

# D.C. just won a big reward for its comeback

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By [Editorial Board](#)

August 29 at 7:17 PM

FROM AFFORDABLE housing to Metro to the occasional water-supply glitch, the District has its share of issues and problems. It is our job to hold the city accountable on those subjects but, just now, we'd like to focus on the bigger picture: The District is, broadly speaking, a reasonably well-run city. Proof of this comes from the Moody's bond-rating agency, which in July [elevated the city's general-obligation debt to the highest possible level](#), AAA. This is not some sort of financial good-conduct medal, but a tangible reward that will enable the city to finance its activities at the lowest interest rates available, saving residents millions of dollars and freeing up resources to provide more and better services. It's a win-win for both the public and the elected officials — past and present — who helped make it happen.

The city's new AAA rating is especially laudable given the desperate financial predicament in which the nation's capital found itself a quarter-century ago. No one would have said the District was reasonably well-run then. Plagued by mismanagement and chronic budget deficits, the city found its debt downgraded to junk-bond status in early 1995 and faced possible financial collapse or even loss of home rule. A compromise between the Clinton administration and a Republican Congress produced a package of federal financial support and administrative reform, overseen by an independent board, that ultimately laid the basis for the city's recovery.

During the mid-1990s, serious people entertained the idea that the District of Columbia might not be a viable entity. Today, new residents are flocking in and [Moody's Investors Service writes](#): "The District's high-wage knowledge and services-based economy is expanding and is positioned for future growth: employers are attracted to its highly educated workforce and that in turn is drawing more workers. The District has exemplary fiscal governance, and its updated four-year financial plan is its strongest ever." Compared with many other big cities, the District's long-term pension and health-care costs for public employees are modest.

Obviously, it took sacrifice, especially during the early years, to enable this comeback. The important thing, though, is that these sacrifices were not in vain. There is a lesson here for other troubled state and local governments, from Detroit to Puerto Rico. Those who adopt and

adhere to necessary reforms can indeed turn a financial tailspin around and reap the rewards sooner than they may think. Difficult and desperate as any city's financial crisis might seem, the only way out is through.

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