HAVE LOST BETWEEN \$1 AND \$6 MILLION EVERY WEEK DURING A FEDERAL SHUTDOWN. THE RANGES DEMONSTRATE AGAIN THE VAST UNCERTAINTY PLACED ON THE DISTRICT DURING PERIODS OF POTENTIAL SHUTDOWN BECAUSE WE DID NOT, NOR DO WE KNOW EVEN NOW, IF WORKERS FURLOUGHED WOULD HAVE BEEN REIMBURSED AFTER A SHUTDOWN. THE DISPUTES IN CONGRESS ARE, IN FACT, OFTEN COSTLY TO THE CITY AND THEY DELAY KEY NEW INITIATIVES, PREVENT ORGANIZATIONAL REFORMS AND CREATE UNCERTAINTY ABOUT THE IMPLEMENTATION OF IMPORTANT AND NECESSARY PROGRAMS.

REQUIRING THE DISTRICT'S LOCAL FUNDS BUDGET TO BE APPROVED AS PART OF THE FEDERAL APPROPRIATIONS PROCESS DISRUPTS SERVICE DELIVERY IN SEVERAL TROUBLESOME WAYS:

1. IT LENGTHENS THE TIME PERIOD BETWEEN IDENTIFYING A SERVICE NEED AND IMPLEMENTING A SOLUTION.
2. SERVICE IMPROVEMENTS ARE FURTHER HINDERED BY FEDERAL DELAYS IN THE BUDGET APPROVAL PROCESS. THE AVERAGE CONGRESSIONAL DELAY SINCE 1996 HAS BEEN OVER THREE MONTHS.
3. MID-YEAR BUDGET REALLOCATIONS REQUIRE AN ACT OF CONGRESS, AND DISRUPT SERVICE DELIVERY.
4. PROGRAM MANAGERS MUST "USE OR LOSE" FUNDING AT THE END OF EACH FISCAL YEAR.

MR. CHAIRMAN, THE DISTRICT OF COLUMBIA'S OVERALL FISCAL HEALTH IS STRONG. FOR MORE THAN A DECADE, WE HAVE PRESENTED A BALANCED BUDGET AND WE HAVE RECEIVED CLEAN AUDITS IN EACH OF THOSE YEARS. AS HAS BEEN NOTED BY MEMBERS OF CONGRESS, WE HAVE CLEARLY DEMONSTRATED OUR FISCAL RESPONSIBILITY. I BELIEVE STRONGLY, MR. CHAIRMAN, THAT THE FINANCIAL RIGOR THE DISTRICT EXHIBITS PROVES THAT WE ARE MORE THAN CAPABLE OF MANAGING OUR OWN RESOURCES. IT IS TIME FOR CONGRESS TO ADOPT LEGISLATION THAT WOULD REMOVE THE APPROVAL OF THE DISTRICT'S LOCAL BUDGET FROM THE FEDERAL APPROPRIATIONS PROCESS. THIS REQUEST DOES NOT REMOVE THE OVERSIGHT AUTHORITY OF CONGRESS AS PROVIDED BY THE CONSTITUTION; IT WOULD SIMPLY ALLOW THE DISTRICT TO SPEND ITS LOCAL FUNDS IN THE SAME WAY OTHER STATE AND LOCAL JURISDICTIONS DO.

GIVING THE DISTRICT BUDGET AUTONOMY WOULD PROVIDE NUMEROUS BENEFITS INCLUDING:

1. ALLOWING FOR BETTER BUDGETING BY NOT HAVING TO START THE PROCESS FOUR MONTHS EARLIER THAN WOULD BE REQUIRED IF THE DISTRICT MANAGED ITS OWN BUDGET.
2. PROVIDING INCREASED FINANCIAL FLEXIBILITY THAT WOULD ALLOW THE CITY TO REACT QUICKLY TO CHANGES IN PROGRAM AND FINANCIAL CONDITIONS.
3. REMOVING THE UNCERTAINTIES OF THE CURRENT BUDGET PROCESS THAT THE BOND RATING AGENCIES TAKE INTO ACCOUNT WHEN ASSESSING THE DISTRICT'S FINANCES, THUS PROVIDING THE CITY WITH AN OPPORTUNITY TO SAVE MONEY.

MR. CHAIRMAN, NO LOCAL GOVERNMENT CAN OPERATE EFFECTIVELY WITHOUT THE ABILITY TO RESPOND QUICKLY TO CHANGING PUBLIC NEEDS. AS THE PRIMARY DELIVERER OF SERVICES, LOCAL GOVERNMENTS MUST BE ABLE TO RESPOND QUICKLY TO VARYING CIRCUMSTANCES BY CHANGING PROGRAMS AND SERVICES IN A TIMELY AND RESPONSIVE MANNER. ALL OTHER STATE GOVERNMENTS IN OUR NATION HAVE THIS FLEXIBILITY. THEY CONTROL THEIR OWN PROGRAMS AND BUDGET ALLOCATIONS WITHOUT APPROVAL BY CONGRESS. WHY SHOULD THE DISTRICT BE TREATED DIFFERENTLY? AS YOU HAVE PUBLICLY STATED, MR. CHAIRMAN, LOCAL GOVERNMENTS ARE MUCH BETTER AT ASSESSING THE NEEDS OF THEIR JURISDICTIONS AND HOW TO ALLOCATE THE COSTS TO THE PROVISION OF PROGRAMS AND SERVICES.

SUMMARY

THANK YOU FOR THE TIME TO DISCUSS MY FISCAL YEAR 2012 BUDGET FOR THE DISTRICT OF COLUMBIA. THROUGHOUT THE RECENT ECONOMIC DOWNTURN, STATES AND CITIES ACROSS THE COUNTRY HAVE HAD DIFFICULTY MAINTAINING A BALANCED BUDGET. THE CENTER ON BUDGET AND POLICY PRIORITIES ESTIMATES THAT ALMOST ALL OF THE STATES ARE FACING BUDGET SHORTFALLS. MY BUDGET CONTINUES A STRONG TRADITION OF ENSURING A BALANCED BUDGET FOR THE DISTRICT.

I BELIEVE IT IS TIME FOR CONGRESS TO RELEASE THE DISTRICT'S LOCAL BUDGET FROM THE FEDERAL APPROPRIATIONS PROCESS AND FOLLOW THE RECOMMENDATION MADE BY THE PRESIDENT IN HIS BUDGET REQUEST TO THE CONGRESS. ON BEHALF OF THE 600,000 RESIDENTS OF THE DISTRICT OF COLUMBIA, I ASK THAT A BILL PROVIDING THE DISTRICT CONTROL OVER ITS LOCAL BUDGET BE MOVED THROUGH THE HOUSE AS SOON AS POSSIBLE.

IN CLOSING, MR. CHAIRMAN, I WOULD FURTHER REQUEST THAT THE HOUSE PASS THE FISCAL YEAR 2012 DISTRICT OF COLUMBIA BUDGET IN TIME FOR THE START OF THE NEW FISCAL YEAR AND THAT NO UNRELATED RIDERS BE PLACED ON THE BILL.

THANK YOU.