

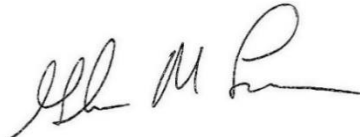
Government of the District of Columbia
Office of the Chief Financial Officer



Glen Lee
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Glen Lee
Chief Financial Officer 

DATE: November 29, 2022

SUBJECT: Fiscal Impact Statement – Emergency Rental Assistance Reform and Career Mobility Action Plan Program Establishment Amendment Act of 2022

REFERENCE: Bill 24-120, Draft Committee Print as provided to the Office of Revenue Analysis on November 21, 2022

Conclusion

Funds are sufficient in the fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the bill.

Background

The bill affects two programs run by the Department of Human Services (DHS): the Emergency Rental Assistance Program and the Career Mobility Action Plan Program.

Emergency Rental Assistance Program

The bill makes permanent emergency and temporary legislation¹ that make changes² to DHS's Emergency Rental Assistance Program (ERAP). ERAP provides funding for overdue rent and other rental housing costs for District residents earning less than 40% of the Area Median Income who are facing housing emergencies.

¹ The Emergency Rental Assistance Reform Temporary Amendment Act of 2022, enacted Nov. 23, 2022 (D.C. Act 24-624; 69 DCR 14011), and the Emergency Rental Assistance Reform Emergency Amendment Act of 2022, enacted Oct. 17, 2022 (D.C. Act 24-566; 69 DCR 12664).

² By amending the Homeless Services Reform Act of 2005, effective October 22, 2005 (D.C. Law 16-35; D.C. Official Code § 4-751.01 *et seq.*).

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Specifically, the bill:

- Increases the income limit for program eligibility to 40% of Area Median Income from 125% of the federal poverty level (though the 40% AMI income limit has been in effect via rulemaking since 2019, according to DHS³);
- Increases the maximum allowable program payment by basing it on the Fair Market Rent for the metro area based on unit size and zip code;
- Allows an applicant to self-certify eligibility under penalty of perjury if they are indeed eligible but unable to provide sufficient documentation for proof of eligibility;
- Waives the cap on the number of months for which an enrollee can receive assistance for an arrearage during a public health emergency; and
- Removes the program's case management requirement.

Career Mobility Action Plan Program

The bill makes permanent emergency and temporary legislation⁴ that create the Career Mobility Action Plan Program (Career MAP) within DHS. Career MAP is a pilot program that aims to remove barriers for low-income households as they pursue higher earnings through employment. Due to income limitations and income-contingent provisions on many different types of benefits, households can experience a "benefit cliff" – a sudden and unexpected decrease in public benefits due to a small increase in earnings, resulting in a household being financially poorer than before the wage increase. The bill authorizes DHS to provide different types of services and supports to households in the Career MAP program, including rental assistance, income support, career navigation and advancement services, coaching, case management, or other needed services. Services can be provided directly by the District or through a grant or contract with a qualified organization.

Benefits received from the Career MAP program will be excluded from income and assets for the purposes of qualifying for Temporary Assistance for Needy Families.

DHS is authorized to select and enroll participants at authorized funding levels and to use a randomized lottery for selection, to aid the evaluation of the Career MAP program. Minimum criteria for selection are District residency and current participation in a qualifying housing assistance program. Program participants shall remain eligible for Career MAP for no more than five years after enrollment, regardless of income. The nature and levels of benefits provided through Career MAP shall be established based on income, household composition, and other criteria established by the Mayor, and the bill establishes rulemaking authority for the program.

The bill allows the Mayor to sanction program participants for non-compliance with program rules; establishes notice requirements for changes in eligibility and services; and provides for participant hearing rights in the event they are harmed by a decision of DHS to exit them from the program prior to five years or reduce their Career MAP benefits or services.

³ Per testimony provided by Director Laura Zeilinger on April 28, 2022.

⁴ The Career Mobility Action Plan Program Establishment Emergency Act of 2022, enacted May 23, 2022 (D.C. Act 24-433; 69 DCR 6253) and the Career Mobility Action Plan Program Establishment Temporary Act of 2022, effective Aug. 27, 2022 (D.C. Law 24-161; 69 DCR 11407).

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Financial Plan Impact

Funds are sufficient in the fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the bill.

Changing the ERAP eligibility requirements and maximum payments allowed under the program could increase the number of households eligible and the payments they receive. However, total spending is limited by the availability of funds and DHS may provide ERAP payments on a first come, first served basis.

The Career MAP program is available only to a limited number of participants based on funding availability and capacity, as required by the bill. DHS initially expected to serve only 300 households, but it is opening up the program to serve an additional 300 households, for a total of 600 households served. DHS is selecting the 600 households from the approximately 3,000 currently receiving Family Re-housing Stabilization Program (FRSP) assistance.

In fiscal year 2023, DHS has set aside \$14.675 million in American Rescue Plan Act (ARPA) funding for Career MAP.⁵ Some of this funding will go toward support services for all 600 households enrolled, while the rest of the money will go toward rental assistance for 300 enrollees. The remaining 300 enrollees will receive rental assistance through an estimated \$7.56 million of local funds from FRSP. Extending program participants' rental assistance from the current 18 months to the five years envisioned for Career MAP does not have a cost, but it will change the profile of a portion of FRSP participants from shorter-term enrollees to longer-term enrollees. The fiscal year 2024 budget for the program is still being formulated. ARPA funds cannot be used beyond fiscal year 2024.

⁵ According to the Career MAP program manager, via a phone call with the Office of Revenue Analysis on November 28, 2022.