

**REVISED**

Fair Budget Coalition

The Future is Now  
Fiscal Year 2009 Budget Recommendation Report



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# ***Creed of a Just and Inclusive Community***

We are committed to realizing a vision of the District of Columbia as a “city on a hill,” a model of justice, inclusion, and compassion; a community which respects the rights and dignity of all its members while striving for the common good.

We believe that such a community:

- ensures a secure and affordable home to all;
- provides adequate jobs, a living wage, and income security for all;
- provides all with the education and training necessary for an improved quality of life;
- guarantees environmental health and safety to all;
- ensures that all have access to excellent medical care;
- can remedy the diseases of substance abuse and mental illness with encouragement, support, and quality treatment services;
- provides our incarcerated brothers and sisters with humane treatment and the opportunity for rehabilitation;
- must maintain an effective “social safety net” that can minimize the impact of crises on the lives of women, men, and children; and
- must exercise self-determination vis-à-vis local budget, policies, and law.

*(Revised version of creed endorsed by more than 300 faith, neighborhood, political, service, business groups and individuals of the District of Columbia in 1999.)*

## Fair Budget Membership

The Fair Budget Coalition fights for a just and inclusive District of Columbia through advocacy and organizing and by advancing budget and public policy initiatives which reflect the interdependency of the District's community and economic development systems. Organized in 1994, Fair Budget is a coalition of grassroots community groups, human service providers, advocates, faith organizations, and concerned community members.

### Organizational Members:

Academy of Hope  
The Arc of DC  
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Center for Non-profit  
Advancement  
Centro Ni'a  
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DC Statehood Green  
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Healthy Families  
Thriving Communities  
Collaborative Council  
Homeless Children's  
Playtime Project  
Kennedy Institute  
Kidsave International  
Latin American Youth  
Center  
Latino Economic  
Development Corp.  
League of Women  
Voters  
Legal Aid Society  
of the DC  
Manna, Inc.  
Mary's Center for  
Maternal & Child Care  
The Nonprofit  
Roundtable of Greater  
Washington  
Northwest Settlement  
House  
Our Place, DC  
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Drug Treatment  
Perry School Community  
Services Center  
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Prevention Works, Inc.  
Project South DC

Quality Trust for  
Individuals with  
Disabilities  
Samaritan Inns  
Sasha Bruce Youthworks  
SOME, Inc.  
Tenant Action Network  
21st Century School  
Fund  
UDC David A. Clarke  
School of Law  
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Urban Housing Alliance  
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## Executive Summary

With new leadership at the helm of the District of Columbia, City officials and community advocates worked together in 2007 to identify gaps in services and programs for low-income and no-income residents. The process led to significant commitments and visible progress both the causes and effects of poverty in the nation's capital.

The District's Emergency Rental Assistance Program was funded for the first time in a decade. The District instituted a locally-funded rent supplement program, helping to start move homeless families from a Housing Authority wait list that had become stagnant due to federal cuts. DC Village – a controversial, communal-style family shelter -- was closed and more than 100 homeless families were placed in a new transitional housing program. The DC Council approved more than \$38 million for homelessness prevention and affordable housing production in the FY 2008 Supplemental Appropriation. And Mayor Fenty and the Council began the hard work of repairing what many believe to be the ultimate safety net for the District's children, our public school system.

Much more work is needed to move the City and its residents to a healthier future. Income inequality in the District is now wider than in almost every major U.S. city. Poverty in the District is at the highest level in nearly a decade: one in five DC residents and one in three DC children is poor, almost twice the national average.

District residents fighting poverty and unemployment also have to cope with unaffordable housing. A person earning minimum wage would need *three full-time jobs* to afford a one-bedroom apartment at Fair Market Rate! The loss of affordable housing in DC is staggering: the District *lost* 22,500 housing units with rents under \$1,000 between 2000 and 2004. Public housing units in the city *decreased* from 9,400 in 2001 to 8,100 in 2008. There are now 57,000 people on the waiting list for the Housing Choice Voucher and public housing programs, 22,000 of whom report that they are homeless.

Bridging the District's economic divide will require improved access to early childhood education and child care, adequate food and nutrition for all District residents, universal access to healthcare, making the District's *Homeless No More* plan a reality by bringing affordable housing units on-line and providing the necessary services to sustain formerly homeless persons in housing, and a focus on eviction prevention, workforce readiness, and job training.

The recommendations in this Report were identified by the Fair Budget Coalition via an intensive community process that began in July 2007. They focus on ensuring the brightness we hope the future holds for our City, by planning and investing *now*. The recommendations represent the most pressing needs of the families and individuals with whom Fair Budget Coalition members work daily.

Each recommendation, (which is *in addition* to baseline expenditures) represents a targeted investment in response to a clearly identified need. Each will help families and individuals become more stable, which in the long term will create a stronger economy and more vibrant City, and will result in fiscal savings. The recommendations are divided into the following issue areas: Children & Youth, Food & Nutrition, Health Care, Homelessness & Housing, Work & Income Supports, and Tax & Revenue.

## Children & Youth: \$12.075 million

One in three DC children is poor (almost twice the national average) and 35,000 children lack food security. The District must do better for our children by investing in their health and well-being today. Research shows that modest investments in services for children and their families can have tremendous long-term pay-offs. Every dollar spent on quality early childhood education results in nearly \$9 in future savings from increased productivity and decreased reliance on social services, according to research by The Perry School in Wisconsin.

