

**REPORT TO
GOVERNOR SHUMLIN
FROM THE COUNCIL ON
PATHWAYS FROM POVERTY**

November 2015

Submitted for the Council by:

**Linda Ryan &
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Council Co-Chairs**

Pursuant to:

Executive Order No. 09-13

Pathways from Poverty Council

November, 2015

Hon. Peter Shumlin
Governor
State of Vermont
109 State Street, Pavilion
Montpelier, VT 05609

Dear Governor Shumlin,

Thank you for your continued efforts to assist low-income Vermonters. Just two short years ago you established a “Pathways from Poverty” Council to “determine the nature and primary causes of poverty in Vermont, review the extent to which public and private agencies are addressing poverty in Vermont, and make recommendations on action that should be taken to respond to poverty in Vermont.” We are pleased to present you with a report and recommendations to address poverty in Vermont for 2015.

Many of these recommendations will be familiar, building on past success; others will be new. Some come with a price tag; others come with little or no expense to taxpayers.

We appreciate your commitment to initiatives like the innovative and effective Vermont Rental Subsidy Program and Housing and Opportunity Grant Program and other affordable housing and anti-homelessness initiatives. We also applaud your support for employment opportunity programs like the “Ban-the-Box” initiative you initiated by executive order, and exploring a statewide “driver restoration” program to help low-income Vermonters get back on the road to work and school safely, legally, and affordably. These, and the other recommendations contained in this report, can only help provide more economic opportunity for very low-income Vermonters, which in turn will create stronger, more vital communities for all Vermonters.

We appreciate the spirit of communication and collaboration with which you established this Council. Thank you for your consideration of this report and the recommendations of this body.

Sincerely,



Christopher J. Curtis
Co-Chair
Pathways from Poverty Council



Linda Ryan
Co-Chair
Pathways from Poverty Council

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Executive Summary

The crisis of poor Vermonters continues to deepen. Vermonters are working one or two jobs but cannot afford safe, decent housing or other basic necessities. Seniors, people with disabilities, and those on fixed incomes watch their independence and dignity slip away. Too many struggle with the profound challenges and dangers of mental illness and chronic substance abuse. Too many suffer the traumatic effects of rape, violence and abuse. All of them endure the debilitating effects of poverty, which puts them at even greater risk of harm and suffering.

We appreciate the spirit of communication and collaboration with which Governor Shumlin established the Council on Pathways from Poverty and thank him for his past support of our work and his Administration's implementation of many of our past policy recommendations and increases in funding levels. This year the Council proposes an agenda that -- if fully implemented -- will move people out of poverty. This includes no- or low-cost policy initiatives, increased revenues and prudent investments that will yield returns for the State. Our highest priorities follow; comprehensive, longer-term recommendations are attached.

PRUDENT INVESTMENTS

We urge the Governor to target strategic increases to key programs that reduce suffering and harm while achieving savings in the State budget, creating jobs, increasing revenues and growing the local economy.

- 1. Housing assistance and supportive services:** Reduce homelessness by investing \$2.5 million now being spent on emergency motels to provide housing through increases to: the Vermont Rental Subsidy Program (\$500,000), Housing & Opportunity Grant Program (\$1 million), Family Supportive Housing (\$400,000), Mental Health Vouchers (\$400,000), and AHS Flex Funds (\$200,000).
- 2. Restore and enhance economic opportunities for low-income families** through \$710,000 in additional and new investments in Micro Business (\$200,000), Individual Development Accounts (\$200,000), matched savings (\$135,000), and financial coaching, credit repair and banking programs (\$175,000), in order to create new jobs, build assets, and promote financial skills.
- 3. Capital investments:** Ease Vermont's affordable housing crisis and alleviate homelessness by providing statutory funding for the Vermont Housing and Conservation Board at \$19.5 million. Recoup \$41 million in funds diverted from VHCB over the next four years.
- 4. Support additional capital investments in the AHS IT infrastructure** to link programs and departments together for more seamless access to resources for Vermonters relying on the economic safety net. This would, for example, ensure that all schools eligible for **Universal School Meals** have the opportunity to run the program.
- 5. Increase investment in Vermont's Child Care Financial Assistance Program** through incremental increases raising the base rate to 75% of the current market rate and expanding eligibility to 300% of the federal poverty level, or implement other feasible measures to increase the affordability of childcare for Vermonters.
- 6. Increase resources for food security and warmth,** by increasing State investments in the Low-Income Weatherization Program, LIHEAP and Crisis Fuel Assistance.
- 7. Incentive program for landlords:** Bring substandard and vacant rental housing up to code and back online by implementing a pilot Rental Rehabilitation Loan Program in five or six towns. Provide low-interest loans and technical assistance to help homeowners create accessory dwelling units. Provide ongoing funding for landlord-tenant resources.
- 8. Increase Reach-Up grants** to cover more of the family needs budget by adjusting the "ratable reduction" to at least 55% of basic needs and gradually increase over time. Restore the FY 16

budget reduction of \$125 a month in Reach Up benefits for families who have a member receiving disability benefits.

9. **Support successful employment policies that make “work pay”** and help families seek and maintain employment including: expanding the Earned Income Tax Credit (EITC), reducing or eliminating benefit cliffs, and increasing income disregards and asset limits.
10. **Solve the Medicaid budget gap with a revenue solution**, *not* by reducing services or restricting eligibility. Provide adequate funding for mental health and drug and alcohol treatment. Keep health care affordable for Medicaid recipients and increase subsidies for former VHAP and Catamount participants.

