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THE RECESSION IS CREATING HARDSHIP FOR MANY DC RESIDENTS The Proposed FY 2011 Budget Reduces Funding to Help Residents in Crisis

By Ed Lazere

With unemployment in the District of Columbia at the highest level in more than 30 years, there are signs that thousands of DC residents are struggling to meet their basic needs. Incomes have fallen and poverty has increased, and as a result a growing number of households are having trouble feeding their families and paying housing bills. There also are signs that more families are reaching out for emergency aid or basic assistance.

- **Housing and Homelessness:** The number of DC households that have had their electricity or gas cut off due to non-payment has grown sharply. Home foreclosures also have increased, and 2009 witnessed a large rise in homelessness among families with children.
- **Hunger:** Two of five children in the District suffer from hunger. More residents are turning to school lunches and food stamps for support, and demand for emergency food help has increased.
- **Child abuse and neglect:** The number of reported cases of child neglect and abuse has increased substantially over the past two years. The stresses associated with poverty are considered major contributing factors to child neglect.

The recession also is adversely affecting DC's finances and its ability to meet these needs. Despite increasing hardship, local funding has been cut in recent years for some key services that could help residents hurt by the recession — including emergency rent and utility assistance. Moreover, the proposed FY 2011 budget includes new cuts that could affect families in crisis, including elimination of a “rapid housing” program that helps stabilize families and keep children out of foster care. .

Rising Unemployment Is Affecting Low-Income Families and Communities

The impact of the recession is falling especially hard on low-income families in the District of Columbia. Unemployment has increased sharply, with the largest increases occurring in DC's lowest-income communities. Rising unemployment appears to have contributed to a significant increase in poverty.

DC's unemployment rate has more than doubled during the recession, rising from 5.6 percent in January 2008 to 11.9 percent in December 2009. During that time, the number of residents who are jobless but looking for work rose by more than 20,000. The growth in unemployment has been greatest in Ward 8, Ward 7, and Ward 5, which consistently have the highest rates of unemployment even when times are good.

- While the unemployment rate is 12 percent for the city as a whole, the jobless rate reached 26.5 percent in Ward 8 in 2009. Some 18 percent of Ward 7 residents and 14 percent of Ward 5 residents were unemployed.
- Residents of Wards 5, 7, and 8 account for more than half of the 20,000 increase in unemployment during the recession.

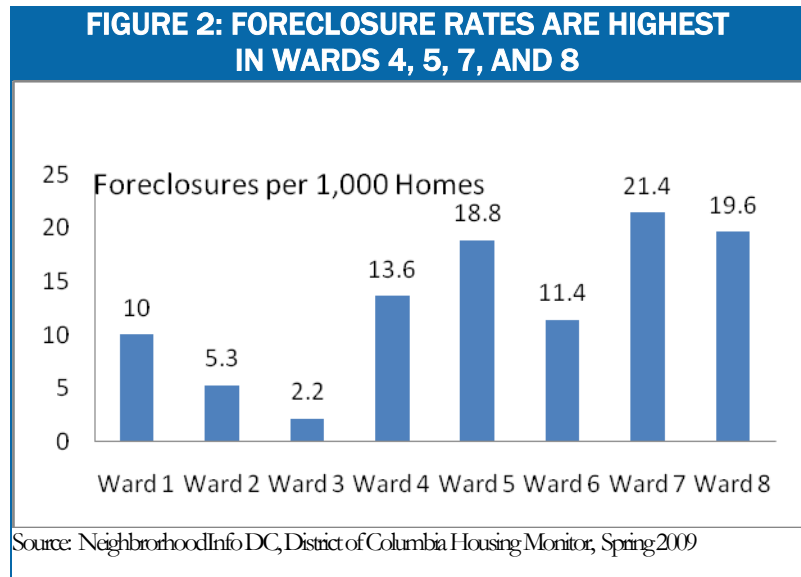
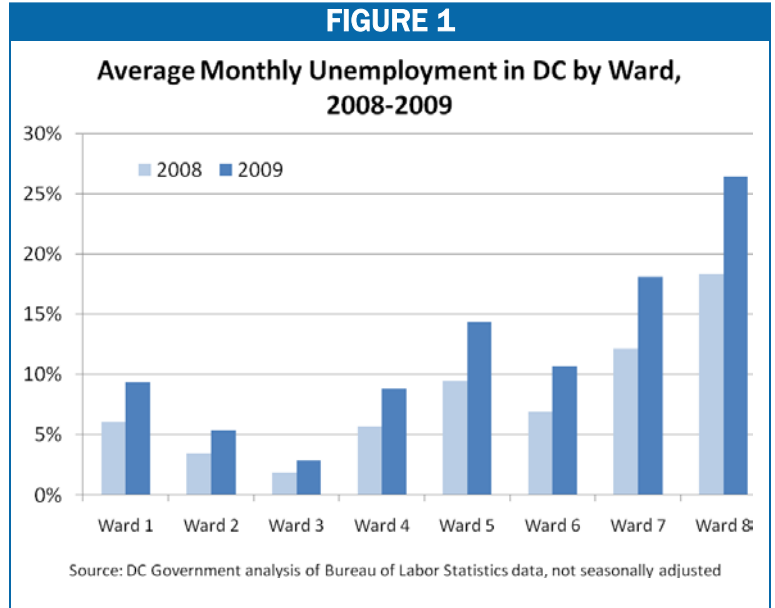
Rising unemployment is likely to have contributed to an increase in poverty.

