

With Rising Costs and Continued Hardship, DC Budget Must Sustain Focus on Racial Justice

DCFPI's Priorities for the Revised FY 2023 Budget and FY 2024 Budget

In recent years, District lawmakers have used the budget to make historic and transformative investments in DC's residents and economy. As a result, many working families are receiving bigger tax refunds, thousands of early educators are earning higher pay, students are gaining greater access to behavioral health specialists, and more residents are moving into affordable and permanent housing.

These inclusive policies are designed to help more District residents share in the gains of a strong economy. But decades of racially discriminatory policies and practice in everything from education to good jobs have disadvantaged Black and brown communities, and the racially disparate harms of the pandemic have deepened already stark racial and economic inequities.

Since 2019, the District has seen an increase in the number and share of people living below the poverty line, which is \$27,740 for a family of four, according to the US Census Bureau. At the same time, Black residents in the District are more than five times as likely to live in poverty and have roughly one-third the income relative to white residents. There remains a huge gap between the District's largely white, wealthier residents and the disproportionately Black and brown residents experiencing hardship.

As DC residents face the rising costs of basic needs like food and housing, DC policymakers should use the fiscal year (FY) 2023 supplemental and 2024 budgets to build on efforts for a racially just future. With revenue growth projected to slow, and as federal pandemic recovery dollars expire, it will be important for lawmakers to prioritize investments and policies that:

- Repair harms that perpetuate inequity by addressing policies that stifle the economic, social, and political power of Black and brown residents,
- Build strong foundations of equity by fortifying programs that protect the most vulnerable and establishing guarantees for a liberation economy,
- And realize a future of shared abundance by ensuring a racially just tax code and innovating toward equity.

As the Mayor develops her proposal for the FY 2023 supplemental and 2024 budgets, and as DC Council builds on her budget, they can pursue these goals through the following priorities.

Early Education

- **Expand the Early Educator Compensation Program to directors of early learning.** Allocate \$14.7 million to improve the quality of early childhood education by ensuring that directors of early learning programs receive pay commensurate with the credentials required by the Office of the State Superintendent of Education licensing beginning in December 2022.

- **Expand child care affordability to more District families.** Increase the income eligibility level for the child care subsidy program to 300 percent of the federal poverty level, as envisioned in Mayor Bowser’s Comeback Plan.
- **Preserve all existing funding for child care** , including local and Temporary Assistance for Needy Families (TANF) child care subsidy dollars, the Early Childhood Educator Pay Equity Fund, and dedicated funding from sports wagering.
- **Ensure adequate funding for effective implementation of the Pay Equity Fund** , including a strong equity adjustment, so that children in families with the most significant barriers to opportunity experience the greatest benefit.

PreK-12 Education

- **Advance educational equity.** Ensure that DC Public Schools equitably and adequately fund schools that serve majority Black and brown students and high poverty schools, especially those located East of the River. This requires following the law on dollars designated for students considered “at-risk of academic failure” and adequately funding neighborhood schools.
- **Support enrollment in neighborhood schools** —which are important community institutions—by **rejecting** plans to open new citywide schools. DC should focus on adequately and equitably supporting neighborhood schools to thrive, particularly those in historically divested areas.
- **Proactively develop and adopt a plan to prevent schools from experiencing a fiscal cliff** as one-time federal and local pandemic recovery funds expire.
- **Sustain investments in student behavioral health.** Maintain FY 2023 grant funding (adjusted for inflation) for behavioral health community-based organizations serving students through the District’s School-Based Behavioral Health program: \$103,000 per clinician.

Tax and Revenue

- **Create a DC Child Tax Credit (CTC) for families with children** . Build on the strategies to guarantee income via various pilots and an expanded DC Earned Income Tax Credit with a local Child Tax Credit of \$500 per child at minimum. A CTC of at least \$1,500 per child could cut child poverty in DC by 25 percent while also helping families with low- and middle-incomes better manage the cost of raising children. A local CTC would cost anywhere from \$38 to \$115 million depending on size of the credit.
- **Improve fine and fee revenue data transparency** . Require the Office of the Chief Financial Officer to annually publish the total amount assessed in fine and fee revenues as well as the number and demographics of applicants denied a Certificate of Clean Hands.
- **Reject revenue policies that fail to advance racial justice and are poorly designed.** Avoid poorly targeted tax breaks—temporary or permanent—including ineffective economic development tax incentives.