NEW RESOURCES

1. **Institute a \$2 occupancy fee on motels and hotels** and dedicate at least half the projected \$12 million in revenues to affordable housing and homelessness and the remainder dedicated to Weatherization and other anti-poverty initiatives outlined in this report.
2. **Cap Vermont’s pass-through of the federal mortgage interest deduction** and dedicate the savings to affordable housing and homelessness.

POLICY INITIATIVES

1. **Create a trauma coordinator position** within the Agency of Human Services to ensure there is a “trauma-informed culture” throughout the entire agency.
2. **Implement a uniform driver restoration policy statewide** and repeal outdated infractions unrelated to driving or safety that may result in driver’s license suspensions. Implement “income sensitive” fines for Vermonters on public assistance; eliminate the license reinstatement fee; and create a high-risk insurance pool that drivers with suspensions can buy.
3. **Require owners of publicly funded housing** to dedicate 15% of their portfolio to homeless families and individuals. Combine with rental assistance and supportive services to ensure success. Streamline the Public Housing and Section 8 application process with a universal online application modeled after the common college application.
4. **Create a “culture of kindness”** within the Agency of Human Services and the Department for Children and Families to ensure that individuals applying for, or receiving, assistance are welcomed, well served and treated with respect.
5. **Pass dental therapist legislation (S.20)** to increase access to dental care for the low-income population and **Paid Sick Days legislation (H.187)** that ensures all workers in Vermont are able to take care of their own health and safety needs, without losing pay.
6. **Create and fund a comprehensive, large scale study on transportation issues** for elders, those with disabilities, and the low-income population, to make improvements for all Vermonters.
7. **Charge a working group with reducing incarceration and recidivism by exploring alternative models** that prevent people from entering the criminal justice system, provide better support for people while incarcerated, and offer better housing, education and training opportunities to people re-entering the community.
8. **Support legislation “Banning the Box”** for criminal convictions on employment applications.
9. **Institute fair and consistent application of the 180-day extension of Reach-Up** when a family loses custody of a child while the family works toward reunification.

We appreciate the opportunity to make these highest priority recommendations. The attached committee reports provide further detail.

Administrative Systems

The Administrative Systems Committee is charged with looking holistically at Agency of Human Services Systems and identifying opportunities to strengthen service delivery to Vermonters in need. When people are at their most vulnerable and in need of food, housing, crisis services, or transitioning out of the corrections system, they need to not be burdened with complicated or cumbersome systems that are difficult to understand and navigate. Citizens deserve an easily accessible safety-net and compassionate support to ensure their safety and long-term stability. Throughout 2016, the Administrative Systems Committee explored several systems within the Agency of Human Services and propose the following, priority recommendations to improve systems and service delivery in Vermont.

Create a trauma coordinator position within the Agency of Human Services to ensure there is a “trauma-informed culture” throughout the entire agency. This position would ensure a deep understanding of the issue of trauma among all AHS staff in an effort to build a culture of kind and compassionate service delivery with all clients interfacing with the agency.

Create a “culture of kindness” within the Agency of Human Services and the Department for Children and Families to ensure that individuals applying for, or receiving, assistance are welcomed, well served and treated with respect.

Support additional capital investments in Vermont’s Agency of Human Services IT infrastructure to create an integrated eligibility model that links programs and departments together for more seamless access to resources for Vermont citizens relying on the economic safety net. We recommend the legislature and administration support investments that will replace the current ACCESS system, which due to its outdated technology, prevents Vermont from advancing and utilizing new federal programs that benefit Vermonters and bring additional federal money to the state. Programs dependent on a highly functional IT system include:

- **Universal School Meals.** Accurate direct certification lists allow schools to qualify for the federal Community Eligibility Provision (CEP). Schools with more than 40% of the student population participating in another qualifying assistance program (i.e. 3SquaresVT, Reach Up, foster care) can use the CEP program allowing the schools to serve free school breakfast and lunch to all students regardless of their parents’ income. Eligibility for this program is based on the direct certification list generated by the Department for Children and Families and sent to the Agency of Education. The lists generated by the current IT system are error-prone and require extensive manual edits, increasing administrative burden on both state and school employees. A new IT system can improve list accuracy, reduce paperwork for parents and schools, and ensure all schools eligible have the opportunity to run the program.
- **Transitional Benefits Alternative.** Federal guidelines offer an option called the Transitional Benefits Alternative, or TBA, which allows the state to provide a federally funded 3SquaresVT benefit to households leaving Reach Up. TBA provides a food benefit for five months at an amount equal to the amount the household was receiving before leaving Reach Up, with adjustments for the loss of Reach Up income. Most households leaving Reach Up, including those transitioning into Reach Ahead, would be eligible for TBA. An average of 475 households participate in Reach Ahead each month. Assuming that, on average, each family is a household of 3, **implementing TBA would bring \$242,725 extra federal dollars to these families and our state economy each month, or \$2.9 million annually.** Ultimately, TBA can help Vermont

families avoid the benefits cliff and move further down the road to self-sufficiency and financial independence.

