

HOUSE ACTIONS ON WEATHERIZATION & LIHEAP

OVERVIEW

House Passed Budget (H.875)

The House passed Appropriations bill (H.875) increased *overall* funding for Weatherization to \$11.2M up from \$9M, yielding \$10M for the Weatherization Assistance Programs (WAPs). The Big Bill also "switched" funds between Weatherization (WX) and LIHEAP to make up for the \$1.2M Gross Receipts Tax (GRT) shortfall and provide State dollars (\$1.7M) for LIHEAP administration and benefit expenditures that cannot be made with federal funds (\$5M total needed).

The House made no provisions for appropriating additional State dollars to LIHEAP, leaving a funding gap in LIHEAP benefits above 150% of the Federal Poverty Level (FPL), Crisis Fuel benefits above 150% of FPL and Crisis Fuel "direct service" dollars.

House Passed Miscellaneous Tax Bill (H. 873)

The Miscellaneous Tax bill (H.873) passed in the House increased the GRT from 0.5% to 0.75%, on all fuels, natural gas, and coal, but not on electricity, raising \$1.3M, and changed fuel dealer tax payments to monthly, raising another \$900,000 in one-time revenues for Weatherization.

All three options below require additional State dollars to be appropriated for LIHEAP to fully fund the need.

All three options require an increase in the Gross Receipts Tax.

HOUSE ACTION DETAIL

The \$1.2M WX shortfall is made up out from the \$2.8M “switch” between WX and LIHEAP. WX gets the entire \$1.3M GRT increase and \$900K one-time monies from the monthly payment change. This gives WX total funding of \$11.2M.

About \$5M in State is needed to cover additional LIHEAP administration and benefits above 150% of the Federal Poverty Level. In the House passed version, LIHEAP receives a net of \$1.7M from the WX/LIHEAP switch, which the Administration will use to cover additional admin they need. In addition, \$500K in State dollars from fuel dealer refunds and settlement funds can be used to address the LIHEAP need for beneficiaries above 150% of FPL, leaving a LIHEAP shortfall of \$2.9M in the House budget.

This is the construct that the House passed, with strong support from the Climate and Working Vermonters Caucuses, climate change advocates, leadership in the House, and many individual House members. House Appropriations had a number of opportunities to appropriate State dollars for LIHEAP benefits, which we advocated for in addition to the WX increase, but choose not to do that given the tight budget.

Legislators had an amendment drafted, similar to what the House passed last year, to appropriate available “waterfall” revenues for LIHEAP benefits, but that opportunity did not materialize as those funds were already being used for the Medicaid 53rd week.

HOUSE ACTION - 0.25% GRT increase (except on electricity)

- WX shortfall covered with some of LIHEAP 15% “switch,” WX gets full GRT increase, LIHEAP needs \$2.9M for 150%+ of FPL benefits if admin cost covered with remaining 15%

WEATHERIZATION

Current projected FY 17 GRT revenues	\$	6,800,000
Net to WX from LIHEAP swap to cover FY 17 shortfall	\$	1,200,000
GRT increase	\$	1,300,000
Federal DOE funds	\$	1,000,000
Monthly fuel dealer pmts (one-time, not in base)	\$	900,000
FY 17 Weatherization funding	\$	11,200,000

LIHEAP

State \$\$ to LIHEAP from WX swap for add'l admin/150%+	\$	1,600,000
FY 16 Suburban Propane settlement carried forward from FY 16 - FY 17	\$	200,000
Estimated fuel dealers' SFY17 refunds (State portion)	\$	300,000
SUBTOTAL	\$	2,100,000
State funds required for 150% - 200% of poverty	\$	(3,300,000)
State funds required for LIHEAP administration	\$	(1,700,000)
Projected LIHEAP shortfall	\$	(2,900,000)

POSSIBLE ALTERNATE OPTION #1

WX gets the entire \$1.3M GRT increase and the \$900K in one-time monies from the monthly payment change for a total of \$2.2 M. \$1.2M of that increase is used to cover the shortfall in the WX budget, and the remainder increases the WX budget by \$1M. LIHEAP receives the full benefit of the \$2.8M switch and the \$500K in State funds available from fuel dealer refunds and settlement funds, for a total of \$3.3 M. That covers the \$1.7M the Administration wants for additional admin, and part of the benefits for those above 150% of FPL. Under this construct, LIHEAP still needs \$1.7M in State dollars to fully fund benefits.

