

Budget Oversight Hearing: Committee of the Whole
Friday, April 27, 2018, 10:00AM, Room 500
The Committee on Government Operations will hold a Budget Oversight Hearing.
The following agencies will testify:
Committee of the Whole Hearing on the "Fiscal Year 2019 Local Budget Act of 2018,"
"Fiscal Year 2019 Federal Portion Budget Request Act of 2018"
"Fiscal Year 2019 Budget Support Act of 2018"

I am David Schwartzman, Chair of the Political Policy & Action Committee of the DC Statehood Green Party. As a long-standing individual and organizational member of the Fair Budget Coalition, we enthusiastically endorse the Coalition's Budget Recommendations for FY 2019. I note that these recommendations call for a total \$467 million increase over the present budget to comprehensively address the unmet needs of our low-income community, in particular their lack of affordable housing. The Mayor's proposed budget calls for a \$150 million increase, not prioritizing low-income programs, falling far short of what is necessary for DC government to meet its commitments as the nation's first Human Rights City.

DC Council, you now have a virtually unprecedented opportunity to address two long standing egregious human rights violations in our community, namely child poverty and homelessness, and in doing so bringing DC closer to becoming a Human Rights City in reality. The irony is that this opportunity exists because of very unwelcome federal tax legislation which will give a massive tax cut to the wealthy.

The overall tax burden (DC income, property and sales taxes) is already regressive over \$50 K family income, even without the federal deduction offset which is now limited to \$10,000 (state and local taxes.)

Wealthy DC residents (with \$200K and greater income) will get a significant federal income tax cut which should be recovered as revenue for DC by hiking the DC income tax rates for the same taxpayers, leaving them paying the same overall taxes (federal plus DC). This approach would generate at least \$250 million extra revenue in 2019, to be targeted for affordable housing for low-income residents, including the homeless, e.g., financing the creation of community land trusts, protecting long-term residents, repairing public housing, and rental assistance, in addition to income support for low-income and working class residents (boosting TANF and tax rebates). *This is the least our elected local government should do, given the very high income inequality (higher than the 50 states) and child poverty levels in DC as well as the grievous lack of affordable housing for the majority of our residents. Thus, I urge you to include this DC income tax hike for wealthy residents in the FY 2019 Budget Support Act of 2018.* (For more details see "Who benefits most from the new federal tax legislation and how to use this to increase our revenue stream for low-income residents, meeting unmet needs?": <https://www.dctj.org/>).

In addition, Bill 22-0701, Closing the Carried Interest Tax Loophole Act of 2018, should be approved by the Council, legislation which would yield approximately \$150 million/year of new revenue.

We also support the Washington Teachers Union's recommendations "Educators' priorities for the DC Budget, FY 2019" (posted at: <http://www.wtulocal6.org/2017/11/17/registration-now-open-for-wtu-professional-development-courses/>).

Chair, Political Policy & Action Committee
DC Statehood Green Party

Appendix

DC's Shocking Economic and Racial Disparities

Here are some relevant measures of the quality of life for DC residents: DC has the highest income inequality in the nation, compared to the 50 states. Income inequality is the driver of bad outcomes for all our residents,

likewise for communities around the world. DC also has a big racial gap in wealth. DC's child poverty level is very high, only slightly lower than Mississippi. DC's homelessness per capita level in 2016 was higher than any U.S. city. No surprise, affordable housing has virtually vanished for the majority of DC residents. The life expectancy of Black males in DC is nearly 15 years less than white males, Black females, 9 years less than white females. Finally, Black women are the main victims of the maternal mortality crisis in DC: "In the District, it is clear that a major issue is inequity in the health-care delivery system that denies many women of color and low-income residents access to preventive and prenatal care." (1).

This is the documented legacy of the heavyweight of the Federal City Council's neoliberal, "balance the budget on the backs of the poor" agenda on our local elected government since the Control Board regime (2). This agenda of trickle-down economics and housing, gentrification and displacement of long term residents has failed miserably (3). Trickle-down economics is a euphemism for the agenda of the Federal City Council, it is rather a geyser of profit to the top. This is institutional racism in practice, call it by its name, *white supremacy in service to the millionaire/billionaire class*, for the latest example, the Mayor's latest bend over backwards offer to Amazon.

There is an alternative to trickle-down economics/housing policies: equitable development which acts outside the constraints of the capitalist real estate market, namely the following:

Curb subsidies to developers who are prioritizing the creation high income condos/rental units, shift these subsidies to the repair and expansion of public housing, vigorous implementation of TOPA, DOPA, community land trusts, stronger rent control. Establish a DC Public Bank to facilitate these measures. Reduce income and wealth inequality by making DC's tax structure truly progressive by hiking the DC income tax rate of wealthy residents and target the additional revenue to equitable development, as well as income support for those below poverty and self-sufficiency level. A near term solution that could go far in significantly reducing homelessness: expand provision of rapid rehousing and rent supplements to keep individuals and families in this housing once market rates kick in.

Footnotes

(1) See documentation in the 2017 DC Human Rights City Report, at <https://www.afsc.org/document/2017-dc-human-rights-city-report>; I am on the SC of the DC Human Right City Committee and contributed to this report and the two previous ones (available at: <http://afsc.org/resource/report-state-human-rights-dc>). . The citation of the homelessness per capita level comes from a 2016 survey by the U.S. Conference of Mayors (Washington Post, December 28, 2017, B3). "A maternal mortality crisis", Washington Post Editorial, April 22, 2018, A18.

(2) For example, the Federal City Council's Executive Committee includes VPs David Lawson (Managing Director of JP Morgan Private Bank), and Josh B. Bernstein (member, Washington Board of SunTrust Bank). Anthony Williams is the CEO, the architect of neoliberal economic policies starting with his service as the CFO of the Control Board. For more information go to: <http://www.federalcitycouncil.org/>.

(3) In their statement to the media by the United Nations' Working Group of Experts on People of African Descent upon the conclusion of their historic investigation in the U.S., January 2016, they conclude:

"..the Working Group was informed about the destruction of public housing on some cities; at the same time, public funding for new houses appears insufficient to meet the demands of new housing... the process of gentrification has a heavy impact on African Americans who are being displaced from city centers under the argument of the need for new investment and development. In particular, the Working Group was alarmed by incidents of eviction, demolition and conversion of Barry Farm public housing in Washington D.C." Available at: <https://www.ushrnetwork.org/our-work/project/un-working-group-experts-people-african-descent-visit>.