

September 23, 2013

Governor Peter Shumlin
109 State Street, Pavilion
Montpelier, VT 05609

Dear Governor Shumlin:

Thank you for meeting with us over the summer. We are pleased to offer, at your request, our best thinking on how to alleviate poverty in Vermont.

We share with you the fundamental value that every Vermonter has the right to food, housing, warmth, health care and economic security. In October 2010, we applauded when you said:

I believe that housing is the basic right of every Vermonter. It is very difficult to address persistent problems such as mental or physical illness, addictions, developmental issues, chronic health conditions or access to education or job opportunities when a person or family is homeless. As Governor I would advocate for a "housing first" policy that goes beyond shelter and offers every person safe, decent and affordable housing. I would seek to provide a continuum of local non-profit housing options to meet the diverse needs of the community through adequate funding of the Vermont Housing and Conservation Board. And while this may take more than one year to achieve, I will set the goal and establish a plan to reach it.

Senator Peter Shumlin

From the beginning you set the right goals, and we promised then to work closely with you to reach them. We remain committed to that vision. At your request we have outlined **priority recommendations -- steps you can take this year --** to achieve them:

For Targeted Investments:

Our top priority is targeted, strategic increases, or at a minimum level-funding, for major public benefits programs such as 3SquaresVT, General Assistance, Reach Up, and Mental Health Vouchers, and full funding for the Vermont Housing and Conservation Board.

By targeting additional funding to key anti-poverty programs, Vermont could further reduce suffering and achieve long-term savings.

1. **Double the number of families housed** with the Vermont Rental Subsidy Program, from \$500,000 to \$1 million.
2. **Reduce homelessness** by increasing the Emergency Solutions Grant Program (ESGP) by \$400,000, from \$800,000 to \$1.2 million.
3. **Reduce hunger** by assuring that families eligible for Food Stamps are not penalized for the \$200,000 in annual Agency errors.
4. **Give more families access to quality child care** by increasing Child Care Financial Assistance to 50% of market rates.
5. **Make work pay and help reduce caseloads** by eliminating asset tests and increasing earned income disregards in the Reach Up program.
6. **Create new jobs and build assets** by investing in Micro Business, Matched Savings and Credit Repair programs.

For the Agency of Human Services:

- Affirm a culture of kindness, service, respect and dignity within AHS.
- Before introducing policy changes that change the lives of poor Vermonters, vet them first with those affected.
- Make AHS grant decisions within the Agency, rather than punting to local groups, and base them on clear guidelines and performance.
- Resist further major changes to AHS policy until existing systems are working smoothly.
- Reduce caseloads, agency errors and access to benefits by providing AHS with adequate staff to properly accomplish its mission.
- Resist using the budget and “session law” to make structural changes to benefits or housing law.
- Ensure access to emergency heating services through Crisis Fuel Assistance.

For Reliable Resources:

1. Increase revenues based on ability to pay.
2. Use surpluses and one-time revenues on strategic investments that reduce homelessness and poverty.
3. Expand the use of Medicaid dollars for affordable housing and eligible services.
4. Develop public/private partnerships and EB-5 investment strategies to develop affordable housing.

For Good Communication:

1. Create a Governor’s Advisory Council on Ending Poverty.

Thank you for inviting us to make these recommendations. Background information and further recommendations are included in the attached report.

Respectfully,

Champlain Valley Office of Economic Opportunity
Committee on Temporary Shelter (COTS)
Hunger Free Vermont
John Graham Shelter
Morningside Shelter
Northeast Kingdom Community Action
Samaritan House
Upper Valley Haven
Vermont Affordable Housing Coalition
Vermont Commission on Women
Vermont Community Action Partnership
Vermont Legal Aid
Vermont Low Income Advocacy Council
Vermont Network Against Domestic & Sexual Violence
Vermont State Housing Authority
Voices for Vermont’s Children

Recommendations for a Shared Vision

In good times and bad, Vermonters demonstrate a concern for one another and a giving spirit. “Vermont Strong” came to define Vermont as an ‘us’ rather than a ‘me’ community in the face of Tropical Storm Irene. This report recommends the same community response to another catastrophe. Poverty hurts everyone, and is more insidious and long term than Irene.

