

## The Top 5 Things You Should Know About the Mayor's FY 2020 Budget

By DCFPI Staff

Here are DCFPI's key takeaways from the Mayor's proposed fiscal year (FY) 2020 budget, which was released earlier this week:

### 1) New Revenue Will Support a Better Budget and a Stronger DC

The proposed budget includes over \$100 million in new revenue that is critical to maintaining and expanding services for DC residents. About one-fourth of the revenue comes from reversing a commercial property tax cut approved by the DC Council late last year. As a result, commercial property tax rates will be the same as in the budget adopted by the DC Council for FY 2019. The budget also increases the one-time taxes paid when large commercial properties are sold, raising substantial revenues by tapping into DC's vibrant commercial real estate market.

The budget also includes some tax reductions to help select groups of residents continue to afford living in DC. This includes expansion of a property tax credit for low-and moderate-income residents who have high property taxes (Schedule H, renamed in the budget as the "Keep Housing Affordable" credit), which is especially helpful to seniors staying in their homes. In addition, the budget adds a sales tax exemption for diapers.

### 2) Housing Investments Won't Reach Residents Who Need Them Most

The budget includes \$130 million for the Housing Production Trust Fund (HPTF), an increase that recognizes that more is needed to address DC's affordable housing challenges. This should be seen as a first step toward [fully addressing](#) the need to build more affordable housing. Unfortunately, the budget lacks sufficient funding for rental assistance, from DC's Local Rent Supplement Program (LRSP), to meet the requirement that 40 percent of HPTF housing serve extremely-low income households (those with incomes below \$35,150 for a family of four). The budget also provides no new LRSP vouchers to assist individuals and families on the DC Housing Authority (DCHA) waitlist. This means that the bulk of the 27,000 extremely-low income households spending at least half their income on rent will continue to face severe affordable housing challenges.

The proposed budget includes \$75 million over the next six years for the New Communities Initiative, to revitalize distressed communities near public housing sites. However, the budget doesn't add funding for public housing repairs, despite ongoing coverage of [poor living conditions](#) and the DCHA estimate that it needs \$340 million for immediate repairs. Under rules adopted in recent years, unspent funds in other housing programs are devoted to public housing repairs, but this will only result in \$15 million to \$20 million in FY 2020, which pales in comparison to the need. Instead of funding repairs, the budget proposes a study of the DC Housing Authority's governance and financing models. While it's important to make smart investments, delays in funding will worsen pressing health and safety issues facing DC residents.

### 3) The Budget Falls Short on Serving DC's Children

The proposed investments in children, through early education and schools, are too low to address DC's historic educational inequities that continue to impact children of color. The budget includes only \$5 million to improve quality child care for children in low-income families, well below the \$30 million needed for reforms in the [“Birth to Three for All DC”](#) legislation adopted last year. Research confirms that quality early care has enduring effects on the life chances of low-income children. More funding is needed to support a skilled and stable early education workforce and for home visiting programs that have proven to help families succeed.

The budget for schools includes a per-student funding increase—2.2 percent—that is less than the expected increase in costs in DC Public Schools. That means that, overall, schools can't maintain current staff and services. Under the proposed budget, DCPS will continue to [divert half of “at-risk” funds](#) for high-poverty schools to other purposes.

The budget also provides too little funding to help families with children facing homelessness. It includes long-term affordable housing for 260 families experiencing homelessness while DCFPI predicted at least 677 families would need it. The budget also adds no new rental vouchers for low-income families on the Housing Authority waitlist.

### 4) Homelessness Investments Aren't on Track to End Homelessness in Four Years

Too many DC residents are chronically homeless, meaning they have been homeless for years and suffer from life-threatening health conditions and/or severe mental illness. [Residents often die](#) from diseases that could be managed or prevented if they had homes. The proposed budget makes some investments but falls short of putting DC on a path to end chronic homelessness in the Mayor's second term. To reach this goal would require long-term affordable housing for 1,140 individuals. The budget includes funding for 345 individuals, just 30 percent of what's needed.

### 5) The Budget Provides Mixed Support for Immigrants

The proposed budget keeps in place barriers to accessing health care through the [DC Healthcare Alliance](#)—a program for low-income residents that primarily serves immigrants. The Alliance suffers from a very high rate of turnover, or “churn,” which reflects a requirement that Alliance participants visit a DC social service center every six months to maintain their eligibility, instead of the annual recertification in most DC benefit programs. Churn increases health program costs because it limits access to preventive care, which means participants often are sicker when they re-enroll, and because sicker residents are most willing to go through the process of maintaining coverage. Legislation to replace the six-month requirement has been adopted but cannot go into effect because it was not funded in the FY 2020 budget.

On the positive side, the proposed budget includes \$2.5 million to defend the rights of immigrant residents, up from under \$1 million in FY 2019. This will support direct legal aid and informational programs.

Read DCFPI's longer analysis [First Takeaways from the Proposed Fiscal Year 2020 Budget](#).