Charge a working group with exploring alternative models to incarceration and Department of Corrections reform. The committee met with criminal justice reform advocates through the course of our meetings. It has come to light that there are many opportunities for reform within the Department of Corrections which would: prevent people from entering the criminal justice system; provide better support for people while incarcerated; offer better housing, education and training opportunities to people re-entering the community; and reduce recidivism. The committee recommends a working group to look at these issues and make recommendations for systems reform to the Secretary of Human Services.

Interagency coordination and efficiencies. Improve communications and create partnerships between State agencies and departments, linking programs, opportunities and funding resources for anti-poverty initiatives and programs.

Economic Security & Empowerment

The Economic Empowerment and Safety Net Committees combined into one committee over the summer and fall of 2014 for discussion purposes. They included health care issues as an added category under Economic Security (Safety Net).

For people who find themselves in economic turmoil, in danger of becoming homeless, cold or hungry, making low wages, and/or needing some temporary assistance for their families, the State must maintain a safety net, while addressing those needs that help people move out of poverty and transition to self-sufficiency. We must provide adequate funding and supports to assist those in need and to stabilize families in the short term, and put forth policies and invest in those programs that work to alleviate and end poverty for the long term.

Economic Empowerment: Employment Opportunity, Policies & Supports

Restore and Enhance Economic Opportunities for Low-Income Families.

Invest in proven strategies for creating financial stability and building financial capability with four successful and underfunded, cost effective programs to address economic inequity. Increase investments in Micro Business, Individual Development Accounts, matched savings, financial coaching, credit repair and banking programs in order to create new jobs, build assets, and promote financial skills.

- **Increase funding for the Micro Business Development Program (MBDP).** Since 1989, MBDP provides free business technical assistance (training and counseling) to low-income Vermonters. The Vermont Community Action Agencies (CAAs) work in conjunction with many partners including social service agencies, State agencies, other business technical assistance providers and lenders, both alternative and traditional. In FY 13, 90 businesses were started and jobs created at the approximate cost of \$3,200 per business. Current base funding is \$300,000; the committee recommends a \$100,000 - \$200,000 increase.
- **Increase funding for Individual Development Accounts (IDAs).** IDAs are a matched savings and financial education program that helps low- to moderate-income Vermonters get ahead and improve their futures by creating financial assets. Backed by federal dollars, participants save to purchase a home, pay tuition for post-secondary education, or start a business. Since its start in 1997 the program has served over 1,335 individuals and families. Current base funding is \$135,500; the committee recommends a \$100,000 - \$200,000 increase.
- **Develop a Vermont Matched Savings Account Program (expanded IDA).** Create a matched savings program backed by State dollars for Vermonters with low-income to overcome barriers to poverty, coupled with financial coaching and classes. Examples of plans for saving: purchase or repair of a vehicle, paying down debt, maintaining dental health, establishing an emergency fund, and expenses that support employment or housing success, like tools or training. The committee recommends new base funding of \$100,000 - \$135,000.
- **Fund credit building and repair products.** To overcome poverty barriers, provide credit coaching for Vermonters with low-income to repair or build credit, repair or strengthen connections to financial institutions, and to provide access to and funding for safe and affordable, secured credit cards and other credit-building products. The program can be targeted to Reach-Up Families. The committee recommends \$150,000 - \$200,000 to cover the cost of existing services and expand availability.

It is recommended that funding from the Departments of Labor, Housing and Community Development, Corrections and Transportation be considered as sources for the above programs because of their connection to business creation and development and transportation.

Increase investment in Vermont's Child Care Financial Assistance Program (CCFAP):

- **Raise the base financial payment for all child care providers to 50% of the current market rate,** with the long-term goal of raising the base to 75% of the current year market rate.
- **Raise eligibility for CCFAP to 300% of the federal poverty level.** Families receiving payments from the Child Care Financial Assistance Program are subject to a benefit cliff that starts at 100% of the Federal Poverty Level (FPL) and ends with zero eligibility at 200% of the FPL.
- **Support incremental increases to meet these goals over time,** or implement other feasible measures to increase the affordability of childcare for Vermonters. Mandate that market and Federal Poverty Level guidelines used to determine payments and eligibility for CCFAP be adjusted annually and kept current.
- **Monitor the implementation of Act 166** (Pre-K) early education legislation.

Support successful employment policies that make “work pay” and help families seek and maintain employment:

- **Pass Paid Sick Days Bill (H.187).** This legislation ensures that all workers in Vermont are able to take care of their own health and safety needs and those of their families by allowing employees to accrue a minimum number of paid hours annually so that workers can take paid time from work to address issues related to health care or safety for themselves or a family member without the loss of pay. H.187 has passed the House.
- **“Ban the Box” on employment applications.** This policy prohibits employers from asking job candidates if they have been convicted of a crime on the initial application. After that, employers are free to request the information at any time in the hiring process. Ban the box will provide more opportunities for employers to find qualified employees and give former offenders a second chance to get a foot in the door and make the most of employment opportunities. The Governor enacted this initiative last year for public sector jobs.
- **Reduce or eliminate benefit cliffs, increase income disregards and asset limits.** For Reach Up families, the Poverty Council recommends adding an additional \$50 income disregard to encourage work, and raising the asset limit from \$2,000 to \$10,000 to encourage savings and self-sufficiency.
- **Expand the Earned Income Tax Credit (EITC).** The Earned Income Tax Credit is often described as one of the most effective anti-poverty tools available because it is a refundable tax credit that flows directly to working low-income citizens. In order to combat poverty and encourage employment, Vermont should expand the EITC from 32% of the federal tax credit to 40%, joining the District of Columbia for the most aggressive rate in the nation.
- **Work and Save Program.** Much like a pension, the State should encourage a discussion on developing a statewide work and save program as a proactive way to provide financial support to workers in their retirement. This could be a pathway out of poverty for future generations of Vermont seniors.