Unfortunately, the District is not meeting the needs of many families with children in our community. In order to ensure that our children and youth become the leaders of tomorrow, we must make a commitment to provide basic vital services to equip them with the skills needed to prosper as adults — programs that instill the importance of education and work to begin to break the cycle of poverty.

### The Fair Budget Coalition recommends:

- \$7.075 million for **early child care and a vacancy clearinghouse**. While there is a strong subsidized child care program in the District, there are long waiting lists for families that need subsidized care for children with special needs. Without access to child care for children with special needs, these families cannot seek and maintain employment. Further, the District needs to create and maintain a vacancy clearinghouse, which provides parents information about the availability and accessibility of child care centers throughout the District.
- \$2 million to expand the **Home visitation program** to 570 families. Home visits include intensive support, case management, parenting education and community referrals.
- \$2 million to increase capacity of **Homeless youth shelter & housing** to bring online 40 beds.
- \$1 million to fund **Out-of-school youth programs**, to serve 16-24 year olds who are not in school or the workforce. Programs will include shelter, employment, and housing services for youth.

**Request for:** **Early Child Care**

**Amount requested:** \$7.075 million

**Cost analysis:** \$7 million for child care for children with special needs  
\$75,000 to fund the expansion of the child care referral program to include a vacancy clearinghouse

**Department:** Office of the State Superintendent of Education (OSSE)

**Need statement:** Approximately 15,000 children with special needs live in the District. Although families with special needs children through age 19 are eligible to receive DC's child care subsidy, the District currently has only two centers that specialize in care for children with special needs, and these centers serve only young children. Parents experience severe hardship when trying to identify before-school, after-school and summer programs for older children, and are continually turned away from centers when providers learn of their child's disability. In order to expand and improve access to quality, inclusive child care for children with special needs, the District will need to 1) establish training for child care providers, 2) set standards of care, 3) increase the reimbursement rates paid to providers who care for children with special needs and who meet these standards of care; and 4) support the creation of new centers or the growth of existing centers to serve children with special needs. This will encourage more child care centers to serve special needs children.

Currently, the District maintains a list of child care providers, but the list does not contain vacancy information or information on which centers serve special needs children. A clearinghouse, updated by a staff person, would allow families to more quickly locate convenient child care and would allow a better assessment of the inventory of care and help to identify gaps in services.

**Benefits to the District:** Child care subsidies encourage employment, which leads to increased income for families, resulting in fewer families on public assistance.

<b>Request for:</b>	<b>Home-based visitation</b>
<b>Amount requested:</b>	\$2 million for home-based services for at-risk families
<b>Cost analysis:</b>	\$2 million will serve 570 additional families with children at-risk.
<b>Department:</b>	Department of Human Services (DHS)
<b>Need statement:</b>	<p>It is estimated that at least 3,000 of the 8,000 newborns in DC each year are in families that would benefit from home visitation. Long-term, intensive home visitation services for high risk families are <i>proven</i> to improve child health outcomes, reduce second pregnancies, increase child safety and increase school readiness. Currently, home visitation programs serving single mothers with children 0 to 5 years of age in DC have the capacity to serve only 365 families. Home visits include intensive support, case management, family goal planning, developmental screening, health assessments, parenting education, and community referrals. By building on parents' strengths and existing resources, home visitation reduces stress in parenting and enables parents to better provide for the health and well-being of their children.</p> <p>\$2 million in additional funding would allow for an expansion of home visitation services to 570 additional families. The Fenty Administration recently announced a proposal to expand home-visiting services to roughly 300 families. We support this expansion and seek further expansion.</p>
<b>Benefits to the District:</b>	Home visitation reduces high-end medical care for children, reduces child abuse and neglect and the subsequent placement in foster care or residential treatment centers (where one year in care for one child can cost from \$12,000 to \$200,000 per year) and improves the likelihood that children will be school-ready.

**Request for:** **Homeless youth shelter & housing**

**Amount requested:** \$2 million

**Cost analysis:** \$2 million will provide approximately 20-25 transitional housing units (serving an average of 35 youth per year) and 20 additional emergency shelter beds (serving an average of 240 youth per year).

**Department:** Department of Human Services (DHS)

**Need statement:** Each year, homeless youth programs serve 1,400 youth through shelter and housing, but another 10,500 homeless youth are not served.

DC has an inadequate supply of emergency shelter beds (38) and transitional housing units (75) to meet the needs of homeless youth. Because of stringent time limits, providers must cycle youth through the systems even when youth are unprepared or not yet stable. Homeless youth often seek a place to sleep from friends and families ("couch surfing") or are sexually exploited by adults for a place to sleep. Many homeless youth are fleeing severe family conflict, physical abuse, sexual abuse, and neglect.

Local providers have the potential to offer youth an opportunity to achieve residential stability, master life skills, gain employment, and achieve advancement in their educational goals; however, they lack the capacity. Positive outcomes can be documented with the youth served through existing transitional living programs for homeless youth. Given the scope of the current need, an additional public investment by the District of Columbia is warranted.

**Benefits to the District:** A \$2 million investment in youth shelter and housing may save millions of dollars through diversion from the juvenile justice system, group homes or in-patient treatment facilities. This investment would provide the opportunity for stability, increase employment opportunities, and ensure better futures for our youth.

