Houston, we *still* have a (revenue) problem

DC officials will soon be discussing ways to close a $175 million budget gap. Those who say we have to cut our way out of a $175 million hole imply that the District’s budget woes are the result of wanton overspending. Yet the fact is that DC’s fiscal crisis reflects the fact that the District is collecting far fewer dollars in its coffers as result of the worst recession in decades. The drop in tax collections has forced large cuts across all areas of the city’s budget, but particularly in human service programs. That’s why DCFPI and many other organizations are recommending a more balanced approach to the new shortfall, one that includes revenue increases as well as budget cuts.

DC’s revenues have fallen from $6 billion in FY 2008 — the start of the recession — to just under $5.2 billion expected in the current fiscal year, after adjusting for inflation. This means that DC’s revenues have fallen by $800 million in just four years.

![FIGURE 1](image)

The same recession that has wallop DC’s revenues has hurt thousands of DC families, too. With unemployment rising to record levels, the needs of DC families have risen. Many have lost their jobs or were forced to cut back hours, and are having difficulty finding new work in the still shaky economy.

As DCFPI pointed out yesterday, DC has tightened its budget belt in response. The FY 2011 budget is $600 million lower than the 2008 budget, after adjusting for inflation. Among DC’s major budget areas, the largest cuts have been made to human services, the area that has seen the greatest increase in demand.
Arguing for a cuts only approach ignores the real problem facing DC’s budget. A balanced approach to closing the $175 million gap that includes sensible revenue increases can help DC protect many of the quality-of-life services our communities rely on and help address the biggest problem facing our budget, the drop in revenue.