- **Improve workforce training efforts to address low-income community.** Increase existing workforce training and education resources to target the low-income population and explore previously successful partnership between the Vermont Department of Labor and Reach-Up on employment issues. Encourage full participation by all stakeholders and providers in federal grant opportunities, such as the Workforce Innovation and Opportunity Act (WIOA).

Create and fund a comprehensive, large-scale study on transportation issues for elders, those with disabilities, and the low-income population, to make improvements for all Vermonters. For many low-income Vermonters transportation is the linchpin by which they succeed or fail. While Reach Up has processes in place to assist some consumers, thousands more remain unemployed or underemployed for lack of transportation at great cost to the state. The study should include an examination of existing vehicle and ridership programs, public transportation, and current regulations relating to fines, fees and repairs, and policies that continue to be a transportation barrier for low-income Vermonters.

Implement a uniform driver restoration policy statewide; repeal outdated infractions unrelated to driving or safety that may result in driver's license suspensions. Implement "income sensitive" fines for Vermonters on public assistance; eliminate the license reinstatement fee; and create a high-risk insurance pool that drivers with suspended licenses can buy into so they can get back on the road safely, legally, affordably, and fully insured.

Economic Security: Stabilize Families & Maintain Safety Net Benefits

Increase Reach Up grants to meet a higher percentage of the Standard of Need. To pull themselves out of deep poverty a family must have enough to meet basic needs. The current Reach Up grant meets only approximately 49% of the basic need standard. The program has nearly reached its goal of moving families off of the system as quickly as possible. What it has not done is keep pace with the needs of those Vermonters eligible and receiving benefits. Most recipients of Reach Up are children, whose families need enough cash income to buy essentials of life such as diapers, clothes, non-food grocery items, utilities, transportation, etc. **The Council continues to call for increasing the family needs budget by adjusting the "ratable reduction" to at least 55% of basic need and gradually increasing it to cover 100% of basic needs.**

Repeal \$125 a month reduction in Reach Up benefit for families with a member receiving a disability benefit. This FY 16 Reach Up benefit cut is a \$1.65 million dollar reduction affecting over 1,100 households. The family member with a disability receiving an SSI benefit was already excluded from the calculation that determines the Reach Up benefit amount. These families have additional expenses related to the disability. The reduction will destabilize families that are already economically burdened and reduce, if not eliminate any real possibility of being able to exit the program.

Apply the 180-day extension of Reach-Up when a family loses custody of a child fairly and consistently. The purpose of the rule is to allow for continued benefits while the families work toward reunification with their children. The rule needs to be applied uniformly across the state. Reach-Up benefits should be maintained when the court has made reunification the goal, or another goal has not been articulated. Implementing this recommendation may require a rule change.

Resources for food security and warmth:

- Increase the investment in the Weatherization Assistance Program to reduce the energy burden on low-income Vermonters. Low-income Weatherization was reduced by \$2 million in FY 16.
- Maintain and increase State dollars in the LIHEAP Fuel Assistance Program to cover the higher average cost of heating a home. In FY 16, the benefit accounted for less than 34% of the average home heating cost.
- Fully fund Crisis Fuel Assistance needs. Remove the one grant restriction instituted in FY 14 and allow two grants to cover emergency needs.
- Support a Universal Meal Program offering free lunch to all public school students.

Pass licensed dental therapist legislation (S.20) to increase access to dental care for the low-income population. It is difficult for many thousands of Vermonters to access the oral health care that they need. Access is especially problematic for Vermonters who are on public assistance because so few dentists will take Medicaid patients. Allowing licensed dental therapists to practice in Vermont will increase access to oral health care, especially in schools, nursing homes and other places in the community where it is easier to provide care. This reform comes at no cost to the Vermont taxpayer. S.20 has passed the Senate.

Preserve property tax income sensitivity for low- and moderate-income tenants by maintaining the Renter's Rebate at the current formula level.

Health & Well-Being of Vermonters

Medicaid, Mental Health and Physical Health

- **The Medicaid Budget Gap** should be solved with a revenue solution and not by reducing services or restricting eligibility.
- **Maintain and adequately fund mental health**, drug and alcohol treatment programs, and provide supports and counseling for individuals and families in crisis.
- **Keep health care affordable for Medicaid recipients** and increase health care subsidies for former VHAP, and Catamount participants.

Education

Young Vermonters do best at school if they have a roof over their head, access to health care for their entire family, including mental health services, and an income and/or supports to avoid food insecurity. Therefore, many of the Pathways from Poverty Council Recommendations are also the Education Committee recommendations. However, there are a few recommendations that are specific to our public schools and our public school students.

Vermont has taken positive steps with the Pre-K mandate and the Flexible Pathways bill. But, we must continue to support Vermont's students by supporting a positive learning environment that will close the achievement (or opportunity) gap, enhancing student growth academically, emotionally, and physically.

