

## Approved DC Budget: District Investments Should Match the City's Needs

By DCFPI Staff

Yesterday, the DC Council voted to approve the budget for fiscal year (FY) 2019. While the budget includes some important investments for DC residents, it falls short of ensuring equitable access to health care, funding critical affordable housing needs, maintaining our commitment to ending homelessness, and providing every child with the resources they need to succeed. These gaps in the FY 2019 budget show that the District lacks the resources necessary to meet the needs of DC residents—but it doesn't have to be this way. Leveraging our strong economy, vibrant population, and unprecedented prosperity can give us the tools we need to make investments that are scaled to the size of our needs.

DC's economy is booming, but that prosperity has not been widely shared. Our needs are growing with our economy, as housing costs rise, transportation systems are overloaded, and public school enrollment grows. Meanwhile, last year's federal tax cut is increasing [inequality in the District](#). Thanks to the new law, DC's wealthiest tax filers – those making more than \$500,000 a year-- are going to reap a \$254 million tax windfall this year, while DC businesses will see an additional \$460 million federal tax cut.

DC should use its tax code to recapture some of the revenue from federal tax cuts and put it to good use for District residents. DC Council took an important first step by moving to block a local estate tax cut caused by the federal law, but this is only a small piece of what is needed.

Yesterday, the Council was able to find an additional \$15.6 million for housing and homeless services above what the Mayor proposed. This is critically important, but does not come close to meeting the full need in a city where 27,000 extremely low-income residents—those with incomes below 30 percent of the area median, or \$33,000 for a family of four—face [severe rent burden](#). The Mayor proposed and the Council adopted a \$10 million increase to our child care subsidy rates, but we are still far short of meeting the true cost of providing [quality care to low-income infants and toddlers](#). And neither the Mayor nor the Council provided the \$17 million necessary to fund unanimously-passed legislation to remove health care barriers for immigrant residents.

Meeting the needs of DC residents requires increased revenue. With more robust resources, we can make the District a place where the city's lowest-income residents have safe and affordable housing, homelessness is rare, brief, and nonrecurring, residents can access health coverage without facing enrollment barriers, and all students receive a quality education.

The highlights of the approved FY 2019 budget include the following:

## Affordable Housing

- **Building and Preserving Affordable Homes:** For the fourth year in a row, the budget makes a \$100 million investment in the Housing Production Trust Fund, which provides low-cost loans to help build and preserve affordable homes. Given rising land and construction costs, this investment will support fewer units than in previous years. The budget also adds \$10 million to the affordable housing preservation fund, a tool created in last year's budget that combines public and private funds and is overseen by third-party administrators.
- **Rental Assistance:** The budget includes \$4.75 million in new funding for the Local Rent Supplement Program (LRSP), which makes homes affordable to extremely low-income residents (those with incomes below \$33,000 for a family of four). The project-based component of LRSP will receive \$3.25 million for approximately 163 new subsidies: \$2.25 million to ensure that the Housing Production Trust Fund can create housing affordable to the city's lowest-income residents, as required by law; and \$1 million to help existing affordable buildings serve residents with lower income levels. This is the largest increase for project-based LRSP since the FY 2014 budget. The tenant-based component of LRSP, which provides rent vouchers to families on the DC Housing Authority wait list, will receive \$1.5 million to serve 75 households (16 of the 75 vouchers are reserved for seniors). The budget also includes \$9.2 million in new funds for targeted affordable housing, described in the Homeless Services section below.
- **Public Housing Repairs:** The budget adds \$3.25 million to the public housing repair and maintenance fund, which supplements the limited and shrinking amount of federal funding available to the DC Housing Authority to improve the quality of deteriorated public housing units.
- **Pilot Program for Seniors:** The budget provides \$743,000 to start a pilot program that will provide shallow rent subsidies for seniors with incomes up to \$65,000 a year.

## Homeless Services

*This section may be updated at a later date.*

- **Ending Homelessness for Individuals:** The budget adds \$8.3 million to provide Permanent Supportive Housing (PSH) for approximately 370 single adults. PSH provides affordable housing coupled with intensive case management services. A \$2 million increase to Targeted Affordable Housing (TAH) will serve about 110 individuals. TAH helps residents pay rent after their Rapid Re-Housing ends or when they no longer need the intensive services provided by PSH, but still need affordable housing.
- **Ending Homelessness for Families:** The budget adds \$5.2 million to provide PSH for about 170 families, and \$7.2 million for TAH vouchers for 350 families. The Council's budget did not include the Mayor's proposed \$6.6 million enhancement to add 100 slots of Rapid Re-Housing and reflect program cost increases.
- **Ending Homelessness for Youth:** The budget fully funds the Interagency Council on Homelessness' Youth Plan for FY 2019. An additional \$660,000 in the budget will create 22 PSH slots for youth aged 18 to 24. The budget also adds \$1.1 million for transitional housing for youth, which will create approximately 25 slots. Other investments in the Youth Plan include \$800,000 for a 24-hour drop-in center with wrap-around medical services; \$660,000 to create 30 new shelter beds for youth; \$50,000 for youth homelessness prevention; and \$48,000 for aftercare services.