- DC's poverty rate is projected to have grown from 16.9 percent in 2008 to 18.9 percent in 2009, according to an analysis by the DC Fiscal Policy Institute.¹ This means that an estimated 11,000 more DC residents fell into poverty last year, bringing the total number of DC residents living below the poverty line to 106,500.
- The increase in the poverty rate for 2009 is the highest year-to-year change in the poverty rate in the District since 1995.

More DC Residents Are Having Trouble Maintaining Their Housing

Declining incomes have made it harder for many DC families to protect their most basic need — their home. A growing number of homeowners have gone into foreclosure, and there has been a sharp rise in DC households facing utility shut-offs due to non-payment.

Some 2,116 single-family homes and condominium units were in foreclosure in the first



quarter of 2009, according to the DC Housing Monitor, the highest number since the fourth quarter of 2000.ⁱⁱ The number of homes in foreclosures doubled between 2006 and the first quarter of 2009.

- The highest rates of foreclosure are in Wards 4, 5, 7 and 8.
- 8,400 households had their electricity shut off in 2009, an increase of 43 percent since 2007.
- Some 8,800 homes had their natural gas shut off in 2009, a 29 percent increase over two years.ⁱⁱⁱ

The increase in housing pressures also is evident in a growing number of homeless families with children. According to a survey by the Community Partnership for the Prevention of Homelessness, there were 2,523 residents in homeless families in DC in 2010, a 37 percent increase since 2008.^{iv} The city’s main winter shelter for families with children was far over its capacity through much of the past winter.^v

TABLE 1 A GROWING NUMBER OF DC HOUSEHOLDS ARE FACING UTILITY SHUT-OFF			
	2007	2009	Change
Electricity Shut-offs for Non-payment	5,812	8,359	44%
Natural Gas Shut-offs for Non-Payment	6,875	8,849	29%
Source: Data provided by DC Public Service Commission.			

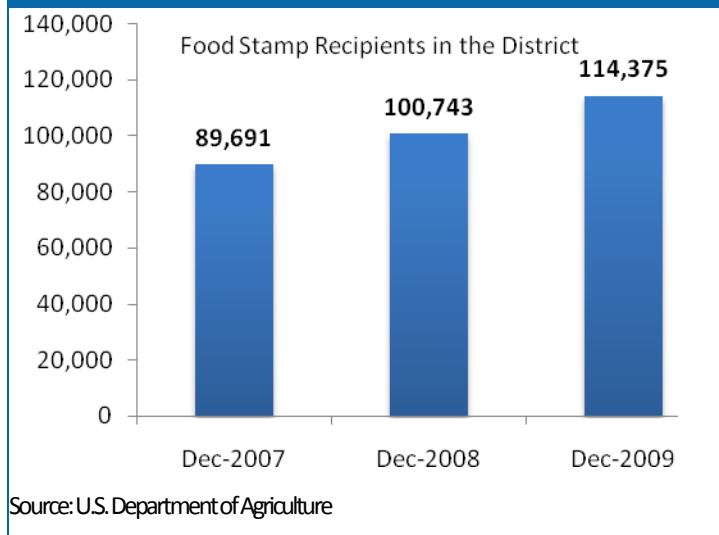
Growing Numbers of DC Residents Are Seeking Food Assistance