Inclusive Economy

- **Ensure record relief for individuals with prior cannabis-related offenses.** Allocate \$10.5 million over the financial plan, including \$3.3 million in FY 2024, to implement the automatic expungement of records for those with decriminalized offenses.
- **Ensure that residents with unpaid debt can renew their driver's license.** Allocate \$7.2 million over the financial plan, including \$2.4 million in FY 2024, for the Clean Hands Certification Amendment Act of 2022. The FY 2023 budget includes a trigger whereby excess revenue above budgeted revenue in FYs 2023-2026 will be allocated to fund this legislation.
- **Invest in Guaranteed Income Pilots.** Allocate additional funding to continue investments in Guaranteed Income Pilots, including in Strong Families, Strong Futures. Fund a Hold Harmless Fund to support the individuals and families whose net benefits may be lowered due to participating in a guaranteed income program.
- **Increase staff capacity at the Council's Office of Racial Equity (CORE).** New Council rules require CORE to produce Racial Equity Impact Assessments (REIA) at the time of a bill's public hearing, with the option to also issue a supplemental REIA at mark-up. Additional staff capacity is needed for CORE to address its workload.

Affordable Housing

- **Commit to affordable housing preservation.** Ensure that the Affordable Housing Preservation Fund has at least \$20 million to meet demand given the ongoing Tenant Opportunity to Purchase Act (TOPA) backlog and increasing need for low-cost preservation financing. Set aside a portion of the Housing Production Trust Fund (HPTF) for preservation projects.
- **Invest \$30 million in a program to enable tenants to purchase their building through TOPA.** Replace the inactive First Right to Purchase Program with a program that provides affordable financing to tenants who seek to purchase their building through the TOPA process in order to create stable homeownership opportunities for tenants and to build Black and brown wealth.
- **Improve safety and effectiveness of DC's deeply affordable housing stock.** Invest at least \$60 million in public housing repairs and implement increased transparency and oversight requirements to ensure that the Housing Authority meets improvement benchmarks.
- **Improve transparency and follow law for production of deeply affordable housing.** Implement transparency and reporting requirements for the HPTF and ensure adequate Project and Sponsor based Local Rent Supplement Vouchers to support the production of deeply affordable housing, as required by law.
- **Scale up funding for Home Purchase Assistance Program (HPAP), as needed.** Last year's changes to HPAP more than doubled the maximum allowable down payment assistance for eligible applicants but did not include a corresponding funding increase for the program. Funding for HPAP in FY 2024 should be sufficient to meet the need.

Ending Homelessness

Move More Residents Who Are Unhoused into Housing

- **Fund 1,030 Permanent Supportive Housing (PSH) vouchers for individuals experiencing chronic homelessness and 480 PSH vouchers for families.** Homeward DC 2.0, the District's strategic plan to end homelessness, anticipates that 1,030 PSH vouchers are needed in FY 2024. And approximately 20 percent of the 3,100 families in Rapid Re-Housing (RRH) need the intensive services provided by PSH.
- **Fund an additional 100 RRH slots for individuals to eliminate the waiting list .** Provide an additional \$2.5 million to RRH, which is a voluntary program that combines short-term rental assistance, case management, and workforce development, to eliminate the wait list for those seeking support.

Fund Homelessness Prevention and Robust Services

- **Boost staffing levels to enable the District to move people into housing more quickly.** Provide funding to ensure that DHS and homelessness providers have the staff they need to effectively administer programs for residents who are unhoused.
- **Ensure prevention programs are adequately funded.** Allocate at least \$117 million to the Emergency Rental Assistance Program (ERAP) so all in need can be served. ERAP prevents evictions by helping residents pay overdue rent and legal costs. Fund Project Reconnect at the FY 2023 funding level or higher to ensure service to all who qualify find alternatives to shelter such as reuniting with friends and families.
- **Continue the Pandemic Emergency Program for Medically Vulnerable Individuals (PEP-V) program or develop new non-congregate shelter options for individuals .** PEP-V shelters individuals in hotel rooms, provides meals, and has on-site medical and behavioral health services. Many clients who have struggled in shelter or refused to come into shelter have flourished in PEP-V.
- **Reallocate the \$1 million in unspent DC Flex funds that was intended to expand the support to individuals .** DC Flex currently goes only to families to help bridge the gap between their income and housing costs. Rather than allowing unspent funds to go to the surplus, they can be repurposed in the FY 2023 supplemental budget to offer support to individuals.
- **Create a flexible funding program at DHS to cover one-time move-in expenses for residents receiving a voucher or RRH and create a program at DHS that provides storage space for unhoused individuals.** This program would allow residents who are unhoused to keep their belongings in a safe place until they find housing, rather than dragging their belongings with them.
- **Ensure that at least 150 medical respite beds are available for individuals.** Meet the need for medical respite beds, which offer a safe place for the unhoused to recover from surgery and illness or to learn to manage a chronic condition.
- **Increase the number of psychiatric beds.** There are not enough psychiatric beds for unhoused residents experiencing psychiatric problems who need intensive services, which often results in release before patients are ready. Adding beds can help clients stabilize while they wait to move into housing.

- **Increase Personal Needs Allowance (PNA).** DC's first assisted living facility for chronically unhoused people is undersubscribed in part because Medicaid recipients may only keep \$100 per month of any income they earn as a PNA. The District should increase the PNA for assisted living recipients based on their actual needs.