

June 29, 2011

WHAT'S IN THE FY 2012 BUDGET FOR HOMELESS SERVICES?

The District's Department of Human Services (DHS) provides services to homeless residents through two key channels: the Homeless Services Continuum and the Permanent Supportive Housing program.

- The Continuum offers emergency shelter, temporary and transitional housing, and supportive services to homeless and formerly homeless DC residents. These services are delivered by nonprofit and for-profit providers who either contract with DHS directly or operate under the umbrella of an intermediary, The Community Partnership for the Prevention of Homelessness.
- The Permanent Supportive Housing program, also known as Housing First, was created in FY 2009. It provides long-term housing and case management services to chronically homeless individuals and families.

The FY 2012 budget maintains total spending on homeless services under the Continuum at \$65 million, the same level as FY 2011. This reflects a large increase in local funds to compensate for expiring federal stimulus funds. Although total funding will remain constant at FY 2011 levels, there is actually a \$3 million shortfall compared to the current services funding level of \$20 million. The additional \$3 million would have allowed DHS to meet demand resulting from higher costs and a larger homeless population.

The gross budget for permanent supportive housing — both federal and local—will fall from \$30 million to \$27 million in FY 2012, an 11.5 percent reduction, after adjusting for inflation. This reflects a large increase in *local* funds, which would partially offset a substantial drop in federal dollars. Some PSH participants would be served under other programs, so the number of individuals

KEY FINDINGS

MAYOR'S BUDGET PROPOSAL

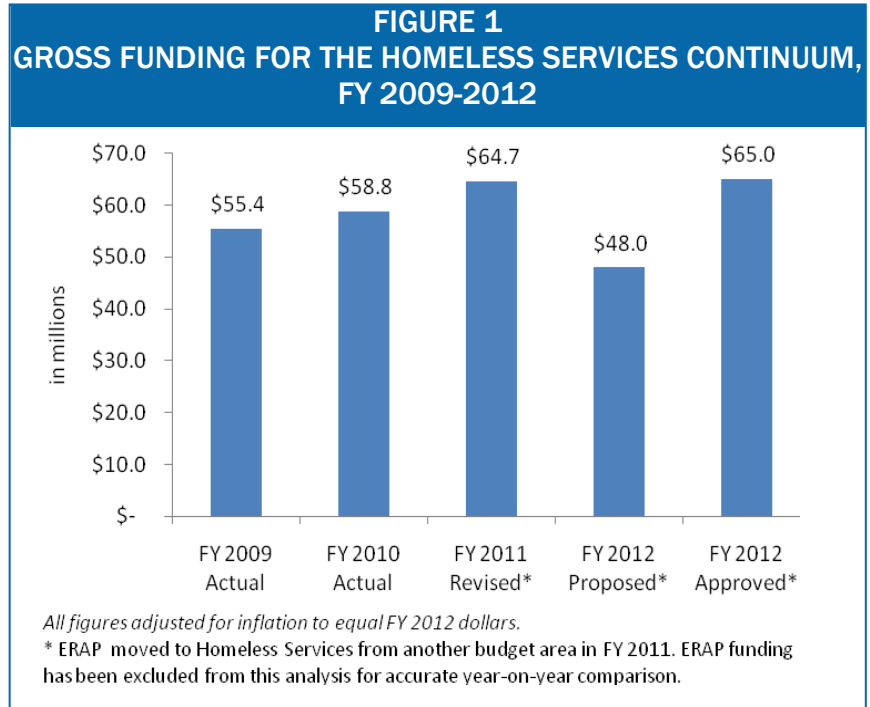
- The FY 2012 proposed budget would have reduced total funding (both local and federal) for homeless services by \$17 million, or 26 percent, from FY 2011 level.
- Despite a slight increase in local funds, service levels would have been scaled back considerably.
- The FY 2012 proposed budget for Permanent Supportive Housing (PSH) — a program that houses chronically homeless individuals and families— would have decrease by \$3 million, or 12 percent from the FY 2011 budget. PSH would serve the same number of residents despite lower funding by shifting PSH residents into other housing programs.
- The FY 2012 budget proposed to reduce funding for homeless services at the same time that the number of homeless families in DC increased by 7 percent from 2010 to 2011.

