

**Testimony before the District of Columbia Council
Committee of the Whole
Vincent C. Gray, Chair**

Public Hearing

**Re: B18- 1101, the “Fiscal Year 2011 Revised Budget Request Act of 2010” and
B18-1100, the “Fiscal Year 2011 Supplemental Budget Support Act of 2010”**

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9:30 AM

Good morning. My name is Monica Bell, and I am a public interest fellow at the Legal Aid Society of the District of Columbia. I am testifying today to express Legal Aid’s serious concerns about the Mayor’s current budget proposal. The proposal does not share the burden of the budget shortfall across all District residents; instead, the Mayor would concentrate cuts on those who already in serious economic distress. Although there are many items of note for low-income families in the proposed budget, my testimony highlights five of them: (1) the suggested 20% reduction in TANF benefits for those who exceed a total of 60 months on the program; (2) the treatment of the Interim Disability Assistance program; (3) the proposed 50% cut in appropriations for the Grandparent Caregiver program; (4) the proposed 50% cut in funding for civil legal services grants and loan repayment programs for legal services lawyers; and (5) the lack of revenue enhancement measures that would relieve some of the perceived “need” to further unravel the social safety net.

I. Temporary Assistance to Needy Families

It is widely acknowledged that the District’s current welfare (or “TANF”) program does not sufficiently address the needs of TANF recipients. The current system uses a one-size-fits-all approach, sending recipients to a work vendor whose primary motivation is to get that person into a job regardless of whether the job is appropriate or whether the individual is employable. Individualized assessments are not an integral part of the TANF application and placement process. The current system, therefore, fails to engage TANF recipients who are able to work in a productive work vendor process. It fails to provide job training and educational opportunities to increase recipients’ ability to find work. It also fails to adequately assess recipients. There are likely people on TANF who are disabled and should be receiving SSI instead. Only 15 of the over 17,000 District TANF families are benefitting from the domestic violence exemption to work requirements, despite statistics from the DC Coalition Against Domestic Violence indicating that 20 percent of TANF recipients experience domestic violence. Only 500 of the 17,000 families are currently meeting work requirements; a low number, to be sure, but not

¹ The Legal Aid Society was formed in 1932 to “provide legal aid and counsel to indigent persons in civil law matters and to encourage measures by which the law may better protect and serve their needs.” Legal Aid is both the oldest and largest general civil legal services program in the District of Columbia. Over the last 70-plus years, tens of thousands of the District’s neediest residents have been served by Legal Aid staff and volunteers.

surprising considering that, according to Department of Human Services Director Clarence H. Carter, the work vendor program only has the capacity to serve less than 7,000 of the nearly 11,000 TANF recipients who are subject to work requirements. This means that roughly 4,000 TANF recipients have not even been able to *meet* with a vendor, let alone get a job using the vendor program. In order to better serve these most vulnerable families, the District must provide better assessments and connect families with education, training, mental health, and other supportive services that would help them work or participate in work activities.

Director Carter has publicly acknowledged the shortcomings of the current system on several occasions, and has long planned to revamp the system through the renegotiation of contracts with third-party work vendors. Several Council members are co-sponsoring the TANF Educational Opportunities and Accountability Act, which would mandate some of the most important programmatic changes. *However, none of these reforms have been instituted yet and will not be in place until next summer, at the earliest.*

Given the extensively-documented shortcomings of the current TANF regime, it is mystifying that the District would essentially impose an across-the-board sanction on families based on the length of time in the program. This proposal would punish some of the most vulnerable in society – impoverished parents and children – for the sins of the District’s program designers. Moreover, this cut in benefits seems especially misguided now, when unemployment in the low-wage job sector has sharply increased the number of families who need various forms of public assistance.² One in ten District residents is unemployed³-- almost half of those formerly low-wage workers -- and almost 30% of Ward 8 residents are actively seeking work, but are unable to find it.⁴

Oddly, the Mayor’s proposal fails to include even the most widely accepted exemptions to this benefit reduction. Even families with children under one year of age, or families where the head of household is a survivor of domestic violence, would lose 20% of their monthly benefits simply because of their length of time on the program, and despite the widespread ineffectiveness of the program.

