

DC Council Budget Has Large Cuts To Services for Residents in Need

“We’ve tried to protect the safety net programs as the top priority and we will continue to do that.”

— DC Council Chairman Vincent Gray, April 11, 2010

The budget the DC Council will soon vote on includes substantial cuts to services that DC’s vulnerable residents rely on — including emergency rental assistance, benefits for grandparents raising grandchildren, foster care prevention, and assistance to residents with disabilities who are unable to work. The cuts affect more than 1,000 residents.

The recession has brought hardship to many DC families. As DC’s unemployment reached the highest level on record in 2009 and poverty rose at the fastest rate in 15 years, thousands of DC families are facing hardship. The number of homeless residents in families with children has increased 37 percent in two years, and households facing utility shut-off dues to non-payment jumped 43 percent.

The recession also means that the District has fewer resources to meet growing needs because revenues have declined sharply. The proposed budget for 2011 is \$600 million lower than in 2008. The budget submitted by Mayor Fenty includes a number of cuts in services that help vulnerable families, such as those hurt by the recession.

The DC Council has worked to restore some budget cuts, including child care and legal services for poor residents, but many cuts remain. In fact, in an effort to undo some parts of the Mayor’s proposed budget — such as parking meter rate increases — the Council is seeking further cuts beyond those in the Mayor’s budget. Human services are targeted for the largest cuts in this latest round — \$7 million — which could lead to reductions in homeless services and other vital programs.

The Council does not need to take this approach. It can take a more balanced approach that preserves investments in crucial public services, including raising additional revenue as most states have done.

The following are descriptions of some of the key programs that are facing cuts, and some programs that the Council is considering restoring but has not yet identified a funding source.

Emergency Rental Assistance: \$1.3 million cut

DC’s Emergency Rental Assistance Program provides rental assistance to struggling families who are facing eviction or provides security deposits and first month’s rent for families trying to move into a new home. ERAP serves DC’s low-income families with children, residents over 60, and people with disabilities.

Funding for ERAP in the FY 2011 budget is \$1.3 million less than the budget for FY 2010. Restoring the \$1.3 million to ERAP could help an additional 643 DC households get back on their feet and help prevent them from becoming homeless. In the current recession, more and more families are facing housing emergencies as a result of job losses, lost incomes, and an increase in foreclosures.

Homeless Services: \$4 million cut

Funding for homeless services has been reduced by at least \$4 million this year at a time when the number of homeless families in DC has been rising.

The DC Council is considering even further cuts. In order to restore funding for other priorities, the Council is requiring every committee to identify additional cuts. The Committee on Human Services has put forth more than \$1 million in additional homeless service cuts, even though family shelters were overcrowded most of the winter and most recently, the city has had to turn away homeless families with children who have no safe alternative for shelter.

Interim Disability Assistance: \$7 million cut

The Interim Disability Assistance (IDA) program provides temporary cash assistance to disabled adults who are awaiting a determination on an application for federal Supplemental Security Income (SSI).

Since FY 2010, the IDA budget has been cut from \$10.4 million to \$3.4 million, the program has to operate with a waiting list since June of 2009, and caseloads have been capped at 1,500, down from 2,900 at the program's peak. Each additional \$1 million restored to the program would allow 308 individuals to access IDA benefits in FY 2011.

While the IDA grant is a meager \$270 per month, for most recipients it is the *only* source of cash income they receive, while they are waiting months or even years for their federal SSI applications to be processed. It is truly a lifeline. For some of our most severely disabled neighbors, it is the difference between remaining housed and living on the streets. IDA also significantly increases the likelihood that the beneficiary will be deemed eligible for SSI. For example, recipients have used a portion of the \$270 to compensate a family member or friend who is temporarily allowing them to stay with them. This provides a stable address for receipt of notices from SSA, so that the applicant won't miss appointments because they aren't receiving their mail. Recipients also use IDA to pay for medication, doctor appointments, and transportation to and from SSA.