Hunger is common among DC residents, and the recession has made it harder for many to afford decent and adequate food. For example, two of five households with children said that they had difficulty affording enough food in 2009, according to a report by the Food Research and Action Center.^{vi}

The growing challenges many families are facing are evident in a number of measures of demand for food aid.

- The number of DC residents receiving food stamp increase increased from 89,300 in the start of 2008 to 114,400 by December 2009, an increase of 30 percent.
- Some 49,000 DC students participate in the school lunch program this year, compared with 41,000 last year, according to the Office of the State Superintendent of Education.
- An estimated 88,400 households in the DC metropolitan area receive emergency food

FIGURE 3: FOOD STAMP CASELOADS HAVE RISEN THROUGHOUT THE RECESSION



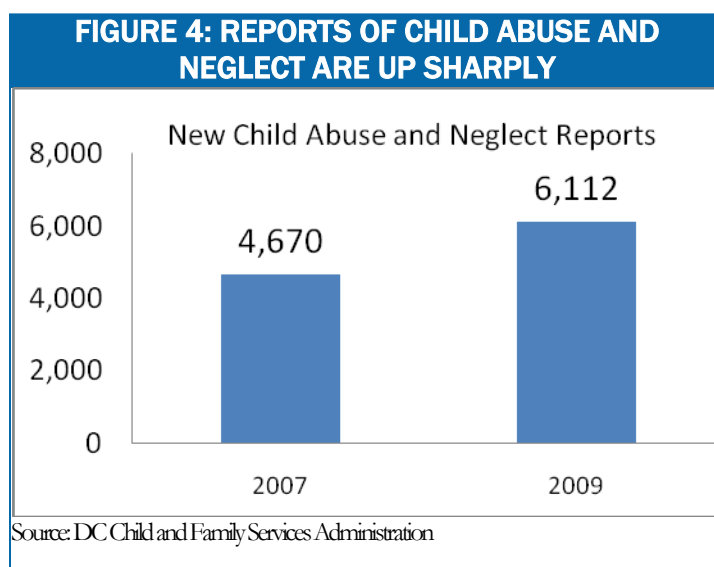
assistance each week from a food pantry, soup kitchen, or other agency served by the Capital Area Food Bank – 19,000 more than four years ago — an increase of more than 25 percent.^{vii}

- Demand at the men’s dining room at SOME, Inc (So Others Might Eat) rose from 224,000 meals in 2007 to 266,000 in 2009, an increase of 20 percent.

Child Abuse and Neglect Reports Are on the Rise

There were 6,112 reports of child abuse or neglect in the District in 2009, according to the District’s Child and Family Services Administration. This is an increase of more than one-third since 2007, when there were 4,670 reports of child abuse or neglect.^{viii}

While changes in reports of child abuse can occur for several reasons, it is likely that the recession is a contributing factor. Across the nation, social service advocates have expressed concern that rising unemployment would lead to an increase in neglect.^{ix} Researchers identify family poverty as a major risk factor for child abuse and neglect. Studies have found that abuse and neglect stem from a variety of factors that are associated with poverty, including parental distress and depression, social isolation, unemployment, single parenthood and substance abuse.^x Research has also shown that child abuse and neglect increase when families fall deeper into poverty.



