

Update: What Changed in the FY 2020 DC Budget at Final Vote

By Kate Coventry, Doni Crawford, Kamolika Das, Simone Holzer, Ed Lazere, and Amy Lieber

Yesterday, the DC Council had its second and final vote on the DC budget for fiscal year (FY) 2020. The budget that the DC Council voted to approve includes important investments for DC residents but fails to ensure that all residents have the resources they need to be successful in our growing city.

The unnecessary pitting of tools and communities against each other is a troubling pattern that emerged in this year's budget. The Council voted to take resources from one affordable housing tool to fund another, and it undermined health care improvements for immigrants to increase resources for an underfunded hospital. DC leaders also pitted two school communities—Banneker High School and Shaw Middle School—against each other in heated debates about our public education system.



The decision to shift funds around within the same area, rather than find additional funds, is unprecedented and unhealthy. While budgets require choices, a city as prosperous as ours has the resources to increase investments for our crucial affordable housing tools, remove barriers for immigrant residents in need of health care, adequately fund the only public hospital east of the Anacostia River, and deliver on promises that have been made to two communities about their schools. Thriving communities require bold investments; the pitting of our tools and communities against each other instead weakens our neighborhoods and the District as a whole.

This blog highlights important changes made to the budget this Tuesday at the second vote. For more on what's in the FY 2020 budget, see [What You Need to Know About the FY 2020 DC Budget After First Vote](#).

Affordable Housing

- **Increased Funding for Public Housing Repairs and Additional Funding Up in the Air:** The Council redirected \$1 million from the nullified \$46 million (20-year) Line Hotel tax abatement to the DC Housing Authority for public housing repairs in Ward 1. The Line Hotel failed to meet at least two requirements for securing the tax abatement, including their promise to employ District residents for over half of the required construction hours. In addition, the Council's attempt to divert \$24.5 million (reduced from the Council's initial \$30 million proposal) from Events DC's reserve fund for public housing repairs remains unresolved since the Chief Financial Officer (CFO) has objected to the Council's use of Events DC funds.
- **Affordable Housing Preservation Fund Increased at the Expense of the Housing Production Trust Fund:** After the DC Council's first vote on the FY 2020 budget, the Affordable Housing

Preservation Fund (Preservation Fund), which provides financing to preserve, acquire, and rehabilitate the city’s disappearing affordable housing stock, was cut entirely. The Council reversed this cut and ultimately added a total of \$11.5 million to the Preservation Fund between the first and second vote. However, \$4 million of this funding was redirected from the Housing Production Trust Fund (HPTF), DC’s primary tool to finance the production and preservation of affordable housing. As a result of this change and another reduction from [committee markups](#), funding for the HPTF will increase by only \$16 million – a \$14 million decrease from the Mayor’s proposed budget. This needed increase for the HPTF is insufficient to put us on the path to meeting our most serious affordable housing challenges over the next decade. While the Council’s attempt to find additional money for the Preservation Fund is notable, the shifting of resources from the HPTF is a key example of the DC Council pitting housing programs against each other. This now sets a dangerous precedent that an effective affordable housing program can be cut to fund another.

Early Childhood Development

No major changes to early childhood development in the second vote.

Education

- **Council Worked to Resolve Needs of Shaw Middle School and Banneker High School Communities:** The budget passed by the Council includes full funding (\$142 million) to build a new Banneker High School on the site of the former Shaw Middle School. The Council also voted to create a new Shaw Middle School—which was closed years ago with a commitment to re-open it at some point in the future—by placing it in Banneker’s current building. Renovating the current Banneker site for Shaw Middle School will require substantial investment, but the Council did not identify funding for that at this point. The Council’s action resolves—at least for now—what has been a contentious issue that unnecessarily pitted the two school communities against each other. The proposed budget included funding for a new Banneker site on the former Shaw site, without any plan for Shaw Middle School. This set up a contentious debate about whether the Shaw site would be a high school or middle school. By giving both schools a site, the final budget appears to resolve this problem.

Health

- **Some Additional Support for United Medical Center, But Still Not Enough:** The budget passed by the Council provides \$22 million to support the operations of United Medical Center (UMC), DC’s public hospital in Ward 8. This is more than the \$15 million provided at the first budget vote, but still a substantial cut from \$40 million included in the proposed budget. Even at \$22 million, this limited subsidy to UMC will make it hard for the hospital to maintain services—for example, it will likely lead to large staff layoffs—as the city prepares to build a replacement hospital. Given that the District has not yet finalized a deal for the new hospital, it is important to support UMC, the only hospital in the eastern half of the city. As described below, some \$2.5 million of the funds the Council identified for UMC came from eliminating a proposal for new funding for the DC Healthcare Alliance.
- **Council Reversed Effort to Eliminate Health Care Barriers Imposed on Immigrants:** The Council’s second budget vote fully eliminated a provision that would have allowed participants in the DC Healthcare Alliance—a health insurance program for low-income residents that primarily serves immigrants—to renew their eligibility at a community health center. This would have been a partial step toward [eliminating barriers](#) to enrolling in the Alliance. The Council’s action reflects another unfortunate instance of pitting worthy needs against each other. In working to protect access to health care at UMC,

the Council weakened access to health care for immigrants. This means that all of the health barriers immigrants in DC have faced for nearly a decade will remain.

Homeless Services

- **Increased Funding for Homeless Services:** The Council changed the revenue-raising amendment passed at first vote to increase funding for homeless services. The Council added funds to hire one staffer for Permanent Supportive Housing (PSH) and one for Targeted Affordable Housing (TAH) for individuals. Two staffers were added to TAH for families and one to youth homelessness programs. Additionally, \$22,000 was added to fund an additional PSH unit for individuals.

Jobs & Training

No major changes to jobs and training in the second vote.

Public Safety

No major changes to public safety in the second vote.

Raising Revenue

- **Minor Changes to Revenue Raising Amendment:** The approved budget includes the amendment adopted at the first budget vote to scale back the Qualified High Technology Company (QHTC) tax incentive program, and redirect \$15.3 million from the ineffective tax incentive into a variety of programs. The specific funding amounts changed slightly between the first and second vote, but will still go towards crucial services like homeless outreach, lead remediation, school-based mental health services, Birth to Three childcare subsidy, IT training, and permanent supportive housing for residents experiencing homelessness.