Even if the TANF program worked well, however, benefit reduction would be an undesirable policy. It is well-documented that families who get near or exceed five years on TANF are usually the most vulnerable families. Studies have shown that families who time off TANF have lower education levels, are more likely to include a family member with a disability,

² See Jenny Reed, *Poverty on the Rise in the District: The Impact of Unemployment in 2009 and 2010*, Mar. 24, 2010, available at <http://www.dcfpi.org/wp-content/uploads/2010/03/3-24-10EstimatingPoverty2009.pdf> (explaining that food stamp caseloads sharply increased in 2009 and 2010); see also Katie Kerstetter, *Increase in DC’s Unemployment Rate Falls Heavily on Those Least Able to Afford It 1* (June 25, 2010), <http://www.dcfpi.org/wp-content/uploads/2010/06/5-25-10unemployment.pdf>.

³ District of Columbia Department of Employment Services, *District of Columbia Jobless Drops to 9.9% in August*, September 21, 2010.

⁴ Jenny Reed, *New Census Data Reveal the Uneven Impact the Recession Has Had on the District 1-2* (Sept. 28, 2010), <http://www.dcfpi.org/wp-content/uploads/2010/09/9-28-10ACSPoverty.pdf> (explaining that poverty east of the Anacostia River, in addition to unemployment, has increased during the recession).

and are nearly two times more likely to be headed by survivors of domestic violence than families who voluntarily leave TANF.⁵ Field researchers have found that families nearing the federal sixty-month limit are more likely to have IQs below 80 and tend to be afflicted with chronic physical problems that make them unable to find employment, untreated or under-treated mental health problems, and have difficulties completing even the most basic daily functions such as maintaining personal hygiene and keeping their homes safe and tidy.⁶ These are the families for whom it will be most difficult to find work.

Adopting the Mayor's proposal would mean that families who are doing everything they are asked to do but who, for example, are stuck in limbo on the work vendor waiting list, would be hit with a crippling 20% benefit cut if they have been on the program more than five years. Similarly, it would mean that the families most in need of economic support in a time of recession would receive less assistance. While a 20% cut might seem minor to more well-off families, this cut is significant for a family of three living on \$428 per month. Under the Mayor's proposal, that same family's benefits would be reduced to \$342 – a loss of nearly \$90 – once they reached 60 months on the program. In practical terms, the Mayor's proposed cut would increase child poverty and push the most fragile families into the abyss of abject poverty.

II. Interim Disability Assistance

Interim Disability Assistance (“IDA”) provides essential temporary cash assistance to the City's most vulnerable disabled residents while they wait (often months, or even years) to be approved for Supplemental Security Income (SSI). IDA serves as a loan to disabled adults while they wait to be approved for SSI benefits. When properly implemented, it also brings in revenue to pay for itself by reimbursing the District, from past-due SSI funds, for the IDA benefits provided.

Income from IDA has helped low-income, disabled District residents in myriad ways. For example, IDA has helped many disabled individuals move from homelessness into housing through programs like So Others Might Eat (SOME). In the last five years, SOME has housed 44 homeless IDA recipients who otherwise would probably have remained homeless.

Regrettably, IDA's budget has been trimmed to the bone. Over the last four years, IDA's budget has been cut by approximately 60%. These cuts have forced the District to cap the program at 1,500 individuals, meaning that the only way an eligible individual can receive IDA is for another person to be removed from the program. In June 2009, IDA instituted a wait list for the program; the list now contains roughly 600 people. Those on the waiting list have been left with virtually no income whatsoever.

⁵ Mary Farrell, Sarah Rich, Lesley Turner, David Seith & Dan Bloom, *Welfare Time Limits: An Update on State Policies, Implementation, and Effects on Families* at ES-5 (April 2008), available at <http://www.mdrc.org/publications/481/execsum.pdf>; see also Gregory Acs & Pamela Loprest, Urban Institute, *A Study of the District of Columbia's TANF Caseload* 51 (Oct. 2003), http://www.neighborhoodinfodc.org/pdfs/410863_DC_TANF.pdf.