When the Social Security Administration approves the SSI application, the District is automatically reimbursed for IDA benefits provided from the recipient's past-due SSI benefits. DC's reimbursement rate is slightly higher than the average for similar programs in other states.

Grandparent Caregiver Program: \$2 million cut

The Grandparent Caregiver Program, administered by the Child and Family Services Agency (CFSA), helps District residents with low incomes raise their grandchildren, great grandchildren, great nieces and nephews. Caregivers enrolled in the program receive a monthly cash benefit to help them care for the children. The amount of money a caregiver receives varies based on the age of the children and the amount of money the caregiver receives from TANF or SSI.

This program now faces a \$2 million cut. Without this \$2 million, next year 201 children may lose their subsidies. The FY11 budget also proposes a statutory change that would permit CFSA to reduce the subsidy from 95 to 50 percent of the guardianship subsidy rate. The average monthly stipend is \$757, which means a family would lose \$378 a month — a serious hardship. The Mayor's FY2011 budget proposed a dramatic cut of 44% (or \$2.769 million). The Committee on Public Services and Consumer Affairs transferred \$716,000 to the program during its budget mark-up, bringing the current cut to the program to approximately \$2 million.

Rapid Housing: \$1.1 million cut

The Rapid Housing program, administered by the Child and Family Services Agency, prevents homelessness and keeps families safely together by providing time-limited financial assistance to pay security deposits and the first several months rent.

The Mayor's FY 2011 budget completely eliminates this critically important program. If the Rapid Housing program is eliminated, next year approximately 150 families will lose a critical source of funding which can help them stay together; and approximately 110 emancipating youth will lose access to these funds and are more likely to become homeless.

Under the Rapid Housing program, families receive assistance when a child is at risk of coming into foster care or the barrier to reunification of a child in foster care with his parent is due to inadequate housing. Rapid Housing also helps prevent youth aging out of foster care from becoming homeless by providing housing assistance.

Every dollar spent on Rapid Housing saves the District more than four dollars in foster care costs, and restoring funding to Rapid Housing will save at least \$6.6 million in FY11.

Local Rent Supplement Program: \$2 million

The Local Rent Supplement program (LRSP) is one of DC's most valuable tools to provide housing to very low-income residents.

Since FY 2008, funding for LRSP has been cut and no new families have received assistance. In FY 2010, the DC Council added \$2 million to LRSP, but that was cut in later budget gap-closings. The FY 2011 budget continues to require the LRSP program to rely on reserves and represents the third year in a row that the program has not received an increase in funding, even for inflation.

\$2 million could help create over 160 additional affordable housing units for DC's very low-income residents.

LRSP is one of the few programs the District has to make housing affordable to those with very-low incomes. Many of the other locally funded affordable housing programs — such as the Housing Production Trust Fund — do not provide enough assistance to make homes affordable to those with incomes below 30 percent of area median income (roughly \$28,400 for a family of four).

Unemployment Insurance: \$1.3 million

The DC Council's decision to add \$1.3 million to the FY 2011 budget for unemployment insurance would benefit thousands of people who are collecting unemployment as they actively seek work during this difficult recession. It would help to do two things: raise the maximum benefit level and boost the benefits of those who are not at the maximum level.

The \$1.3 million would cover the District's reimbursement obligation to the Unemployment Insurance Trust Fund. Unemployment insurance is one of the best stabilizers both for families and the local economy during a downturn. It helps people pay rent and food costs so they can focus on looking for a job, and many of those dollars go directly back into the local economy at local stores.

The \$1.3 million would allow the District go forward with a proposal to raise the weekly unemployment benefit by \$20, to \$379 a week. The maximum weekly benefit currently is \$359. Virginia is \$378, and Maryland is \$380 (including any dependent allowance.) The proposal also would boost benefits for those not at the maximum benefit level. DC calculates benefits by taking 1/26 of the highest wage quarter. Virginia takes 1/50 of the average of the two highest wage quarters, essentially making it 1/25, and Maryland is 1/24 plus dependent allowance. The proposal would change DC's calculation to 1/25.