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Testimony Before the District of Columbia Council
Committee on Human Services
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Good morning Chairwoman Nadeau and members of the Committee on Human Services. My name is Judith Sandalow. I am the Executive Director of Children's Law Center¹ and a resident of the District. I am testifying today on behalf of Children's Law Center, which fights so every DC child can grow up with a loving family, good health and a quality education. With nearly 100 staff and hundreds of pro bono lawyers, Children's Law Center reaches 1 out of every 9 children in DC's poorest neighborhoods – more than 5,000 children and families each year.

Introduction

Children's Law Center has provided testimony to the Council regarding the Mayor's proposed budget for the Department of Human Services (DHS) and the Child and Family Services Agency (CFSA) every year for well over a decade.² Each year, we, along with other advocates, community members, agencies, the Council, and the Mayor, all grapple with balancing the needs of residents with the potential impact of revenue enhancements as well as questions about which investments will yield the greatest improvements in the lives of our most vulnerable community members. Whatever our struggles have been in the past, they are nothing compared to the challenges the city is currently facing in light of the coronavirus pandemic crisis. Our economy has been brought to a standstill, the cost of tackling the pandemic threat grows by the day, and the District is looking to cut hundreds of millions of dollars from this year's budget and next year's budget.

There is good reason to hope that with sound public health and economic policies in place, we can recover from this pandemic without too many more lives lost and that our economy will be able to recover relatively quickly. But there are no guarantees. That's why the decisions we make now about how to prioritize our spending over the coming fiscal year are so critically important. We agree with Mayor Bowser's call for a recovery that creates a more equitable and resilient city.³ The investments we make in our budget today can help mitigate harms caused by years of structural racism and inequity which have been highlighted by the pandemic crisis. So many of our families are just barely hanging on in the current situation. The decisions you make now can help keep them from falling over the edge – or push them over.

It is in this context that we view the Mayor's proposed FY21 budgets for the agencies in the human services cluster. We urge this Committee and the Council to maximize revenue opportunities in order to allow residents with more capacity to share the economic burden of the pandemic. And, when choosing how to allocate resources, to prioritize those services that prevent further harm by keeping children and families in their homes and provide the range of supports that will allow children to stay safely with their parents and minimize the trauma of entry into foster care.

Although there are many programs within DHS and CFSA that help vulnerable children and their families and would benefit from additional investment, we recognize that in the current environment priorities must be identified and choices must be made.

Our testimony identifies the key programs and line items in each agency's budget that must be maintained or receive additional funds in order to keep families from slipping into homelessness and help them stay together safely.

Department of Human Services

Many of Children's Law Center's clients rely on the Department of Human Services to access critical public benefits like Medicaid and SNAP as well as receive services through the family homelessness Continuum of Care. In light of this unprecedented pandemic, we know that children and families are going to need the supports that DHS provides even more as we work towards recovering from the economic effects of the crisis. We also know that, since March 13th, the Department of Employment services has received over 100,000 applications for unemployment compensation.⁴ The unemployment figures are likely much higher, since people employed in the informal economy and those unable to access unemployment benefits due to their immigration status have been left out of formal government economic aid. For so many of our clients, this public health emergency has made difficult choices harder: families with reduced income and fewer employment opportunities have to decide whether to set aside money for rent or to purchase food.

During this pandemic, we have seen DHS successfully pivot some of its services to be more accessible to clients and families. We commend Director Zeilinger for keeping the advocate and service provider community well informed with weekly

briefings and we are especially thankful for her staff's willingness to respond to questions and troubleshoot alongside us in real time. The quick roll out of the online application for public benefits has been a victory for families and we thank the agency for removing physical barriers to benefits access during this challenging time. Our clients have also benefited from the ability to have their Electronic Benefits Transfer cards mailed to their homes thereby reducing their need to leave the house during the stay at home order. Finally, we know that the agency has been working hard to apply for and obtain various USDA Food and Nutrition Service waivers which will allow our client families to use their SNAP benefits online and now for the newly approved Pandemic EBT benefit available. Unfortunately, this good work will not be enough to prevent families from homelessness if the FY21 budget does not include a greater investment of local dollars in important stabilizing programs like the Emergency Rental Assistance Program (ERAP) and long-term housing subsidies like Targeted Affordable Housing and Permanent Supportive Housing.

There are substantial federal dollar awards coming through the CARES Act and other pending legislation, including \$4.6 million the Emergency Solutions Grant and \$1.5 million from the Community Development Block Grants.⁵ However, it is still unclear to us how these dollars are expected to supplement individual programs in DHS's budget. We are concerned that key programs like ERAP, Targeted Affordable Housing (TAH), and Permanent Supportive Housing (PSH) are not being funded with

enough local dollars and that the Mayor is, instead relying on uncertain federal dollars to fill those gaps.

The emergency legislation passed by the Council has placed a moratorium on evictions and eviction filings, but it is likely that once courts begin to accept filings there will be a flood of residents in jeopardy of losing their housing.⁶ In order to keep children and youth safe, our budget should prioritize investments that will keep children in their homes and together with their families. That is why we believe that the FY21 budget needs to make more substantial investments in ERAP, TAH, and PSH.

