

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
EXECUTIVE OFFICE OF THE MAYOR



Office of the City Administrator

MEMORANDUM

TO: Agency Directors  
Agency Chief Financial Officers

FROM: Neil Albert, City Administrator

CC: Dr. Natwar Gandhi, Chief Financial Officer

DATE: October 23, 2009

SUBJECT: FY 2011 Budget Formulation Targets and Guidance

---

As budget development for FY 2011 begins, our challenge is to continue to improve services and operate more effectively and efficiently District-wide. I am proud of the diligent efforts of every agency to streamline operations and reduce costs over the past year, when the Local funds budget decreased by 9 percent. The challenges of balancing the FY 2010 budget are expected to continue into the FY 2011 fiscal year and beyond. While revenues are not projected to decline significantly in 2011, any revenue growth will be marginal at best. We face two additional challenges in FY 2011: the loss of federal stimulus funding and the replacement of one-time reserve funds that stabilized the District's budget in FY 2010. The combined result is a projected gap of about \$300 million for FY 2011.

To close the projected budget gap and preserve the Mayor's policy priorities, each agency will be required to present expense reductions and revenue generating proposals that could sustain up to a 10% local funds budget reduction target in FY 2011 and beyond. The FY 2011 recurring Local funds budget should exclude fixed costs and procurement or human resources assessments, and should restore recurring costs funded by one-time sources, including state fiscal stabilization and Medicaid stimulus funds. It is critical that each agency evaluate all spending, and dig deeply into the assumptions that underlie its allocation of resources.

All agency operating budget requests are due on December 2. The OCA will review submissions closely over the following month and discuss agency requests in detail at the Budget Review Team meetings this January. Your OCA analyst will follow up with additional guidance for each agency on submitting the FY 2011 agency budget request. Should you have any questions, please contact your OCA analyst or Merav Bushlin at 202-256-4864.

I look forward to working with you to develop a balanced FY 2011 budget that preserves the policy priorities of the Fenty administration.