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**Testimony of Doni Crawford, Senior Policy Analyst
At the Budget Oversight Hearing on the
Office of the Deputy Mayor for Planning and Economic Development
Committee on Business and Economic Development
June 3, 2021**

Good morning, Chairperson McDuffie and members of the Committee. Thank you for the opportunity to testify today. My name is Doni Crawford, and I am a senior policy analyst at the DC Fiscal Policy Institute (DCFPI). DCFPI is a nonprofit organization that promotes budget choices to address DC's racial and economic inequities and to build widespread prosperity in the District of Columbia, through independent research and policy recommendations.

Black residents living in Wards 7 and 8 have borne the brunt of the pandemic's harmful effects due to historic divestment and deep racial inequities in access to healthcare and quality foods. Mayor Bowser's proposed budget makes substantial investments and legislative changes to expand access to grocery stores, sit-down restaurants, and food businesses in those wards. And while DCFPI is supportive of increasing access to affordable and quality foods, we recommend that the DC Council impose a supermajority of the funding serve residents living in Wards 7 and 8 in particular, but also Ward 5.

Many Black Residents Experience Food Apartheid in DC but Public Subsidies to Rectify That Have Fallen Woefully Short

Throughout the entirety of the pandemic, Black residents in DC have consistently made up 75 percent of virus-related deaths, and more than twice as many Black residents have tested positive for the virus than white residents.¹ This is not by accident; this is by design. Racism, deep structural inequities, and wealth inequality shape our social determinants of health—the physical, social, and economic conditions in which we are born, live, and work.

Over 160,000 mostly Black residents living in Wards 7 and 8 experience food apartheid as they are serviced by just three full-service grocery stores with long lines and empty shelves during the height of the pandemic.² Ward 3, however, a predominately white area of the city, has sixteen full-service grocery stores with only about half the population of Wards 7 and 8, according to DC Hunger Solutions.³ As a result, families living in Ward 7 and 8 are more likely to have to travel and spend money on transportation to find reliable food outside of their communities.⁴ This is one of the many inequities that directly contributes to the underlying health conditions making DC's Black residents at high risk for becoming gravely ill or dying from the virus.

For over twenty years, District government has offered tax incentives—known as the Qualified Supermarket Incentive (QSI)—to supermarkets to decrease the shortage of supermarkets in food deserts. But the Office of the Chief Financial Officer (OCFO) determined that the \$29 million in incentives from 2010 to 2017 have not “affected supermarkets’ location decisions, generally, or produced economic or other benefits that would not have happened but for the incentives.”⁵ Only two supermarkets receiving incentives opened in Wards 7 and 8 between 2000 and 2015, and one of those closed after two years.⁶ While the DC government requires that the incentive only go to new grocery stores in specific parts of the city, the targeting is not limited to the highest need areas, and the incentives have not been enough of a draw to bring an adequate number of stores to these areas.

The OCFO’s findings are in line with most evidence showing that tax breaks intended to encourage business behavior, while popular, often do not work well.⁷ As a result, DCFPI’s position has been to eliminate this incentive program and use the funding to more directly invest in efforts to bring new grocery options to needed areas. The Mayor’s budget proposal slightly improves the current rules by changing some (not all) of the eligibility criteria, but it appears that her reforms fail to fully address the flaws documented in the OCFO’s report, particularly the evidence showing the incentive structure, not just targeting, is not working well for residents in the highest need areas.

The Mayor’s Proposed Changes to QSI Won’t Guarantee More Grocery Stores in Wards 5, 7, and 8

In the BSA, the mayor proposed a variety of positive changes in the Supermarket Tax Incentives Amendment Act of 2021. These changes would require a review of eligible areas every five years; expand categories of food that supermarkets must sell to receive the incentive; require a community listening session on product offerings and operations; and, require supermarkets to accept SNAP and WIC benefits.

However, the mayor proposed to both broaden and narrow the definition of an eligible area in ways that don’t go far enough to ensure that the tax breaks would be restricted to the wards with the fewest grocery stores, or Wards 5, 7, and 8. While eligible areas would include neighborhoods with over 20 percent participation rate in public assistance programs and use Department of Agriculture data to identify need, the mayor is proposing to expand eligibility to Opportunity Zones and also give herself discretion to select underserved areas with no transparency written in the bill. DC Council should reject her request for broad discretion because it would undermine public trust and accountability.⁸

A better proposal would be to more directly invest in efforts to bring new grocery options to needed areas, strictly limiting support in Wards 5, 7, and 8 – the wards with the fewest full-service grocery stores in the District. Because Wards 7 and 8 face the highest need, the Council could ensure that a supermajority of the funding is targeted there. A regular review period would help ensure that these direct investments are meeting their intended goals. If the DC Council keeps the QSI program, we recommend restricting targeting in the same fashion, setting a sunset to the program based on a robust evaluation with specific performance metrics, and implementing clawbacks. If a recipient business fails to maintain its end of the bargain of staying in the targeted ward and engaging in specific practices, it should be subject to subsidy recapture.

The Local Foods Access Grants Amendment Act in the Mayor’s proposal also includes two loopholes that would allow grants and loans to selected food businesses to go to the proposed eligible areas of the Supermarket Tax Incentives Amendment Act and provide grants for the provision of technical assistance to be awarded to any food business or individuals seeking to establish food businesses in the District. Eligibility within this subtitle should be narrowed specifically to support the Executive’s goal of equitable distribution of food businesses in Wards 7 and 8.

Thank you for the opportunity to testify today and I am happy to answer any questions.

¹ Government of the District of Columbia, [COVID-19 Surveillance Data](#), June 1, 2021.

² Doni Crawford and Qubilah Huddleston, [The Black Burden of COVID-19](#), DC Fiscal Policy Institute, April 16, 2020.

³ Melissa Jensen, Paige Pokorney, Ravi Ehrbeck-Malhotra, and Bridget Kelley, [Still Minding the Grocery Gap in D.C.](#), DC Hunger Solutions, January 2021.

⁴ Ron Thompson, [The Wharf closure highlights the complexities of social distancing and shame culture](#), Greater Greater Washington, April 8, 2020.

⁵ Government of the District of Columbia, [Review of Economic Development Tax Expenditures](#), Produced by the Office of Revenue Analysis, November 2018, pg. 14-15.

⁶ Ibid.

⁷ Amy Lieber, Revenue Revealed: It’s Time to Amend DC’s Tax Expenditure Programs, DC Fiscal Policy Institute.

⁸ Esther Priscilla Ebuehi, Divya Vemulapalli, and Emel Yavuzel, [Opinion: Wards 7 and 8 are ‘food swamps.’ D.C. should make building grocery stores there a priority.](#), The Washington Post, May 21, 2021.