

*March 2009*

## **Highlights of the DC Budget Process**

The District's budget process is most visible each spring, when the Mayor submits a proposed budget, and the DC Council holds oversight hearings and then votes on a final budget. In reality, however, the steps to develop and implement the DC budget are year-round, which means that opportunities to get involved in the budget also occur all year.

For example, development of the District's FY 2010 budget began in the late summer of 2008, when the Mayor and Chief Financial Officer provided agencies with guidelines for submitting their FY 2010 budgets. Many steps and decisions were then made to develop a budget proposal, which was then made public on March 20, 2009. The DC Council will vote on the FY 2010 budget on May 12 and June 2, 2009, but that will not be the end of the FY 2010 budget process, since many steps will be needed to implement the budget, and there likely will be many changes to the FY 2010 budget once it is implemented.

This document highlights the key steps in DC's budget process, with a focus on how advocates and residents can get involved, using the FY 2010 fiscal year as an example. FY 2010 will start on October 1, 2009.

### **Summer/Fall 2008**

The Office of Budget and Planning (OBP) in the Chief Financial Officer's office issues instructions to each agency that set the terms for the agency's budget request. The agency requests are submitted back to OBP in the fall using the format set out in the instructions.

- Much of the instructions are intended to determine baseline funding needs – the amount needed to maintain existing services and meet legal obligations. The baseline reflects changes in salary expenses, utilities, and other fixed costs.
- Agency budget requests also can include suggested enhancements.

### **Winter 2008/2009**

The CFO's Office of Budget and Planning reviews and "scrubs" each agency's request. Has all one-time funding from the prior-year been eliminated? Did the agency accurately reflect costs associated with expected staffing levels? Did the agency include something in the baseline that should be considered an enhancement?

OBP passes back a modified request to the agency and allows the agency to appeal. This back-and-forth relates mostly to the baseline budget. OBP generally does not comment on enhancement requests, since decisions over new initiatives or enhanced funding for existing services are political.

and made by the Mayor. The CFO's office is independent and avoids policy recommendations. Enhancement requests are passed on directly to the Mayor's office.

## **January-February 2009**

Baseline budget: The CFO will complete work on the baseline budget and prepare to submit it to the Mayor.

Revenue Forecast: The CFO issues a revenue forecast that includes projected revenues for FY 2010. The budget submitted in March must live within the revenues identified in this forecast. If the revenue forecast is less than the baseline budget, the Mayor must identify cuts to issue a balanced budget.

Budget Review Team (BRT): This group includes the City Administrator, the Deputy Mayors, staff from the Mayor's policy office, and representatives from the CFO. This group reviews the budget requests received from the agencies. This review process is used to develop options to be presented to the Mayor.

## **February-March 2009**

Council Budget Oversight Hearings: The Council holds hearings on the implementation of the FY 2009 budget for every agency. These are free-form hearings that are open to comment on virtually any aspect of the agency. This is a good opportunity to raise ideas for new initiatives.

## **March 2009**

Mayor's budget decisions and submissions: Most of the key budget decisions – over funding cuts, funding increases, tax cuts, and tax increases – are made in just the few weeks before the budget is submitted. This is a good time to remind the Mayor's staff and the DC Council of your priorities. The budget is submitted in mid- or late March.

The Mayor submits budget documents highlighting funding by agency. The Mayor submits an operating budget to cover costs of running agencies and a capital budget, which is a six-year plan for building and rehabbing government facilities and infrastructure. The Mayor also submits a Budget Support Act, which is legislation covering any funding change that requires statutory changes. (Simple increases or decreases in funding do not require legislation.) Very often, issues unrelated to the budget are snuck in the Budget Support Act (like a new central library).

## **March-April 2009**

Council budget hearings: Shortly after the budget is submitted, each DC Council committee holds a hearing on the portion of the budget the committee oversees. This is a good time to testify on elements of the Mayor's budget, including items that advocates sought but were not included.

Council Budget Mark-up: Each Council committee meets to mark-up the portion of the budget it oversees. The committees cannot appropriate more in total for their agencies than the amount in the Mayor's proposed budget, but they can shift funds within and between their agencies. If a Committee can identify new sources of revenue (tax increase, etc.), then it can add to the aggregate funding level for the committee. The committees can make recommendations for things they were not able to fund but that they hope the full Council will find a way to fund. The Committees also adopt recommendations on the Budget Support Act provisions that relate to the Committee.

## **May 2009**

The Committee of the Whole votes on the Budget Request Act, which sets the funding level for each agency and program for FY 2010. There is only one vote on the Budget Support Act. The Council also holds its first of two votes on the Budget Support Act, which includes statutory changes reflected in the budget.

## **June 2009**

The Council holds the second reading of the Budget Support Act. The budget is then submitted to the U.S. Congress for approval. The DC budget is one of the federal appropriations bills.

## **Post-Budget Adoption**

Supplemental Budget: After the budget is adopted, the Mayor can propose changes through a supplemental budget. A supplemental budget can be used to implement budget cuts — if a new revenue forecast reveals a budget shortfall — or for programmatic expansions, if a revenue forecasts shows that the District will collect more revenue than anticipated in the budget.

Cash reserves: The DC budget includes a cushion of \$50 million each year. This is intended to address unexpected increases in spending in various agencies. These are described as “spending pressures.” If it appears that the full \$50 million will not be needed for spending pressures, the Mayor can propose using the funds for new initiatives. The \$50 million reserve was effectively eliminated in the FY 2009 budget — but steps have been taken to restore a reserve in the FY 2010 budget.