

Budget Markups: Many Steps in the Right Direction, But Larger Investments are Still Needed

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

This week, DC Council committees “marked up” the proposed fiscal year (FY) 2020 budget for agencies and programs they oversee. While the committee markups resulted in some important funding increases for programs that work towards a more equitable DC, notable gaps remain.

Addressing decades of systemic racism—school segregation, job discrimination, redlining, restrictive deed covenants, and more—and its continuing impacts today, requires bold action from DC leaders, in the FY 2020 budget and beyond.

The Council still has opportunities to further use the FY 2020 budget as a tool for improving racial equity in the District. The markup results will be sent to the Council for consideration at its vote on the full budget on May 14, where additional changes will be made.



Committee reports detailing all committee markup changes can be found on the [DC Council Budget Office website](#).

Affordable Housing

- **Administrative Changes to Schedule H Will Remove Barriers for Applicants:** The Council eliminated the requirement that Schedule H (now called “Keep Housing Affordable” Tax Credit) applicants list their dependents’ income as part of the application and approval process, as well as burdensome requirements to list additional income sources that do not impact eligibility. The Council’s changes also account for cost of living adjustments and simplify electronic filing. These changes will make it easier for eligible taxpayers to receive the tax credit.
- **Funding for Rental Assistance at the Expense of the Housing Production Trust Fund:** The Council invested \$5.6 million in project and sponsor-based rental assistance and \$1.4 million for tenant-based vouchers, and an additional \$1.4 million in rental assistance for unsubsidized seniors. However, this funding was identified by reducing total HPTF funding from \$130 million to \$121.5 million. While investment in rental assistance is certainly [required](#), the Council should work to identify a new funding source and at least restore ([\\$200 million is needed](#)) the Mayor’s \$130 million commitment to the Housing Production Trust Fund – our primary tool to finance the production and preservation of affordable housing.

- **Changes to Income Targeting for Housing Programs Will Better Address Equity:** The Council recommended a 50/40/10 rule for both the Housing Production Trust Fund (HPTF) and the Workforce Housing program in order to address equity. The HPTF will now require 50 percent of its funding to serve people living at or below 30 percent area median income (AMI), 40 percent to serve people living between 31 percent and 50 percent AMI and 10 percent to serve people living between 51 percent and 80 percent AMI. The Workforce Housing program will now require 50 percent of its funding to serve people living between 60 and 80 percent AMI, 40 percent to serve people living between 81 and 100 percent AMI and 10 percent to serve people living between 101 and 120 percent AMI, up to \$140,000 for a family of four. While the income targets are an improvement, with no new funds for public housing repairs (see below), we continue to question the Council’s prioritization of families with above-average incomes.
- **No Funding for Public Housing Repairs:** The Council joined the Mayor in failing to provide assistance for public housing repairs, stating that DCHA has no plan for enhanced planning and oversight. The *Washington City Paper* has [reported extensively](#) on the pressing physical and environmental conditions at many DCHA properties including vermin, dust, lead-based paint, and mold – conditions associated with asthma, fatigue, elevated blood lead levels, and other serious health conditions. The Council should [invest in urgent repairs in the FY 2020 budget](#), while also taking steps to develop sound long-term plans with DCHA.
- **Additional Resources to Address Lead Exposure Fail to Include Low-Income Renters:** While the Council made some investments in preventing and abating lead exposure, including \$4 million over four years to reduce lead in our drinking water and \$360,000 for lead abatement at childcare centers, more is needed to [compensate for the Lead Safe Washington \(LSW\)](#) program’s closure. LSW had focused on eliminating lead paint dangers for low-income renter families with young children, and its closure represents an example of the District failing to protect Black communities.