Every Vermonter has the right to food, housing, warmth, health care and economic security. We are all part of the same community and share the same streets, the same air, schools, stores, roads, dreams and hopes. We envision a place where everyone is respected, people thrive and children grow without hunger or fear. When any individual or family is minimized, we all are.

Sequestration and other deep cuts to federal programs that assist low-income Vermonters have presented us with profound challenges. As the safety net is shredded, it is time to remember the spirit of abundance and the culture of generosity that has deep roots in our wonderful state.

Governor Shumlin believes that housing is the basic right of every Vermonter. He understands that homelessness and affordable housing are among the greatest needs facing Vermonters, and has steadfastly addressed these problems with generosity and compassion. Homelessness is further compounded by mental and physical illness, addiction, developmental issues, chronic health conditions, and lack of access to education and job opportunities, which make the need to find creative and compassionate solutions all the more acute.

A night in a hotel is not a solution to homelessness - only a brief respite at a high cost. We need to strike a balance between emergency short term needs and long term solutions, between the need for motels, transitional housing and permanently affordable housing, between short term crisis fuel assistance and long term weatherization. Community partners and State government must work together to formulate well-thought-out policy and create reasonable, long term, smart solutions. While some savings can be realized through greater efficiencies, the need for additional resources is unavoidable. We seek equitable cost sharing by raising revenues from those who can best afford it.

In keeping with Vermont’s long established culture of generosity, we propose the following:

Funding Recommendations

Before making specific recommendations for programs or services, we find that the Agency of Human Services, its staff, and its customers cannot afford or effectively manage any further reductions in budget or staff. We further find that, due to both federal and State budget cuts of the past several years, the safety net that low-income Vermonters have come to rely on has been dangerously eroded. Accordingly, **our primary recommendation is for targeted, strategic increases, or at a minimum, level-funding, to the major public benefit programs housed within AHS, such as 3SquaresVT, General Assistance, and Reach Up** (among others).

By targeting additional funding to key anti-poverty programs, Vermont could further reduce suffering and achieve long-term savings. In the following recommendations we include the **priority recommendations** from the foregoing letter -- with further background information -- and hope that these can be **implemented next year**. We also include additional recommendations, which we hope can be implemented over time.

Affordable Housing and Homelessness

1. Double the number of families housed with the Vermont Rental Subsidy Program, from \$500,000 to \$1 million. VRSP is a local solution to homelessness which provides state-funded rental assistance to formerly-homeless families and individuals whose monthly income would otherwise be insufficient to afford the cost of renting in their communities. Participants are paired with a housing support worker who helps the family stay connected with essential services critical to their success as renters.
2. Reduce homelessness by increasing the Emergency Solutions Grant Program by \$400,000, from \$800,000 to \$1.2 million. ESGP helps pay for operating costs, staffing, homelessness prevention programming, supportive services, and emergency assistance at approximately 35 non-profit emergency and domestic violence shelters, transitional housing and prevention programs serving all regions of the state.
3. Provide full statutory funding for the Vermont Housing and Conservation Board. VHCB's investments in rental housing provide permanently affordable housing for a high percentage of extremely low-income, vulnerable Vermonters, reducing pressures on the human services budget.
4. Maintain current funding for the mental health vouchers at \$1.42 million. This program provides rental assistance to homeless seriously mentally ill and CRT clients (Community Rehabilitation and Treatment). Without rental assistance, these Vermonters, who are wholly dependent on SSI or SSDI for their income, cannot afford a decent place to live anywhere in Vermont.
5. Expand the Family Supportive Housing program statewide and further enhance Community Housing Grants:
 - Family Supportive Housing is a demonstration program operating in the three counties with the highest incidence of child homelessness and links affordable housing with dedicated case management/service coordination. It funds community partnerships between local service and housing providers to provide customized, intensive case management and service coordination for formerly homeless families with children in permanent, affordable housing.
 - Community Housing Grants provide funding for community partners to work jointly to develop and implement coordinated community responses to prevent and address the homelessness of individuals and families in their region. It provides an array of homelessness prevention and rapid re-housing assistance.