The Pathways from Poverty Education Committee makes the following recommendations:

- **Provide supports for students and families struggling with drug and alcohol abuse.** The stress and negative behaviors resulting from living with a family member struggling with abusive behavior is a way of life for many young Vermonters. They must contend with this each and every day and it is detrimental to their educational experience. Mental health and drug abuse counseling is in great demand. It is recommended that the State increase services to those struggling with these very damaging illnesses.
- **Provide all students with extended day or after school program opportunities.** These programs allow for creativity and diversity in learning, incorporating the Common Core State Standards and addressing Personal Learning Plans, above and beyond current sports programs. They also provide homework assistance and after school snacks, necessary supports for some of our struggling students. It is recommended that school districts receive financial support to either create or continue with programs of this nature.
- **Increase Support for the Children's Savings Account (CSAs) for new parents.** Each year approximately 6,000 new Vermonters are born. It has been shown that offering each baby's family the opportunity to sign up for a \$500 college savings account enhances aspirations for college. If we truly want our students to further their education beyond high school, we must encourage this career path at a very early age. We are pleased that the Legislature has taken action on CSAs. It is recommended that the State contribute, along with private donors, so that all newborns have access to a \$500 CSA.
- **Support the dental practitioner program in the public schools.** Young Vermonters cannot learn if their teeth hurt. This program will help to prevent tooth decay by establishing good dental hygiene practices.
- **Investigate the full service school model.** Dedicate staff to research the possibility of creating a "full service" school model by developing a pilot program of a sampling of schools across the state.
- **Address the rising occurrences of violence in our student population.** Provide ongoing and relevant training and support for school employees to address rising violent student behavior in the public schools. This would be accomplished in concert with mental health professionals across the state.

- **Increase early learning programs.** It is vital that our youngest Vermonters receive attention at a very early age in order to identify and address any learning challenges they may have. It is recommended that the State explore increasing the minimum requirement for early learning programs to twenty hours a week once the ten-hour minimum is fully implemented.
- **Require full day kindergarten.** Full day kindergarten is not offered in all of our schools. It is recommended that support be given to schools with half-day kindergarten, so that full-day kindergarten programs may be provided to all of our kindergarteners.
- **Facilitate communication across state and educational organizations.** The Agency of Education, Department of Labor, Vermont Technical College, Vermont State Colleges, Vermont-NEA, tech centers and high schools should work together to promote and provide job-training opportunities for Vermont's 18 - 24 year old population.
- **Provide more ongoing training and support to DCF workers.** The challenges and workload of DCF workers is on the increase. Better support and supervision will improve the system, overall.
- **Provide support and counseling to families in crisis.** Children want to stay with their families, if at all possible. Support and counseling will allow them to stay together, avoiding placement in foster care.

Housing and Homelessness

Affordable housing is key to the well-being of Vermonters and the state's prosperity.

Safe, stable and affordable housing is the foundation upon which successful, independent lives are built. Without a home, children have difficulty learning in school; elders and people with disabilities live less independently; single mothers on Reach Up cannot move off government assistance; and low-wage workers have difficulty holding onto jobs, let alone moving up the economic ladder. Housing is increasingly recognized as one of the key social determinants of health and well-being. Leading pediatrician Dr. Megan Sandel calls housing a “health care vaccine.” Housing investments avoid costs throughout the human services budget, from health care to Corrections, mental health, nursing homes, foster care, and motels. Investments in housing create good-paying jobs; stimulate spending in the local economy; and increase state and local revenues. An adequate supply of affordable homes helps employers attract and retain qualified employees. Like much of the rest of the country, Vermont finds itself in a protracted housing crisis:

- A recent State study determined that we have a 1% vacancy rate for multi-family housing statewide. The average working Vermonter must now earn over \$20 an hour to afford a modest two-bedroom rental.
- Almost half of Vermont renters pay too much for their housing costs, leaving them with too little to cover other basic needs. Vermonters living on fixed income cannot afford a decent apartment anywhere in the state without a subsidy.
- Though interest rates remain at historic lows, greater barriers to homeownership force young families to postpone buying a home, pushing them out of state and further straining tight rental markets.
- The greatest household growth in the next five years is projected to occur among seniors age 65 - 74.
- Homelessness has increased dramatically since before the Great Recession, especially among with children. Even among seniors, homelessness is on the rise. Vermont saw a 51% overall increase in homelessness from 2007 to 2014 – the fifth highest increase of any state.¹
- There were 1,145 homeless school age children in Vermont during the 2013-14 school year – a 45% increase from 2007-08.² The younger and longer a child experiences homelessness, the greater the cumulative toll of negative health outcomes, which can have lifelong effects on the child, the family, and the community.³ The effects on children's learning are both short- and long-term, making them 60% more likely to drop out of school, have lower test scores, or be on an IEP.

We call on the State to renew its effort to end the housing crisis and reduce homelessness.

Deep cutbacks at the federal level mean the State must step up its commitment. This year, we again make four basic types of recommendations:

- 1. Substantial new capital investments** to create permanently affordable housing,
- 2. Rental assistance** to house the very lowest income Vermonters,
- 3. Supportive services** for those with the greatest challenges, and

¹ U.S. Department of Housing and Urban Development annual Point-in-Time data, <https://www.hudexchange.info/resource/3031/pit-and-hic-data-since-2007/>.

² U.S. Department of Education, <http://eddataexpress.ed.gov/state-tables-main.cfm>.