Early Childhood Development

- **Additional Resources to Fund Landmark “Birth to Three for All DC” Legislation, But Much More is Needed:** The Council identified resources to support the healthy development of infants and toddlers, including: \$1.2 million to improve the quality of child care for low-income children (on top of \$5 million in the Mayor’s proposed budget); \$300,000 for home visiting services to support families experiencing homelessness; \$600,000 to expand HealthySteps, which uses pediatric doctor visits to help parents with a range of child development issues; \$250,000 to support individuals pursuing careers as lactation consultants; and \$80,000 for Help Me Grow, a hotline to help parents navigate services for their children. Despite this progress, much more is needed to fully move forward with implementation of the “Birth to Three for All DC” Act passed in 2018. Full funding in FY 2020 requires a total increase of \$22 million for child care, \$6 million for Home Visiting, and \$1.7 million for Healthy Futures, which brings behavioral health specialists into early child hood centers.

Education

- **Minimal Progress to Address Cuts to DCPS Schools in Wards 7 and 8:** The Council’s budget markups allocate some more resources to schools, but nowhere near enough to address shortcomings in the proposed FY 2020 education budget. Under the proposed budget, per-student funding would grow

less than inflation and less than the average cost of a DCPS teacher. And a number of [DCPS schools are facing budget cuts](#), nearly all of them in Wards 7 and 8. The Council appears to have restored \$3.65 million to schools, through the Uniform Per Student Funding Formula (UPSFF), but this is a modest increase to the \$1.8 billion proposed DCPS budget. The increase includes resources for “at-risk” funds, but is not nearly enough. Many schools in Wards 7 and 8 will continue to face deep cuts. In addition, much of this funding would come out of a fund intended to support special education students.

Health

- **Partial Effort to Eliminate Health Care Barriers Imposed on Immigrants:** The Council’s budget markup includes provisions to allow 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 is a partial step toward [eliminating barriers to enrolling in the Alliance](#). Since 2011, the District has required Alliance participants to visit a DC social service center every six months to renew eligibility, a more restrictive practice than in any other public benefit program. This barrier leads to a high rate of “churn,” or turnover, in the Alliance, and this intermittent coverage leads to poor health outcomes and higher health costs. The Council’s action will ease barriers by allowing participants to visit either a DC social service center or community health center to renew their eligibility. Fully eliminating the six-month recertification would be an example of budgeting for equity.
- **New Funding for Nutrition Programs:** The Council added funds to maintain and strengthen key nutrition programs, including \$250,000 for Produce Rx, under which food-insecure patients at risk for diet-related chronic illness are issued a monthly “prescription” for fresh fruits and vegetables by their health care provider. This program was funded at \$500,000 in FY 2019 but received no funding in the Mayor’s proposed budget for FY 2020. The Council also added nearly \$2 million to improve the School Breakfast program and improve nutrition standards for food served at recreation centers, and \$170,000 to strengthen the Supplemental Nutrition Program for Women, Infants and Children.

Homeless Services

- **Support for Youth Homelessness Fully Funded:** The Council identified \$1.1 million to provide 27 additional transitional housing beds, \$470,000 for 34 additional Permanent Supportive Housing (PSH) beds, and \$1.3 million for 60 shelter beds for youth aged 18 to 24. Combined with the Mayor’s investments, this means the DC Alliance of Youth Advocates’ (DCAYA’s) asks are fully funded.
- **Increased Funding for Individuals Experiencing Chronic Homelessness Still Falls Short:** The Council identified funding for an additional 60.5 units of Permanent Supportive Housing (PSH) and 10 Targeted Affordable Housing (TAH) units for individuals experiencing chronic homelessness. While this is a great start towards The Way Home campaign’s goal, the campaign calls on the Council to find additional funding for 725.5 PSH units and 124 TAH units for individuals. Given that Black residents experience homelessness at much higher rates than white residents do, increased funding for chronically homeless individuals is crucial for achieving greater racial equity.
- **Some Funds to Replace Lost Federal Funding for Street Outreach:** The Council found nearly \$730,000 to replace expiring federal funding for street outreach. The Committee of the Whole has

promised to find another \$1 million during budget deliberations. The Way Home campaign urges the Council to find an additional \$1.77 million to fully fund this critical service.

