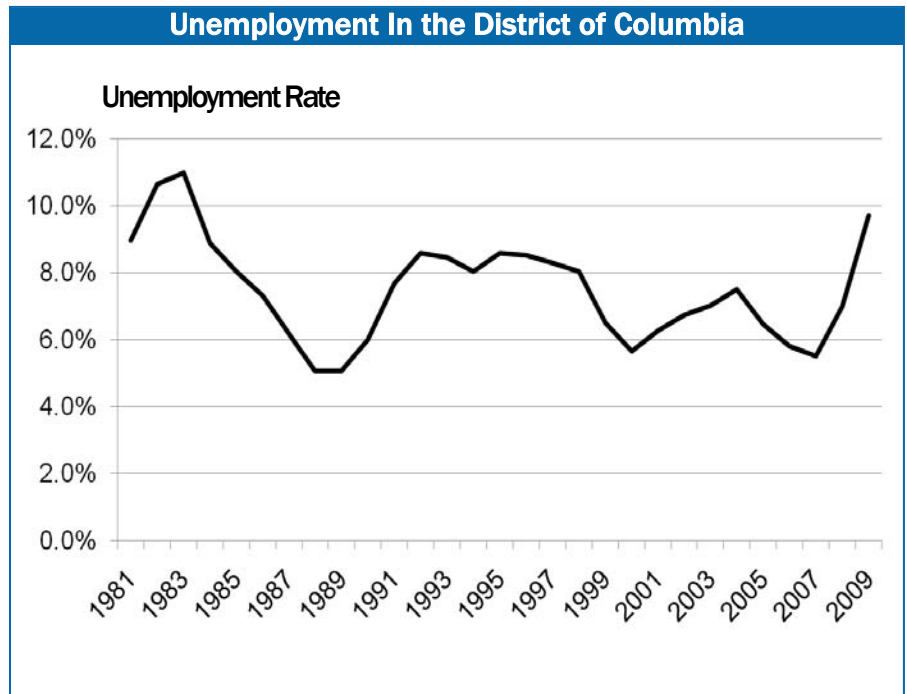




**TESTIMONY OF ED LAZERE, EXECUTIVE DIRECTOR
For the Public Oversight Roundtable on
Shelter Capacity for Those Who Are Homeless
District of Columbia Committee on Human Services
July 17, 2009**

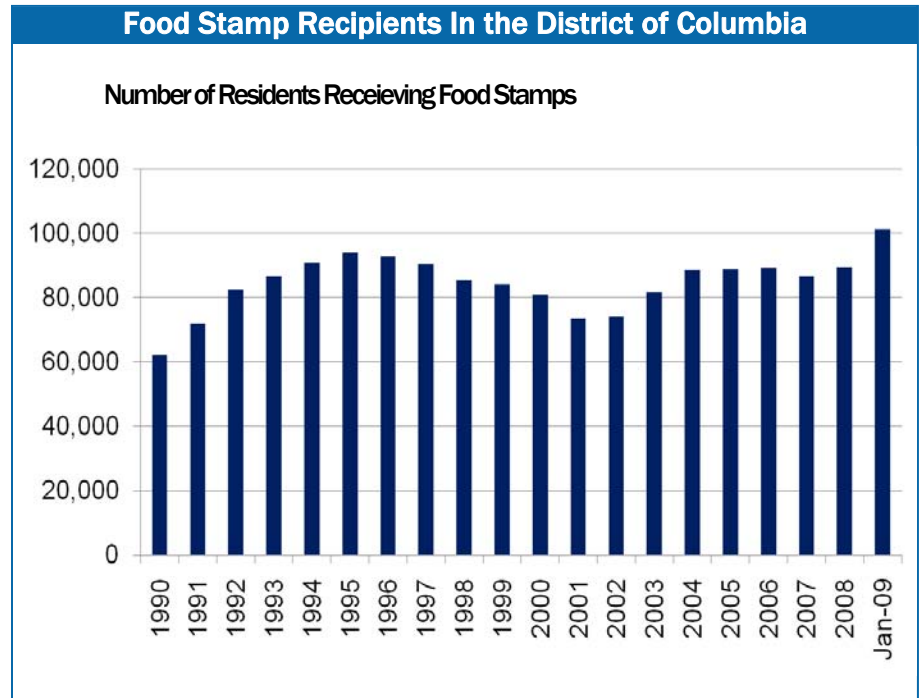
Chairman Wells and members of the committees, thank you for the opportunity to speak today. My name is Ed Lazere, and I am the executive director of the DC Fiscal Policy Institute. DCFPI engages in research and public education on the fiscal and economic health of the District of Columbia, with a particular emphasis on policies that affect low- and moderate-income residents. Thank you for the opportunity to testify on this important issue.