FINAL BUDGET VOTE, JUNE 14

- The Council restored \$17 million of a \$20 million cut to the Homeless Services Continuum.
- The Council voted to direct \$1.6 million of future revenue increases to the Permanent Supportive Housing program and another \$2.5 million to the Continuum.

served would not change.

The DC Council also passed a provision which would use any future increase in DC revenue to restore funding to a number of programs. The package prioritized restorations for a variety of programs, including \$2.5 million for the homeless continuum and \$1.6 million to the Permanent Supportive Housing Program. The next revenue forecast will be released in June and this paper will be updated to reflect any changes made to the FY 2012 budget as a result.



Homeless Services Continuum Analysis

The FY 2012 total budget for the Continuum is \$65 million¹, the same level of funding the Continuum received in FY 2011, after adjusting for inflation (see table 1). Local funding will increase from \$37.5 to \$54.5 to make up for the large drop in federal Recovery Act funding, from \$27.2 million in 2011 to \$8.7 million in 2012. The District is using \$15 million in federal Recovery Act funds to supplement local funds in 2011, but only \$380,000 will be available in 2012.

**TABLE 1:
Key Homeless Services Continuum Funding Sources, FY 2009-2012**

	FY 2009 Actual	FY 2010 Actual	FY 2011 Revised	FY 2012 Approved
Local ¹	\$40.6	\$37.5	\$37.5	\$56.3
Federal Stimulus ²	--	\$4.0	\$18.0	--
Other Federal ³	\$14.8	\$17.3	\$9.2	\$8.7
Total	\$55.4	\$58.7	\$64.7	\$65.0

In millions. All figures adjusted for inflation to equal FY 2012 dollars.

¹ Excludes ERAP funds. See Footnote 1.
² Federal stimulus funding includes the TANF Emergency Contingency Fund and the Rapid Rehousing grant
³ Other federal funds include TANF funds, the Social Services Block Grant, and a HUD Emergency Shelter Grant.

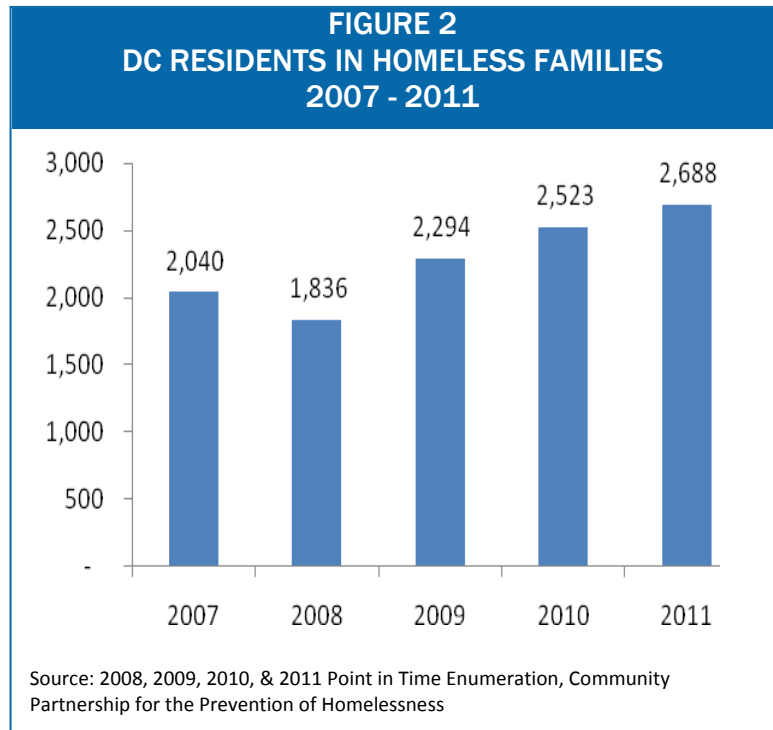
While this funding level is not a decrease from FY 2011, it falls short of current service level needs, because of rising costs and a substantial growth in the number of homeless families in recent years