This alternate construct was not considered in House Appropriations as proponents of Weatherization made it clear they wanted an increase in Weatherization and wanted the GRT revenue increase to be used for that purpose.

POSSIBLE ALTERNATE OPTION #1 - 0.25% GRT increase (except on electricity)

- WX gets a modest increase; LIHEAP has \$3.3 M State dollars available for additional administration and 150%+ of FPL benefits, still leaves a \$1.7M gap

WEATHERIZATION

Current projected FY 17 GRT revenues	\$	6,800,000
No net \$\$ to WX from LIHEAP swap	\$	0
Monthly fuel dealer pmts to cover shortfall (one-time, not in base)	\$	900,000
GRT increase	\$	1,300,000
Federal DOE funds	\$	1,000,000
FY 17 Weatherization request	\$	10,000,000

LIHEAP

State \$\$ to LIHEAP from WX swap for add'l admin/150%+	\$	2,800,000
FY 16 Suburban Propane settlement carried forward from FY 16 - FY 17	\$	200,000
Estimated fuel dealers' SFY17 refunds (State portion)	\$	300,000
SUBTOTAL	\$	3,000,000
State funds required for 150% - 200% of poverty	\$	(3,300,000)
State funds required for LIHEAP administration	\$	(1,700,000)
Projected LIHEAP shortfall	\$	(1,700,000)

POSSIBLE ALTERNATE OPTION #2

WX gets twice the GRT increase passed by the House, yielding \$2.6M. \$1.2 M is used to cover the WX shortfall for a total WX budget of \$10.4M -- a \$1.4M increase. The \$900K in one-time monies from the monthly fuel dealer payment change and \$500K in State dollars from fuel dealer refunds and settlement funds go to LIHEAP. LIHEAP receives the *full benefit* of the \$2.8M switch, which covers the \$1.7M the Administration wants for additional admin, leaving about \$2.5M left to address the LIHEAP need for beneficiaries above 150%. Under this construct, LIHEAP ends up with an \$800K shortfall.

The House did not want to increase the GRT to a full 1.0%, as proposed in H.841. However, with the Senate preferring not to use LIHEAP funds to make up for the WX shortfall, a larger GRT increase is needed to provide greater than level funding and set WX on a path towards recouping some of its lost capacity and restoring lost jobs.

POSSIBLE ALTERNATE OPTION #2 – requires 0.5% GRT increase (except on electricity)

- WX gets a modest increase; LIHEAP receives \$900K one-time WX funds & has \$4.2M State dollars available for additional administration and 150%+ of FPL benefits, still leaves a \$800K gap

WEATHERIZATION

Current projected FY 17 GRT revenues	\$	6,800,000
No net \$\$ to WX from LIHEAP swap	\$	0
0.05% GRT increase (twice the House increase)	\$	2,600,000
Federal DOE funds	\$	1,000,000
FY 17 Weatherization request	\$	10,400,000

LIHEAP

State \$\$ to LIHEAP from WX swap for add'l admin/150%+	\$	2,800,000
FY 16 Suburban Propane settlement carried forward from FY 16 - FY 17	\$	200,000
Estimated fuel dealers' SFY17 refunds (State portion)	\$	300,000
Monthly fuel dealer pmts to cover shortfall (one-time, not in base)	\$	900,000
SUBTOTAL	\$	4,200,000
State funds required for 150% - 200% of poverty	\$	(3,300,000)
State funds required for LIHEAP administration	\$	(1,700,000)
Projected LIHEAP shortfall	\$	(800,000)

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