³ “Compounding Stress: The Timing and Duration Effects of Homelessness on Children's Health,” <http://www.childrenshealthwatch.org/publication/compoundingstress/>

4. **Wise Policies** that ensure greater access to affordable housing for people with special needs, including those who are homeless and struggling with diverse challenges.

Fully fund the Vermont Housing and Conservation Board.

When the State made major investments in VHCB during the early years of the last decade using one-time funds, the results were concrete and dramatic: hundreds of new affordable homes were created and homeless numbers went down. For years the State has diverted funding from VHCB to help fill budget gaps -- over \$41 million since 2001, which could have leveraged millions more in federal resources to build an estimated 1,000 additional homes. We have a housing and homelessness crisis because we failed to fund what was needed and didn't do what we were directed by law to do.

Vermont must renew its commitment to fully fund VHCB:

- **Increase production of permanently affordable housing** by providing statutory funding for VHCB from the Property Transfer Tax, estimated at \$19.5 million for FY 17.⁴
- **Recoup the \$41 million in lost funds** over the next four years, leveraging federal tax credits and other public resources. Together, these investments will create:
 - **Housing for the lowest income and most vulnerable Vermonters**, including permanent supportive housing, coupled with additional investments in rental assistance and supportive services, to ensure housing stability and success for those with the greatest challenges. Explore bringing the Corporation for Supportive Housing to Vermont, so that we can benefit from its proven expertise in creating this type of housing.
 - **Workforce housing** to build homes for Vermonters earning between \$13 and \$25 an hour
 - **Housing for seniors and people with disabilities**, so they can live more independently in less institutional settings they prefer
 - **Preservation of existing assisted housing** at-risk of losing its affordability and/or in need of new capital investments. Over 2,000 homes are in jeopardy over the next five years.
 - **Acquisition of mobile home parks** up for sale and in need of infrastructure improvements
- Establish a goal for owners of publicly funded housing to **dedicate 15% of their affordable housing portfolio to homeless families and individuals**, including those with special needs who require service supports to maintain their housing. Combine with rental assistance and supportive services to ensure success.

Ensure that all families and individuals have access to emergency housing and services; reduce reliance on motels by investing in alternative approaches.

Support DCF/ESD efforts to reform the GA Temporary Housing Program by gradually reducing reliance on motels for housing crises and replacing them with strategic investments in a range of community based solutions, including rapid re-housing, targeted prevention, transitional and permanent supportive housing, and warming shelters. The State has spent an average of roughly \$4 million on Temporary Housing for the last three fiscal years. It must maintain *at least* that level of investments as it transitions away from motels. For this transition to succeed, the State should:

- Invest \$2.5 million now being spent on emergency motels to provide housing through:
 - Vermont Rental Subsidy Program (increase from \$1M to \$1.5M)
 - Housing & Opportunity Grant Program (increase from \$4M to \$5M)
 - Family Supportive Housing (increase from \$600,000 to \$1M)

⁴ Based on the "July 2015 Economic Review and Revenue Forecast Update" by Kavet, Rockler & Associates.

- Mental Health Vouchers (restore \$400,000 cut and expand eligibility)
- AHS Central Office Direct Service and Service Coordination Grants (restore \$200,000 cut)
- Maintain the State's capacity and responsibility for ensuring the availability of emergency housing, providing for even distribution of crisis capacity around the state, and ensuring an equitable appeals process when assistance is denied.
- Reserve adequate baseline motel funding for housing crises when there are no appropriate alternatives, for example for domestic violence situations and catastrophic and other crisis needs, with local access to reserve funds and decision-making after hours, on weekends and holidays.
- Increase eligibility for the Housing & Opportunity Grant Program from 30% of Area Median Income to 50% to stabilize at-risk households and prevent them from spiraling into homelessness.

Tap New Resources to Fund Housing & Homelessness:

- **Institute a \$2 occupancy fee** on motels and hotels, estimated to raise \$12 million, at least half of which should be dedicated to affordable housing and homelessness. Other states and municipalities charge far greater surcharges and fees on motels and hotels. Exempt GA motel stays.
- **Cap the Mortgage Interest Deduction** and dedicate the savings to affordable housing and homelessness. Because Vermont income taxes are based on federal taxable income, state taxpayers subsidize mortgages up to \$1 million on first and second homes. Vermont could cap this at \$500,000 without affecting first time homebuyers. Why subsidize someone with a million dollar home when thousands are on waiting lists for affordable housing and rental assistance?
- **Invest health care resources in housing and services** for people who are frequent users of health services. Devise strategies for using Medicaid to fund housing and supportive services for extremely low-income Vermonters, especially the homeless, at risk, people with disabilities, and families on Reach Up.

End BOTH family AND chronic homelessness. Funding for housing and homelessness should not pit one demographic against another. Programs must serve ALL homeless individuals and families, not just targeted subpopulations deemed more worthy and vulnerable than others. Counts of the homeless should present an accurate picture of homelessness, including those who are doubled up, couch surfing, or otherwise precariously housed.