- **Building and Operating Family Shelters:** The budget adds \$44.1 million in additional funding to meet the expected costs of replacing the dilapidated DC General Family Shelter and replacing apartment-style shelter units that were lost when a provider lost the lease for the building. The budget also adds \$10.2 million to support operations at the new shelters.
- **Improving Singles Shelters and Services:** The budget includes \$40 million to build a replacement for the dilapidated 801 East Men’s Shelter. This shelter will be moved to a new site on the St. Elizabeths Hospital campus to make way for a new hospital. The budget also includes \$26 million to make improvements at other shelters and a District file storage facility. Notably, this funding will allow for the creation of 25 much-needed medical respite beds for men and more beds accessible to residents with disabilities. The budget also includes \$2 million to provide a new daytime services center, \$300,000 to provide outreach to residents staying in encampments, and \$200,000 to make operational improvements at shelters such as piloting a bed reservation system.

## Health Care

- **Health Coverage for Immigrant Residents:** The budget fails to include \$17 million necessary to implement a newly passed law that would fix re-enrollment barriers in the DC Healthcare Alliance program. The Alliance is a locally-funded health coverage program that serves residents who don’t qualify for Medicaid – primarily immigrants. The budget does include \$200,000 to implement a public reporting requirement that will shed light on the experiences of Alliance beneficiaries as they re-apply for coverage at Economic Security Administration service centers. The budget also includes language for a waiver to the Alliance’s face-to-face interview requirement for those who are hospitalized, disabled, or elderly, and caregivers. Moreover, the budget adds \$200,000 in one-time funding for a study that will evaluate the impact of new federal immigration policies on DC immigrant residents’ mental health.
- **Tobacco Cessation and Prevention:** The Council passed an amendment directly before the first vote that would increase the District’s tobacco tax by \$2 per pack and help reduce tobacco use by DC’s youth over time. The increased tax is estimated to generate at least \$5 million in new revenue, and funding is poised to go toward smoking cessation services and supports, implementation of the previously-passed law that increases the District’s legal purchasing age for tobacco products to 21, and funding for several early childhood initiatives.
- **Health Insurance Requirement:** The budget includes \$1.1 million to implement a District-wide individual mandate for health coverage that will require most District taxpayers and their dependents to maintain health coverage unless they qualify for an exemption. Funding will support technology programs and services, as well as necessary changes to the District’s tax code and public education. The mandate will largely mirror the federal mandate before it was repealed in late 2017, and will help protect insurance coverage affordability and prevent more residents from becoming uninsured.
- **School Health:** The budget adds \$4.4 million to support the School Health Services Program and ensure that all DCPS and public charter schools have registered nurses (RNs) or licensed practical nurses (LPNs) on staff full-time. The budget includes \$1 million to continue the New Heights program that supports students who are pregnant or parenting with services like supportive case management, educational workshops, and transportation stipends. The budget adds \$3 million to improve and expand services for the School Mental Health Program (SMHP). This funding is the result of recommendations from the Task Force on School Mental Health-- under the Task Force’s recommendations, clinicians from the Department of Behavioral Health will continue providing a

range of services at their already-assigned schools, while through increased partnership with community-based organizations, SMHP will be further expanded to provide services to the District's highest need schools. The \$3 million falls just short of the Task Force's recommendations – an additional \$319,000 is still needed to ensure an appropriate clinical supervision ratio.

## Jobs & Training

- **Paid Family Leave:** The budget provides \$5.6 million for paid family leave implementation and \$40 million in capital costs through 2023, with \$19.9 million in proposed funding for FY 2019. With start-up costs now fully funded, the District can start the work of implementing the new program, which is set to go into effect in 2020.
- **Workforce Development Programs:** The budget restores a \$990,000 cut proposed by the Mayor in funding for the LEAP (Learn, Earn, Advance, Prosper) program, which offers workforce development training and wrap-around services to participants, along with wage subsidies while they engage in work. The budget cut \$950,000 in funding for Career Connections, a program designed to provide out-of-school and unemployed young adults with opportunities to gain valuable work experience and skills training. The reduction will most likely impact total participation numbers. The budget fully funds the Career Pathways Innovation Fund with \$1.5 million in one-time funds.
- **Workforce Transparency Act:** The budget provides \$175,000 to fund implementation of the Workforce Development System Transparency Act of 2017, which requires the Mayor to annually develop and update a report outlining all District government spending on workforce development across agencies.
- **Project Labor Agreements:** The budget funds legislation requiring that all project solicitations valued at more than \$75 million include a project labor agreement and that the costs of the agreement be included in the capital improvements plan.
- **Adult Literacy:** The budget increases funding for adult education programs that serve low-literacy adults by \$500,000.