Ensure Adequate ERAP Funding to Prevent Families from Becoming Homeless

The effect of providing ERAP to families and individuals who are facing eviction is immediately stabilizing. ERAP can keep a family in their current home and prevent the family from incurring an eviction on their record and the trauma of forcing a family out of their home and child out of their community by helping satisfy back rent or security deposit needs.⁷ Evictions can harm a family's future chances of obtaining quality affordable housing and can have a negative effect on their credit score. Evictions also create instability for families and can be especially harmful for young children when families are pushed into doubling up with relatives or substandard housing conditions. Data on individual tenant eviction history is easily searchable and used by landlords when screening potential tenants.⁸ Research shows that continued evictions result in tenants moving into units which cost the same or more, but are in

worse condition.⁹ We often see this troubling trend play out with our clients whose eviction history prevents them from accessing healthy housing which limits their options and forces them to rent substandard housing that negatively impacts their health.

Since so many families will soon be facing eviction, we recommend that Council consider modifying the ERAP program rules so that more families can qualify for the benefit. Some examples of program regulations that could be modified as a part of the COVID-19 response are:

- Increase income limit to 40% of AMI as opposed to current 125% of federal Poverty Income Guidelines.
- Eliminate the requirement that the tenant must prove they qualify for the benefit in a 30-day window within the previous 12 months.
- Relax documentation requirements and allow self-certification of hours cut or wages missed.
- Remove the limit on number of times a tenant can apply within a 12-month period to allow tenants to apply multiple times until they reach the maximum benefit.
- Increase the amount of allowable security deposit (currently only \$900) and tie security deposits to the DCHA payment standard for bedroom size and neighborhood.

The cost of adequately funding ERAP and expanding its program regulations will be far less than the cost of providing shelter services for the thousands of individuals and families that will be facing eviction once the courts allow for evictions to proceed. The Mayor's proposed FY21 budget cuts last year's one-time ERAP funds by over \$1 million dollars but it is unclear how much money from the federal funds will be allocated to ERAP or an ERAP like program. We should not cut money from a program that is even more essential in these times in the hopes that Congress may give us money. We believe the ERAP budget must be increased. Simply maintaining it at FY20 levels would not be sufficient to account for the likely increased demand for the program in the coming months.¹⁰ We are highly concerned that it remains unclear exactly how many federal dollars the District will be able to use to fund the ERAP budget, and we urge the Council to commit more local dollars to this critical program. During a time of relative economic prosperity, the FY19 ERAP budget of \$6.758 million dollars was almost entirely spent, save \$227.13.¹¹ The reality for FY21 is much bleaker with 100,000 DC residents already applying for unemployment insurance¹² and projections from the District's Chief Financial Officer showing the District's plunge into a recession.¹³ In years past, our clients have shared stories about the frustration of learning that ERAP funds have run out. Some clients have had to postpone a move out of mold infested housing which triggered their child's asthma into safer and healthier housing until they can obtain security deposit help in the subsequent fiscal year. Other

clients have expressed the fear of not knowing when ERAP money will run out and if they will be able to access it. Given that over 1,000 evictions were filed in just the first few weeks of the public health emergency, the demand for ERAP is likely to be extremely high. If we want to prevent the trauma of homelessness for a new wave of families and individuals, we must increase, not decrease, local funds into the ERAP budget significantly to account for the desperate need that families will experience in the short term due to the COVID-19 crisis.

Stop Using Rapid Rehousing as a One Size Fits All Solution For Family Homelessness

Children's Law Center has testified many times before the Council about the failures and shortcomings of Rapid Rehousing and we are dismayed that the Mayor's proposed budget continues to make significant investments in a program that fails its clients. As you know, our attorneys come into contact with clients living in poor housing conditions through referrals from pediatricians who are caring for children whose housing conditions are harming their health. The worst housing conditions cases we handle are for clients who have recently moved into or are living in Rapid Rehousing properties. These clients are placed in homes that are plagued with rats and pests, mold infestations that trigger asthma attacks, and significant water intrusion issues. Although we have been raising concerns about the health and safety of clients in Rapid Rehousing properties with DHS and the Council for years, these clients have seen no meaningful improvement in their housing conditions.

The Rapid Rehousing model does not help all families achieve housing stability and should not be the only program the District invests in. The program provides expensive case management for low-income families to help them increase their income and afford their unit's market rent when they are exited from the program. This year's performance oversight data demonstrated how Rapid Rehousing case management wastes District dollars. During DHS performance oversight this year, Children's Law Center testified that in FY19, there were about 2,200 families served through Rapid Rehousing, with an average monthly income of \$929.75, and that only 7% of families had any increase in their income during the program. This increase averaged \$102.17, bringing the families monthly income below the average \$1,665 needed to rent a two-bedroom apartment in the District.¹⁴ Further, we know from DHS's own statistics that almost half of families in Rapid Rehousing end up in eviction court or cycling back through Virginia Williams after being exited from the program. We testified at the last DHS performance oversight hearing that the agencies own statistics showed that 46% of Rapid Rehousing participants had eviction cases filed against them.¹⁵ We also know that from DHS's own numbers that last year, 42% of families who received services through Virginia Williams were coming from Rapid Rehousing.¹⁶ While prior participants faced eviction at an almost 50% rate, it is likely that participants exited into this economy will be even more likely to face eviction without an extended subsidy due the poor job market they are facing. Continuing to invest money in Rapid Rehousing is

a missed opportunity to invest in programs like Targeted Affordable Housing or Permanent Supportive Housing which truly put an end to the cycle of homelessness.