<b>Request for:</b>	<b>Out-of-school youth programs</b>
<b>Amount requested:</b>	\$1 million
<b>Cost analysis:</b>	\$1 million will provide approximately 66 out-of-school youth (ages 16 – 24) with job training, skill building, educational courses and materials, a weekly stipend, meals, transportation assistance, clothing assistance, child care assistance and support services for six months. The program will run two 6-month cycles.
<b>Department:</b>	Department of Human Services (DHS)
<b>Need statement:</b>	<p>Only about 53% of DC youth graduate from high school. Many of the 47% of youth who do not graduate end up out of work and on the streets.</p> <p>To become viable and contributing members of society, out-of-school youth need additional job and educational training programs. Funding is also needed for stipends for financial support while youth attend the programs, child care, transportation assistance to and from programming and job training sites, breakfast and lunch during training sessions, technological supports (i.e., internet access), and professional clothing assistance. These are all critical support services that are needed to help youth make a successful transition to adulthood.</p>
<b>Benefits to the District:</b>	Providing DC’s out-of-school youth with job training and educational opportunities ultimately will result in savings in other public systems, such as public assistance, juvenile and adult detention, foster care and health care.

## Food & Nutrition: \$1 million

Poverty, food insecurity, obesity and high mortality rates are interconnected realities in many neighborhoods in the District of Columbia. Half of the District's children are hungry or food-insecure, yet a recent study by the Trust for America's Health found that DC also has the highest rate of overweight children (23%) in the country. Residents in low-income communities are particularly vulnerable to obesity, as families with limited resources turn to inexpensive but unhealthy foods. This contributes to health problems, such as heart disease and cancer, which are two of the leading causes of death in the District, according to the District's November 2007 State Health Plan. Unfortunately, the areas of the city that have the lowest household incomes also have the least access to grocery stores and healthful, affordable food options. As a result, low-income residents rely heavily on corner stores with little or no refrigeration or shelf space to store fresh produce or to offer a variety of food choices. Farmers' markets, community gardens, and other local food sources make healthful food available to some low-income residents, but tight operating budgets severely limit the numbers who are reached.

Developing a holistic approach to dealing with both obesity and access to nutritious food is critical. Efforts in this area should include a combination of the following activities:

- **Promote federal and local nutrition programs and healthy eating.** Federal and local nutrition programs are powerful tools to increase the purchasing power of low-income residents and to decrease local obesity rates. As the new State Health Plan points out, the entire community needs nutrition and wellness education and promotion to improve its health.
- **Increase the availability of nutritious foods in low-income areas.** Increasing the capacity of existing food retailers, and meal and snack providers, to store and prepare nutritious foods could drastically improve access. An investment in local food production and vendor programs such as farmers' markets, community supported agriculture, and community gardens will also bring more nutritious and affordable options to communities. In addition to investing in existing food outlets, DC should continue to attract new grocery stores to underserved areas.
- **Coordinate anti-obesity, nutrition, and hunger efforts.** Currently health and nutrition programs can be found in at least *seven* different city government agencies. For effective change to happen, staffing is needed to promote active dialogue and coordination among all players.
- **Make all the above possible through one new grant-making source.**

The Fair Budget Coalition recommends:

**\$1 million for a "Fresh Food Opportunities Bank" that would support the following nutrition education and access services:**

- \$100,000 in grants to promote awareness of existing federal and local nutrition programs to increase utilization.
- \$100,000 in grants to fund a city-wide nutrition education campaign targeted toward low-income populations.
- \$245,000 in grants for farmers' markets, community supported agriculture,

community gardens, and other entities to increase their capacity to provide fresh, healthy, and local foods to low-income communities.

- \$300,000 in grants, ranging from \$500-\$20,000, available to corner stores, community-based feeding programs, and other entities for infrastructural improvements, equipment, and promotional materials that lead to improving access to healthy food.
- \$100,000 in grants to improve consumption of fruits and vegetables in programs that provide food to children outside of school-time hours.
- \$50,000 for a study focused on how to attract and keep food retailers like supermarkets in underserved areas of the city.
- \$105,000 for a Hunger, Nutrition and Obesity staff position to administer the above grants and coordinate health and nutrition efforts currently housed in different government agencies. This would help the District develop a holistic and effective strategy to fight both obesity and hunger.

### **Benefits to the District**

Researchers estimate that the combined effects of food insecurity (e.g. hospitalization, wages lost to nutrition-related illnesses, absenteeism, etc) cost the District \$200 million annually. This number does not include all the long-term social costs of children and adults who are unable to learn and function to the best of their ability. Investing a comparatively small amount of funds into preventative measures would not only work to substantially reduce this cost but would also allow the city to leverage significant federal funding.

## Health Care: \$4.4 million

The District of Columbia is striving to be a pioneer in access to affordable, comprehensive and high-quality health care. This is important, because the District has tremendous health care needs. One in five residents has a disability, one in twenty has HIV, and the leading causes of death are mainly attributed to chronic illnesses (nearly all of which have a morbidity rate higher than the national average).

A major component of the District's efforts to increase access to health care is the DC HealthCare Alliance, which is available to otherwise uninsured residents under 200% of the poverty line. When combined with DC's Medicaid program, roughly one-third of DC residents are enrolled in public health care.

Access to services under the HealthCare Alliance is strained, however, by the low reimbursement rates that the District provides for Alliance services. Provider rates have not been adjusted in the seven years the Alliance has existed, despite high rates of medical inflation and increased administrative burdens. The current rate of \$65 per visit is barely one-third of the true cost of care.

