



**MURIEL BOWSER**  
MAYOR

June 20, 2026

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

Dear Chairman Mendelson:

As the Council prepares to take its second vote on *Grow DC*, my Fiscal Year 2027 budget, I want to be candid with Councilmembers about an enormous problem taking shape in plain sight.

I appreciate the Council has preserved many of my proposals. My budget focused on four key priorities: increasing education and public safety investments, preserving core government services, protecting Medicaid and the Alliance healthcare programs, and promoting a strong growth agenda. Those priorities largely remain intact. But several of the Council's budget choices, however well-intentioned, are steering the District toward a foreseeable and preventable \$800 million problem next year.

Let me also congratulate Councilmember Janeese Lewis George on her primary win this week. Voters resoundingly responded to the ambitious agenda she laid out for our City. And to be clear, the final fiscal decisions the Council makes this June will be among the first problems she confronts in January.

I want to be clear with the DC Council and DC residents that my final budget leaves the new Mayor and Council in a solid place – we proposed \$313 million in net out year cuts that can be addressed with expected organic growth, and we expect that investment in growth strategies and smart trims to programs and services will address expected annual cost growth, or the increased costs of doing exactly what we are doing today. On first vote, however, in refusing to make any tough decisions, the Council punts to next year and adds \$465 million in one-time spending, commits to replace \$150m in reserve spending, and promises to codify a contingency list to lock up any new future revenue.

## **My Budget Closed a \$1.1 Billion Gap the Responsible Way**

In building this budget, we confronted a \$1.1 billion gap driven by slower revenue growth and rising costs. How did we close it? We found \$340 million in savings, reduced programs by \$469 million, applied \$250 million in organic revenue growth, used \$192 million in surplus from the prior fiscal year, and held tax and fee changes to a minimal \$19 million. Because we know how financially stretched our residents already are, we also delayed a sales tax increase that was scheduled to take effect in 2027.

As a result, next year's budget came in \$448 million below today's. The out years of our financial plan included \$280 million in difficult but manageable cuts that the next mayor could solve with year-end surpluses and organic growth. Importantly, we also maintained federal tax cuts for seniors, working families that earn income from overtime and tips, and most of the standard deduction that would lower income taxes for low- and moderate-income residents. In its first vote, the Council did not.

*We balanced the budget without creating a huge fiscal cliff for the next Mayor to solve.*

### **Undoing Hard Choices With One-Time Money**

In its first vote, the Council has now reversed \$465 million of those reductions. It has done so not with sustainable revenue, but with one-time funds – including \$150 million drawn from our cash reserves – to pay for recurring programs.<sup>1</sup>

*The result is that the next mayor will be sworn in and immediately confront a nearly \$800 million budget gap: \$465 million in one-time spending and \$313 million in built-in net cuts. And that doesn't include costs we don't know specifically now, but always emerge, such as the cost of health care inflation.*

### **Tying the Hands of the Next Mayor and Council**

To further complicate the fiscal picture, the Council intends to use \$150 million of future revenue growth to repay those same cash reserves. And I understand that the Council will meet on June 22, and additional wish list of new spending that would commit revenue that has not yet been realized or certified. A new Mayor and Council will take office under enormous pressure to deliver on campaign promises – only to find every dollar of future revenue is already spoken for.

### **Council Does Not Need to Raise Residents' Taxes**

For several years, the Council has avoided making any reductions to programs. Instead, it has often chosen to raise taxes, or rely on one-time funding sources, to fund programs that those tax increases or one-time funding sources, cannot sustain, only to once again look for tax increases. The rate of

---

<sup>1</sup> You can see the complete list of programs funded one-time at:  
<https://static1.squarespace.com/static/5bbd09f3d74562c7f0e4bb10/t/6a26df19a2711e0438223ffa/1780932379644/B26-659+FY2027+Local+Budget+Act+PACKET.pdf>

growth in the Council's proposed budget is so significant that even tax increases will not be able to sustain this level of spending going forward. The Council needs to confront this reality.

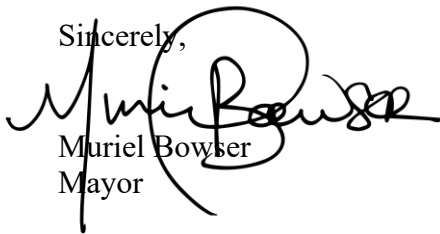
Furthermore, I have been committed to ensuring the District remains regionally competitive. That means not unnecessarily raising income tax rates, residential property taxes, or business income taxes. The Council should not raise residents' taxes to pay for programs that are simply growing unsustainably. We cannot afford to damage the District's competitiveness and undercut the economic growth we need to attract new residents and businesses and recover from DOGE.

### **The Council Can Still Avoid Walking Into a Budget Crisis**

While we didn't and wouldn't have chosen to take the tax benefits the Council is using to fund so many programs on a one-time basis, a more sustainable approach would have been to use those time-limited funds on the items I prioritized for found resources: workforce investment to settle collective bargaining agreements, childcare subsidy on a recurring basis, ending the one-year pause on medical leave (which the Council did do), and the Housing Production Trust Fund (HPTF). Instead, the Council funded a portion of the childcare subsidy on a one-time basis, added a little to workforce investment (but nowhere close to what it would take to settle outstanding agreements), and no funding for HPTF (a program that is more suitable for one-time funding).

The Council has an opportunity to address this growing budget risk before it becomes far more difficult and painful to resolve. My team and I stand ready to provide any assistance needed to support a responsible solution. Without corrective action, however, the long-term impacts will be clear: continued reliance on one-time resources to support ongoing commitments will deepen the structural gap, constrain future choices, and place an avoidable burden on residents and the next Mayor. If the Council chooses not to act, the record will make evident how this challenge was created and that it was fully preventable.

Sincerely,



Muriel Bowser  
Mayor