

Priorities for the Revised FY 2022 Budget and FY 2023 Budget **April 2022 (updated to reflect Committee proposals)**



Two years after the city first shut down in response to COVID-19, not all of DC's residents are on the path to recovery. There remains a huge gap between the city's wealthier, largely white, residents and its Black and brown residents, who are disproportionately experiencing hardship. Black people make up nearly 80 percent of the city's COVID deaths and suffer the most from high rates of joblessness due to deep structural inequities and racism.

Meanwhile, growing wages and salaries, investment income, and business profits are fueling revenues for the city as those wealthier, largely white, residents move through the pandemic better off financially. Last year, DC made a down payment on a just recovery by modestly raising taxes on the city's highest income earners to make critical investments in fair wages for early educators, ending homelessness, and an income boost for low-paid workers. But recovering from an economic recession takes years and the pandemic continues to take its toll.

DC can narrow the longstanding racial inequities that have been exacerbated by the pandemic by keeping promises made last year to residents struggling the most; building on our progress towards a just recovery by continuing to meet urgent needs; leveraging DC's growing revenue and avoiding costly tax cuts; and, providing transparent information on how money is spent and get community input on the results.

As the Council revises the fiscal year (FY) 2022 budget and finalizes the FY 2023 budget, the DC Fiscal Policy Institute asks them to consider the following priorities.

Early Education and Childhood Development

Early Education and Fair Compensation

- **FUNDED and LEGISLATED:** Ensure Early Education Compensation Funds reach teachers' pockets in FY 2022 and each year of the financial plan. Dedicate these funds in accordance with the Early Educator Equitable Compensation Task Force's recommendations.
- **MORE WORK NEEDED:** Plan for additional funding that is required to reach full parity, which includes benefits for early educators, such as health care. The proposal does not fund full parity. After funding compensation increases, the proposed budget allows OSSE to use excess Pay Equity Funds to subsidize health insurance premiums for early educators through the DC Health Benefits Exchange. It is unclear if any excess funding will be available.
- **MORE WORK NEEDED:** Ensure the Early Educator Equitable Compensation Task Force's recommendations promote equity and opportunity for infants and toddlers from DC's families with the lowest incomes, guaranteeing the compensation proposal supports the vitality of the District's subsidy program. The proposed budget requires the compensation program to include an equity adjustment that OSSE will design. The final budget should require community input on the design of the equity adjustment.
- **FUNDED:** Fund costs for building any infrastructure that is needed to efficiently disburse FY 2022 stipends and implement the Task Force's recommendations on the permanent compensation program. Direct the Office of the State Superintendent of Education (OSSE) to conduct extensive outreach and technical assistance to early educators to inform them of FY 2022 stipends, how to apply for stipends, and understand the impact of higher pay on any benefits they receive.
- **FUNDED (but incoming revenues are lower):** Protect the \$12.8 million dedicated to child care from the Sports Wagering Lottery Amendment Act of 2018 to ensure it goes to the child care sector beginning in FY 2024. Revenues are now projected to come in at \$2.9 million for FY 2024.

Childhood Health and Development

- **FUNDED:** Increase funding for the Healthy Futures program by at least \$700,000 to enable the Department of Behavioral Health to make much needed updates to the program's infrastructure, hire personnel, and increase capacity to expand to 35 from 25 additional child care developmental facilities.
- **FUNDED:** Allocate \$300,000 to expand the District's HealthySteps program to fund an additional program site and reach more District families in need of parent- and child-focused health support services in pediatric primary care settings.
- **PARTIALLY FUNDED:** Increase funding to existing home visiting grants at CFSA and DC Health (\$70,500 for CFSA and \$369,150 at DC Health), to enable programs to adapt to the increased demands on their workforce and resources that are needed to support families during the pandemic. The proposal leaves unfunded the DC Health ask.

- **FUNDED:** Restore one-time \$310,000 to CFSA home visiting programs and make funding recurring as the programs continue to support important populations in the District. For too long, families participating in CFSA home visiting programs have relied on unstable one-time dollars which significantly limits successful implementation of the program.

