

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Chief Financial Officer**

Natwar M. Gandhi  
Chief Financial Officer



**MEMORANDUM**

**TO:** The Honorable Linda W. Cropp  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi [signature]  
Chief Financial Officer

**DATE:** June 22, 2004

**SUBJECT:** Fiscal Impact Statement: "District of Columbia Homeless Services Reform Act of 2004"

**REFERENCE:** Bill Number 15-241

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**Conclusion**

Funds are not sufficient in the proposed FY 2005 through FY 2008 budget and financial plan to implement the proposed legislation. **The proposed legislation would result in additional unbudgeted expenditures of approximately \$8,830,218 in FY 2005 and a total of over \$61,181,200 over the FY 2005 through FY 2008 period.** The above estimated costs for the FY 2005 and FY 2008 period do not include the potential expenditures to acquire new shelter facilities which could range between \$87,500,000 and \$125,000,000 for single adults and \$6,184,500 for families.

Federal and District anti-deficiency laws prohibit District officers and employees from exceeding agency appropriations in any fiscal year. 31 U.S.C.A §1341 (2000); D.C. Code §47.355.01 *et. seq.* (2003). The proposed legislation cannot be implemented without violating these anti-deficiency laws unless funds are identified in the existing budget and financial plan and allocated to cover the expenditures required by the proposed legislation.

**Background**

The proposed legislation would require the establishment of the Interagency Council on Homelessness; describe the Continuum of Care for persons who are homeless or at imminent risk of becoming homeless; codify the rights and responsibilities of clients

seeking homeless services and providers of homeless services; codify the standards by which the District and the homeless services providers must deliver services to clients; and revise the procedures for resolving disputes between clients and providers of homeless services.

There are significant disagreements over whether the legislation creates an entitlement to shelter for the homeless. The Department of Human Services (DHS) finds that it does while advocates for the homeless conclude that it does not. Advocates claim that because the eligibility rules are discretionary and because the bill expressly states that it creates no entitlement to shelter, no entitlement to shelter is created. Conversely, DHS finds that there is virtually no discretion in the legislation based on the use of "shall" for the provision of shelter and services to the homeless and because an express statement of no right to shelter is insufficient to prevent the creation of such an entitlement based on the rest of the content of the legislation. *Because DHS is responsible for implementing the proposed legislation, the Department's interpretation is used for the purposes of this fiscal impact statement. In addition, an opinion issued on May 12, 2004 by the District of Columbia Office of the Corporation Counsel (now Attorney General) concurs with the DHS interpretation that the legislation likely creates an entitlement to shelter for homeless individuals.*

Since 1994, the District of Columbia has delivered services to persons who are homeless through a Continuum of Care system. By 2002, the homeless services system was composed of 48% for emergency services, 25% for transitional shelter services and 27% for permanent supportive housing services. In FY 2002, the homeless services continuum of care provided shelter, transitional housing or permanent supportive housing to 17,182 persons. Recipients of homeless services included 12,695 single adults and youth, and 4,487 persons in homeless families (1,451 families).

The legal basis for the homeless services program is the Frigid Temperature Protection Amendment Act of 1988 (D.C. Law 7-24, 1989) and the Overnight Shelter for Individual Adults Act. These laws supported the provision of emergency shelter and services. According to DHS, the growth of the continuum of care has resulted in the need for new legislation to support this new approach to the delivery of services to the homeless.

### **Financial Plan Impact**

Funds are not sufficient in the proposed FY 2005 through FY 2008 budget and financial plan to implement the proposed legislation. **The proposed legislation would result in additional unbudgeted expenditures of approximately \$8,830,218 in FY 2005 and a total of over \$61,181,200 over the Fiscal Year 2005 through FY 2008 period.** The above estimated costs for the FY 2005 and FY 2008 period do not include the potential expenditures to acquire new shelter facilities which could range between \$87,500,000 and \$125,000,000 for single adults and \$6,184,500 for families.