The District's community health centers serve a majority of Alliance members and operate as a safety net for the city by making a commitment to serve the District's most vulnerable and disadvantaged residents. However, with sky-rocketing medical inflation and escalating administrative requirements, health centers are increasingly shouldering the financial burden. A report on the financial stability of health centers in the District found that close to half of the responding clinics operated at a loss, affecting their long-term sustainability and their leverage for capital loans.<sup>1</sup>

The Fair Budget Coalition recommends:

- **\$4.4 million to increase the DC HealthCare Alliance reimbursement rate for primary care, which has not been adjusted since creation of the Alliance seven years ago.** \$4.4 million will raise reimbursement rates for primary care providers from \$65 per visit to \$100 per visit.<sup>2</sup> This is an incremental step towards paying the true cost of care, which is close to \$200.

### Benefits to the District

Improving access to primary care under the Alliance will have several benefits. Chronic disease consumes 78% of health expenditures nationally, yet many of these costs can be avoided by low-barrier access to primary care and behavior management.<sup>3</sup>

Moreover, more realistic reimbursement rates would strengthen health centers, which have a positive economic impact on their surrounding communities by attracting investment and other businesses, and providing direct and indirect jobs.<sup>4</sup>

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<sup>1</sup> Financial Trends and Economic Impact of District of Columbia Health Centers with Comparative National Trends, *Capital Link: Connecting Health Centers to Capital Resources*, March 2007.

<sup>2</sup> \$4.4 million is based on a projected enrollment of **50,000**, which is the estimated number of DC residents eligible for the DC HealthCare Alliance.

<sup>3</sup> Chronic Disease: The Need for a New Clinical Education, Holman, H., *Journal of the American Medical Association*, September 1, 2004

<sup>4</sup> *Ibid.*

## Homelessness Prevention: \$11 million

DC is losing thousands of units of affordable housing every year, making it the least affordable state in which to live.<sup>5</sup> Living expenses in DC -- especially the cost of housing -- are so high that it is harder for DC workers to meet their basic needs than it is for workers in most other areas of the nation.<sup>6</sup> 66,430 DC households cannot afford local rent prices.<sup>7</sup> Due in part to the loss of affordable housing, the number of homeless individuals and families continues to rise each year. At least 9,000 individuals and families are homeless on any given day in DC.<sup>8</sup> There are over 20,000 households on the DC Housing Authority waiting list with a homeless preference.<sup>9</sup>

In 2004, The District of Columbia published the *Homeless No More Plan: "A Strategy for Ending Homelessness in Washington DC by 2014"* (hereafter "the Plan"). The first objective of the Plan is to engage in strong efforts to prevent people from ever becoming homeless: "More emphasis will be placed on keeping people housed when they face evictions and doing it in a smart way that invests case management support along with cash assistance so that the crisis is addressed and resolved."

Despite only six years remaining in the Plan, little progress has been made towards the goals of *Homeless No More*. The Fair Budget Coalition and the Affordable Housing Alliance make the recommendations that follow, with regard to homelessness prevention, temporary shelter and housing, and affordable housing, in order for DC to making meaningful progress toward its goal of ending homelessness by 2014.

In FY07 the DC Council reestablished the Emergency Rental Assistance Program (ERAP). ERAP helps to prevent homelessness and to keep families stable. Unfortunately, emergency assistance calls remain the number one unmet need reported by the DC Council constituent services staff, and organizations that administer the funding have had to turn applicants away. Increased funding is necessary to ensure that all eligible applicants are served. Additionally, when the program was implemented, its scope was too narrow and eligibility requirements too stringent to meet the needs of a many of DC low-income residents. Under current regulations, single adults without disabilities, homeowners and working poor persons with income over 125% of the poverty rate are ineligible for ERAP.

Single adults without disabilities should be eligible for emergency assistance. With the foreclosure crisis, DC must expand eligibility to low-income homeowners facing foreclosure. The income eligibility limit should be raised to 200% of the poverty line to mirror other means-tested programs and to provide support to the working poor, who often don't qualify for subsidized housing but who experience great rent burdens.

Case management also is critical to helping DC residents end their homelessness and poverty. Currently, most case management resources are connected to housing or

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<sup>5</sup> Housing and Urban Development: *Fair Market Rents for FY '07*; Testimony of Angie Rodgers, Policy Analyst, D.C. Fiscal Policy Institute. According to the DC Fiscal Policy Institute, the District lost 2,400 apartments with rent under \$500 per month between 2003 and 2004.

<sup>6</sup>

D.C. Fiscal Policy Institute: *DC's Two Economies: Many Residents Are Falling Behind*, October 24th, 2007.

<sup>7</sup> National Low Income Housing Coalition: *Out of Reach*, 2005.

<sup>8</sup> Metropolitan Washington Council of Governments: *Homeless Enumeration for the Washington Metropolitan Region*, 2007, June 2007.

<sup>9</sup> Conversation with Reba Anderson-Graham, Director of DCHA Client Services, July 2007.

shelter programs and are not available to residents who need the services in order to avoid becoming homeless. Case managers will help ensure that residents can find and maintain housing, while simultaneously addressing the issues that may have caused the crisis. This recommendation would fund 100 new case managers and serve 2,000 households.

The Fair Budget Coalition recommends<sup>10</sup>:

- \$5 million to expand access to the Emergency Rental Assistance Program.
- \$6 million to provide independent case management for 2,000 low-income households.