Allow Families in Rapid Rehousing to Stay in The Program Longer by Providing an Extended Subsidy

For those families already in the time limited Rapid Rehousing program, we recommend that the Council use the increased Rapid Rehousing budget to ensure that families are not exited from the program immediately at the end of the public health emergency. At the cornerstone of the Rapid Rehousing model is the belief that intensive case management and supports should be able to help a family increase their income to be able to afford a percentage of their market rate rent before shifting the entire rent burden to the family. However, due to the devastating economic effects of the pandemic, it will be harder now for families to obtain sufficient or new employment to be able to be successfully exited from the program and to keep up with the rental payments and achieve housing stability. At the very minimum, we recommend that families receive extended time within the program since the combination of the economic downturn with the loss of in person case management will make it impossible for most participants to afford the full rent at the end of the program.

Use Local Dollars That Were Allocated for Rapid Rehousing to Fund More Permanent Supportive Housing (PHS) or Targeted Affordable Housing Vouchers

The low-income tenants who are best weathering these difficult economic times are individuals who do not rely on time limited rental subsidies. As we have testified

time and time again, many individuals who are routed into Rapid Rehousing end up cycling out of the program and into homelessness because they are unable to make the steep rent payments due at the end of the program. We know from this year's performance oversight data, that fewer than 10% percent of families who participate in the program are able to increase their income.¹⁷ This fact is supported by the lived experience of many of the families we represent who cannot afford to stay in the properties once the subsidy ends. These families end up getting evicted or agreeing to vacate the Rapid Rehousing property only to cycle back through Virginia Williams and eventually be moved back into a Rapid Rehousing property again. That's why we recommend that some of the money allocated for expanding Rapid Rehousing be shifted into non-time limited subsidies like TAH and PSH.

During this economic downturn, it makes sense to invest more in permanent solutions to family homelessness rather than only increasing the budget for Rapid Rehousing. From data provided by DHS during the FY20 budget briefing, we determined that the cost of providing Rapid Rehousing per family was estimated at \$66,000.00 per year while providing a permanent housing subsidy like Targeted Affordable Housing costs about \$20,080 per year.¹⁸ Although we understand that funding a Targeted Affordable Housing subsidy would require finding funding per voucher each year, we contend that Rapid Rehousing is not serving as many unique families as the program was intended to. Therefore, the District continues to spend

three times as much per family in Rapid Rehousing as compared to one year of Targeted Affordable Housing even though we know that these families continue to cycle through Rapid Rehousing year after year.

Child and Family Services Agency

It is good news that CFSA's overall operating budget sustained a relatively small cut of 0.4% in the Mayor's proposed FY2021 budget.¹⁹ Although there appear to be cuts to subsidy programs, mental health, education and life skills supports, and prevention services we have been assured by CFSA that these are not cuts to services. We urge the Council to ask questions about these line items to ensure that there is sufficient funding to keep families together and mitigate the harms caused by the pandemic crisis.

There Must be Sufficient Funds to Improve CFSA's Placement Array

According to the proposed budget released by the Mayor this week, next year's budget includes an increase of approximately \$3.5 million dollars for the Child Placement activity within the Agency Programs Division.²⁰ During its May 20, 2020 Budget Engagement Forum, however, CFSA informed us that this information is incorrect. Rather than seeing an increase, the Child Placement Activity funding will be decreased by \$1.2 million (a nearly three percent decrease from last year's budget of approximately \$42 million).²¹ The Agency attributes this decrease in funding to planning for fewer kids in foster care next year (The budget is based on 875 slots for

FY2021 compared with 906 slots for FY2020).²² Child Placement is primarily responsible for identifying living arrangements (“placements”) for children entering into foster care.²³

As an initial matter, the Council should confirm the numbers provided by CFSA during its Budget Engagement Forum and ask the Mayor’s budget office to submit an errata letter to correct any errors in the Mayor’s budget proposal.

Assuming it is correct that the Mayor intends to decrease the Child Placement activity budget next year, we ask the Council to scrutinize this decision carefully. Although it may seem to make intuitive sense to decrease Child Placement funding as the number of children in care goes down, this decision must be weighed in the context of CFSA’s ongoing placement crisis and the additional pressures on the foster care system due to the pandemic.