## Early Childhood & PreK-12 Education

- **Early Childhood Development:** The budget includes a significant \$10 million investment in improving the quality of early care and education for low-income infants and toddlers. The budget also seeds a \$1 million investment toward key components of pending "[Birth -to-Three DC](#)" legislation, which would begin to build a truly comprehensive support system for early childhood development in the District. The FY 2019 budget funds the expansion of the Healthy Steps pediatric model, additional home visiting services, the development of a salary scale for early educators, and on-site classes for early educators earning higher credentials.
- **Adequate School Funding:** The 2019 education budget increases school funding by 3.9 percent--but it still falls short of giving all students the resources they need to succeed.<sup>1</sup> This year's increase brings us closer than we have ever been to the amount recommended by the 2013 DC Education Adequacy Study, but we are still \$942 per student, or 9 percent, short. The budget does not include funds to commission the recommended update to the Adequacy Study.
- **Equitable School Funding:** The budget increases the 'at-risk' weight in the school funding formula for the first time since its creation, from .219 to .224, designating \$2 million more for low-income students. 'At-risk' funds were designed to promote equity by providing supplemental resources for the students who need them most. But the underfunding of schools often results in

the redirection of these extra resources towards basic staffing needs. Next year, both DC Public Schools (DCPS) and public charter schools will receive \$2,387 per at-risk student in supplemental funds.

- **Special Education:** The budget fully funds three critical special education reforms (early intervention services for toddlers, shortened evaluation timelines, and more time for high school students to plan for their future) that have been on hold since 2014 due to lack of funding. These reforms were funded by increasing a weight in the school funding formula to generate an additional \$4.2 million for special education services. The budget also provides \$350,000 for a competitive grant to support a teacher preparation program for special education teachers.
- **Out- of -School-Time Programs:** The budget allocates a total of \$20.25 million for Out-of-School-Time (OST) programs, including \$10.56 million in new money across two agencies. This includes increasing funding for the Office of OST Grants and Youth Outcomes by \$9.36 million<sup>2</sup> to total \$14.3 million and increasing OST funding in the Department of Parks and Recreation by \$1.2 million for a total of \$6 million. This investment reverses years of underfunding for afterschool and summer school programming, but does not provide enough to ensure every DC student has enriching afterschool and summer opportunities.
- **Student Discipline and Restorative Justice:** The budget partially funds the [Student Fair Access to School Act](#), passed this month, for FY 2019. This legislation steers schools away from a costly overreliance on exclusionary school discipline, which disproportionately hurts students of color and special education students. To support this legislation, the budget increased funding for Restorative Justice models in schools and invested in the newly established School Safety and Positive School Climate Fund. Some provisions of the legislation will remain subject to appropriations until additional funding is allocated in the FY 2020 budget.
- **Community Schools:** The budget increased Community Schools funding by a historic \$1.4 million, investing a total of nearly \$3 million in Community School models. By embracing the Community School model, schools can become better community hubs through partnerships with community-based organizations that connect children and their families with services like health care, afterschool programs, adult education, and early childhood programming.

## Other

- **Arts and Humanities:** The Council moved to dedicate \$30 million per year from the sales tax to the Commission on Arts and Humanities and the Creative Economy. This activity was funded at nearly \$30 million last year, representing a near-doubling from the \$15.4 million included in the FY 2016 budget. These increases are striking, given the enormous shortfalls in spending in other areas of the budget. Further, the sales tax falls disproportionately on lower-income consumers, and dedicating tax revenue puts the Commission on Arts and Humanities first in line, ahead of the critical needs of low-income residents.
- **Metro:** The Washington Metropolitan Transit Authority, which runs Metro and the Metrobus system, has faced repeated financial crises and long-term disinvestment, in part because it has lacked stable funding. The FY2019 budget funds DC's \$178 million per year commitment to a regional funding stream (Maryland and Virginia have pledged \$167 million and \$154 million respectively), combining our current WMATA contribution with an additional \$77 million in dedicated revenue. This was a significant pressure on the budget this year.

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<sup>1</sup> The District's school funding formula is known as the Uniform Per Student Funding Formula (UPSFF)

<sup>2</sup> Includes \$75,000 from the tax check-off for the former CIYIC (the Public Fund for Drug Prevention and Children at Risk) that will go to OST to fund grants.