### **Benefits to the District**

Emergency assistance and case management services help to prevent homelessness and to keep households stable. Without access to such aid, people who need to address a temporary crisis turn to other, more costly forms of help. The tab for providing temporary rent or utility assistance is likely to be much lower than the costs of emergency shelter, foster care, health care and other services that are needed when people become homeless. Prevention efforts are not only in the interests of DC residents, but are also likely to be the most cost-efficient way to provide services.

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<sup>10</sup> The Affordable Housing Alliance supports these recommendations.

## Temporary Shelter & Housing: \$13.9 million

The *Homeless No More* Plan pledges to meet the immediate shelter and housing needs of DC residents currently experiencing homelessness, replacing or upgrading emergency shelters and creating more supportive environments in the shelter system.

Presently, DC is not meeting the demand for family shelter. The city recently closed DC Village Shelter for families, cutting the city's emergency family shelter capacity by half; over 100 units were lost. The city committed to replace these units. Over 200 families remain on the wait list for shelter on any given day.

For individuals, DC must shift from large warehouse-like shelters with poor conditions to smaller buildings with efficiency-style housing units to allow individuals who are homeless to overcome the obstacles preventing them from obtaining housing quickly.<sup>11</sup> Such housing units are safer, more humane, more private, and ensure that singles have continual access to their housing units and a safe place to store their belongings. These units will also provide a more stable environment to receive case management and other services.

Providing 24 hour shelter access for individuals will maximize the supportive nature of shelters. Currently, most shelters operate from 7:00 P.M. to 7:00 A.M. More than 2,000 homeless residents face this limited access daily. It is very difficult for people to seek or retain employment when they cannot store their belongings anywhere during the day or sleep during the day if they work at night.

Finally, a Homeless Ombudsperson and 24 hour emergency response staff capacity in the Family Services Administration will allow DC to develop more client-centered services during the times that homeless persons most need assistance. Currently, there is no decision-maker available at night or on the weekends when people may need emergency access to shelter.

The Fair Budget Coalition recommends<sup>12</sup>:

- \$2.5 million for 100 new apartment-style temporary housing units for homeless families.
- \$2.7 million for the operation of 200 efficiency-style temporary housing units for homeless individuals.
- \$8.5 million to establish 24 hour shelter access for homeless individuals.
- \$200,000 to Fund a Homeless Ombudsperson and 24-hour emergency response staff.

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<sup>11</sup> In the future, as prevention and affordable housing programs are strengthened and there is less need for temporary housing capacity, apartment-style shelters can be easily converted to affordable housing.

<sup>12</sup> The Affordable Housing Alliance supports these recommendations.

### **Benefits to the District**

Homeless families and singles will experience shorter stints of homelessness if adequate and humane "temporary housing" units are available to them. Employment rates among homeless persons will increase due to the ability to work at night and to store belongings. Finally, the Department of Human Services will be able to fix problems quickly and informally with the addition of an Ombudsperson and emergency response staff, preventing unnecessary litigation.

## Affordable Housing: \$57.5 million

*Homeless No More* maintains that “housing is the key” and commits to the creation of a minimum of **6,000 net** new affordable permanent housing units by 2014. Out of the 6,000 units, the plan calls for **2,500** units of permanent supportive housing, i.e. housing with services for persons experiencing long-term homelessness. The remaining **3,500** units of permanent housing should be either housing for those experiencing homelessness or housing to prevent low-income residents from becoming homeless.

The Mayor has committed to developing 2500 units of permanent supportive housing, some of which should be new production<sup>13</sup> and some of which should be leased units.<sup>14</sup> Permanent supportive housing is long-term, community-based affordable housing with supportive services for families and individuals experiencing long-time homelessness and a disabling condition. DC needs to increase funding for the Housing Production trust Fund in order to create 500 new permanent supportive housing units.<sup>15</sup>

The Local Rent Supplement Program must receive additional money to provide continuing operating or rent costs for the 500 permanent supportive housing units produced with Housing Production Trust Fund money, to subsidize 500 tenant-based or leased permanent supportive housing units, and to provide 250 tenant-based vouchers to low-income households. DC must also ensure that its mainstream services are designed and sufficiently funded to support individuals in supportive housing who need and request services such as mobile crisis, substance abuse treatment, physical and mental health care, and employment.

Long waiting lists currently exist for Department of Mental Health (DMH) consumers in need of supportive housing. These programs have proven to be effective in maintaining very low income clients with serious mental health disabilities in semi-permanent housing while they await permanently-subsidized housing. This funding is desperately needed to provide high quality affordable housing for DMH consumers.

The Fair Budget Coalition recommends<sup>16</sup>:

- \$37.5 million in the Housing Production Trust Fund to build 500 permanent supportive housing units.
- \$15 million in the Local Rent Supplement Program to subsidize 1250 units of affordable housing with ongoing rent support.
- \$5 million to provide affordable supportive housing to 550 Department of Mental Health consumers.

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<sup>13</sup> The District will need to make available a broad array of housing models, but preference should be given to proposals that implement data-supported models like “housing first” and that take steps to fully integrate residents with special needs into the community.

<sup>14</sup> Scattered-site or voucher-based housing allows participants greater choice and integration into their communities and is less likely to carry the stigma of “housing for the homeless.”

<sup>15</sup> In accordance with the Comprehensive Housing Strategy Task Force recommendations, 8% of this housing should be wheelchair accessible.

<sup>16</sup> The Affordable Housing Alliance supports these recommendations.