Bring substandard and vacant rental housing up to code and back online. The State should create a program that incentivizes private, for-profit landlords to make improvements to distressed rental housing and rent it to low-income and homeless Vermonters at affordable rents. We also recommend bringing vacant apartments back online that have been kept off the market by "mom and pop" landlords because they've had too many bad experiences and are weary of renting. The State should also incentivize the creation of new accessory dwelling units. We recommend:

- Implement a pilot Rental Rehabilitation Loan Program in five or six towns with active housing inspection programs, low vacancy rates, good knowledge of their rental housing stock, and high homeless numbers. The program would also provide low-interest loans and technical assistance to help homeowners create accessory dwelling units.
- Funding sources could include USDA Rural Development, VEDA, VHFA, CDBG-funded revolving loan funds, private banks, Weatherization, the State Treasurer's local investment and State pension funds, Efficiency Vermont.

- Program administration could be provided by HomeOwnership Centers, which have expertise in underwriting loans, housing codes and technical assistance to property owners. Administrative services would need to be adequately compensated, in part through origination fees.
- Ensure affordability through Section 8 or comparable State rental assistance programs and/or through minimum 5-year rent stabilization agreements.
- Consider granting a tax credit to participating landlords.
- Provide ongoing funding for landlord-tenant resources, outreach and training through Vermont Tenants and the Vermont Apartment Owners Association.
- Find new ways to incentivize the creation of accessory dwelling units.
- Any new program must take care not to divert current resources used to create and preserve permanently affordable housing.

Streamline the Public Housing and Section 8 application process. In an era of shrinking resources for case management and supportive services, reduce the time case managers spend helping clients fill out multiple applications for Public Housing and Section 8 assistance with a universal online application modeled after the common college application. HUD-required information is the same for all Public Housing Authorities. Individual PHAs could add their own specialized questions. Investigate the feasibility of including other forms of assisted housing.

Fund feasibility study to expand Vermont's home-sharing programs statewide. Home sharing allows elders and others who are over-housed and may need some level of assistance to remain in their homes and live independently. By opening their homes to others, they increase the supply of affordable housing options. Vermont's two home-sharing programs serve only 7 out of 14 counties. The benefits of home sharing should be expanded to the remaining 7 counties. As a first step, DAIL should provide \$30,000 to study the feasibility of expanding home sharing statewide. The State should also consider providing a tax credit to encourage home sharing.

Increase housing options for people coming out of institutional settings. In spite of substantially increased investments in transitional housing over the last eight years, roughly 200 prisoners who have served their minimum time and are eligible for release remain in prison because there is no housing for them on the outside. Similarly, patients all over the state are stuck in expensive hospital beds because there is no place for them to go, while young people with physical disabilities are forced to live in expensive nursing homes. These folks all need affordable, accessible housing, rental assistance and, in many cases, supportive services to help them transition to less institutional settings.

The Department of Corrections should use some of its transitional housing dollars to buy into the Vermont Rental Subsidy Program in order to provide housing security for people leaving incarceration and reduce recidivism. When a person's sentence, and subsequent DOC support ends, people should be seamlessly integrated into the program. The Corrections and the Department for Children and Families should work cooperatively to implement this change.

Enable Vermonters living with disabilities to live more independently and avoid the higher expense of living in a nursing home by investing an additional \$200,000 in the Home Access Program annually to reduce the waiting list to six months. There are currently over 100 people on the program's active working list, with an average wait of two years. Current funding is approximately \$675,000 a year and could be increased by leveraging Global Commitment funds.

Increase the Vermont Affordable Housing Credit for an additional two years for VHFA's Down Payment Assistance Program for first-time homebuyers. Last session the Legislature increased the Tax Credit by \$125,000 for three years, five are needed to make VHFA's revolving loan fund self-sustaining.

Maintain at least level funding for proven programs that:

- Prevent and reduce homelessness, including Department of Mental Health Housing Support Fund, Pathways Vermont/Housing First, DCF housing pilots, and Transitions to Housing.
- Provide supportive services to help very low-income Vermonters maintain stable housing in more independent settings, including Support and Services at Home (SASH), Housing Assistance for Persons with HIV/AIDS, AHS Youth Development Program, ADAP Sober Housing and halfway houses, Assistive Community Care Services (ACCS), and Enhanced residential Care (ERC).
- Invest State tax credits in affordable housing for very low-income Vermonters, including the Charitable Housing Credit, Qualified Sale of a Mobile Home Credit, and Downtown and Village Center Program Tax Credits.

Accomplishments 2013-2015

Council Endorsed Recommendations Approved (2014-2015):

- Doubling (and preserving) appropriation for Vermont Rental Subsidy program;
- Increase in Emergency Solutions Grant Program funding;
- Expand the Family Supportive Housing program and further enhance Community Housing Grants;
- Preserve and protect General Assistance emergency shelter program (reducing contributions from homeless Vermonters from 50% to 33% of income);
- Increase in Earned Income Disregard for Reach Up participants; Expansion of Reach Ahead; Expansion of Eligibility for 100% child care Subsidy for families attached to Reach Up program (24 months for “leavers”);
- Administrative Reduction for SNAP Overpayment Households (automatic 50% reduction and waiver of overpayments less than \$200);
- Reduced SNAP Error Rates;
- Heating Assistance: preserved language in FY ’15 budget to safeguard LIHEAP funding;
- Progress on dental therapist/practitioner (bill passed Senate);
- Progress on Paid Sick Days (bill passes House of Representatives);
- New consumer protection measures (“rent-to-own” limitations and safeguards) enacted;
- “Ban the Box” initiative enacted for public employees by executive order (prohibits requesting information about prior convictions on initial application for employment);
- Additional Staff for AHS/DCF;
- Preserve property tax income sensitivity for low- and moderate-income tenants by maintaining the Renter’s Rebate at the current formula level; and
- Support other anti-poverty initiatives, such as legislation that:
 - Provides incentives for persons with disabilities to work while maintaining Medicaid coverage, and
 - Implements the Federal ABLE act creating tax free savings accounts for people with disabilities to help finance disability-related needs.

