

PROPOSED GAP-CLOSING PLAN RELIES HEAVILY ON CUTS All Areas of the Budget Would Be Affected, But Low-Income Residents Bear the Brunt

Mayor Fenty's proposal to address a \$188 million budget shortfall for the current budget year continues a pattern of balancing the budget largely with cuts in services. The proposal would scale back a wide array of services — from street and alley paving to libraries to adult job training. Yet the largest share of the cuts — 39 percent — would fall on services for low-income residents, even though these programs represent just 26 percent of the locally funded budget and have been cut substantially over the past three years.

More than half of the gap-closing — \$111 million — would come from cuts in a broad range of services, according to an analysis by the DC Fiscal Policy Institute. The proposal also reflects \$32 million in reduced expenses for certain services, \$19 million in greater use of federal funds, and \$21 million from tapping unspent resources in special funds. Only \$2.5 million would come from new fees — an increase in DC's hospital tax from \$1,500 per licensed bed to \$2,000, and an increase in parking rates at Metro lots. (Other measures listed as "revenue initiatives" mainly reflect tapping resources from existing special accounts.) This means that the proposal includes more than \$40 in spending cuts for every \$1 in revenue increases.

The new proposal cuts even deeper into city agencies that have already seen budgets reduced over the past three years due to the Great Recession. The Fiscal Year 2011 budget approved last spring was already \$600 million lower than the budget in Fiscal Year 2008, adjusting for inflation. The Mayor's new proposal to close the FY 2011 budget gap would make further cuts in a wide array of services: adult job training, tree trimming and planting, police training, out-of-school-time programs, arts funding, affordable housing, child care, and small business assistance, among others. It would halt implementation of the new Healthy Schools Act, which is intended to increase the nutritional quality of school meals. And it would require DC government employees to pay a higher share of their health care costs.

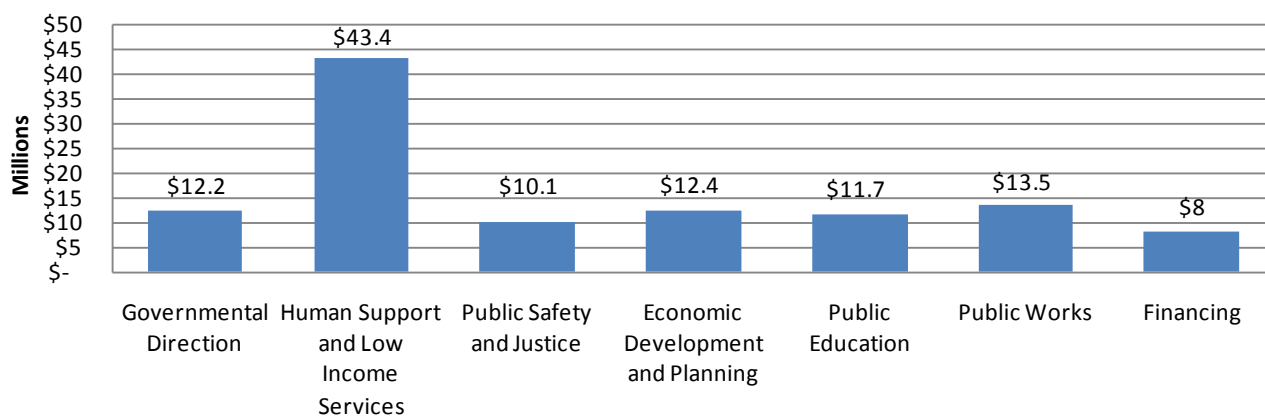
Yet while the proposed cuts would affect all parts of the city's budget, they would fall most heavily on services for DC's lowest-income residents.

More than One-Third of the Cuts Would Affect Services for Low-Income Residents:

Some \$43 million of the cuts — 39 percent — would affect low-income programs, even though these programs make up just 26 percent of DC's locally funded budget. The cuts to low-income services far exceed the proposed cuts to other program areas.

- **The low-income cuts would affect services that meet residents' most basic needs.** The proposal would cut cash assistance to poor families with children, to poor residents with disabilities, and to grandparents caring for grandchildren. It would also cut funding for housing assistance, child care, and energy assistance, among other programs.

FIGURE 1: BUDGET CUTS DISPROPORTIONATELY AFFECT SERVICES FOR LOW-INCOME RESIDENTS



Source: DCFPI analysis of the Mayor's proposed, amended FY 2011 budget. Dollars in millions. These figures do not include costs that were shifted from local funds to federal funds or cost savings due to revised cost estimates. The "Human Services and Other Low-Income" category includes all agencies under Human Support Services plus Access to Justice, the Department of Employment Services, housing agencies, child care within OSSE, energy assistance within DDOE, the Neighborhood Investment Fund from the DMPED, and the Healthy Grocery Initiative within DSLB.