## **Benefits to the District**

Instability and stress caused by homelessness results in missed days of work and school, lost jobs, and poor health. Creating affordable housing, including permanent supportive housing, reduces the costs associated with homelessness. According to national studies, permanent supportive housing improves physical and mental health; reducing the DC funding needed for emergency shelter, jail, mental institutions and emergency room visits.<sup>17</sup> (For example, it costs around \$650 per day to stay in St. Elizabeth's hospital—almost \$240,000 per year.)

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<sup>17</sup> See <http://www.naeh.org/content/article/detail/1200>.

## Work & Income Supports: \$28.3 million

The nation's capital is a city of haves and have-nots, and these disparities have grown worse during DC's recent economic revitalization. The gap between rich and poor in the District is wider than in any almost every other major city. One in five DC residents — 110,000 people — lives below the federal poverty line. For a family of four, this means an income of less than \$20,400 a year, a level far below what a family really needs to cope with DC's high cost-of-living.

Helping DC residents move into jobs with family-sustaining wages and benefits must be a part of the city's anti-poverty efforts. Many residents suffer from low literacy and limited job skills. To succeed, they need technical, job-specific skills, as well as help with "soft skills," such as punctuality, communications, working with others, and appropriate workplace behavior.

Residents lacking these skills face high rates of unemployment and underemployment. And those who work often receive wages that leave them in poverty. In 2006, one fifth of working DC residents earned less than \$11 per hour, which is barely enough to lift a family of four with a full-time worker above poverty. Hourly earnings for DC's low wage workers have grown just 6%, after adjusting for inflation, over the past 30 years.

Helping families that experience temporary unemployment also is important. Since many unemployed low-wage workers do not qualify for unemployment insurance, the Temporary Assistance for Needy Families (TANF) program is an important part of the safety net. TANF is intended to provide families in poverty with support so that they can prepare for, find, and hold a job that will end their dependence on public resources. Yet TANF benefits in the District fall far short of this. In 2008, the maximum benefit for a family of three is \$427 per month—about 30% of the federal poverty line. This is lower than the benefit in many other states, including Maryland. Low TANF benefits create instability.

The Fair Budget Coalition recommends:

**\$3 million to enhance literacy services.** This will allow 1,100 more residents to receive literacy services, and will allow DC to start implementing recommendations of the Mayor's Adult Literacy Council.

**\$15.3 million to expand job training programs for residents with limited job skills.** This will support training services and soft-skill assistance for 2,000 residents, and case management services for 1,000 residents.

**\$10 million to increase DC's TANF cash assistance benefits.** This will help bring DC's benefits closer in line with benefits provided in states with similarly high costs of living, including Maryland.

**Request for:** **Adult Literacy**

**Amount requested:** \$3 million

**Cost analysis:** \$1.75 million to implement the Mayor's Adult Literacy Council Priority Recommendations.

\$450,000 for instruction to **500** persons, to address waiting lists in adult literacy programs in the District.

\$800,000 to expand workforce literacy instruction to an additional **600** persons, targeting Wards 5, 7 and 8.

**Department:** Office of the State Superintendent of Education (OSSE)

**Need statement:** Public funding supports instruction to about 7,300<sup>18</sup> or only 4% of the estimated 170,000 District adults whose literacy skills are at the lowest level.<sup>19</sup> The Mayor's Adult Literacy Council has identified improvements needed to increase efficiency and effectiveness among providers of adult literacy instruction in the District. The funding proposed here will support the first steps necessary to implement the Council's recommendations, including instructional content standards, a service-gap analysis, training and technical assistance to improve outcomes measurement and data collection, and data analysis for program improvement.

Adults motivated to improve their lives should get the chance to do so, instead of being put on a waiting list. Additional funding should be provided to eliminate the current waiting list.

Finally, employment-related basic skills instruction should be expanded, targeting residents of Wards 5, 7 and 8, where the need for such programming is greatest.

**Benefits to the District:** The large number of DC residents with limited literacy skills contributes to the city's persistently high poverty rate. Increased literacy results in reduced reliance on public assistance, increased success in school of an adult learner's children, increased health of adult learners and their families, and a reduction in recidivism among ex-offenders.

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<sup>18</sup> State Education Agency, University of the District of Columbia, 2005 Annual Report.

<sup>19</sup> National Institute for Literacy, *The State of Literacy In America: Estimates at the Local, State and National Levels*, 1998. The figure of 37% is a synthetic estimate, based on a statistical modeling using data from the 1992 National Assessment of Adult Literacy and 1990 census data on the demographics of the District population.

**Request for:** **Workforce Readiness & Job Training**

**Amount requested:** \$15.3 million

**Cost analysis:** \$5.8 million will provide workforce readiness (i.e., “soft skills”) training to **1,000** District residents (\$5,800/person)

\$8 million will provide training to **1,000** persons for jobs that provide a first step on a career ladder to self-sufficiency (\$8,000/person)

\$1.5 million will provide case management to **1,000** District residents to aid them in accessing work supports (e.g., child care, transportation, housing)

**Department:** Department of Employment Services (DOES)

**Need statement:** According to a recent report prepared by the Brookings Greater Washington Research Program, approximately 60,000 adults in the District of Columbia need workforce development services. Chief among these is workforce-readiness training to help develop “soft skills” critical to job success, such as timeliness and professional behavior in the workplace.

