



The District's Dime

Going Beyond the Budget Book

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A First Look at Mayor Gray's Budget

By DCFPI Staff

Bolstered by a local economy that continues to grow, Mayor Gray's fiscal year 2015 [budget proposal](#) makes key investments in a number of critical areas: education, health care, cash assistance for families with children, and affordable housing. Yet one area of services for our city's most vulnerable families—those in emergency shelter or on the brink of homelessness – seems to have been left out, despite the surge in homelessness this year. As the DC Council looks to make changes to the mayor's proposal, a top priority should be to identify additional resources in this area so we can avoid repeating the same crisis next year.

Here's our initial take on the mayor's proposal. Key investments in the FY 2015 budget include:

- **Education.** A \$112 million increase in funds goes to DC public schools (\$53 million) and public charter schools (\$58 million) through a boost in the [per-pupil formula](#). Most notably, this includes \$2,079 more for each student considered "at-risk"— the first time in years that the formula has taken poverty into account. The funding increase also includes a 2 percent cost-of-living adjustment to the per-student formula and reflects projected growth in student enrollment in both school sectors.
- **Health Care.** The mayor proposes a \$21 million investment in mental health, using local Medicaid money, almost double the amount spent in FY 2012. The budget also places additional emphasis on improving the health outcomes of District school children, adding \$5 million for school nurses and expanding mental health clinicians to 23 additional schools. Finally, the budget sustains the District's home visiting program for at-risk families with young children by replacing expiring federal grants with \$2.5 million in local funds.
- **Cash Assistance for Families with Children.** The mayor proposes a cost of living increase in benefits for families in the Temporary Assistance for Needy Families (TANF), DC's welfare-to-work program. The current level of TANF benefits, just \$428 a month for a family of three, leaves many families in a state of constant crisis. Then, in FY 2017, benefits would be increased by 46 percent to make the amount similar to the benefits in neighboring Maryland. Under the proposal, a family of three will receive \$438 in FY 2015, \$449 in FY 2016, and \$655 in FY 2017.

- **Affordable Housing.** The budget includes \$4 million for rental assistance, with one quarter of the funds being set aside for seniors who are leaving nursing homes to return to the community. Nearly \$5 million will go to help end chronic homelessness among veterans by 2015 and a \$1 million increase would be given to the Low-Income Heating and Energy Assistance in order to raise benefit levels for people enrolled in the Supplemental Nutrition Assistance Program. The Housing Production Trust Fund—DC's main source for affordable housing construction and preservation—would see a \$30.2 million one-time increase in the current fiscal year.
- **Tax Changes.** The Mayor's budget adopts some recommendations from the Tax Revision Commission. On personal incomes taxes, the budget funds a new bracket and tax rate for individuals with incomes between \$40,000 and \$60,000 or two-earner families with incomes between \$80,000 and \$120,000. Part of the cost for this change would be offset in the later years by maintaining an income tax rate of 8.95 percent on income above \$350,000. The rate was set to expire at the end of 2015, which would have left the top income tax rate at 8.5 percent for taxable income over \$40,000.

Yet at the same time, some key programs are not adequately funded in FY 2015:

- **Homeless Families.** The overall budget for homeless families shows a decrease in funds from FY 2014 to FY 2015. The budget includes a \$1 million increase each for the Emergency Rental Assistance Program (ERAP) and the Rapid Rehousing program (RRH). Emergency Rental Assistance prevents homelessness by providing funding for households facing eviction or those seeking new housing. Rapid rehousing provides housing search assistance, supportive services, and short-term rental assistance. Yet these increases will not offset an anticipated \$2.4 million reduction in available federal funding. Additionally, the District used \$9 million of federal TANF carryover dollars for homeless family services in FY 2014, but it is unclear how much, if any, carryover will be available in FY 2015.
- **Paid Sick Days and New Minimum Wage.** DC recently passed two critical laws to help low-income workers by expanding paid sick days access and increasing DC's minimum wage. The new laws came with a small cost for enforcement and compliance to ensure low-income workers would benefit from the laws. Yet funding included in next year's budget is lower than the estimated cost by the Chief Financial Officer to implement these two laws.

The budget also funds a bill passed this year to eliminate property taxes for homeowners with incomes below \$60,000 who are 70 or older and have owned a home in DC for 20 or more years at a cost of \$8 million. DCFPI believes that property tax assistance for low-income residents is important and [has concerns](#) that the new bill leaves out renters, a significant share of the low-income senior population. Allocating some of the dollars towards an expansion of schedule H (DC's low-income property tax credit) would help provide property assistance for both renters and homeowners and those who need the help the most.

Over the next couple of weeks, DCFPI will be hard at work analyzing the budget, and issuing in-depth analysis of the overall budget as well as key areas such as education, health care, affordable housing, and homelessness, and more! Check out our budget toolkit [website](#) for more FY 2015 budget information!