

April 27, 2012

WHAT'S IN THE FY 2013 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 **Homeless Services 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.
- **Permanent Supportive Housing (PSH)**, also known as Housing First, was created in fiscal year 2009. It provides long-term housing and case management services to chronically homeless individuals and families.

The fiscal year (FY) 2013 budget appears to reflect a modest increase of about \$630,000 in the total budget for homeless residents, bringing it to \$94.2 million.¹ The Permanent Supportive Housing program sees a reduction of \$1.9 million, bringing the total budget to \$25 million. The Continuum budget increases by \$2.5 million to \$69.2 million (see Figure 1).

Despite these budgeted increases, the actual funding available for the Homeless Services Continuum is \$7 million less than in FY 2012. This is because the Department of Human Services used some sources of federal funds in FY 2012 to expand services beyond the budgeted amount, but these funds will not be available for FY 2013. Replacing this funding is first on the mayor's Revenue Priority List,

KEY FINDINGS

MAYOR'S BUDGET PROPOSAL

- The FY 2013 proposed budget includes a modest increase of \$630,000 in total funding (both local and federal) for services for homeless residents.
- The PSH budget contains a decrease of \$1.9 million. PSH will serve the same number of residents by reducing case management services and shifting residents to federal vouchers.
- The Homeless Services Continuum sees an increase of \$2.5 million, bringing the total budget to \$69.2 million.
- Despite this increase, available funding for the Continuum is \$7 million less than in FY 2012. DHS had federal carryover funds to use in FY 2012 that are not available for FY 2013.
- There are \$2.4 million in contractually mandated Continuum cost increases that are not included in the proposed budget. If not funded, these costs may cause a spending pressure or necessitate service cuts during FY 2013.

¹ All figures in this analysis exclude funding for the Emergency Rental Assistance Program (ERAP) as the program was not counted in the homeless services budget until FY 2011. This allows for accurate year-to-year comparisons. Under the proposed budget, ERAP will be funded at the same level as in fiscal year 2012, \$7.4 million.

a list of programs and services that would be funded if revenues increase beyond current projections. If this funding is not replaced, there will be significant cuts in shelter and services for single adults during non-hypothermic months.

Additionally there are \$2.4 million in contractually mandated cost increases that are not reflected in the proposed budget. Paying for these cost increases is number thirteen on the mayor's priority list.

Homeless Services Continuum Analysis

The FY 2013 total budget for the Homeless Services Continuum is \$69.1 million, a \$2.5 million increase after adjusting for inflation (see Table 1). This increase is made up of a \$1.6 million increase in federal funding and a \$900,000 increase in local funding.