As detailed in our Performance Oversight testimony earlier this year, CFSA continues to be in a state of crisis when it comes to placement.²⁴ During FY2019, 149 children spent one or more nights sleeping at the Agency, in emergency or temporary placements, or at the Sasha Bruce shelter.²⁵ Some of those “temporary” placements lasted for a month or more.²⁶ According to more recent data provided by CFSA’s court-appointed Monitor, 31 unique children experienced 60 overnight night stays at the Agency between April 2019 to November 2019 alone.²⁷ The high percentage of foster

children experiencing these kinds of short-term emergency stays indicate that the Agency continues to struggle to obtain or identify appropriate long-term placements for the children in its care. This is further evidenced by the significant amount of placement instability foster children are experiencing. In FY19, approximately 22 percent of the children in CFSA's care (176 children) experienced three or more placements. This data point was nearly identical the previous year.²⁸

CFSA's existing placement crisis has only been exacerbated by the pandemic. Understandably, foster parents have concerns about taking in children who may have been exposed to COVID-19 because of health risks to them and other children in the home. Placements are disrupting due to disagreements between foster parents and older youth regarding how to balance social distancing recommendations with work obligations and birth family connections. Visitation, counseling sessions, and other interventions intended to promote reunification have been made more challenging by the stay-at-home order, and permanency determinations have been slowed by the Court moving to virtual operations – all of which will likely lead to more kids in care for longer.

For the sake of the permanency and wellbeing of the children in its care, CFSA must make progress towards resolving its placement crisis. We urge the Council to explore these issues during the Agency's budget hearing next week and ensure CFSA is

adequately planning to expand and improve its placement array even as the pandemic crisis continues.

Family Supports Are Essential for Families to Take Care of Their Children

To ensure CFSA-involved children are safe, secure, and well-cared for – regardless of whether they are receiving in-home services, living with kin, or placed in foster care – the Agency must provide adequate family supports. Family supports include financial assistance, case management, and other services that help families overcome obstacles and succeed. The pandemic has only made it harder for families on the edge to survive. Our most vulnerable population of children and families are bearing the brunt of the public health crisis and the economic fallout. Now more than ever, CFSA-involved families need the Agency’s support to maintain or achieve safety and stability.

The Mayor’s proposed budget appears to decrease funding for these critical supports. The Family Resources activity provides support services to current and potential foster, kinship, and adoptive parents.²⁹ The Kinship Support activity provides supportive services to kinship caregivers.³⁰ The Mayor’s proposed budget cuts \$38,000 from the Family Resources activity and \$163,000 from the Kinship Support activity.³¹ The Mayor’s proposed budget also cuts \$32,000 from the Grandparent Subsidy

activity,³² which provides financial assistance services to eligible grandparents so they can maintain children in permanent homes.³³

CFSA has provided assurances and explanations indicating that these cuts to family supports are not cuts to service provision.³⁴ We urge the Council to confirm there are not cuts to these important programs and that they are sufficiently funded to meet the need during this pandemic.

There are two additional programs that are not mentioned in the budget but also provide critical supports to families: CFSA's PEER unit and the Close Relative Caregiver subsidy program. The PEER unit provides birth parents with support from trained peers who have navigated the foster care system. Our attorneys have had positive experiences working with members of the PEER unit and we understand their involvement in a case can facilitate a speedier, successful reunification. The Close Relative Caregiver subsidy program is similar to the Grandparent Subsidy and enables extended family members to care for children in permanent homes. We urge the Council to ask CFSA about the status of these programs during the Agency's hearing next week and to ensure both are fully funded at FY2020 levels at least.

Mental Health, Education, and Life Skills Supports Are Vital for CFSA-Involved Children

Children in the care of CFSA have experienced devastating traumas in their lives that negatively impact their mental and emotional health and make it harder for them

to succeed at school and in life. As discussed in our Performance Oversight testimony from February, CFSA's most recent data on outcomes for children in care paints a grim picture. For children in CFSA's care during FY19, 118 children (over 15 percent) experienced at least one episode of psychiatric hospitalization,³⁵ the high school graduation rate sank to 56 percent,³⁶ the average GPA reported to CFSA for high school students was 1.69,³⁷ and nearly 10 percent of high school students dropped out.³⁸ The picture doesn't get better as children get older – of the few that enrolled in college during FY19, 50 percent dropped out.³⁹ The data goes on to show youth in foster care struggle to get adequate job skills training or employment, and often find themselves in unstable housing or homeless after they age out.⁴⁰

Access to mental health services, educational supports, and life skills programs are essential to helping these children overcome the challenges they are facing, challenges which have only been intensified by the pandemic. The public health crisis is compounding the mental stress and strain these children are already under; school closures and distance learning threaten to widen existing education gaps; and the economic fallout will only make it harder for older youth to achieve financial independence.