Economic Security & Empowerment

Our overall goals are to increase the number of working families and encourage self-sufficiency, create education and employment opportunities, remove barriers, and facilitate asset development and financial skills.

Food Security/3SquaresVT

- Reduce hunger by assuring that families eligible for Food Stamps are not penalized for the \$200,000 in annual Agency errors. Low-income families should be held harmless for AHS "overpayments." Through Budget Adjustment, AHS should request an appropriation to cover this expense.
- To encourage and assist child care providers in providing meals, we recommend that AHS create a competitive grants fund with an annual appropriation of \$200,000.
- To improve child health, nutrition and overall well-being, the State should provide \$20,000 in matching funds for senior meal programs to include children during the summer.

Child Care & Early Education

- Give more families access to quality child care by increasing Child Care Financial Assistance to 50% of market rates. Over time, incremental increases should bring the program up to 75% of market rates. Rates should be indexed for inflation.
- To enable more childcare providers to afford to care for younger children, increase the infant/toddler differential rate.
- To maintain access to childcare for working families, keep eligibility guidelines in line with current federal poverty guidelines.
- As proposed in legislation passed by the House, provide Pre-K programming for all Vermont children, with equal access to State funding for all providers, including Head Start.

Reach Up

To make work pay and help reduce caseloads, allow participants to keep more of what they earn without penalty. Increase the number of working families and encourage self-sufficiency by:

- Eliminating the asset test, and
- Increasing benefit amounts for Reach Up families:
 - Specifically, we recommend increasing the “ratable reduction,” which would require additional state funds and would increase benefit levels for all participants. For years, Reach Up families have received less than half of what DCF considers necessary to pay for essential life expenditures. The Reach Up housing allowance, for instance, amounts to \$200 (\$235 in Chittenden County), which is more than \$800 less than the average statewide HUD Fair Market Rent for a two-bedroom apartment (\$1,054). No one on Reach Up can afford a safe home without additional housing assistance.
 - To help eliminate benefit cliffs, we also recommend increasing the income disregard, which would increase the amount of money a working participant could earn and keep without affecting benefits.
- Expand Reach Ahead, either in the amount or duration of the benefit.
- Devise creative solutions to address transportation barriers.

Economic Development Programs

Create new jobs and build assets by investing in Micro Business, Matched Savings and Credit Repair programs, restoring and enhancing economic opportunities for low-income families:

- Increase funding for Vermont’s five regional Micro-Business Development Programs (MPDPs). This highly successful anti-poverty program should be expanded, increasing the number of low-income Vermonters served and the number of businesses started and jobs created. This proven program has been seen budget cuts over the last several years, at a time when it is most needed to help low-income Vermonters gain independence and self-sufficiency. A \$100,000 annual increase would restore program cuts and provide a modest expansion.
- Increase funding for Individual Development Accounts (IDAs), a financial literacy and matched savings program that helps low-income Vermonters start a business, make a downpayment on a home, and pay tuition for post-secondary education. We recommend a \$100,000 annual increase.
- Increase funding opportunities to develop and maintain additional Matched Savings Programs for low-wealth individuals who seek to meet basic needs while building financial literacy.

Eligible expenditures might include transportation, dental work, utility bills, and/or purchase of a vehicle needed to get to work.

- Provide funding for the development and maintenance of Credit Building and Repair programs and products by providing annual funding for:
 - Low-risk tracker loans
 - Credit repair counseling for low-wealth individuals through local Community Action Programs, Community Development Credit Unions, and Vermont's network of HomeOwnership Centers.
 - Mortgage and foreclosure prevention counseling through the HomeOwnership Centers.

