



MAKE ★ ONE ★ CITY ★ POSSIBLE

create opportunities to **live** and **work** in d.c.

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.

★ INTRODUCTION ★

The District faces both challenges and opportunities as Mayor Gray begins to develop a budget proposal for Fiscal Year 2013. There are signs that the city's economy is starting to rebound from the recession that started in 2008. DC's population grew by 15,000 over the past year, more than almost any city and state, and the city's downtown commercial real estate market is one of the strongest in the world.

However, this economic growth has been uneven — the gap between high and low-income residents is wider in DC than in almost any other city.

Unemployment among DC residents remains at one of its highest levels in nearly 30 years, as more than 30,000 residents are looking for but unable to find work. Meanwhile, DC's population growth is putting pressure on housing prices, adding to the city's already serious affordable housing crisis.

Moreover, reductions in the city's budget due to the recession have greatly affected the District's ability to meet its most serious challenges. Funding has been cut for a wide array of services, including public safety, libraries, health care, and public works. The budget for FY 2012 is \$340 million lower than in FY 2008, after adjusting for inflation, despite rising enrollment in DC schools, increased enrollment in Medicaid, and increased costs of operating the government as a result of inflation.

The cuts have been especially severe in services that help low-income District residents, including affordable housing, homeless services, and disability services. Even though poverty skyrocketed in recent years as a result of the downturn, funding for services that affect low-income families and individuals has been cut disproportionately by nearly 10 percent, even more than cuts to public safety, education, or public works.

- Resources to help residents with disabilities and low-income families meet their basic needs have been reduced.
- Funding to preserve or build decent and affordable housing has been cut.
- Support for adult literacy and job training has not been increased, despite the tremendous number of residents needing more skills to obtain good paying jobs.
- Funding for homeless services was reduced modestly – and a much larger cut was barely averted – even though the number of homeless families has skyrocketed and the ability of the District to shelter them has been inadequate.

The FY 2013 budget is an opportunity to address these challenges and to make progress on Mayor Gray's vision of "One City" for all District residents. With DC's resources still tight, Mayor Gray should use the FY 2013 budget to *Create Opportunities to Live and Work in DC*.

The following recommendations of the Fair Budget Coalition of the District of Columbia lay out a plan for tackling these challenges and for *Making One City Possible*.



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Coalition Members

- Academy of Hope
- The Arc of DC
- Bread for the City
- Capital Area Asset Building Corporation
- Capital Area Food Bank
- Capitol Hill Group Ministries
- Catholic Charities
- Center for Non-profit Advancement
- Centro Ni'a
- Charlie's Place
- Children's Law Center
- Coalition for Smarter Growth
- Coalition of Housing & Homeless Organization
- Community of Hope
- Community Services Agency/ Metro Washington Council AFL/CIO
- Cornerstone, Inc.
- Covenant House
- DC Action for Children
- DC Advocates for the Arts
- DC Alliance of Youth Advocates
- DC Catholic Conference
- DC Coalition Against Domestic Violence
- DC Coalition of Providers for Persons with Intellectual and Other Disabilities
- DC Central Kitchen
- DC Employment Justice Center
- DC Hunger Solutions

★ CREATE OPPORTUNITIES TO LIVE IN DC ★

DC's growing popularity as a place to live — as witnessed by the city's best-in-the-nation population growth — has added to the challenges many middle and lower-income residents face finding housing. One-third of DC's low-cost apartments (under \$750 a month) have disappeared over the past decade, not because homes were demolished but because their rents went up. Rents are rising faster than incomes for thousands of DC households. Families are facing displacement from their neighborhoods and from all of the connections they have made. Public investments such as streetcars are making some DC neighborhoods more attractive, but the resulting rise in housing costs prevents current residents from staying, enjoying the benefits of these investments, and contributing their talents and tax dollars to the District.