The Mayor's proposed budget, however, appears to make significant cuts to the programs and activities that provide these kinds of supports to children. As with family supports, we have received assurances that there are not actual cuts to the

service levels provided by these programs. We urge the Council verify this and explore with CFSA the adequacy of these funding levels. We are specifically concerned about:

- The Clinical Health Services activity, which includes mental health screenings, consultations, and supports, appears to be cut by \$700,000 (a 22.5 percent decrease).⁴¹
- The Healthy Horizons Clinic activity, which provides health screenings and consultations, appears to be cut by \$113,000 (a 14 percent decrease).⁴²
- Clinical Practice (Well-Being), which provides educational services and is responsible for implementing CFSA's trauma-informed practice, appears to be cut by \$281,000 (a 4 percent decrease).⁴³
- The Teen Services activity, which provides case management for older youth, life skills training, vocational and educational support, and transitional assistance to prepare youth for independence after leaving foster care, appears to be cut by \$485,000 (an 8 percent decrease).⁴⁴

We have also been advised that the Mayor's proposed budget includes \$500,000 each for tutoring and mentoring services, flat from FY20.⁴⁵ We urge the Council to ask CFSA how it plans to provide adequate mental health, education, and life skills supports in light and whether the Agency anticipates receiving additional federal funding to pay for some of these services. These supports are essential for youth in care now more than ever.

Investments in Prevention Services Should be a Priority

Prevention services are more critical now than ever in the wake of the pandemic and economic crisis. Programs and services providing targeted support to families in their homes and communities is the best way to ensure families that were already on the edge do not get pushed into homelessness or become otherwise unstable during this time. We are pleased to see that the Mayor's proposed budget includes nearly \$3.5 million for Families First DC.⁴⁶ CFSA confirmed during its Budget Engagement Forum that these funds are sufficient to allow all ten Family Success Centers to open their doors to the community in October 2020.⁴⁷ The Success Centers are intended to connect families in their community with a continuum of prevention services focused on stabilizing and strengthening families.⁴⁸ We commend the Mayor for making this initiative a budgetary priority.

As with other areas of the CFSA budget, there appear to be cuts that we have been advised are either not actual cuts or will not impact services. We are specifically concerned about:

- The Community Partnership Services activity, which includes support for community-based prevention, as well as supportive and aftercare services for families and at-risk children in their homes, appears to be decreased by \$277,000 (a 13 percent decrease).⁴⁹

- The In-Home activity, which provides community-based family supportive services, appears to be decreased by \$623,000 (a 7.5 percent decrease).⁵⁰
- The Prevention Services activity, which provides for direct community-based prevention, supportive, and after-care services to families and at-risk children in their homes, appears to be decreased by \$5,314,000 (a 31 percent decrease).⁵¹

One cut we have confirmed is a real cut is the elimination of over \$300,000 in one-time funding for home visiting programs.⁵² Home visiting programs provide targeted services to expectant parents or parents of small children, as part of CFSA's strategy to support positive parenting and prevent child abuse and neglect.⁵³

In these particularly challenging times prevention efforts and supports for families must be increased. The programs listed above are all essential tools for CFSA to support vulnerable families and prevent children from entering the child welfare system. Considering the additional pressures on families and traumas to children due to the pandemic and CFSA's simultaneous placement crisis, it is imperative that we keep as many kids safely home with their families as possible. We urge the Council to question the Agency and the Mayor closely on these important programs.

Revenue Opportunities

As the District plans to recover from this recession we recognize that the Council needs solutions and not just demands for more funding. The Mayor's proposed FY21

budget used some smart tactics to bridge our revenue gaps and we support the Mayor's proposed solutions. However, to ensure an equitable recovery for all DC residents we also support proposals that include repealing tax cuts that benefited our highest earners and look to other opportunities to raise revenue. We urge the Council to consider incorporating the revenue opportunities presented next to ensure we are able to provide children and families with the resources they will need to succeed during and after the pandemic.

Eliminate Ineffective Tax Expenditures

Eliminating ineffective tax expenditures is an efficient way to address the District's budget shortfall for FY21 and will avoid the short- and long-term harm to the city of cutting program budgets. The District currently offers a number of tax incentive programs that are purportedly designed to encourage business development in DC. These programs cost the District tens of millions of dollars every year but have not yielded any demonstrable economic benefits to the city.⁵⁴ In particular, the Council should consider eliminating both the Qualified High Technology Company (QHTC) tax expenditure program and the Qualified Supermarket tax expenditure program.

The QHTC tax expenditure program cost the District over \$45 million in FY2017. During its most recent statutorily-required review of DC's tax expenditures, the Office of Revenue Analysis (part of the Office of the Chief Financial Officer) concluded that

gains in DC's high tech sector cannot be attributed to the QHTC tax expenditure program, even though the program will continue to cost at least \$40 million per year in foregone revenue.⁵⁵ The report also found that a small number of large companies are "taking disproportionately large amounts of QHTC credits without evidence of commensurate economic benefit to the District" and noted that "it is not clear whether they engaged in any new economic activities because of the incentives."⁵⁶ For almost the entire lifetime of this program, more QHTC credits have been claimed by companies headquartered in Virginia than companies headquartered in D.C.⁵⁷

The Qualified Supermarket tax expenditure program cost the District over \$5 million in FY2017. The laudable goal of this program is to incentivize the opening of new grocery stores in low-income parts of the city that suffer from limited access to affordable and nutritious food. Despite costing nearly \$30 million dollars in foregone revenue between 2010 and 2017, the Office of Revenue Analysis report concluded that the program "cannot be shown to have affected supermarkets' location decisions, generally, or produced economic or other benefits that would not have happened but for the incentives."⁵⁸

These tax expenditure programs are costing the District tens of millions of dollars in foregone revenue every year and providing nothing in return.⁵⁹ There are many difficult decisions to be made during this budget cycle – but this is not one of

them. The Council should redirect these funds to support essential services to families suffering through the pandemic crisis.