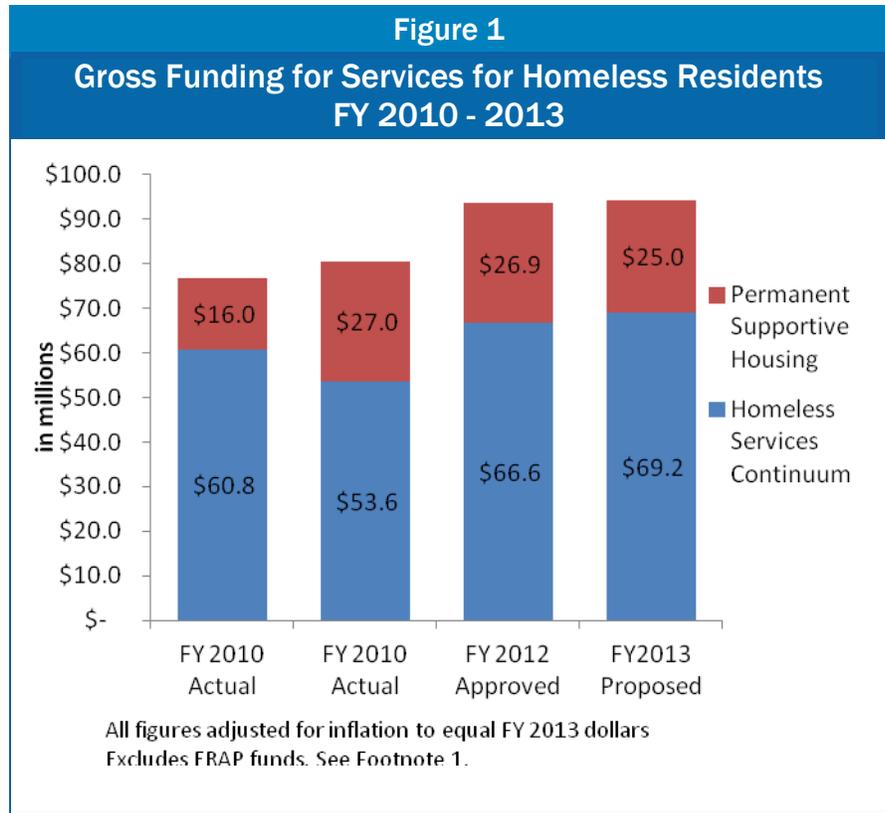


TABLE 1
Key Homeless Services Continuum Funding Sources, FY 2009-2013

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Approved	FY 2013 Proposed
Local ¹	\$42.0	\$38.7	\$36.0	\$57.1	\$58.0
Federal Grants ²	\$8.7	\$8.7	\$1.1	\$9.5	\$11.1
Federal One-Time ³	\$6.6	\$13.4	\$16.5	--	--
Total	\$57.3	\$60.8	\$53.6	\$66.6	\$69.1

In millions. All figures adjusted for inflation to equal FY 2013 dollars.

¹Excludes ERAP funds. See Footnote 1.

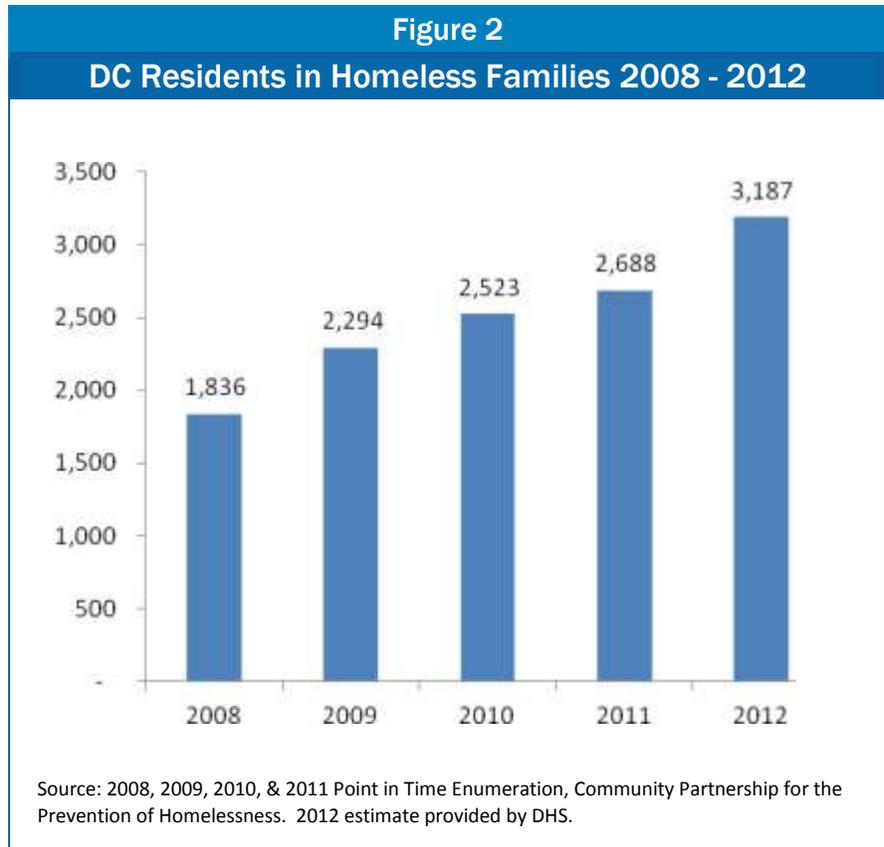
²Other federal funding sources include Temporary Aid to Needy Families (TANF) funds, the Social Services Block Grant, and a HUD Emergency Shelter Grant

³Federal one-time funding includes the TANF Emergency Contingency Fund and the Rapid Re-Housing Grant

Despite these budgeted increases, DHS reports the actual funding available for the Continuum in FY 2013 is \$7 million less than in FY 2012. This is because DHS had federal carryover funds from the Temporary Assistance for Needy Families (TANF) and Social Services Block grants in FY 2012 that will not be available for FY 2013.