- **Emergency Rental Assistance Mostly Recovered:** Budget markups include \$615,000 in funding for Emergency Rental Assistance Program (ERAP), nearly filling the \$622,000 decrease from FY 2019's budget..
- **Improvements to Public Restroom Access:** The Council added funding to build two standalone restrooms a year and \$62,000 for a program that incentivizes businesses to make their restrooms available to the public.
- **No New Funding for Family Homelessness:** The Council found no new funding for families experiencing homelessness. We recommend funding at least 500 TAH beds for families.

Jobs and Training

- **Council Fully Restores and Expands Career Pathways Innovation Fund:** The Council fully restored \$1.5 million in funding for the [Career Pathways Innovation Fund](#) (CPIF), which helps education providers implement goal-oriented, industry-specific training. The Council slightly expanded CPIF funding, bringing it to \$1.65 million. While this is important progress, an additional \$350,000 is needed to fully support existing OSSE/WIC Career Pathways Grants.
- **Funding for the Wage Garnishment Fairness Amendment Act:** The Council provided \$140,000 to fund the [wage garnishment legislation](#) passed in 2018, which ties garnishment protections to the local rather than the federal minimum wage, requires debt collectors to provide advance notice to debtors, and allows low-income workers to keep more of their earnings. Now that it is funded, this legislation can be fully implemented.
- **Additional Resources to Support Entrepreneurs:** The Council supported the Mayor's investment in entrepreneurship by increasing funding for Dream Grants by \$300,000. Dream Grants is a micro loan program that provides grants of up to \$10,000 for small business entrepreneurs in Wards 7 and 8. The increase brings the total proposed amount of the program to \$500,000. The Council also increased resources for the Office of the Deputy Mayor for Planning and Economic Development's DC Anchor Partnership by \$250,000. This partnership aims to assist local minority and women -owned businesses successfully compete for contracts at universities and hospitals.
- **Increased Subsidies for Adult Learners and Re-Engaging Youth:** The Council increased the monthly subsidy for adult learners and re-engaging youth from \$50 per month to \$70 per month, starting in FY 2020. This addresses a need identified by program providers and current participants during budget oversight hearings. The proposed budget maintains \$1.98 million in transportation assistance for participants.
- **Free Identification Documents for Returning Citizens:** The Council added resources to provide free driver's licenses, identification cards, and birth certificates to returning citizens released from the Federal Bureau of Prisons, as part of the Returning Citizens Opportunity to Succeed Act. This is an important step towards removing barriers to reentry for returning citizens, as identification documents are necessary for accessing health care, employment, and more.

Public Safety

- **Additional Resources for Violence Prevention and Intervention:** The Council nearly tripled funding for violence prevention and intervention programs, including the Cure the Streets program out of the Office of the Attorney General and programs through the Office of Neighborhood Safety and Engagement. This brings funding for violence prevention to \$10.6 million. Given that Black residents are criminalized at a significantly higher rate than other residents, investing in community approaches to public safety, with an emphasis on prevention, diversion, and treatment, is critical to advancing racial equity in the District.

Transportation

- **Redirected Funds for Free Circulator:** The Council undid the Mayor's proposal to make the Circulator, DC's standalone bus system, permanently free. Instead, the roughly \$3 million will now be redirected to areas that "more directly benefit District residents." Since the Circulator disproportionately benefits wealthier, whiter parts of DC, and roughly one-third of Circulator riders are non-residents, moving these funds to programs that help District residents more directly is a step towards a more equitable FY 2020 budget.

Taxes

- **Child Care Tax Credit Set to More Reasonable Income Limit:** The Mayor's proposed budget made permanent a \$1,000 child care tax credit that was created on a one-time basis in 2019. The subsidy's maximum income eligibility of \$750,000 meant that the tax break was not well targeted to those with the greatest challenges affording child care. The Council reduced the income eligibility to \$150,000 to better target the tax credit to families that are challenged by child care costs. The savings were transferred to DC's child care subsidy program for low-income children. This change is an example of budgeting for equity.