Repurpose "Special Purpose" Funds

The Council should also carefully examine opportunities for repurposing special purpose funds rather than cutting much-needed housing and public health services.

There are more than 250 active special purpose funds, which are funds established by statute to fund a particular government program using fees and assessments imposed on licensees and users of government services.⁶⁰ The total revenue in all these funds made up 5% (about \$800 million) of DC's total gross budget revenues in the previously approved FY20 budget.⁶¹

Many special purpose funds spend less than the revenues they raise in any given year and carry large and increasing fund balances. In 2017, for example, the total revenue collected by all DC special purpose funds exceeded their total expenditures by \$52 million.⁶² The DC Auditor found that 37% of special purpose funds spent less than 50% of their total FY2013 through FY2017 revenues.⁶³ For "non-lapsing" special purpose funds,⁶⁴ this unspent money remains in the fund and is carried over to the next fiscal year. On a number of occasions in the past, the Council has transferred unspent special purpose funds to the General Fund so that the funds can be repurposed for other programs.⁶⁵

Now, more than ever, is the time for the Council to repurpose any available special purpose funds to help plug budget gaps created by the economic fallout from the COVID-19 pandemic. This certainly includes transferring unspent funds in non-lapsing funds to the General Fund unless the funds are contractually committed to expenditures in future fiscal years or otherwise restricted or earmarked for vital government programs. It should also include a review of agency current fiscal year expenditures of special purpose funds to determine whether any savings or efficiencies can be identified to free up funds that could be transferred to the General Fund. Repurposing special purpose funds wherever possible would help promote a more just and equitable budget.

Conclusion

We have an opportunity to create a budget that allows DC's children and families to remain in their homes and stay safe with their families as we emerge from this unprecedented public health emergency. As the Council considers the Mayor's proposed FY21 budget, we ask that you remember the children and families who are so affected by the cuts and investments proposed and reflect honestly about the short- and long-term impact these budget decisions will have. We appreciate the opportunity to testify today and we welcome any questions the Committee may have.

¹ Children’s Law Center fights so every child in DC can grow up with a loving family, good health and a quality education. Judges, pediatricians and families turn to us to advocate for children who are abused or neglected, who aren’t learning in school, or who have health problems that can’t be solved by medicine alone. With nearly 100 staff and hundreds of pro bono lawyers, we reach 1 out of every 9 children in DC’s poorest neighborhoods – more than 5,000 children and families each year. And, we multiply this impact by advocating for city-wide solutions that benefit all children.

² Children’s Law Center, *Testimony Before the District of Columbia Council Committee on Human Services*, 2010 – 2020. Available at: <https://www.childrenslawcenter.org/testimony>.

³ Mayor Bowser’s ReOpen DC committees have placed a special emphasis on resilience and equity. See Government of the District of Columbia, *ReOpen DC*, April 23, 2020. Available at <https://coronavirus.dc.gov/reopencd>.

⁴ @DOESDC, (May 20, 2020). District of Columbia Daily Unemployment Compensation As of May 19, 2020 100,588 New Claims Have Been Filed, [Tweet], Available at: https://twitter.com/DOES_DC/status/1262739175406788609/photo/1.

⁵ Information on the DC specific award amounts were provided by Director Zeilinger at the DHS Budget Presentation on May 20, 2020.

⁶ The emergency legislation passed by the council initially only banned the physical evictions, but allowed eviction filings to proceed. Some advocate estimates showed eviction filings topping 2,000 before the council amended the legislation to ban eviction filings. We note that the number filed before the moratorium on filings is likely artificially low, since landlords were likely also conscious about saving money on filing fees while not receiving any income from tenants.

⁷ ERAP can cover a family’s first months’ rent, security deposit, or help to cover back rent and eviction costs. See DHS, *Important Information and Facts about the Emergency Rental Assistance Program*, (April 17, 2020) Available at: https://dhs.dc.gov/sites/default/files/dc/sites/dhs/service_content/attachments/ERAP%20Fact%20Sheet_5.pdf.

⁸ Evictions are easily searchable in the DC Superior Court online records search and/or by commonly used tenant records search companies utilized by many landlords.

⁹ Desmond, Matthew, *Evicted: Poverty and Profit in an American City* (2016) at page 297.

¹⁰ Last year’s ERAP budget was \$6.758 million. See DHS Proposed Budget FY21, Table JA0-4, p. E-102.

¹¹ DHS, *FY2019 Performance Oversight Responses*, response to Q113. Available at: https://dccouncil.us/wp-content/uploads/2020/01/1-FY19-20-DHS-Performance-Oversight-Pre-Hearing-Responses_Delivered-to-Council.pdf.

