

District of Columbia Business Coalition

May 19, 2011

The Honorable Kwame Brown
Chairman
Council of the District of Columbia
John A. Wilson Building
1350 Pennsylvania Avenue, NW, Suite 504
Washington, DC 20004

RE: Fiscal Discipline in FY 2012 Budget

Dear Chairman Brown:

As District of Columbia residents, taxpayers and representatives of key professional, business, and civic organizations in the city, we urge you and members of the Council to produce an FY 2012 budget that is fiscally responsible and curbs the unsustainable growth of government. We applaud you for leading by example by producing a Committee of the Whole budget that is currently lower than the Mayor's proposed budget for those agencies in your committee. However, it is important that the Council act to approve a citywide budget that reflects these same principles. We strongly urge the Council to immediately begin the task of right-sizing the District bureaucracy and eliminate proposals to increase the tax burden on D.C. households and businesses. Where taxes are established or increased, their repeal should be a top priority for any new revenues that are recognized in upcoming revenue estimates. It is time for the city to curb the unprecedented growth of government and to follow the lead of businesses and households that have had to make significant adjustments to survive current fiscal and economic challenges.

Over the past ten years, the D.C. government has grown 65%, twice the rate of inflation over the same period. During the recent period of weak revenue growth, instead of cutting spending, the city has depleted its reserves and relied on stimulus funding without any effort to deal with the fact that the reserves are finite and stimulus funding is temporary. We are now in a position where we can do the right thing by guaranteeing that any future increases in revenues be used to offset the proposed tax increases on small businesses and residents, holding harmless those that have had to make their own financial adjustments despite the government continuing to spend more. In this economic climate, a \$10 billion budget should be more than sufficient to cover the operating budget needs of this government.

The current budget difficulties should not be viewed as a mere bump on the road to eventual prosperity. They are a symptom of a condition that we must reverse and of a

new reality that must be embraced. Our government should be more efficient and accountable. It should first prioritize the elimination of mismanagement, fraud and abuse. It must restructure with an eye on improving performance and cutting out waste. The constantly expanding bureaucracy does not encourage the many dedicated D.C. government front-line employees who only want to improve service delivery and customer satisfaction. Instead, they are faced with redundancy, excessive overhead costs, and bloated middle management.

By rejecting tax increases or prioritizing new revenues to offset increased taxes, the Council can make a strong statement that it is unacceptable to ask taxpayers to bear the increasing cost of maintaining government bloat and inefficiency. Any additional revenue should then go to rebuilding the reserves or be invested in areas that will allow the District's economy, not the District's bureaucracy, to grow and flourish. The current list of proposed tax increases falls on individuals, many of whom are D.C. residents. The combined reporting represents a new tax that again is being proposed to fund unsustainable government spending. Not much attention has been paid to whether these changed tax policies will negatively affect the recovering city economy in terms of overall tax revenues flowing from business investments, retail and entertainment sales, and hospitality. It is an unjustified and unwise approach to budgeting.

This current budget represents an opportunity for you and members of the Council to demonstrate your commitment to fiscal discipline and stability. We recognize that the District must continue to provide needed services and investments in our neighborhoods, but it can and must do so in a more efficient and effective way, and we stand ready and willing to assist you in this effort. Growing the government will only put more services and investments at risk in the near future.

The FY 2012 budget should be about facing reality and living up to our commitment to manage our finances responsibly. Reducing the size of government, eliminating additional tax burdens on residents and businesses, and becoming more effective and efficient in how the city delivers services are excellent ways to start.

Thank you for your consideration.

Sincerely,



Barbara Lang
President & CEO
DC Chamber of Commerce



John Hill
Chief Executive Officer
Federal City Council



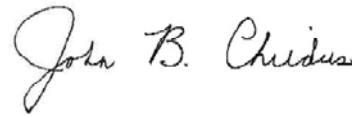
Jim Dinegar
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Margaret Jeffers
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Merrick Malone
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District of Columbia Building Industry
Association



Lynne Breaux
President
Restaurant Association of Metropolitan
Washington



Phil Carr
President
Washington Parking Association

Cc: All Councilmembers
The Honorable Vincent Gray, Mayor
Allen Lew, City Administrator, Office of the City Administrator
Eric Goulet, Deputy Chief of Staff, Executive Office of the Mayor
Janene Jackson, Director, Office of Policy and Legislative Affairs
Jennifer Budoff, Budget Director, Council of the District of Columbia