¹ To create a fair comparison across years, these figures exclude the \$7.4 million local budget for ERAP in FY 2011 and 2012, because the program shifted in to the Continuum from elsewhere in the budget in FY 2011. Therefore, the seeming jump in local funds in FY 2011 actually represent the shift of ERAP from one budget area to another, and not an increase in actual service levels.

(Figure 2). In fact, from 2008 to 2011, the number of DC residents in homeless families increased by 46 percent, from 1,836 to 2,688. The 2011 figure included 858 families with 1,620 children.

The rise in homelessness has overwhelmed the District’s homeless services system. Until FY 2011, the District placed into shelter all “priority-1” families — those with no safe place to stay, such as families who are sleeping on the street or fleeing domestic violence — but the policy changed in mid-FY 2011 when a funding shortfall forced the District to stop accepting families into its largest shelter with family space, DC General.

The FY 2012 budget of \$17 million should allow the District to maintain shelter capacity, but will likely not be sufficient to cover critical auxiliary services, including meals, case management, and transportation to and from shelters. The Council voted to direct \$2.5 million of future revenue increases towards the homeless services continuum. However, revenues would need to increase by \$3.5 million in order for funding to be restored.



Permanent Supportive Housing Analysis

Total funding for Permanent Supportive Housing —including both federal and local—will fall from \$30 million in FY 2011 to \$27 million in FY 2012, an 11.5 percent reduction, after adjusting for inflation (see table 2). The budget includes a substantial increase in local funds — from \$14 million to

**TABLE 2:
Permanent Supportive Housing Funding Sources, FY 2009-2012**

	FY 2009 Actual	FY 2010 Actual	FY 2011 Revised	FY 2012 Approved	FY 2012 Contingent
Local	\$12.5	\$9.7	\$14.1	\$21.9	\$23.5
Federal Grants ¹	--	\$0.3	\$4.3	\$4.9	\$4.9
Federal One-Time	--	\$5.4	\$11.9	--	--
Total	\$12.5	\$15.4	\$30.3	\$26.8	\$28.3

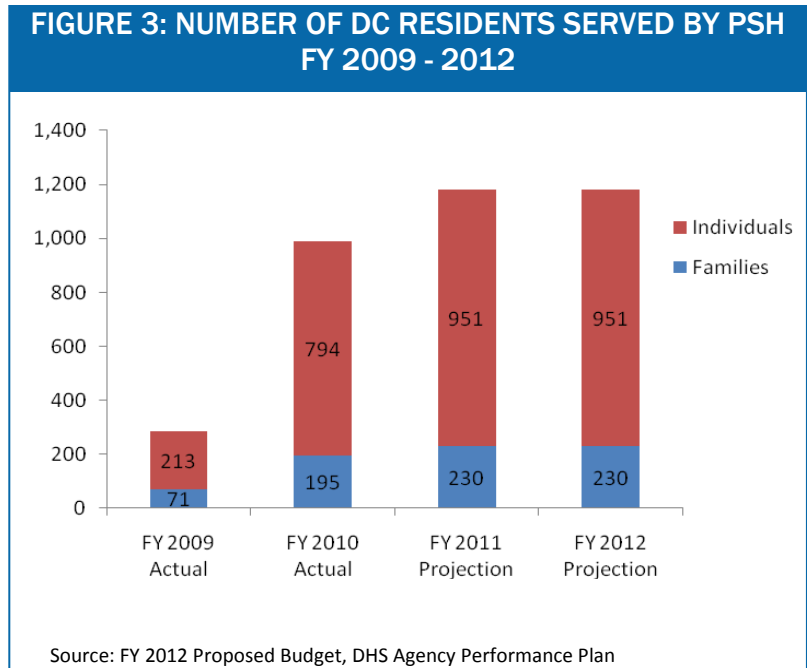
In millions. All figures adjusted for inflation to equal FY 2012 dollars.