¹² See @DOESDC, (May 20, 2020), District of Columbia Daily Unemployment Compensation As of May 19, 2020 100,588 New Claims Have Been Filed, [Tweet], Available at: https://twitter.com/DOES_DC/status/1262739175406788609/photo/1.

¹³ J. Capriel, “*This is what a recession looks like.*” *D.C. officials offer grim financial outlook.*, Washington Business Journal, April 24, 2020. Available at: <https://www.bizjournals.com/washington/news/2020/04/24/this-is-what-a-recession-looks-like-d-c-officials.html>.

¹⁴ DHS, *FY2019 Performance Oversight Responses*, response to Q22. Available at: https://dccouncil.us/wp-content/uploads/2020/01/1-FY19-20-DHS-Performance-Oversight-Pre-Hearing-Responses_Delivered-to-Council.pdf.

¹⁵ The DHS data about evictions is incomplete because DHS did not ask the Court about how many cases ended in settlement to move out, how many were for nonpayment etc. Instead, DHS focused only on

court-ordered evictions, which happen only after a trial, which is very rare in landlord-tenant court, or in unusual settlements. If we consider the true picture, the eviction rate, meaning the rate of people who move out as a result of an eviction case being filed, from Rapid Rehousing is extremely high based on this data. Even if the filed case did not result in an eviction, simply the case being filed will be on the tenant's rental record for the foreseeable future when they try to rent their next apartment.

¹⁶ FY19 Hypothermia Debrief – Families, The Community Partnership at 3, *Available at*: https://ich.dc.gov/sites/default/files/dc/sites/ich/event_content/attachments/Hypothermia%20FY19%20-%20Families%20%28VWFRC%20%26%20ES%29.pdf. The DHS Oversight Responses cited lower numbers, but it looked at only a limited group.

¹⁷ DHS, FY2019 Performance Oversight Responses, response to Q22. *Available at*: https://dccouncil.us/wp-content/uploads/2020/01/1-FY19-20-DHS-Performance-Oversight-Pre-Hearing-Responses_Delivered-to-Council.pdf.

¹⁸ Per DHS's Budget information provided in 2019, Rapid Rehousing was estimated to cost \$66,000 per family per year while TAH was estimated to cost \$20,820 per family per year. *See* FY19 DHS Budget Overview at Slide 19. *Available at* <https://dhs.dc.gov/sites/default/files/dc/sites/dhs/publication/attachments/FY19%20DHS%20Budget%20Overview.pdf>.

¹⁹ CFSA Proposed Budget FY21, Table RL0-1, p. E-1.

²⁰ CFSA Proposed Budget FY21, Table RL0-4, p. E-4.

²¹ CFSA, Budget Engagement Forum Slide Deck, slide 18 (May 20, 2020).

²² CFSA, Budget Engagement Forum Slide Deck, slide 18 (May 20, 2020).

²³ CFSA Proposed Budget FY21, p. E-5.

²⁴ Children's Law Center, *Testimony Before the District of Columbia Council Committee on Human Services*. February 12, 2020. *Available at*: <https://www.childrenslawcenter.org/testimony/oversight-testimony-child-and-family-services-agency-0>.

²⁵ CFSA, *FY2019 Performance Oversight Responses*, responses to Q100, Q101, and Q102. *Available at*: <https://dccouncil.us/wp-content/uploads/2020/02/cfsa20.pdf>.

²⁶ CFSA, *FY2019 Performance Oversight Responses*, responses to Q101 and Q102. *Available at*: <https://dccouncil.us/wp-content/uploads/2020/02/cfsa20.pdf>.

²⁷ Letter from Judith Meltzer, Current President, Court Appointed Monitor, *La Shawn A. v. Bowser*, to The Honorable Thomas F. Hogan, (Dec. 10, 2019), Regarding *LaShawn A. v. Bowser*, Civil Action No. 89-1754 (TFH) Current Placement Data and Placement Commitment Updates.

²⁸ CFSA, *FY2019 Performance Oversight Responses*, response to Q92. *Available at*: <https://dccouncil.us/wp-content/uploads/2020/02/cfsa20.pdf>. In FY18, approximately 22% (n=189) of the 839 youth in CFSA's care experienced three or more placement episodes. *See* CFSA, *FY2018 Performance Oversight Responses*, response to Q80a. *Available at*: <https://dccouncil.us/wp-content/uploads/2019/02/cfsa19.pdf>.

²⁹ CFSA Proposed Budget FY21, p. E-5.

³⁰ *Id.*

³¹ CFSA Proposed Budget FY21, Table RL0-4, p. E-4.

³² *Id.*

³³ CFSA Proposed Budget FY21, p. E-6.

³⁴ These assurance were provided in the CFSA May 20, 2020 Budget Briefing and a subsequent call on May 21, 2020 with Chief of Staff Rachel Joseph and CFSA CFO Justin Kopca.

³⁵ CFSA, *FY2019 Performance Oversight Responses*, response to Q31(e). *Available at*: <https://dccouncil.us/wp-content/uploads/2020/02/cfsa20.pdf>.

