

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER



Glen M. Lee
Chief Financial Officer

June 22, 2026

The Honorable Phil Mendelson, Chairman, Council of the District of Columbia
The Honorable Members of the Council of the District of Columbia
1350 Pennsylvania Avenue, NW
Washington, DC 20004

Re: FY 2027 Budget and Financial Plan

Dear Chairman Mendelson and Members of the Council:

On June 9, 2026, the Council took its initial vote on the District's Fiscal Year 2027 budget and financial plan. In that action, the Council chose to appropriate \$150 million from the Fiscal Stabilization Reserve Account (FSRA).

As described in my letter to the Council on June 5, 2026, the District's local reserves, including the FSRA, are needed to manage and support the cash flow needs of the District's fiscal operations. It is imprudent to depend on these resources to support appropriations during FY 2027 and each fiscal year thereafter.

Therefore, in my judgment, the District reserves are not available to support appropriations in the financial plan as they are needed to meet the District's liquidity needs. As you are aware, pursuant to the Home Rule Act, the Council is required to approve a balanced budget in which expenditures do not exceed available resources.

Rather than use reserves which are needed for liquidity, the Council can choose to make appropriations contingent upon revenue collections exceeding forecasts. The OCFO would implement these appropriations if mutually agreed-upon criteria are met for when revenue collections actually exceed forecasts. However, should the Council persist with approving a budget that uses reserves to support spending, the Council would be approving an unbalanced budget and financial plan.

I again urge the Council to pass a balanced budget and four-year financial plan that does not reduce the local reserves, which are essential for District liquidity.

Sincerely,

A handwritten signature in black ink, appearing to read "Glen M. Lee", written over a white background.

Glen M. Lee

cc: Jennifer Budoff, Budget Director, Council of the District of Columbia
Council Members' Chiefs of Staff