



TACOMA HOUSING AUTHORITY

THE FEDERAL GOVERNMENT SHUTDOWN: A Note to THA's Customers, Partner Landlords, Vendors and Fellow Citizens September 30, 2013

If you follow the news you may know that the federal government appears headed for a shutdown starting on Tuesday, October 1st. I write to let you know what THA's Board decided to do if a shutdown happens. At this time, we plan to make no changes because of the shutdown:

- We do not plan to suspend or end any household's participation in our programs.
- We do not plan to delay payments to our section 8 landlords or vendors.
- We do not plan to cut our maintenance or management of our properties.
- We do not plan to furlough any staff.

The Board decided this for two main reasons. **First**, THA has reserves to last two months or so. This will allow us to wait and judge how long the shutdown will likely last. If it lasts days or weeks and not months we should manage well enough. **Second**, ending assistance, suspending rent payments and furloughing staff would be very disruptive and dispiriting to our clients, our partner landlords and our staff. These would be especially so if the cuts turned out to be unnecessary.

We will watch the news carefully. If it looks like the shutdown will last much longer than a month, the THA Board will make longer-range changes. This may require delays in payments, more budget cuts or furloughs. We very much hope that it does not come to that.

We must also note other uncertainties even if the government does not shut down for long:

- At some point, Congress must set our funding level for 2014. Continuing the funding level from last year will mean we have a budget deficit to fix. Earlier this year budget cuts called "sequestration" cut \$2.3 million from THA's budget. In response, the THA Board cut spending and spent reserves. These cuts left us with an operating deficit that we will have to address in 2014. The problem will worsen if we get less money under a repeat of "sequestration."
- A complicating factor will come in the middle of October. At that time the federal government runs out of authority to borrow money. This will require Congress to raise "the debt ceiling." Otherwise, the government will default on its debts. We do not know what that would mean for our housing programs except to sense that it probably will not be good.

We wish we could give you clearer information, but the news is pretty muddled right now. On behalf of THA's Board, we appreciate your interest in THA. Some of you are households who rely on our assistance. Some are landlord partners in our rental assistance programs. Some are THA's contractors and vendors. Some are THA staff whose work gives meaning to THA's mission every day. Your various interests are as important as ever, whether or not their value shows very clearly in the curious Congressional budget deliberations we are trying to understand.

Thank you.

Michael Mirra, THA Executive Director