### Personal and Non-Personal Services Costs

The Department of Human Services (DHS) would require additional, unbudgeted personal services and non-personal services costs to implement the proposed legislation and support the proposed Interagency Council. The proposed legislation would require DHS to hire one Program Assistant DS-09/01 at \$35,725, one Administrative Support Specialist DS-07/01 at \$29,580 and Administrative Reviewer DS-12/01 at \$51,612. The table below includes the base salary and a three percent increase for inflation in each year beginning in Fiscal 2006. Staff support services are estimated as \$4,600 in FY 2005 and \$11,200 over the FY 2005 to FY 2008 period.

| <b>Estimated Personal Services (PS) Costs</b> |                  |                  |                  |                  |                     |
|---|------------------|------------------|------------------|------------------|---------------------|
|   | <b>FY 2005</b>   | <b>FY 2006</b>   | <b>FY 2007</b>   | <b>FY 2008</b>   | <b>4-Year Total</b> |
| Program Assistant                             | \$35,725         | \$36,797         | \$37,901         | \$39,038         | \$149,461           |
| Admin. Support Specialist                     | \$29,580         | \$30,467         | \$31,381         | \$32,322         | \$123,750           |
| Administrative Reviewer                       | \$51,612         | \$53,160         | \$54,755         | \$56,397         | \$215,924           |
| Staff Support/<br>Personal computers          | \$3,600          | \$0              | \$0              | \$3,600          | \$7,200             |
| Supplies                                      | \$1,000          | \$1,000          | \$1,000          | \$1,000          | \$4,000             |
| <b>Total PS Costs</b>                         | <b>\$121,517</b> | <b>\$121,424</b> | <b>\$125,037</b> | <b>\$132,357</b> | <b>\$500,335</b>    |

The non-personal services costs listed in the table below are based on the amounts that would be expended by the Department of Human Services in each fiscal year to comply with the proposed legislation.

| <b>Estimated Non-Personal Services (NPS) Costs</b> |                    |                    |                    |                    |                     |
|--|--------------------|--------------------|--------------------|--------------------|---------------------|
|  | <b>FY 2005</b>     | <b>FY 2006</b>     | <b>FY 2007</b>     | <b>FY 2008</b>     | <b>4-Year Total</b> |
| Hyperthermia Shelter Services                      | \$225,000          | \$231,750          | \$238,703          | \$245,864          | \$941,317           |
| Training   | \$5,668            | \$5,838            | \$6,013            | \$6,194            | \$23,713            |
| Case Managers                                      | \$267,886          | \$275,922          | \$284,199          | \$292,725          | \$1,120,732         |
| Personal Hygiene Kits                              | \$114,444          | \$117,877          | \$121,414          | \$125,056          | \$478,791           |
| Document Reproduction                              | \$43,350           | \$44,641           | \$45,980           | \$47,359           | \$181,330           |
| Drug Screening                                     | \$10,360           | \$10,671           | \$10,991           | \$11,321           | \$43,343            |
| Confidential Space                                 | \$19,656           | \$20,246           | \$20,853           | \$21,479           | \$82,234            |
| Cultural Competency*                               | \$0                | \$0                | \$0                | \$0                | \$0                 |
| Voice mail installation                            | \$136,148          |                    |                    |                    | \$136,148           |
| Client footlockers                                 | \$58,000           | \$0                | \$0                | \$0                | \$58,000            |
| Recreation Equip.                                  | \$240,800          | \$0                | \$0                | \$0                | \$240,800           |
| ADA Compliance                                     | \$78,500           | \$0                | \$0                | \$0                | \$78,500            |
| Annual Report Publication                          | \$25,000           | \$25,750           | \$33,475           | \$34,479           | \$118,704           |
| Interagency Council Annual Audit                   | \$0                | \$30,000           | \$30,900           | \$31,827           | \$92,727            |
| Crisis Intervention Services                       | \$1,855,000        | \$1,910,650        | \$1,967,970        | \$2,027,009        | \$7,760,629         |
| <b>Total NPS</b>                                   | <b>\$3,079,812</b> | <b>\$2,673,345</b> | <b>\$2,760,498</b> | <b>\$2,843,313</b> | <b>\$11,356,968</b> |

\* The Language Access Act (B15-139), which was passed by the Council and is currently awaiting congressional approval, requires the cultural competency changes contained in this proposed legislation, therefore the costs of implementing the changes are not a result of this legislation.