Replacing this funding is first on the mayor's Revenue Priority List, a list of programs and services that would be funded if revenues increase beyond current projections. If this funding is not replaced, DHS will:

- Reduce shelter capacity by one-half for single adults in non-hypothermia season to save \$5 million;
- end street outreach to homeless adults in non-hypothermic months to save \$165,000;
- end transportation to shelter for individuals calling the hotline in non-hypothermia season for \$677,000 in savings; and



- Reduce services including meals, day programs, and job training for \$1.3 million in savings. DHS has not reported the full extent of these cuts, but they are expected to include no longer providing lunch at DC General, DC's family shelter, and discontinuing funding for the medial clinic at DC General. It is unclear how medical services will be affected as Georgetown University School of Medicine also contributes funds and staffing to the clinic.

There are also \$2.4 million in contractually mandated cost increases that are not reflected in the proposed budget. These costs are related to existing services such as fixed costs for shelters, cost of living adjustments for service providers, and increases in rent subsidies. Paying for these cost increases is thirteenth on the mayor's priority list. If not funded, these costs may cause a spending pressure or necessitate service cuts.

A rise in family homelessness is continuing to overwhelm the District's homeless services system. From 2008 to 2011, the number of DC residents in homeless families increased by 46 percent, from 1,836 to 2,688 (see Figure 2). In 2012, the number of individuals in homeless families rose to 3,187 in 2012, a 19 percent increase in just one year. Since 2008, the total increase in family homelessness is 75 percent.

The large increase in homeless families has led the District to rely on motels for emergency shelter during the hypothermia season. In the 2011-2012 winter hypothermia season, DHS added 119 units to its DC General shelter, bringing total capacity up to 273 families. Even with this additional space, the

District housed up to 210 families per night in motels. Motels are significantly more expensive than shelters — roughly \$3,000 per month per family — and provide far less access to supportive services.

As a result of this increase in homelessness and the failure of funding to rise in tandem, DHS was forced in 2011 to end the long-standing practice of placing 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 — beyond the required hypothermia period (November through March). Thus in 2011, no families were admitted to shelter from April through October, and the same will occur in 2012.

Looking to FY 2013, it appears DC can expect a similarly large need for family shelter. As noted, no new families will be admitted into shelter from now until hypothermia season starts in November 2012. It is likely that once the shelter opens to new families, the need will again overwhelm existing capacity. DCFPI estimates that if the need for shelter matches that of FY 2012, DHS will need to house up to 296 families per night in motels, at a total cost of nearly \$7.5 million.

Permanent Supportive Housing Analysis

Total funding for PSH will fall from \$26.9 million in FY 2012 to \$25 million in FY 2013, a 7 percent reduction, after adjusting for inflation (see Table 2). The budget includes an increase in federal funds of \$1.6 million, but that does not fully make up for the \$3.5 million decrease in local funding.

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Revised	FY 2013 Proposed
Local	\$12.9	\$10.0	\$11.4	\$22.6	\$19.1
Federal Grants ¹	--	\$0.4	\$3.4	\$4.3	\$5.9
Federal One-Time	--	\$5.6	\$12.2	--	--
Total	\$12.9	\$16.0	\$27.0	\$26.9	\$25.0

In millions. All figures adjusted for inflation to equal FY 2013 dollars.
¹Federal renewable grant includes Shelter Plus Care, Emergency Shelter Grant, and DCVA Veterans Administration grants.