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- ³⁶ CFSA, *FY2019 Performance Oversight Responses*, response to Q130(b) (although the Agency’s response claims the graduation rate is 73%, the data provided states that only 18 of 32 seniors graduated, yielding a graduation rate of 56%). Available at: <https://dccouncil.us/wp-content/uploads/2020/02/cfsa20.pdf>.
- ³⁷ CFSA, *FY2019 Performance Oversight Responses*, response to Q130(e). Available at: <https://dccouncil.us/wp-content/uploads/2020/02/cfsa20.pdf>.
- ³⁸ CFSA, *FY2019 Performance Oversight Responses*, response to Q130 (a) and (f). Available at: <https://dccouncil.us/wp-content/uploads/2020/02/cfsa20.pdf>.
- ³⁹ CFSA, *FY2019 Performance Oversight Responses*, response to Q128(c). Available at: <https://dccouncil.us/wp-content/uploads/2020/02/cfsa20.pdf>.
- ⁴⁰ CFSA, *FY2019 Performance Oversight Responses*, responses to Q131(e); Q136(a) and (b); Q138(b) and (c). Available at: <https://dccouncil.us/wp-content/uploads/2020/02/cfsa20.pdf>.
- ⁴¹ CFSA Proposed Budget FY21, Table RL0-4, p. E-4 and E-5.
- ⁴² *Id.*
- ⁴³ CFSA Proposed Budget FY21, Table RL0-4, p. E-4 and E-6.
- ⁴⁴ CFSA Proposed Budget FY21, Table RL0-4, p. E-4 and E-5.
- ⁴⁵ CFSA, Budget Engagement Forum Slide Deck, slides 18-19 (May 20, 2020).
- ⁴⁶ CFSA Proposed Budget FY21, Table RL0-4, p. E-4 and E-6.
- ⁴⁷ CFSA, Budget Engagement Forum Slide Deck, slide 14 (May 20, 2020).
- ⁴⁸ CFSA Proposed Budget FY21, Table RL0-4, p. E-6.
- ⁴⁹ CFSA Proposed Budget FY21, Table RL0-4, p. E-4 and E-5.
- ⁵⁰ *Id.*
- ⁵¹ *Id.*
- ⁵² CFSA Proposed Budget FY21, p. E-8.
- ⁵³ Home Visiting Council, *2018 Annual Report of the District of Columbia Home Visiting Council*, 2018, p. 8. Available at: https://www.dchomevisiting.org/uploads/1/1/9/0/119003017/hv_council_annual_report.pdf.
- ⁵⁴ DC Office of Revenue Analysis, *Review of Economic Development Tax Expenditures*, November 2018, p. 8 - 18, (“Overall, the District’s economic development tax incentives support the District’s broad economic development goals as designed, however various issues with each of the incentives prevent an assessment of their effectiveness in meeting the respective incentive goals.”).
- ⁵⁵ *Id.* at p. 11-12.
- ⁵⁶ *Id.* at p. 12.
- ⁵⁷ *Id.*
- ⁵⁸ *Id.* at 14.
- ⁵⁹ *Id.* at 18. (“This report found that QHTC and Supermarket tax incentives are not well targeted, meaning many companies may be receiving benefits—sometimes very large sums, in the case of several large QHTCs—to do what they may have done without the incentive.”).
- ⁶⁰ For example, the Department of Consumer and Regulatory Affairs administers the “Basic Business License Fund,” which collects millions of dollars each year from business license fees; these funds are intended to defray the cost of operating DCRA’s basic business licensing system. See DC Office of Revenue Analysis, *DC Special Purpose Revenue Funds Report*, February 2015, p. 55 (OFA Report). Available at: <https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/Special-Purpose%20Report%202015.pdf>.
- ⁶¹ Office of the Budget Director. *Budget 201*, January 2020. Available at: <https://static1.squarespace.com/static/5bbd09f3d74562c7f0e4bb10/t/5e1f336250c19021ca91c618/1579103075310/DC+Budget+201+FINAL+-+1.10.20.pdf>; Government of the District of Columbia, *FY2020 Approved*

Budget and Financial Plan, July 2019, p. 1-8. Available at:

https://cfo.dc.gov/sites/default/files/dc/sites/ocfo/publication/attachments/DC_OCFO_Budget_Vol_1_0.pdf. See also <https://districtmeasured.com/2020/02/>.

⁶² Office of the DC Auditor. *Elected Officials Create Special Funds But ‘Sweep’ Dollars for Other Purposes*, April 2019, p. 2 (2019 DC Auditor Report). Available at <http://dcauditor.org/report/elected-officials-create-special-funds-but-sweep-dollars-for-other-purposes/>.

⁶³ *Id.* at 10.

⁶⁴ A non-lapsing fund’s unspent revenue is continuously available for use in subsequent fiscal years for the particular program in question. In contrast, any unspent revenue in a lapsing fund is automatically transferred to the General Fund at the end of the fiscal year.

⁶⁵ The DC Auditor found 72 instances of such repurposing, amounting to more than \$142 million in FY2013 through FY2017. *Id.* at 12. Although the DC Auditor’s report criticized this practice, transferring and repurposing unused or underutilized special purpose funds nonetheless offers an essential tool in the current budget emergency.