

July 1, 2025

Dear Chairman Mendelson and other members of the DC Council,

As the District continues to face mounting financial pressure from declining tax revenues and increasing constraints from the federal government, we recognize the extraordinary difficulty of shaping a budget that meets both urgent needs and long-term obligations. The path forward is fraught, and we do not underestimate the weight of the choices before you. We offer this letter with deep respect for your role and with the shared belief that even in moments of struggle, our values and commitments must guide our priorities.

We, the undersigned, write to you as leaders of long-standing organizations that work to meet the needs of DC residents with low incomes. Many of us have worked in the District for decades, and together we serve hundreds of thousands of DC residents, providing food, shelter, health care, child care, and other core necessities. It is due to this experience that we have a deep sense of alarm about the proposed DC budget: devastating cuts to multiple essential services and fundamental changes to the social safety net will likely result in long-lasting harm to DC's poorest residents.

Every year, many of us come to you in the budget process to seek more funding for core public programs to improve the well-being of the communities we serve. This year is different. This year, the budget makes deep cuts to every basic need: food, housing, health care, utility assistance, income supports, and child care. Each of these cuts alone would have a negative impact, but collectively they would cause irreparable damage to the health and safety of thousands of DC residents at a time of tremendous need and with looming federal cuts.

Many DC residents would face cuts from multiple programs, with changes that would affect their ability to access help this year and in the future. The cuts affect a broad array of services, many of them longstanding, that reflect core commitments made by the District to support the well-being of families and individuals. For example, the proposed budget includes:

Cuts that Jeopardize DC Efforts to Stabilize Housing and End Homelessness

- Emergency Rental Assistance Program (ERAP): Despite evictions reaching a 10-year high, the proposed budget cuts ERAP by 70 percent, gutting a critical lifeline for stabilizing housing for residents as rents rapidly rise. Evictions are extremely harmful to those who experience them, often leading those impacted into a downward spiral and setting them back for years.
- Rapid Rehousing: The budget reduces support for Rapid Rehousing and calls for strict enforcement of time limits with no resources or effective new strategies to support the large number of families who will not be able to afford market rents in just one year. This will lead to eviction, as well as trauma, disruption of education and employment, and poorer health outcomes. Rather than shore up permanent housing resources, the Department of Human Services is taking a step backward and working to build emergency shelter capacity for families who become homeless because of these changes.
- Permanent Supportive Housing (PSH): PSH is a widely recognized best practice for ending chronic homelessness and part of the District's strategic plan to achieve that end. Yet DC has backtracked on that commitment. While the District continues to evict people from encampments with no

housing options, the proposed budget provides no funding to help adults without children move from homelessness to a home.

Cuts that Erode DC's Commitment to Health Coverage for All Residents

- Healthcare Alliance: Deep cuts to this insurance program serving populations ineligible for Medicaid may bring short term budget savings but creates long term costs as people forgo health care and only seek medical attention when the health problem gets worse, overtaxing emergency rooms. Health coverage keeps people able to work and pay their bills and helps protect against the financial shocks of chronic or unexpected health conditions.
- Medicaid: Moving Medicaid beneficiaries who are between 138 percent and 200 percent of the federal poverty line (FPL) to a Basic Health Plan (BHP) may be a good solution for some care. However, BHPs fail to cover oral health care, which is costly for patients and will result in delays in care and drive high-cost visits in the emergency departments of our local hospitals. There are also gaps in vision and some behavioral health services. In addition, a small number of adults with incomes between 200 percent and 216 percent of FPL (\$31,000 for a single person) will no longer have access to Medicaid nor be eligible for the BHP and instead will need to find insurance through the DC Health Link exchange, leaving many with substantial out-of-pocket costs that they cannot afford.

Cuts to DC's Economic Supports for Struggling Families and Individuals

- TANF: Beginning in fiscal year (FY) 2027, the proposed budget would push nearly 14,000 poor families with children deeper into poverty, including a provision to deny cost of living adjustments to cash benefits that currently equal 35 percent of FPL, again with a claim that this basic form of help is too costly.
- Food Assistance: The District increased basic food benefits through SNAP for one year in 2024, providing an essential boost to inadequate federal benefits. Failing to restore that increase in the FY 2026 budget will put thousands of residents at risk—particularly families with low incomes, older adults, people with disabilities, and immigrant/mixed status households. Without this support, the most vulnerable District residents may be forced to skip meals or make impossible choices between food, rent, and medical care, especially if federal efforts to dramatically slash the program are successful.
- Child Care Subsidy: There is a substantial funding gap for child care subsidies, which enable families with incomes below 300 percent FPL to access quality, affordable early learning so parents can work and attend school. Without additional investment, the District may not be able to continue supporting the nearly 6,800 families currently enrolled in the program or support additional eligible families who need access to affordable child care.
- Paid Family and Medical Leave: The proposed budget cuts paid leave benefit levels by \$153 per week for all leave types as well as the maximum weeks of leave by four and six weeks for personal and family caregiving leave, respectively. Without removing the subtitle that cuts these benefits, working families will lose anywhere from \$1,836 to \$6,918 in needed income when they welcome a child, care for a loved one, or tend to a personal health crisis.
- Child Tax Credit: The newly adopted DC Child Tax Credit that has not yet been fully restored is a critical resource for families struggling to meet the needs of their children, especially the 38,000 children in DC who are ineligible for any or all of the federal child tax credit.

Together, these deep cuts and fundamental policy changes will deepen poverty and hardship at a time when income inequality is at an all-time high, and result in more hunger and homelessness, widen DC's already gaping racial inequities, and significantly roll back collective efforts to improve quality of life for residents struggling with the lowest incomes.

We are especially concerned that many of the proposed budget cuts are described as needed because programs are "too costly" or "growing unsustainably." The rising cost of health care and inflation are challenges facing every city and state, but it doesn't change DC's responsibilities to its most impoverished residents. Beyond that, cuts that undermine the stability of vulnerable residents will ultimately have other costs that are deep and long-lasting—in lost human potential, homelessness, reduced educational outcomes, foster care placements, toxic stress, and more. The greatest and most long-lasting harm will be on DC's children.

While DC Council works to finalize the budget, the US Congress is working on legislation that would cut food assistance and cut millions off health care, cuts that would further harm thousands of DC residents with low incomes and place more responsibility on the District and states to support these services. As the federal role in public benefit programs shrinks, the District should be shoring up its services, rather than making cuts that sacrifice the well-being of the most vulnerable residents of our city. We as direct service providers do not have the capacity to make up for local or federal cuts. Nor does local philanthropy.

We urge you to come together to acknowledge the essential role of these services, to reverse the deepest cuts, and to reject programmatic changes that would make it hard in the future for residents to access critical services. Having witnessed many DC budget seasons, we know that when there is a will, there is a way. We thank the Council for steps taken during committee mark-ups to address some of these issues. We support all efforts to find the revenues to address these cuts and believe all policy tools should be on the table, including improving taxation of profitable businesses and DC's wealthiest residents. We know other coalitions and organizations have put forward options that we hope Council will seriously consider for both the short- and long-term needs we must meet in the face of the coming storm.

Sincerely,

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Bread for the City

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