## **Right to Shelter Costs**

### Direct Right to Shelter Costs

Based on the DHS interpretation of the bill as drafted, the proposed legislation would result in a significant increase in the number of families and individuals in the shelter network. While it is impossible to provide a true estimate of the number of people who will need shelter in the future, between 2001 and 2002 there was a 28 percent increase in

shelter requests for families and a 12 percent increase in demand for shelter services for single adults. Based on these trends, the following additional shelter facility costs are estimated based on a 15 percent annual growth in the demand for family shelter units and 12 percent annual growth in the demand for single adult shelter units.

| <b>Estimated Increased Costs for Additional Shelter Space FY 2005 – FY 2008</b> |                                |                                |                                |                                |   |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|---|
|   | <b>FY 2005</b>                 | <b>FY 2006</b>                 | <b>FY 2007</b>                 | <b>FY 2008</b>                 | <b>4-Year Total</b>                         |
| Operating costs for additional families <sup>1</sup>                            | \$2,441,250<br>(217 families)  | \$5,625,000<br>(250 families)  | \$6,457,500<br>(287 families)  | \$7,447,500<br>(331 families)  | \$21,971,250<br>(additional 1,085 families) |
| Operating costs for additional single adults <sup>2</sup>                       | \$3,187,639<br>(1,523 persons) | \$7,160,935<br>(1,706 persons) | \$8,021,423<br>(1,911 persons) | \$8,982,650<br>(2,140 persons) | \$27,352,647<br>(additional 7,280 persons)  |
| <b>Total</b>  | <b>\$5,628,889</b>             | <b>\$12,785,935</b>            | <b>\$14,478,923</b>            | <b>\$16,430,150</b>            | <b>\$49,323,897</b>                         |

Potential Long Term Right to Shelter Costs

It is estimated that as the population of single homeless persons reaches incremental thresholds of 300 persons, additional buildings would have to be acquired. Based on the estimated costs on the acquisition of 1355-57 New York Avenue, N. E, which could accommodate up to 300 people, the cost of such an acquisition is estimated to be between \$3.5 and \$5 million per facility. Over the period of FY 2005 – FY 2008, it is estimated that 25 additional sites would have to be acquired if the rate of demand for shelter continues to increase 12% per year. Estimated acquisition costs could range from \$87,500,000 to \$125,000,000. In addition, funds would be needed to cover utilities, maintenance, and security costs. The costs for the four year period between FY 2005 and FY 2008 do not include these potential costs associated with new shelter facilities.

**Conclusion**

The proposed legislation would result in additional unbudgeted expenditures related to additional shelter operations, staffing, and program enhancements that would total approximately \$8,830,218 in FY 2005 and a total of over \$61,181,200 over the FY 2005 through FY 2008 period. The table that appears below reflects the estimated cost of the District of Columbia Homeless Services Reform Act of 2004.

<sup>1</sup> Based on data from The Community Partnership, \$22,500/yr. is the average expenditure per homeless family for shelter and services. The average monthly cost per family is \$1,875. This cost includes rental expenditures of between \$750 and \$900/mo. Staffing, support services, rent, supplies, travel, communication, repairs and maintenance consume the balance of the monthly expenditures.

<sup>2</sup> The Community Partnership reported that the average single shelter bed cost \$11.50 per day for services and operations. This cost is composed of the items in footnote, with the exception of rental cost. Single adult shelters operate in government facilities.

| <b>Estimated Total Costs to the District of Columbia</b> |                    |                     |                     |                     |                     |
|--|--------------------|---------------------|---------------------|---------------------|---------------------|
|  | <b>FY 2005</b>     | <b>FY 2006</b>      | <b>FY 2007</b>      | <b>FY 2008</b>      | <b>4-Year Total</b> |
| Personal Services  | \$121,517          | \$121,424           | \$125,037           | \$132,357           | \$500,335           |
| Non-Personal Services                                    | \$3,079,812        | \$2,673,345         | \$2,760,498         | \$2,843,313         | \$11,356,968        |
| Right to Shelter   | \$5,628,889        | \$12,785,935        | \$14,478,923        | \$16,430,150        | \$49,323,897        |
| <b>Total Costs</b>                                       | <b>\$8,830,218</b> | <b>\$15,580,704</b> | <b>\$17,364,458</b> | <b>\$19,405,820</b> | <b>\$61,181,200</b> |