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Homeless Service Cuts Highlight the Need for Greater Transparency in DC's Budget

Homeless service providers learned late in September, and days before the new fiscal year, that their funding from the District was being cut by up to 30 percent. These cuts, occurring at a time when homelessness is on the rise in the District, came as a surprise. No one — advocates, providers, or the DC Council — had any idea the cuts were coming or why.

Unfortunately, these kinds of surprises are re an all too familiar story — because DC's budget lacks clarity in two key areas: showing how funds are directed to programs and services, and detail on how federal block grants are used.

No detail on spending on real programs and services. Currently, DC uses a budget structure that lumps numerous programs and services into often arbitrary line items. This makes it difficult to track how funds are spent on individual programs and services. For example, despite the fact tens of millions is given to The Community Partnership (TCP) to support homeless services, TCP's funding cannot be found anywhere in DC's budget. Instead all of DC's funding for homeless services is lumped into one line item.

Moreover, it appears that part of the TCP's funding from the District in recent years has come from the TANF block grant. Rather than show this funding in the homeless services line of the DC budget, however, it appears to have been placed in the "Temporary Assistance to Needy Families (TANF) program" line. TANF is a federal revenue source used for a variety of programs such as cash assistance, job training, and homeless services. But due to the way the DC budget has been organized, funding from TANF doesn't show up in the programs it is actually being spent on. This makes it difficult to tell what the complete budget of a particular program or service is.

Federal block grant funds lack detail on financial data and how they are actually spent. Federal grants, particularly federal block grants, play an important role in funding many critical programs and services. Yet, the DC budget lacks important details on which programs these grants are spent on, and whether or not there is unused or carryover funding available.

For example, DC receives \$92 million annually in Temporary Assistance to Needy Families (TANF) funds and sometimes has additional carryover available to spend. As noted, TANF can be spent on a variety of programs and in fact, the District has been spending TANF funds on homeless services for at least the past two fiscal years. Yet, because there is no breakdown in the DC budget of how the TANF funds are spent—including the carryover funds—the public had no idea that in FY 2010, TANF funds were no longer be directed for homeless services.

The surprise nature of the homeless services cuts highlights the critical importance of making DC's budget more transparent. There are two changes in particular that could have made these cuts clearer, so that they could have been addressed during the budget process.

Switch to a program-based or organizational –based budget. To make the budget more transparent, the DC budget should be restructured to reflect how real programs and services are delivered to the public. Organizing the budget in this way, often called program-based or organizational-based budgeting can help the public more easily track how funds are spent. Moreover, any funding from any revenue source, even federal block grants, should be displayed and counted under the programs and services it is actually being spent on.

Include more detail on federal funds and how they are actually spent on programs. To make the budget more transparent, greater detail should be provided on how federal block grants, including any carryover, are spent. Table 1 provides an example of how this detail could be provided, drawing from the format of the XX state budget. For every major federal funding source, the budget could include a table that lists the name of the federal grant and a description of its purpose, a detailed list of the sources for the grant — including carryover — and the specific programs and services that will be funded by the federal grant.

TABLE 1: ONE POSSIBLE FORMAT FOR DISPLAYING FEDERAL FUNDING INFORMATION IN THE DC BUDGET

Federal Revenue Source Name	FY 2010 Request	FTE's		
Ryan White Care Act Title II	\$10,932	13.7		
Description: To improve the quality, availability, and organization of health care and support services for individuals with HIV/AIDS and their families. Includes the AIDS Drug Assistance Program earmark, which provides HIV-related prescription medications to uninsured and underinsured individuals living with HIV/AIDS.				
Sources		Actual FY 2009	Budget FY 2010	Proposed FY 2011
Beginning Balance, including carryover		X,XXX	X,XXX	X,XXX
Revenues for current year		X,XXX	X,XXX	X,XXX
	Sources Total	\$XX,XXX	\$XX,XXX	\$XX,XXX
Program/Activity Uses				
(3010) HIV/AIDS Support Services		XXX	XXX	XXX
(3015) HIV/AIDS Policy and Planning		X	X	X
(3020) HIV Health & Support Services		X,XXX	X,XXX	X,XXX
(3030) HIV/AIDS Data and Research		X	X	X
(3040) Prevention and Intervention Services		X,XXX	X,XXX	X,XXX
(3052) Communicable Disease		X	X	X
(3060) Drug Assistance Program (ADAP)		XXX	XXX	XXX
(3070) Grants and Contracts Management		XXX	XXX	XXX
(3090) HIV/AIDS Housing and Supportive Services		X	X	X
	Uses Total	\$X,XXX	\$X,XXX	\$X,XXX
	Total, unspent	\$X,XXX	\$X,XXX	\$X,XXX

These changes wouldn't have necessarily prevented the cuts to homeless service programs from coming. But it would have at least provided information so that the public — and the DC Council — could have seen that the cuts were on the table. This would allow the public and Council members to engage in a healthy discussion of our budget priorities during the budget process.