- **Low-income programs already have been cut substantially in the recession.** Funding for low-income programs already has been cut 10 percent since 2008 — more than most other major parts of the DC budget — despite increased demand for many programs as a result of the recession.

The cuts proposed in the Mayor's budget plan are discussed in more detail below.

Cuts Would Reduce Services to DC's Most Vulnerable Families

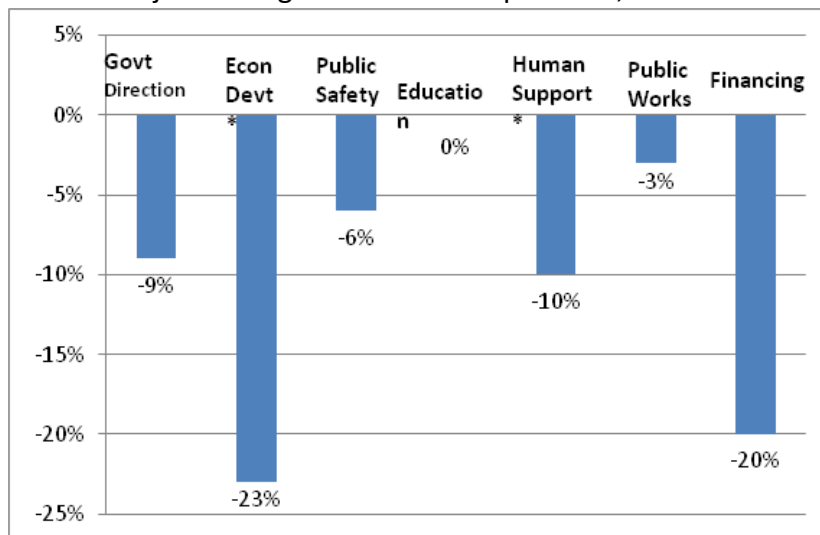
Mayor Fenty's budget proposal includes \$43 million in cuts to low-income programs. (See Table 1.) Some of these will reduce assistance to DC's poorest families.

- **Temporary Assistance for Needy Families (TANF): \$4.6 million.** TANF

provides cash-assistance and job-training to low-income families with children. The proposal would cut monthly cash assistance benefits by 20 percent, starting in February 2011, for any family that has received assistance for

**FIGURE 2
DC'S BUDGET HAS DECLINED SIGNIFICANTLY SINCE 2008**

Inflation-Adjusted Change in General Fund Expenditures, FY 2008-2011



at least 60 months. The proposal includes no provisions to help affected families find employment, at a time when unemployment remains at a historically high level. The District is currently reshaping its TANF education and training program, which is widely considered to be inadequate, yet those reforms will not be implemented until at least mid-2011.

- **Adult Job Training, \$6.3 million.** The mayor's proposal would eliminate nearly all of the \$4.6 million added into the FY 2011 for adult job training.¹ The proposal also cuts \$2.2 million of job training money from Fiscal Year 2010 that had not been spent but is still available for use in 2011.
- **Grandparent Caregivers Program, \$2.7 million:** This cash assistance program helps grandparents who are the primary guardian for their grandchildren, who would otherwise be at risk of entering foster care. Under the mayor's proposal, monthly payments to grandparent caregivers would be cut in half.
- **Child Care Subsidies, \$2.7 million.** Funding for child care has fallen by \$23 million, or more than one-fifth, since 2007. The mayor's plan would cut child care funding even further, even though child care is one of the biggest barriers for parents to work and high-quality child care is important to early childhood development.
- **Interim Disability Assistance (IDA), \$1.2 million.** This program provides cash assistance to residents with disabilities who are waiting for federal benefits to be approved. This is a critical safety net program for these DC residents, most of whom cannot work due to their disability. The program has a lengthy waiting list due to recent budget cuts.
- **Local Rent Supplement, \$3 million.** The gap-closing plan would cut \$1 million that would have helped roughly 75 low-income families get assistance to meet monthly rental bills. The proposal also would cut \$2 million in the program's reserves, which could make it harder to serve existing tenants in the future.
- **Access to Justice, \$1.7 million.** This program provides funding to provide civil legal assistance to low-income DC residents. The proposed cut would limit the number of lawyers available to help families facing eviction and other legal problems. Studies in other states have shown that legal assistance can result in savings addressing residents' problems before they require more costly fixes.
- **Energy Assistance, \$700,000.** Funding to assist low-income families who are behind on gas and electricity bills has been cut since 2008, even though the number of families facing utility shutoffs has increased by one-third in the recession. The mayor's plan would likely limit the number of households that can get help with energy bills.