At the same time, funding for housing has been cut more than any almost any other part of the budget, with reductions to first-time homebuyer programs, housing construction supports, rent subsidies, and housing for the homeless. In addition, funding for support services that help vulnerable District residents survive has been slashed in recent years, leaving the victims of crime and people with disabilities without the resources they need.

We urge Mayor Gray to make the following investments and policy changes to help people afford to live in their community and protect our most vulnerable residents.

Investments to Create Opportunities to Live in DC

1. Reinvest in Core Housing Programs: Rebuild the strong foundation in affordable housing that the District established over the past decade, but was dismantled in the recession.

- a. Restore \$18 million to the Housing Production Trust Fund, which has used loans and grants to leverage private funds and build thousands of units of housing.
- b. Provide \$6 million to address a looming shortfall in the Local Rent Supplement Program. Without help, the city may have to reduce the already limited number of households benefitting from this program.
- c. Invest \$10 million from the Baseball Community Benefit fund to LRSP and Housing First for chronically homeless families. To date, the baseball fund has not supported any community benefits.
- d. Maintain funding for the Home Purchase Assistance Program.

2. Housing for Homeless Youth: With \$2.5 million, DC could provide housing and social services for 250 youth and young adults per year, transitional living for 20 youth, and permanent housing for 25 youth. These amounts would include all of the housing and social service costs. This small investment would yield savings in the long-run, as more youth could be helped to return to their families and the likelihood of homelessness as an adult would decline.¹

3. Interim Disability Assistance: Restore \$4 million that has been cut from Interim Disability Assistance in recent years to allow more than 1,200 District residents who cannot work due to a disability have a modest income to make ends meet. While the IDA grant is small (\$270 per month), it helps residents maintain stability, often by pooling resources and living with others, until their federal disability benefits are approved.

4. Protect Victims of Domestic Violence: Restore \$4 million that has been cut from the Office of Victim Services (OVS) to ensure a stable safety net of services for victims and survivors of crime and domestic violence.

1. Half of all chronically homeless adults report first becoming homeless as teenagers



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DC Jobs Council
DC Jobs with Justice
DC Law Students in Court
DC LEARNS
DC Primary Care Association
DC Rape Crisis Center
DC Statehood Green Party
DC Tenant Action Advocacy
Coalition
DC Voice
District Alliance for Safe
Housing
Empower DC
Foster & Adoptive Parent
Advocacy Center
Gray Panthers
Healthy Families Thriving
Communities Collaborative
Council
Homeless Children's
Playtime Project
Jews United for Justice
Jubilee Housing
Jubilee Jobs
Kidsave International, Inc
Latin American Youth Center
Latino Economic
Development Corporation
League of Women Voters
Legal Aid Society of the DC
Lift DC
Local Initiatives Support
Corporation
Many Languages One Voice
Mary's Center for Maternal
& Child Care
Miriam's Kitchen
Mothers Outreach Network

5. Maintain Health Insurance for DC Residents: Access to health insurance is critical to the well-being of DC residents, supporting their ability to keep a job and making sure that illness does not lead an individual or family into a crisis. DC should maintain its public health insurance coverage commitments to current recipients, especially members of the DC Healthcare Alliance Program and childless adults with income below 200 percent of the federal poverty level.

6. Protect Senior Nutrition Programs: The District has the second highest poverty rate for residents age 60 and older in the country and current programs are unable to meet the demand for senior food assistance. The District should prioritize the homebound meal program, which currently has a waiting list of over 200 residents, so it can serve every eligible senior; that eligible seniors are connected to SNAP/food stamp benefits; and that the Commodity Supplemental Meal Program receives adequate funding to grow and serve more than 6,600 seniors each month.

Policy Changes to Create Opportunities to Live in DC

1. Establish Anti-Hunger Coordinator for the City: The District operates a number of federal and local programs to fight hunger, but these services are not well coordinated. Mayor Gray should identify a representative in the Executive Office of the Mayor to meet with stakeholder groups and coordinate hunger and food policies across city agencies.

