

IMPACT OF THE PRESIDENT'S FY 2020 BUDGET ON HOUSING

APRIL 2019



On March 11, President Trump presented his budget request for fiscal year 2020 (FY20) to Congress, outlining his spending priorities for the coming year.

The FY20 budget request calls for \$4.7 trillion to fund government operations in the next fiscal year. This would set funding at \$543 billion in non-defense discretionary spending, down from \$597 billion in FY19. This includes slashing funding for the Department of Housing and Urban Development (HUD) by 18% percent. If implemented, the cuts proposed in this budget would be devastating to low-income families with children who are struggling to maintain stable housing and would result in an increase of child and youth homelessness in the U.S.

This fact sheet will look in greater detail at policy proposals in the budget that impact housing. With a few exceptions, the majority of the programs are not exclusively child-oriented, as most "children's housing" programs deliver housing services to adults as well. Notable policy changes for particular programs are indicated below.

Federal Housing Programs

- » **Tenant Based Rental Assistance (TBRA):** The budget requests \$22.244 billion, which is a decrease from the FY19 enacted level of \$22.598 billion. This program helps subsidize housing for millions of extremely low- to very low-income families. About 46% of TBRA funding, also referred to as the Housing Choice Voucher Program or Section 8, goes to children.
- » **Project Based Rental Assistance (PBRA):** The budget request provides \$12.021 billion to renew PBRA contracts. Nearly 30% of PBRA funding goes to kids. This proposal represents an increase of \$274 million from FY19's level of funding but is probably not enough to renew all existing contracts. This program provides funding to landlords who rent a specified number of affordable apartments to low-income families or individuals.
- » **McKinney Vento Homeless Assistance Grants:** The budget provides \$2.599 billion, of which almost \$1.2 billion (50%) is dedicated to children. These grants fund local, regional, and state homeless assistance programs. This is a \$34 million decrease over the FY19 enacted level.
- » **Public Housing Operating Fund:** The budget proposes \$2.86 billion for the Public Housing Operating Fund, which is a 38% decrease from FY19. Nearly 40% of this fund goes to children. It enables local governments' housing agencies to maintain developments, pay utility bills, and keep rent affordable to low-income families.
- » **National Housing Trust Fund:** The budget eliminates the National Housing Trust Fund. Created in 2008, it is designed to provide resources to build and rehabilitate housing, including rental housing, for low-income families. About one-quarter of this spending goes to children.

Policy Item to Note

- » **Minimum Monthly Rent Requirements and Work Requirements:** The President's budget contains several policy changes that would result in an increase of homelessness and housing instability for millions of low-income families with children.

Specifically, the budget proposes to:

- ◇ Increase rent for non-elderly and non-disabled families in subsidized housing by up to 30% of their gross income, or \$50, whichever is higher;
- ◇ Eliminate income deductions for medical or childcare expenses for all households;
- ◇ Increase mandatory minimum rent for households assumed to be able to work to \$150 a month, which is nearly three times more than the current minimum rent.
- ◇ Allow housing authorities to impose work requirements on tenants, including families with children, without any requirement for them to offer accompanying work supports such as affordable childcare, transportation, higher education and job training programs to help parents obtain and maintain well-paying jobs.

These policy changes are not new – they were announced by the Administration last year and included in draft legislation, the Making Affordable Housing Work Act of 2018.¹

Access to affordable housing is already extremely limited in the United States – only 1 in 4 families that are eligible for housing assistance receive it. These proposed cuts and policy changes would only further limit access to affordable housing for families with children. According to the Center on Budget and Policy Priorities, increasing the mandatory minimum rent would put an additional million children at risk of homelessness.

Notable Children's Housing Items Within President Trump's Budget Request, But Not Within the HUD Budget Request

- » **McKinney Vento Education for Homeless Children and Youth (EHCY) Program:** The budget proposes flat funding for the EHCY program at \$93.5 million for FY20. The EHCY program serves over 1.3 million students experiencing homelessness in the public-school system through providing protections and services to ensure that they can enroll in and attend school, complete their high school education, and continue on to higher education. It was strengthened in the Every Student Succeeds Act (ESSA) of 2015 through provisions to increase resources to schools to identify homeless students and support the educational success of these students.
- » **Low Income Home Energy Assistance Program (LIHEAP):** LIHEAP is eliminated in the FY20 budget. LIHEAP, which provides low-income households with heating and cooling assistance, has been a program with positive links to the improvement of child health and well-being and nearly a quarter of spending goes to children. Low-income families already pay a disproportionate share of their income on energy costs.
- » **Runaway and Homeless Youth Programs:** The President proposes \$101.9 million in funding for these programs in FY20, which is a decrease of over \$8 million, or 7.5% from FY19. Funding for specific programs within RHY include: \$48 million for Basic Runaway Centers, \$53 million for Transitional Living Programs, and \$17 million for Service Connection for Youth on the Streets. These programs already remain severely underfunded despite the fact that a recent study from the University of Chicago found that 4.2 million young people experience homelessness on their own each year, and these numbers continue to increase.²
- » **Legal Services Corporation (LSC):** The President's budget proposes to eliminate funding for the LSC for the third year in a row. This important funding stream provides civil legal services for low income families, including representation for families facing eviction. Access to civil legal services is already extremely limited in

the U.S., and the overwhelming majority of low-income families facing eviction and other housing disputes do not receive representation.

» **Rural Rental Assistance Program:** The FY20 budget requested \$1.407 billion for Section 521 Rural Assistance Program, an increase from FY19. Over a quarter of this funding goes to children. The Rental Assistance Program's goal is to reduce the rents paid by low-income families occupying eligible Rural Rental Housing, Rural Cooperative Housing, and Farm Labor Housing projects.

It is important to recognize that the President's budget represents the Administration's wish list of priorities and is non-binding for Congress. Ultimately, Congress, not the President, holds the power of the purse on setting funding levels and makes the final budget decisions during the appropriations process. We are heartened that congressional leaders do not appear to support the President's spending outline and will not be using it as a guideline for their FY20 budget.

As Congress begins the FY20 budget process in the coming weeks and months First Focus will continue to remind lawmakers that investments in children are essential not only to protect their health and well-being but also to secure our nation's future economic success.

CONTACT

For more information, contact Cara Baldari, Vice President of Family Economics, at carab@firstfocus.org.

ENDNOTES

1 "Making Affordable Housing Work Act of 2018," Administration Legislative Proposal Bill Text, April 25, 2018, <https://www.hud.gov/sites/dfiles/Main/documents/RentReform-LegislativeText.pdf>.

2 Morton, M.H., Dworsky, A., & Samuels, G.M., "Missed Opportunities: Youth Homelessness in America," Chapin Hall at the University of Chicago, 2017, <http://voicesofyouthcount.org/brief/national-estimates-of-youth-homelessness/>.