¹ Federal renewable grant includes Shelter Plus Care, Emergency Shelter Grant, and DCVA Veterans Administration grants.

'FY 2012 Contingent' includes funding restorations to affordable housing programs that would be made in DC's revenues increased by a large enough amount.

\$22 million — to help replace \$12 million in federal dollars that will expire at the end of 2011.

PSH began in FY 2009 with a budget of \$12.5 million in local dollars. Due to a combination of increased local spending and larger federal awards in recent years, the program has been able to expand its reach from 213 individuals and 71 families in FY 2009 to a projected 951 individuals and 230 families in FY 2012 (Figure 3). While the number of permanent supportive housing units will remain steady in FY 2012, capacity will remain far below the goal of 2,500 units for the chronically homeless that is part of the District’s strategic plan to end homelessness.²



Despite the 11.5 percent drop in total PSH funding, the number of households served by PSH is not expected to change because PSH clients will be shifted to other housing programs. First, the budget requires that 175 planned local rent supplement vouchers be prioritized for PSH participants. Second, \$4 million in federal housing vouchers will be used to cover the housing costs of PSH participants. By implementing these two changes, the District will be continuing to serve PSH clients while reducing the ability of other housing programs to help additional low-income individuals.

The Council voted to direct \$1.6 million in future revenue to PSH. In the FY 2012 budget, Local Rent Supplement vouchers will be used to house a number of PSH clients. The \$1.6 million would simply redirect the LRSP vouchers back to their designated purpose. However, this restoration will only be possible if revenues increase by \$140 million. For more about the impact of the budget on housing programs, see DCFPI’s [Housing Toolkit](#).

Performance Measures

The budget for each government agency includes a number of performance measures tied to specific agency objectives. In addition, each agency develops a performance plan every year, and it completes a “performance accountability report” at the end of the year.

The performance measures are intended to provide an indication of how well agencies are using funds to meet their goals. Unfortunately, the quality of performance measures in the District’s budget

² See the DC Interagency Council on Homelessness Strategic Action Plan to End Homelessness: http://ich.dc.gov/ich/frames.asp?doc=/ich/lib/ich/pdf/april_2010/ich_strategic_plan_final_4_6.pdf

is uneven. In many cases, performance measures are unclear or cover aspects of the agency's functions that do not seem tied to the agency's core functions.³

The District currently tracks eight performance measures directly related to homeless services. Five relate to Permanent Supportive Housing, two relate to Homeless Prevention and Rapid Re-Housing, and one relates to a special populations initiative for seniors. No performance measures address the Homeless Services Continuum.

Measures related to PSH document the total number of families and individuals served, as well as the retention of participants in their housing over a two-year time period. These measures are useful, but several additional measures would help the agency present a more complete picture. To better track the ability of PSH to meet demand and the turnover within the program, DHS could measure average wait time for housing, number of new individuals and families served each year, and average tenure in housing. To track the progress of housing development against the Interagency Council on Homelessness' Strategic Plan, DHS could report on the number of existing units as a percent of the goals outlined in the plan.

The District reports no measures that address the performance of the District's emergency and transitional shelter system or supportive services providers. At a minimum, the agency should report on the number of singles and family beds, hypothermia beds, low-barrier shelter beds, as well as average number of individuals receiving case management through the Continuum.

³ DC's performance measurement is discussed further in a 2009 DCFPI report, *Ten Ways to Improve the Transparency of the DC Budget*.