2. Address Youth Violence in a Comprehensive Way: A recent report from the Healthy Families/Thriving Communities Collaborative Council provides a vision for reducing youth violence in the District. The next step is to create a task force to develop a comprehensive violence prevention plan building off of the recommendations of *Responding to Gang, Crew and Youth Violence in the District of Columbia: a Blueprint for Action*. Mayor Gray should establish such a task force.

3. Monitor Success of New Child Welfare Pilot: The District has implemented a new program on a pilot basis to provide "differential response" to allegations of child abuse or neglect. The current response to such allegations is an investigation that may lead to a child being removed from the home. Under differential response, child protection workers make a detailed assessment of the family's situation, the level of risk the child faces, and the kinds of services the family may need. With DC's new pilot underway, DC's Child and Family Services Administration should provide information on the implementation to help policymakers and the public learn from it.

4. Promote Collaboration Between Housing and Social Service Agencies: Many Housing Choice Voucher Program (HCVP) and public housing tenants lose their vouchers or get evicted for reasons that can be prevented. The DC Housing Authority (DCHA) lacks a service component to connect these tenants with social workers or other professionals who can assist them in mitigating the circumstances leading to their termination from the program. The Department of Human Services (DHS) has this service component. Through coordination between DCHA and DHS, a significant number of voucher terminations and evictions can be avoided. This will result in decreased pressure on the already stressed shelter system and will prevent some of the cycling in and out of homelessness that occurs even when there are obvious service interventions that would be effective in breaking the cycle.



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National Organization of Concerned Black Men
 The Nonprofit Roundtable of Greater Washington
 Northwest Settlement House
 Our Place, Inc.
 People for Fairness Coalition
 Perry School Community Services Center
 Positive Force DC
 Quality Trust for Individuals with Disabilities
 Sasha Bruce Youthwork
 So Others Might Eat, Inc.
 Tenant Action Network
 21st Century School Fund
 UDC David A. Clarke School of Law
 United Construction Workers
 University Legal Services
 Washington Empowered Against Violence
 Washington Legal Clinic for the Homeless
 We are Family Senior Outreach Network, Inc.
 Wider Opportunities for Women
 The Women's Collective

★ CREATE OPPORTUNITIES TO WORK IN DC ★

DC residents are eager to work, as evidenced by incredibly long lines at job fairs and business openings, a tremendous response of TANF families in 2011 to new training opportunities, and the responsiveness of homeless residents to an effort by DC to enable them to repair homes and then move into them. Yet DC's unemployment remains at a record high level as its economy is still reeling from the recession. The District has a highly competitive job market, where positions advertised for high school graduates will get applications from residents with a college degree.

It is clear that the District must tackle its high unemployment rate with strategic investments in education and training.

Investments to Create Opportunities to Work in DC

- 1. Adult Education and Literacy:** Restore \$1.2 million that has been cut in recent years from adult education and literacy programs. This would allow 400 more residents to get the skills they need to gain meaningful employment.
- 2. Child Care:** Restore \$5 million to the child care subsidy program so that more parents can work and to create jobs for child care providers.²
- 3. Use Stable Housing to Help Families Move to Work:** Invest \$2.25 million to provide support and housing to help 150 homeless families move to work. Housing subsidies and intensive support services will give families a stable foundation to participate in training and to move toward employment and independence.