Along with these skills, District residents need specific technical training for jobs in sectors that offer the promise of career ladders leading to jobs that pay family-sustaining wages. Those sectors include hospitality, construction, health care, and administration/ information technology.

Case management services will help District residents access the complementary resources they need to stay employed once they find jobs, while also providing mentoring and advice on negotiating workplace challenges.

**Benefits to the District:** The only permanent route out of poverty is through employment. With a regional unemployment rate of 3%, it is clear that demand for workers is high. However, the much higher unemployment rate in certain areas of the District speaks to the “disconnect” between jobs and job seekers, as many District residents are not prepared for the jobs that exist today and will exist tomorrow. To ensure that residents are able to keep and succeed in jobs, the District must help them gain solid technical skills, interpersonal skills, and the self-discipline needed to thrive in the workplace.

**Request for:** **TANF Cash Assistance for Families with Children**

**Amount requested:** \$10 million

**Cost analysis:** \$10 million will support an increase in TANF benefits, including an increase from \$427 to roughly \$490 per month for a family of three. More than **15,000** families in the District receive TANF assistance.

**Department:** Department of Human Services

**Need statement:** Even with increases in each of the past two years, current TANF levels in DC leave families with income that is less than one-third the federal poverty line. Even TANF families with food stamps must live on less than \$30 a day for all of their expenses.

These amounts are especially inadequate given DC's high cost-of-living.

- Other states with high costs of living, such as California, Massachusetts, and New York, have maximum benefits of \$600-\$700 for a family of three.
- DC's low TANF benefits contribute to family instability and make it hard for families to progress toward economic self-sufficiency.

The District should adopt a multi-year plan to make TANF benefits more adequate, with a minimum goal of matching Maryland's levels — which equal \$565 for a family of three. The proposed FY09 increase will make progress toward matching Maryland's benefit levels.

**Benefits to the District:**

The stresses of poverty contribute directly to poor health, and poverty is considered to be a primary risk factor for child neglect. Research shows that improving incomes of families in high-poverty areas leads to better school performance by their children, reductions in crime, and lower rates of child abuse. If families aren't forced to spend all their time and energy trying to survive, they are better able to take the steps needed to improve their lives, including employment.

## Tax and Revenue: \$21 million

The taxes paid by low- and moderate-income DC families are the highest in the region, according to the DC Chief Financial Officer. The District has adopted a substantial amount of tax cuts in recent years, primarily in the residential property tax and the individual income tax, but these cuts largely have benefited homeowners and higher-income households. Renters and low-income households have received some benefit from tax reductions, but the amount has been far less than the tax cuts targeted to higher-income households.

For these reasons, further tax reductions in the District should be progressive tax cuts focused on low- and moderate-income families and individuals.

### The Fair Budget Coalition recommends:

- **\$21 million** to simplify and update the District's Homeowner and Rental Property Tax Credit (Schedule H). As described below, this will help as many as 78,000 residents. The Homeowner and Rental Property Tax Credit (Schedule H) was designed to assist low-income residents with high property tax bills relative to their income. The credit is available to both homeowners and renters, because renters pay property taxes indirectly through their rent.

Yet the income eligibility ceiling of \$20,000 for Schedule H and the maximum credit amount of \$750 have not been adjusted for inflation since the late 1970s. This means that many struggling households — particularly renters — are ineligible for needed property tax relief. Moreover, there are unnecessarily complex eligibility requirements that also limit participation. As a result of these factors, participation in the program has declined by 60%, from 14,500 in 1996 to 8,600 in 2005.

The Fair Budget Coalition recommends the following improvements to allow more low-income residents to receive needed property tax relief:

- **Raise the income limit from \$20,000 to \$55,000.** This is what the income eligibility threshold would be if it had been adjusted annually for inflation.
- **Raise the maximum benefit from \$750 to \$1,000** to make up for some of lost ground due to inflation.
- **Attach a cost-of-living adjustment** to the income limit and the maximum benefit amount. This will ensure that benefits do not erode in value due to inflation.
- **Simplify unnecessarily complex rules and provide better instructions for tax filers** to allow more residents to benefit from the program. For example, currently filers must report the income of all people in the home, even those who are not otherwise included on the tax form (such as a boarder).

### **Benefits to the District**

Updating Schedule H will make the District's tax system more progressive and will help low-income residents cope with high property taxes and rising rents. Unmanageable housing expenses can lead to family instability and, ultimately, homelessness.

## Endorsements:

The following are items that Fair Budget Coalition endorses and feel that are important in order to meet the needs of the District's low and no-income residents.

### Children & Youth

#### **Provide Pre-K for all.**

Children who start school behind often stay behind. Decades of research show that a quality pre-kindergarten program teaches children how to learn and builds a foundation for school and life success. However, most kids in the District don't attend quality pre-K programs. Over the next several years, expand high-quality pre-K to serve all of the District's 3- and 4-year olds.

#### **Create a Family Support Fund for families of people with disabilities.**

Families are often the single largest source of support for the 1 in 5 District children, youth and adult residents with disabilities. Current services for individuals with disabilities are Medicaid-funded, which restricts how funds can be spent.

### Food & Nutrition

#### **Raise the income eligibility of the Senior Farmers' Market Nutrition Program** to the federal eligibility level of 185% of the federal poverty level.

Approximately 8,000 seniors are potentially eligible under the federal guidelines but are not served because District rules use a lower income eligibility cut-off. The Program improves the diet of some of the city's most medically vulnerable residents by encouraging the purchase of fresh produce, and simultaneously encouraging investment in our local economy.