Energy Efficiency & Warmth

- Ensure access to emergency heating services through Crisis Fuel Assistance so that people are eligible for emergency assistance even if they did not receive the Seasonal Fuel benefit.
- Increase the State's investment in Weatherization Programs for low-income and vulnerable Vermonters to reduce their reliance on Fuel Assistance and sustain current capacity in the field.
- Increase the State subsidy for LIHEAP Fuel Assistance to meet an average of at least 33% of annual household need, the FY 2012 level of assistance.

Tax Policy

- Preserve property tax income sensitivity for low- and moderate income tenants by maintaining the Renter's Rebate at the current formula level. This program functions like a "housing EITC" (Earned Income Tax Credit) and helps prevent homelessness by helping families stay current on rent and utilities. All renters pay property tax through their rent.
- Adjust Income Tax Policy to allow low-income wage earners to retain more of their earned income.

AHS Concerns and Recommendations

1. Affirm a culture of kindness, customer service, respect and dignity for all Vermonters served by the Agency.
2. Increase collaboration and cooperation with community partners, service providers and advocates. Major policy changes that change the lives of poor Vermonters should first be vetted with those affected and with the organizations that will have to deal with their impact.
3. Make AHS grant decisions within the Agency, rather than punting to local groups, and base them on clear guidelines and performance. Restore a fair and competitive funding process for awarding grants to local communities to ensure that projects with the best outcomes, highest quality services and expertise, and strongest track record are awarded grants. Having community partners decide has created an inherent conflict of interest in some areas of the state and fractured rather than strengthened services to the homeless. Even more damaging, placing a funding role on local agencies has greatly strained long standing relationships between partners.
4. Resist further major changes to AHS policy until existing systems are working smoothly. The Agency is already in the process of making a daunting number of major policy and program changes, including implementing the new Health Care Exchange and changes to Reach Up, General Assistance, Seasonal and Crisis Fuel Assistance, and likely also 3SquaresVT as a result of federal cuts to SNAP. This is on top of years of changes from "Modernization," "Challenges for

Change,” and major staffing reductions during the previous administration. AHS needs to get the current round of changes right before proposing more.

5. Reduce caseloads, agency errors and access to benefits by providing AHS with adequate staff to properly accomplish its mission.
6. Resist using the budget and “session law” to make structural changes to policy, benefits or housing law. This is detrimental to serious policy discussion and understanding of how and why programs function – and what impacts fundamental changes to programs and services will have on agencies and the Vermonters who access them. When statutory changes are proposed or enacted to human services or housing programs, they should be made based on input from the experts within those communities, department staff, and legislative committees of jurisdiction.

Potential Revenue Sources

1. We recommend adjustments to Vermont’s tax structure that meets the twin imperatives of increasing revenues sustainably and properly apportioning those revenues based on ability to pay.
2. Make wise, strategic investments of State surplus revenues and one-time revenues in human services and affordable housing programs that reduce homelessness and poverty.
3. Further expand the use of Medicaid dollars for affordable housing, homelessness prevention, and other eligible services.
4. Investigate whether EB-5 can be used for affordable housing investments.
5. Foster greater public/private investment in affordable housing development.
6. To help infuse the child care system with resources, we recommend looking at public/private partnerships, fees and tax incentives, so that businesses contribute towards the childcare solutions that employees need. These resources would help support working parents and would help children be better prepared to succeed.

For Good Communication

Create a Governor’s Advisory Council on Ending Poverty. The Council should involve representatives from a broad spectrum of organizations involved in alleviating poverty, including homeless service and affordable housing providers, Community Action Agencies, and advocates for low-income Vermonters, women, children, domestic violence victims, and food security. The Council should have a formal role in advising and working with the Governor and his staff on anti-poverty initiatives.

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In conclusion, thank you for the chance to make these recommendations. We hope that the **priority recommendations** in the foregoing letter will be **top priorities for the coming year**. Additional recommendations included in this report can be implemented over time but are essential to ending poverty in the State of Vermont.