⁶ LaDonna A. Pavetti & Jacqueline Kauff, *When Five Years Is Not Enough: Identifying and Addressing the Needs of Families Nearing the TANF Time Limit in Ramsey County, Minnesota* 8-16 (Mar. 2006), <http://www.mathematica-mpr.com/publications/pdfs/timelimitramsey.pdf>.

We urge the Council to resist future cuts to this program. Further cuts to IDA would jeopardize the well-being of disabled adults who need income supports now in order to survive. In addition, cuts to IDA would likely mean that disabled District residents who are unable to work will rely more on high-cost emergency services, resulting in higher costs to the District. We encourage the Council to, at the very least, maintain the current level of funding for the IDA program.

III. Grandparent Caregiver Program

The Grandparent Caregiver Program provides subsidies to grandparents who have taken on the responsibility of raising one or more of their grandchildren. The program currently serves over 600 of the District's poorest children. In response to the current budget crunch, the Child and Family Services Agency ("CFSA") has proposed a whopping 50% cut to this program.

Cuts to the Grandparent Caregiver Program will directly impact low-income grandparents and their grandchildren. The proposed cut could force the District to eliminate the waiting list (which currently contains 46 families, or approximately 70 children), cut subsidy rates to existing clients, or cut off families completely. The fallout from this level of cuts would be felt by the District for years to come. Some of the children could be forced to enter the foster care system (at additional cost to the District.) Grandparents would likely strive to keep their grandchildren in their care, but they may be forced to make difficult decisions between rent, food, or medicine. Such decisions would directly impact the quality of life for the senior and the child.

IV. Public Funding of Civil Legal Services

As Eric Angel, Legal Aid's Legal Director, sets forth more fully in his testimony, the Mayor has proposed an alarming 50% reduction in public funding for civil legal services. Funding for civil legal services was important for people living in poverty even before the recession, but the recession has only heightened this need. More people are living in poverty, which means more are eligible for our services, but also, the recession itself has created conditions that require specialized intervention by legal services lawyers. For example, instances of domestic violence increase in times of economic distress. Similarly, the rash of foreclosures has meant that tenants are being illegally evicted from their homes after their landlords have lost ownership to the rental property. Given the complexity of our legal system, it often takes a lawyer for low-income persons to have a fair outcome. A radical 50% cut will have a catastrophic effect on people living in poverty who are confronted with legal problems that they need a lawyer to resolve.

V. Lack of Revenue Increases

It is remarkable that, given the seriousness of the budget shortfall and the importance of shoring up the social safety net during fragile economic times, that the Mayor has failed to propose even one serious revenue enhancement measure. Legal Aid urges the District to take a more balanced approach to coping with the budget crisis. Instead of placing a disproportionate

amount of the burden on low-income District residents, the burden should be shared through progressive tax policy.

For example, the District currently taxes those earning \$40,000 per year at the same rate as those earning up to \$1 million per year. One commonsense way to raise revenues would be to slightly increase the tax rate on families earning more than \$200,000 per year – less than 5% of District households. A similar commonsense revenue-raising measure would be ending the District’s tax exemption for interest paid on out-of-state bonds. The District currently rewards its residents for investing in infrastructure in *other* states. The District is an outlier in this regard; only Indiana follows the same practice. Repealing this unwise exemption alone would increase District revenues by \$17 million. It is unclear why the Mayor did not include these sensible revenue enhancement measures in his budget.

Conclusion

When budgets are tight, it is critical that the District renews its commitment to protect the most vulnerable residents. However, the budget cuts outlined above, the concentration of those cuts in programs that improve the lives of the District’s most vulnerable residents, and the absence of real revenue-enhancing measures suggest that the Mayor has lost sight of this community value and commitment. The social safety net has already been sharply cut, and further drastic cuts will mean that more children and families will live in abject poverty. The Legal Aid Society, therefore, urges the Council to take a more evenhanded approach to the budget instead of disproportionately slashing programs that help the least powerful District residents. We likewise urge the Council to adopt revenue-enhancing measures, instead of merely raiding the social safety net.