¹The \$4.1 million reduction is housed within "program performance monitoring" within the Department of Employment Services. This program is where the city puts its local dollars for adult job training.

Highlights of Cuts in Other Program Areas

The proposed funding reductions in other parts of the budget include the following:

- **Public Education, \$12 million.** The largest savings, \$5 million, would come from eliminating implementation of the Healthy Schools Act, a law passed in 2010 to increase nutritional and health standards of meals served in public schools, start a farm to schools program, and several other initiatives. The mayor's plan also would reduce funding for DC Public Libraries by nearly \$1 million, by implementing cuts in staff and training. The other savings would come from reductions in the transportation program for special education students, which will partly offset rising expenses in other parts of the special education transportation system.
- **Public Safety and Justice, \$10 million.** The Mayor's plan would reduce police officer recruitment and training by \$1.6 million, along with \$2 million in other cuts at MPD. The plan also would cut Fire and Emergency Services by \$700,000, the Department of Corrections by \$1.6 million, and the Office of Unified Communications by \$3.3 million.
- **Public Works, \$13 million.** The mayor's plan would reduce transportation funding by \$6 million, including road and alley paving and sidewalk replacement. It would eliminate a stormwater pumping station project and would reduce funding for pedestrian and bicycle safety. The gap closing plan also would cut \$3 million from the Department of the Environment and a similar amount from the Department of Public Works.
- **Economic Development and Regulation, \$12 million.** The Mayor's plan would eliminate \$7 million that had been set aside to provide assistance to small businesses affected by street construction. (The FY 2011 budget is the first time such funding has been provided.) The budget also would cut the DC Commission of Arts and Humanities, which makes awards to artists and arts organizations in the city, by \$450,000. It also would cut \$1.6 million for commercial revitalization from the Department of Small and Local Business Development. This supports marketing, storefront improvements, and other technical assistance to DC small businesses.
- **Government Direction, \$12 million:** The Mayor's plan includes cuts to the Office of the Attorney General, the Office of the Chief Technology Officer, and the Inspector General, among others.
- **Financing, \$8 million.** The major cut in this area would come from increasing the contribution District government workers pay toward retiree health insurance. The proposed budget increases by three percent the share District employees will pay for post-employment health insurance, from 25 percent to 28 percent, which would reduce costs to the District by \$5 million.

TABLE 1: CUTS IN THE MAYOR'S PROPOSED BUDGET AFFECT PROGRAMS SERVING DC'S LOW INCOME RESIDENTS

DC AGENCY	PROGRAM	CUT FROM FY 2011 BUDGET
Access to Justice	Legal Services for Low-Income Residents	\$1,700,000
Department of Employment Services	Adult Job Training	\$6,300,000
	Summer Youth Employment Program	\$1,945,000
	Year-Round Youth Employment Program	\$1,000,000
	Office of Apprenticeship Training and Information	\$41,000
DC Housing Authority	Local Rent Supplement Program	\$3,000,000
Dept of Housing and Community Development	Various	\$537,000
Office of the Tenant Advocate	Housing Assistance Payments, Other	\$386,000
Department of Human Services	Interim Disability Assistance	\$1,200,000
	TANF Cash Assistance to Families with Children	\$4,627,000
Office of the State Superintendent of Education	Child Care Subsidies	\$2,700,000
District Department of the Environment	Low-Income Home Energy Assistance Program	\$704,000
Child and Family Services	Grandparent Caregivers Subsidy, 50% cut	\$2,684,000
	Community Collaboratives	\$1,258,000
	Tutoring Services	\$1,048,000
	Other	\$996,000
Department of Health	Community Health Grants	\$1,000,000
	HIV/AIDS, Hepatitis, STD and TB Grants	\$427,000
	Other	\$647,000
Department of Mental Health	Mental Health Rehabilitative Services Rate Reduction	\$1,079,000
	Community Health Services	\$1,222,000
	Other	\$1,972,000
Department of Health Care Finance	Various	\$810,000
Department of Disability Services	Local Residential Placement Services	\$2,000,000
	Host Home Residential Services	\$102,000
	Non-Medicaid Medical Services	\$260,000
	Clinical Services Contracts	\$267,000
	Other	\$566,000
Office of Disability Rights	Various	\$147,000
Children and Youth Investment Trust	Grants for Out-of-School-Time programs	\$2,575,000
Dept of Small and Local Business Development	Healthy Grocery Initiatives	\$300,000
Office of Latino Affairs	Community-based Grants, Other	213,000
Deputy Mayor for Planning & Econ Development	Neighborhood Investment Fund	\$1,126,000
	Budget increase: New Communities Hunan Capital	-\$2,400,000
TOTAL		\$43,377,000

Source: DCFPI analysis of the Mayor's proposed FY 2011 amended budget