#### **Increase school meal reimbursement by 25 cents per day per child.**

Schools can elect to use the extra funding to increase fruit, vegetable and whole grain offerings; conduct healthy cooking demonstrations or wellness events; or eliminate trans fats and the use of deep fryers. This type of funding boost, which 19 states already provide, will improve the nutritional content of school meals and help curb the city's alarming obesity rates.

#### **Create a \$500,000 school breakfast expansion fund.**

Only 47% of low-income District students who eat school lunch also eat school breakfast. However, research shows that eating breakfast is critical to children's health and academic achievement. If breakfast participation is to increase significantly, schools need funding and incentives to serve breakfast as part of the school day (e.g., breakfast in the classroom, "grab and go" carts in the hallways, "second chance" breakfast, served between first and second periods), when the greatest number of children can access the meal.

## **Health Care**

### **Expand sexual health services for youth.**

DC youth have gonorrhea and Chlamydia rates that are nearly twice the national average. New urine-based testing techniques are cost-effective and will increase access to treatment for STD-infected youth and help slow the rapid spread of HIV among young people by making them more aware of the dangers of unprotected sex.

### **Fund health education.**

Give health education teachers in DC Public Schools adequate training and ongoing professional development opportunities and increase the budget to teach DCPS-endorsed Making Proud Choices curriculum in DC Public Schools. "Making Proud Choices", a Centers for Disease Control (CDC)-approved HIV, STD, and teen pregnancy prevention program, is an effective prevention program that has the goal of building skills and confidence in students to decline sex and/or negotiate safer sex, increase knowledge of HIV/STD/pregnancy/substance-abuse prevention, and enhance students' capacity to make healthy decisions.

### **Conduct an actuarial study to determine the exact cost of adding a mental health benefit to the DC HealthCare Alliance.**

The Alliance largely serves the homeless, immigrant and undocumented populations who, in particular, receive medical and mental health services at community health centers.

### **Increase funding for the Choice in Drug Treatment Program.**

An estimated 60,000 District residents are in need of drug and alcohol treatment, yet only 7,000 were served in FY 2007.

### **Increase the state Supplemental Security Income (SSI) supplement.**

Monthly stipends provided to residents of group homes and community residential facilities, as well as other SSI recipients have been stagnant at \$70 for many years; individuals across the state line in Maryland receive over \$200 and those living in Department of Mental Health CRFs in the city receive over \$100. Increasing this stipend would greatly aid their integration into the community and improve their quality of life.

### **Reinstate the successful Chore Aide and Homemaker program.**

Expanding both the types of in-home services available to low-income seniors and the number of seniors who are eligible to receive in-home care would prevent seniors from entering a nursing home before they need full-time care, and from suffering neglect and harm.

## **Housing**

### **Conduct discharge planning.**

About 6,400 times a year, people are discharged from public institutions in the District (e.g., hospitals, jail, DMH, detox) directly to a homeless shelter or the street. To end this "revolving door," recent task forces have recommended discharge planning, which will require: (a) funds to track persons who exit public institutions; (b) interagency

information and resource sharing in "real time" to find vacancies and reserve a space for a client; (c) case workers in the public institutions to connect individuals with community-based social services and housing providers; and (d) affordable, supportive housing.

**Provide "gap funding" to the DC Housing Authority.**

Continued local funding is needed to make up for federal shortfalls to the public housing operating budget and the Housing Choice Voucher Program.

**Work & Income Supports**

**Increase funding for the District's Low-Income Home Energy Assistance Program (LIHEAP) by \$4 million.**

LIHEAP helps thousands of extremely low-income households pay their utility bills on an emergency basis, and indirectly prevents homelessness. In FY2007, fewer than half of eligible households-- 26,000 out of 56,000-- received help, funding ran out in early spring, and there were no funds for cooling assistance in the summer. \$4 million was added to LIHEAP in the supplemental budget for FY 2008, and this should be maintained in 2009.

**Index the District's minimum wage to inflation.**

The passage of the federal minimum wage bill in 2007 will increase the District's minimum wage to \$7.55 in July 2008 and \$8.25 in July 2009. Indexing to inflation will ensure that minimum wage earners keep pace with cost-of-living increases.

**Tax & Revenue**

Raise the standard deduction to match the federal level.(Given the substantial revenue impact, this could be implemented over a period of several years.) Despite an increase in the FY 09 budget, the District's standard deduction still ranks 18<sup>th</sup> in the U.S. for single filers and 26<sup>th</sup> for married persons filing jointly. The income taxes paid by lower-income working families in DC are substantial. A family of four that earns \$40,000 pays nearly \$1,700 in DC income taxes.

Tying the DC standard deduction to the federal level has two other advantages. The first is that the federal standard deduction is adjusted annually for inflation. The second is that it would end a marriage penalty in DC's income tax code. In 2006, 32 out of the 34 states with a standard deduction had higher deductions for married persons filing jointly than for single persons filing separately. Kentucky and DC were the only exceptions. This is illogical and could counter the District's efforts to attract and keep working families.

**Raise the personal exemption to match the federal level.**

(Given the substantial revenue impact, this could be implemented over a period of several years.) Despite modest increases in the FY 08 budget, the District's personal exemption will still rank 25<sup>th</sup> in the U.S. Tying the DC personal exemption to the federal level also will allow it to be adjusted each year for inflation, because the federal personal exemption is adjusted annually.