The decrease in local funds includes:

- cost savings from shifting participants from local to federal housing vouchers and from reducing case management services; and
- a \$450,000 reduction from FY 2012 that the agency reports as “one-time funding.” The \$450,000 resulted from a provision in the FY 2012 budget to allocate any increase in revenues after the budget was adopted. The 2012 revenue priority list developed by the DC Council did not indicate that the funding for PSH was considered one-time.

Despite this budget reduction, DHS projects serving the same number of clients in FY 2013: 265 families and 863 individuals. While these numbers represent significant growth from the number of

clients served in its first year, FY 2009, the number of individuals served will not reach the goal set by DHS in 2011 of 951 individuals (see Figure 3). Capacity also remains 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

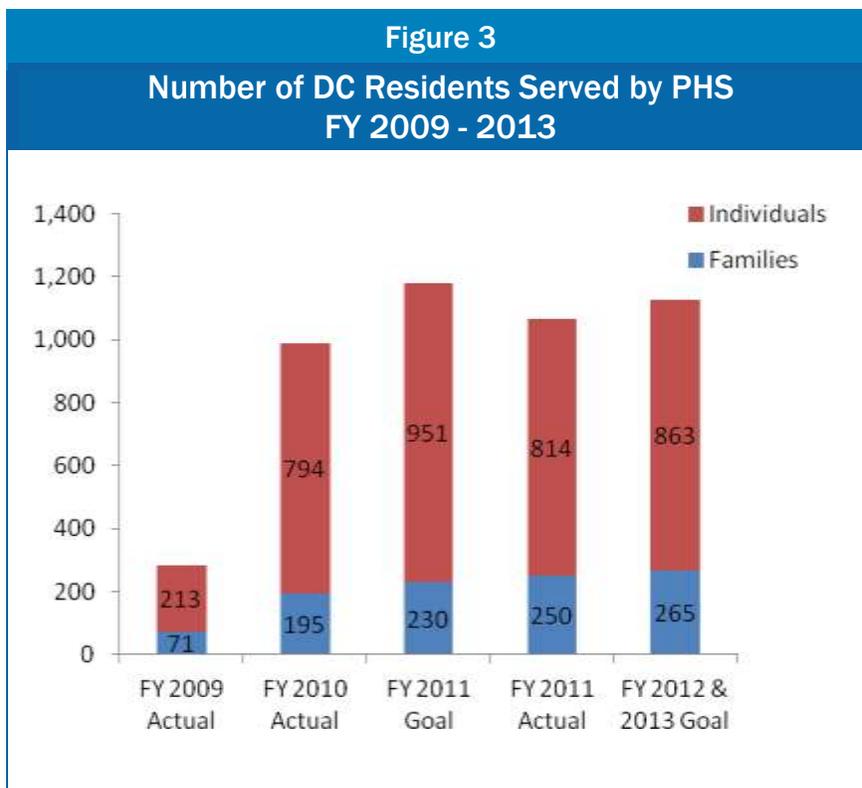
Performance Measures

Each agency’s budget includes a number of performance measures intended to provide an indication of how well the agencies are using funds to meet their goals.

Unfortunately, the quality of these performance measures is quite uneven, with some lacking clarity and others disconnected from the agency’s core functions.³ Additionally, many performance measures change from year to year. Improving and updating performance measures is a good practice, but without continuity from one year to the next, it is difficult to gauge progress.

The District currently tracks eight performance measures related to homeless services, with five related to PSH, two related to Homeless Prevention and Rapid Re-Housing (HPRP), and one related to a senior housing initiative. 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.



² DC Interagency Council on Homelessness Strategic Action Plan to End Homelessness, April 2010, http://ich.dc.gov/ich/frames.asp?doc=/ich/lib/ich/pdf/april_2010/ich_strategic_plan_final_4_6.pdf.

³ The issues related to DC’s performance measurement are discussed further in a DCFPI 2009 report, Ten Ways to Improve the Transparency of the DC Budget, <http://www.dcfpi.org/ten-ways-to-improve-the-transparency-of-the-dc-budget>.

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. Given the increasing reliance on motels in the past year it would be helpful if the agency reported on the number of rooms used, length of stay, and associated costs.