Education

Local and Federal Funding for School Operations and Educational Equity

- **MORE WORK NEEDED:** At a minimum, increase the Uniform Per Student Funding Formula (UPSFF) to keep up with inflation and actual education costs within DC Public Schools (DCPS) and public charter schools. While the UPSFF increase is higher than inflation, the initial budgets for 73 schools would not keep up with the rising costs of maintaining FY 2022 staff levels.
- **UNCLEAR:** Prohibit DCPS from making budget or staff cuts to schools' initial budgets unless a school is losing one or more grade or experiencing large enrollment declines.
- **MORE WORK NEEDED:** Ensure that the new DCPS budget model does not exacerbate funding disparities faced by underfunded, racially and economically segregated schools serving majority low-income students and Black and brown students. Changes to the model benefited schools that serve more "at-risk" students but many schools have had to use the at-risk funds for general education positions.
- **NOT INCLUDED:** Enforce the DC Code requiring DCPS to supplement, not supplant, school budgets with "at-risk" dollars.
- **NOT INCLUDED:** Increase transparency of federal relief dollars by providing regularly updated and accurate data on how American Rescue Plan Act (ARPA) dollars are being spent in an accessible format, such as an online dashboard. Ensure that DCPS and public charter agencies comply with the ARPA Maintenance of Equity requirement, which is designed to protect high-poverty schools from disproportionate budget and staff cuts.
- **UNCLEAR:** Prioritize investments to schools and students most in need to ensure ARP dollars are distributed equitably.

Social Emotional Learning Supports for Students

- **UNFUNDED:** Invest \$300,000 to study what it *truly* costs to implement the School Based Behavioral Health (SBBH) Program now and in the future.
- **FUNDED:** Increase funding for the SBBH program by \$2.4 million to stabilize grant funding for community-based behavioral health organizations (CBOs) and direct the Department of Behavioral Health to make permanent the one-time \$10,000 supplement that they gave to CBOs to cover pandemic-related costs.
- **UNFUNDED:** Fund high-quality, culturally affirming and responsive social emotional learning programs for students and trauma-informed training for all staff at each school.
- **UNFUNDED:** Expand the DCPS Reimagining School Security Pilot that allows schools to explore student safety and well-being programs beyond traditional means of supervision and surveillance.

Homelessness

Ending homelessness

- **FUNDED:** Allocate \$13.9 million to end chronic homelessness for 500 individuals with Permanent Supportive Housing (PSH).
- **FUNDED:** Allocate \$12 million to end homelessness for 260 families experiencing chronic homelessness with PSH.
- **UNFUNDED:** Extend all Rapid ReHousing families at risk of time limit terminations in FYs 2022 and 2023 because no family should be cut off because of a time limit during a recession.
- **PARTIALLY FUNDED:** To meet the full ask, invest an additional \$34.7 million to end homelessness for 1,020 families with Targeted Affordable Housing.

Street Outreach and Other Critical Services

- **UNFUNDED:** Ensure that PEP-V, non-congregate shelter for residents experiencing homelessness who are at high risk of dying of COVID-19, is maintained through the pandemic and that DHS can continue to offer 24-hour shelter access.
- **FUNDED:** Fund robust, housing-focused homeless street outreach services.
- **FUNDED:** Devote \$300,000 in additional capital funding to build two standalone 24-hour restrooms in FY 2023.

Preventing Homelessness

- **FUNDED:** Devote \$700,000 to prevent homelessness for 400 additional individuals through Project Reconnect.
- **PARTIALLY FUNDED:** To meet the full ask, include an additional \$113.1 million for FY 2022 and \$172 million for FY 2023 to rental assistance and \$20 million to utility arrears to support tenants who have fallen behind on bills as a result of the pandemic.
- **FUNDED:** Include \$400,000 to implement B24-0229, the “Human Rights Enhancement Amendment Act of 2021.”
- **UNFUNDED:** Allocate approximately \$500,000 to fund A24-0357, the “Eviction Record Sealing Authority Amendment Act of 2021.”

Survivors of Domestic Violence

- **UNFUNDED:** \$12.5 million to provide 65 units of transitional housing and 15 affordable housing units to survivors of domestic violence.

Youth Experiencing Homelessness

- **PARTIALLY FUNDED:** To meet the full ask, increase the existing budget by an additional \$2.2 million to account for COVID-related costs and inflation.
- **UNFUNDED:** Invest \$1 million in workforce programming for homeless youth.
- **UNFUNDED:** Allocate \$558,000 to create a mobile behavioral health team that can meet youth where they are.

