

Weatherization Shortfall and LIHEAP

This year represents a critical challenge for the Low Income Weatherization Program. In addition to the program capacity being reduced by the loss of ARRA and GMP Merger monies, the Fuel Gross Receipts Tax (GRT) revenues are down significantly because of low fuel prices and warmer temperatures.

We are trying to increase the revenues for Weatherization by increasing the Gross Receipts Tax, or possibly through the proposed \$2 Occupancy Fee on hotels, to maintain a more robust program of \$12 million. From FY 15 to FY 16 the program lost \$3 million dollars in program funding and 65 good paying jobs, resulting in a dramatic drop in the number of households weatherized.

The FY 16 and FY 17 budgets fund the Weatherization program at the \$9 million dollar level (\$8 million in actual program dollars to the CAPs and NETO). It appears that Gross Receipts Tax revenues may not be able to support that level of funding in this program year or the next.

In addition to regaining lost capacity in the Weatherization Program, we want to make sure that any gap in funding in this fiscal year and the next will be covered by the state, so that the program is not further reduced.

By federal law/program rules, states can use up to 15% of federal LIHEAP dollars for their Weatherization Programs (approx. \$2.8M). This existing authority is a potential vehicle for taking expected, significant unspent LIHEAP dollars, including returns from fuel dealers and using that to backfill the anticipated Weatherization deficit in FY 16 and 17.

The state is once again seeking the authority to switch the allowable 15% of federal LIHEAP dollars for an equal amount of state Weatherization dollars to cover additional administration and the higher level of eligibility. (This is different than the existing authority to use 15% of LIHEAP for Weatherization purposes, but uses that same capacity.)

Without a current proposal (yet) from the administration, it is unclear what the size of the Weatherization deficit is (but it is expected to be significant); how much is needed for additional administration and eligibility; and how much of the unspent LIHEAP dollars would be available to use on a short term basis to cover any gaps in the Weatherization budget -- until we are able to raise an increased level of funding for the program.

We support using the available LIHEAP dollars (15%) to fill a Weatherization funding gap on a temporary basis, if not being utilized for benefits, until revenues can be increased.

Position on Proposed Switch of Weatherization & LIHEAP Funding

The State should continue to supplement the federal LIHEAP Fuel Assistance program with general fund dollars, as we did in last year's budget. The Legislature and the state set a policy of covering those from 150% to 185% of the federal poverty level a number of years ago. If we want to continue with the higher eligibility policy and the state also needs additional dollars for administration over and above the 10% the feds allow them to use from LIHEAP funds, then the state should be appropriating state dollars to pay for it. The state should not count on switching 15% of LIHEAP and Weatherization dollars to pay for this policy and the additional administrative expenses. Additionally, the unspent LIHEAP dollars referenced earlier could be used for other allowable purposes.

The above is the preferable way to add State revenues to LIHEAP; however, if state dollars are not put into LIHEAP to cover the eligibility from 150% to 185% of the federal poverty level, we would support the switching authority with Weatherization to support that effort (\$1.5 million, but could be more). That funding source appears to leave enough money to cover the shortfall in Weatherization.

Karen Lafayette kmlafayette@aol.com
Erhard Mahnke erhardm@burlingtontelecom.net

VT Low Income Weatherization Assistance, a program of the VT Community Action Partnership and the Northeast Kingdom Training Organization