Proposed FY 2011 Budget Would Cut Some Services for Residents in Crisis

The recession also is adversely affecting DC’s finances and its ability to meet the growing needs of residents, especially those affected by unemployment or otherwise hurt by the recession. While some important services have been maintained — for example, the District largely has kept intact its health care programs for low-income residents — other services have been cut. Moreover, the proposed budget for next year includes cuts to some services that help families in crisis.

- **Emergency Rental Assistance:** The District allocated \$8.7 million in FY 2009 to help families with children facing eviction. The proposed FY 2011 funding level is \$7.7 million. Even when funding was higher, the District ran out of these funds before the end of the fiscal year.
- **Energy Assistance:** The proposed FY 2011 budget for energy assistance payments is \$17, including both federal and local funds. This is \$7 million less than the amount available in FY 2009.

- **Rapid Housing:** The proposed budget would cut this program by \$1.2 million — which would eliminate it entirely. This program supports families where there is a risk of a child entering the foster care system or if the barrier of inadequate housing is keeping a child from reunification with his or her parents. The program also helps prevent homelessness for youth aging out of foster care by providing them assistance to transition to their own apartment. Every dollar spent on this program saves an estimated \$4 in reduced placements, according to the Children’s Law Center.
- **Interim Disability Assistance:** IDA provides temporary cash benefits to adults with disabilities who have applied for federal Supplemental Security Income (SSI) benefits and are awaiting an eligibility determination. The District has scaled back this program this year – by cutting limiting in half and creating a waiting list— and will continue to do so in FY 2011. The cut totals roughly \$7 million in FY 2011. Maintaining a wait list for residents waiting for federal benefits to be approved defeats the purpose of IDA.
- **Office of the Tenant Advocate:** The Mayor’s proposed 2011 budget cut funding for this office from \$3.6 million in FY 2010 to \$1.6 million in FY 2011. In DC Council budget mark-ups, a portion of this funding was restored. This agency advocates for the rights and interests of tenants, including legal representation, emergency rental assistance for selected families, education on tenant’s rights, and policy advocacy.
- **Access to Justice:** The proposed 2011 budget cut this program by \$1.1 million. Access to Justice supports civil legal services for low-income residents. The most common use of this assistance is for residents facing housing problems. In DC Council committee mark-ups, \$1.7 million was added to the program, reversing the proposed cut and bringing funding nearly back to 2008 levels.

ⁱ DC Fiscal Policy Institute, [“Poverty on the Rise in the District: The Impact of Unemployment in 2009 and 2010.”](#) March 2010.

ⁱⁱ The foreclosure information comes from NeighborhoodInfo DC’s [“District of Columbia Housing Monitor, Spring 2009.”](#)

ⁱⁱⁱ This information was provided by the District of Columbia Public Service Commission.

^{iv} The Community Partnership for the Prevention of Homelessness, [“A Regional Report on Homelessness: The 2010 Count of Homeless Persons in Metropolitan Washington,”](#) May 2010, page 5

^v See *Washington Post*, [“D.C. Mayor Fires Shelter Operator Families Forward,”](#) April 3, 2010.

^{vi} Food Research and Action Center, [“Food Hardship: A Closer Look at Hunger,”](#) 2010

^{vii} Capital Area Food Bank, [“Hunger in America 2010,”](#) January 2010

^{viii} It is worth noting that the number of substantiated case of neglect and abuse increased by a smaller amount, from 1,639 in 2007 to 1,680 in 2009. This reflect a sharp decline in the share of reported cases that ultimately are substantiated by the District as child abuse or neglect, from 35 percent in 2007 to 28 percent in 2009. The reasons for this decline are not clear. The rate of substantiation in 2009 was far lower than the rate over the past decade. From 1998 through 2008, the rate of substantiation ranged from 33 percent to 47 percent.

^{ix} [“Protecting the Weakest: The Recession May Hurt America’s Vulnerable Children,”](#) *The Economist*, February 25, 2010.

^x See, for example, Christina Paxson and Jane Waldfogel, “Work, Welfare, and Child Maltreatment,” *Journal of Labor Economics* (2002), p.438; Lisa Bethae, “Primary Prevention of Child Abuse,” *American Family Physician* (1999), www.aafp.org/afp/990315pa/1577.html