Affordable Housing

- **PARTIALLY FUNDED:** To meet the full ask, allocate an additional \$9 million to repair and preserve public housing so that residents have a safe place to live.
- **MOSTLY UNFUNDED:** Invest \$22.9 million to provide tenant vouchers to 780 families on the DC Housing Authority waiting list.
- **PARTIALLY UNFUNDED:** To meet the full ask, allocate an additional \$1.2 million to provide tenant vouchers to 40 returning citizens.
- **FUNDED, without sufficient transparency:** Maintain stable funding for the Housing Production Trust Fund (HPTF) and strengthen transparency and reporting requirements to ensure the fund is meeting statutory affordability requirements.
- **FUNDED, without sufficient transparency:** Invest at least \$12.9 million to maintain additional annual investments in the project-based component of the Local Rent Supplement Program that are sufficient to allow the HPTF to serve extremely low-income residents.
- **MORE WORK NEEDED:** Ensure that DHCD promptly deploys the \$17.7 million that was allocated to the Affordable Housing Preservation Fund in FY 2022.

Inclusive Economy

- **UNFUNDED:** Allocate \$160 million, which includes \$1 million in “late fees” to account for implementation delays that have forced workers to go without crucial benefits, to fund direct cash assistance for workers excluded from unemployment benefits and federal stimulus payments through the DC CARES program.¹
- **NOT INCLUDED:** Ensure a sustained approach to the DC CARES program so that payments are planned, processed, and delivered in a timely and efficient manner.
- **NOT INCLUDED:** Guided by workers themselves, DC government should explore a long-term solution to permanently include excluded workers in our work and income support policies and programs.
- **FUNDED:** Enhance funding to support the newly launched Just Cannabis program in the Department of Small and Local Business Development, providing financial and technical assistance for medical cannabis enterprises. Allow for grants, rather than loans exclusively, to new cannabis enterprises rather. Ensure that these funds are prioritized for returning citizens, veterans, and those harmed by cannabis criminalization. Proposal includes the enhancement of grant-based opportunities and maintains the current level of funding at \$300,000, although it remains unclear what share of these funds are available as grants versus loans.

- **NOT INCLUDED:** Prioritize returning citizens and ensure that there are no barriers to them accessing ownership and employment opportunities in the medical cannabis industry by marking up and funding the Medical Cannabis Amendment Act of 2021 as recommended.²

Income and Health Supports

- **UNFUNDED:** Double the Interim Disability Assistance caseload by adding \$3.3 million, providing benefits for an additional 667 residents per month in FY 2023, with the goal of expanding the program to serve all in need, approximately 2,900 residents, within five years.
- **FUNDED:** Remove barriers to enrollment in DC HealthCare Alliance by making its enrollment requirements identical to that of the Medicaid program.

Tax Justice and Sound Revenue Policy

- **UNFUNDED:** Extend DC’s Earned Income Tax Credit (EITC) to workers who are undocumented and ensure that forthcoming monthly payments of the credit don’t put at risk receipt of other public benefits. DC now has the most generous EITC in the nation, but it’s not the most inclusive. Ensuring workers can receive the credit despite immigration status is an important step to helping more working families
- **MORE WORK NEEDED:** Reject revenue policies that fail to advance racial justice and are poorly designed. Avoid poorly targeted tax breaks—temporary or permanent—at all costs, including ineffective economic development tax incentives. And reject misguided funding mechanisms that automatically devote future revenue increases to a particular program, which could leave no new funds for other pressing needs and limit the ability of the Council to debate how to spend new money. (Council should interrogate the need, parameters, and accountability mechanisms of the proposed tax abatements for downtown office-to-housing conversions.³)

¹ Last year, the District allocated \$41 million for these workers in two budgets—\$15 million in the FY 2021 supplemental budget and \$26 million in the FY 2022, whereas advocates’ total original ask was \$200 million. Unfortunately, workers have yet to receive any of that assistance, forcing them to incur more debt and face economic uncertainty as the pandemic ravages on. The total ask for FY 2023 includes the unfunded difference in the original ask as well as \$1 million in late fees to compensate workers for the delay.

² Heather Lavoie, “[DC Council considers legislation to create a restorative recreational cannabis industry](#),” DCFPI, November 19, 2021.

³ To learn more, see: Erica Williams, “[Testimony at the Budget Oversight Hearing for Events DC, Finance Duties, and the Office of Chief Financial Officer](#),” DC Fiscal Policy Institute, March 21, 2022.