Policy Changes to Create Opportunities to Work in DC

- 1. Improve Enforcement of DC's Worker Protection Laws:** The District can dramatically improve the lives of low-wage workers by improving the enforcement of workplace protections laws, like the minimum and living wage laws, the Accrued Paid Sick and Safe Leave Act, and the Wage Payment Act, which helps workers when employers try to steal their wages. Currently, these laws are frequently broken because violators often face low or no penalties and it is difficult for workers to enforce their rights. The Mayor's budget should focus on stronger enforcement of these workplace protections and should raise the penalties that Office of Wage-Hour collects from low road businesses when they violate workers' rights. Similar efforts in other states have proven effective at deterring violations while also raising additional revenue.
- 2. Access Federal Funds for Training Using the Food Stamp Employment and Training Program:** The federal SNAP program, formerly known as food stamps, gives DC and the states matching funds to support education and training for SNAP recipients. With more than 140,000 residents receiving SNAP, the District has a great opportunity to use federal dollars to boost local funding for job training. However, the District pulls down less than \$1 million of federal funds for this program, which is a terrible missed opportunity.
- 3. Target Job Training Funds on Higher-Wage Industries that Are Growing:** Focus training dollars on higher-wage and high-growth occupations. DC officials responsible for workforce development should invest in employment training programs that have good outcomes and train students in industries that are likely to be adding employees and have solid career ladders.

2. Child care programs have been cut continuously since 2007, totaling more than \$20 million in cuts



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Individual Coalition Members

Elena Alvarez
Alex Ashbrook
Kathryn Baer
Cheryl K. Barnes
Lindsey Bartlett
Marta Beresin
O.B. Black
Melissa Bondi
Janet Brown
Patricia DeFerrari
Kyla Dixon
Amber Harding
Richard Flintrop
Patricia Mullahy Fugere
Walda Katz-fishman
Ed Lazere
Natalie LeBeau
Mary McCall
Scott McNeilly
Will Merrifeild
Gary Minter
Nicola Reed
Dusti Ridge
Angie Rodgers
David Schwartzman

★ RAISE REVENUE TO MAKE ONE CITY POSSIBLE ★

Any parent, homeowner, or business owner knows that investments matter — that devoting resources wisely up front is critical to achieving success down the road. Neglecting investments, on the other hand, may create short term savings but have negative long-term implications.

The same is true for the District. Investments in people, neighborhoods, and infrastructure are needed to maintain the city's progress and attack its major challenges.

DC's leaders should focus on providing the investments needed to make One City possible, and then assess the adequacy of our current revenue system to meet those needs. If resources are inadequate, the District should look for ways to save money, through greater efficiency or through reductions in lower priority services.

But the District's leaders also should be willing to pursue revenue increases if they are needed to protect our most important investments. For this reason, revenue increases need to be maintained as an option for the Fiscal Year 2013 budget, particularly if the city faces a gap between expected revenues (local and federal) and the costs of maintaining services.

This report does not make specific recommendations, but there are numerous options for raising revenue that can be explored, even without changing tax rates.

- **Payments in Lieu of Tax:** The District should explore ways to negotiate Payments in Lieu of Tax with major institutions that pay no property tax, including hospitals and universities. The District may be in a position to negotiate PILOTs when such entities are seeking assistance from the city, such as financing assistance for expansions.
- **Penalties for Violations of Worker Protection Laws:** As discussed above, the District should increase enforcement and penalties targeted at businesses that violate basic workplace protection laws, which has proven effective in other states at increasing compliance with such laws in addition to raising revenue.
- **Tax on Commercial Refinancing:** Under current practice, DC does not levy recordation tax when debt on commercial buildings is re-financed and re-recorded, unless the new loan amount exceeds the old. Yet there are some indications that current law requires tax to be applied to the full re-financed loan amount, and a number of cities tax commercial loans this way. Given the strength of DC's downtown housing market, reviewing when and how the recordation tax is applied could identify revenue-raising options.
- **End Practice of Allowing Families to Split Income:** Under current law, two earner families are allowed to split their income when filing income taxes (even if they file a joint return). This means that while DC has a new tax rate for income over \$350,000, the new rate does not apply to some families unless their income is above \$700,000. DC could require families that file a joint federal return to file a joint DC return and combine their income.
- **Modernize Sales Tax to Match Consumer Spending:** DC's economy relies heavily on services and online sales, yet the sales tax does not apply to many services and many online purchases. The sales tax could be reviewed and updated to ensure that it applies to current consumer spending patterns.