You have heard today from many witnesses about the increased demand for emergency shelter and the inability of the District to meet that need consistently. I would like to focus my comments today on the economic factors that are contributing to a rising need for social services, and the budget implications of these trends. I also would like to stress the importance, at a time of rising need, for the District to track the needs for assistance that it is not able to meet, including people turned away from shelters.



The rising demand for emergency shelter is one of the impacts of the current economic downturn, which has been notable in how swiftly it hit both the nation and region — and how deep it has been. There are a number of indications that many DC residents have been hit very hard by the downturn. Most notably, DC's unemployment rate rose from under 6 percent in 2007 to over 10 percent by early 2009, as more than 13,000 residents lost their jobs. This is a faster climb than in any of the past three recessions since 1981. Our unemployment rate is at the highest level in 25 years.

Another important indicator of growing need is the number of residents receiving food stamp benefits. More than 100,000 residents receive food stamps now, the highest number in 20 years. To qualify, a household of three must have income below roughly \$24,000. While it is good that families in need are getting this assistance, it also is a troubling sign of our economic conditions.



Analysis by the DC Fiscal Policy Institute

confirms that increases in unemployment and increases in food stamp recipients correlate with increases in poverty. While official poverty statistics are not available — the Census data always lag by more than one year — it is likely that poverty has spiked to the levels reached in the 1990s, when nearly one of four DC residents lived in poverty.

These data help confirm why demand for public assistance, including emergency shelter, is rising. The impact of the economic downturn is complicated by the dramatic increase in housing costs in the city since 2000. This is likely to leave a large number of families at risk of homelessness in this downturn. Census data show that nearly 50,000 households in the city spend more than half their income on housing, and nearly all of these are low-income households.

These findings suggest that it is important in the current downturn to maintain funding for safety net programs — and even to increase them. The increased demand is likely to last a number of years, because national projections suggest that unemployment will remain at very high levels for several years. The high rate of home mortgage foreclosures also is expected to continue.

The District’s approved FY 2010 budget has largely maintained funding for homeless services, though some cuts have been made. The budget included modest increases in housing assistance and TANF cash assistance benefits. Yet those increases could be at risk given the District’s new budget shortfall. We will learn more today about the details of the Mayor’s plan to address the shortfall.

Cutting safety net programs could prove to be “penny wise and pound foolish.” As many families face a loss of earnings, public benefits play an increasingly important role in helping maintain family and neighborhood stability. Research confirms that the stresses of poverty and financial stability have many adverse effects. Poverty is noted as the leading

factor behind child abuse and neglect, for example. In addition, cutbacks in safety net programs can increase hardship and increase the need for costly emergency services.

Because demand for public assistance is rising, and the District is unlikely to have the capacity to meet those needs fully, it is an important time to track levels of unmet need for certain services, such as emergency shelter, emergency rental assistance, and energy assistance. Current law requires tracking of unmet need in several key program areas, but this is not always clearly defined, and the requirements are not followed in all cases. New legislation to clarify and strengthen these requirements is warranted.

Thank you for the opportunity to testify.