History and Procedural Milestones

12/30/2013 – Council established by Governor Shumlin

3/27/2014 – Council Membership Completed (30); Committees established.

6/17/2014 – Council Retreat

7/17/2014 – PFP Online Information page goes live; Request to Governor Shumlin to Engage in Public Participation Process re: Possible AHS/DCF Recommendations; Governor approval for public engagement

8/11/2014 – Online Survey goes live (for AHS/DCF Recommendations) (app. 200 responses from the general public).

8/28/2014 – Co-Sponsored Public Hearing on AHS/DCF Recommendations

9/5/2014 – Co-Sponsored Public Hearing on AHS/DCF Recommendations

9/29/2014 – Formal Recommendations on child protection to Governor and AHS Secretary and DCF Commissioner presented w/summary of online public survey

10/2014 – Recommendations for poverty reduction strategies presented to Governor.

11/2015 – Recommendations for poverty reduction strategies presented to Governor.

Executive Order No. 09-13

Governor's Council on Pathways From Poverty

WHEREAS, poverty has been a persistent and growing problem in Vermont; and

WHEREAS, poverty affects all communities, including women, children, seniors, disabled Vermonters, working families, immigrants, and the homeless; and

WHEREAS, reducing poverty will greatly benefit the social and economic infrastructure of Vermont; and

WHEREAS, the State of Vermont has a commitment to the quality of life for all of its citizens.

NOW THEREFORE BE IT RESOLVED THAT I, Peter Shumlin, by virtue of the power vested in me as Governor, do hereby establish the Governor's Council on Pathways From Poverty.

I. Composition and Appointments

Members of the Council shall be appointed by the Governor for three-year terms until their successors are appointed. The Governor shall appoint a Chair.

The Council shall include no less than ten and no more than thirty members, including:

- (A) Representatives involved with private agencies and programs that provide services to low-income Vermonters and/or who work to prevent and address poverty in Vermont; and
- (B) A variety of public members with a commitment to fighting poverty, including whenever possible an individual who has qualified for and received state benefits, such as 3SquaresVT, Reach Up, LIHEAP, housing subsidies, or similar support.

II. Council Charge

The Council shall be advisory to the Governor and its responsibilities shall include, but not be limited to:

- A. Determining the nature and primary causes of poverty in Vermont;
- B. Reviewing the extent to which public and private agencies are addressing poverty in Vermont; and
- C. Making recommendations on action that should be taken to respond to poverty in Vermont, including actions taken by:
 - 1. Federal Government,
 - 2. State Government,
 - 3. Local Government,
 - 4. Private non-profit agencies and programs,
 - 5. Charities, and
 - 6. Business and industry.

III. Council Process

The Council shall meet with the Governor three times per year and members may meet more frequently at the call of the Chair. The Council may establish sub-committees and shall meet with and coordinate efforts with other groups, such as the Vermont Council on Homelessness, as necessary.

The Council shall be attached to the Agency of Human Services for administrative support. To the extent funds permit, members shall receive reimbursement of expenses and a per diem pursuant to 12 V.S.A. § 1010(e).

IV. Effective Date

This Order shall take effect upon signing and expire on January 15th, 2017.

Dated December 30th, 2013,

Peter Shumlin
Governor

Members of the Governor's Council on Pathways from Poverty

Auburn Watersong	Vermont Network Against Domestic and Sexual Violence	
Brenda Brown	Low-Income Advocate	
Cary Brown	Vermont Commission on Women	
Christopher Curtis	Vermont Legal Aid	Council Co-Chair
Eileen Nooney	Capstone Community Action	
Elizabeth Ready	John Graham Shelter	
Erhard Mahnke	Vermont Affordable Housing Coalition	Housing & Homelessness Committee Chair
Erik Hoekstra	Redstone Commercial Group	
Harold Nadeau	Disability Rights Advocate	
Jan Demers	Champlain Valley Office of Economic Opportunity	
Joe Patrissi	Northeast Kingdom Community Action	
John Sayles	Vermont Food Bank	
Joshua Davis	Morningside Shelter	
Karen Lafayette	Vermont Low Income Advocacy Council	Economic Security & Empowerment Committee Chair
Lachlan Francis	Student	
Linda Deliduka	Chittenden County K.I.N.	
Linda Ryan	Samaritan House	Council Co-Chair
Marissa Parisi	Hunger Free Vermont	Administrative Systems Committee Chair
Mark Redmond	Spectrum Youth Services	
Marla Simpson	Vermont Support Line	
Martha Allen	Vermont-NEA	Education Committee Chair
Melinda Moulton	Main Street Landing	
Michael Monte	Champlain Housing Trust	
Michelle Fay	Voices for Vermont's Children	
Patrick Flood	Northern Counties Health Care	
Richard Williams	Vermont State Housing Authority	
Rita Markley	Committee on Temporary Shelter	
Sara Kobylenski	Upper Valley Haven	
Trine Bech	Vermont Parent Representation Cente	
Whitney Nichols	Consumer Advocate	