



## Vermont Low Income Advocacy Council

*“Celebrating our 43<sup>rd</sup> year representing the interests of low income Vermonters”*

Karen Lafayette [kmlafayette@aol.com](mailto:kmlafayette@aol.com) Senate Appropriations Committee

The Basic top priorities for the Vermont Low Income Advocacy Council with respect to the Human Services Budget is really a balance between maintaining the safety-net in the short term, and investing and building those programs that work to alleviate and end poverty for the long term.

On both the Governor’s Pathways from Poverty Council, and the Legislative Child Poverty Council, recommendations were made in both these areas to address long and short term needs and achieve savings.

For people who find themselves in economic turmoil, in danger of becoming homeless or cold or hungry, making low wages, and/or needing some temporary assistance for their families we must maintain a safety-net, while address those needs that help people move out of Poverty and transition to self-sufficiency.

Although some of those needs are addressed in this budget, this is *not* a budget that continues to move people out of poverty. It seems we are at a grave standstill in making the investments that need to be made for the long term success, and the proposed cuts in the short term will in will have serious consequences for the most vulnerable Vermonters, struggling to make ends meet.

### Maintain the Safety Net – Invest in the Long–Term Solutions with Proven Results

New Energy Burden reports confirm that a serious number of Vermonters live in precarious situations in the cold winter months; lacking the resources to keep their homes comfortably warm, increasing their mental and physical health risks. The number of folks who live with fuel poverty has grown dramatically in the past 13 years from 71,000 in 2000 to 125,000 in 2012. One in five Vermonters is fuel poor.

At a time when there has been a dramatic increase in the number of people in the state that are considered “fuel poor” and can spend upward of 10-20% of their income on heating cost, the **Governor has proposed a 6 million dollar cut of state dollars that have been added to the LIHEAP dwindling federal dollars, for many years now.**

Two years ago the State made a commitment to put GF dollars in the base budget to supplement the LIHEAP dollars that continue to be reduced by the federal government.

Some are suggesting that this is just going back to the old way of accounting and that state monies will again be appropriated through the Emergency Board or during the BAA process, and the House put language in budget to direct additional dollars not appropriated into the general fund reserved as prescribed by law, to be added to the LIHEAP fund. It seems tenuous at best and it is a departure from State policy.

By reducing The LIHEAP benefit we will go from covering an average fuel cost of 34% (current) to covering an average heating cost of 21% (estimate), from an average benefit of \$783 to an average of \$545 (estimate)

**This significant reduction will exacerbate the need for emergency heating assistance – Crisis Fuel, the same program that we restricted two years ago by reducing the number of CF grant assists from 2 to 1 for the household that receives a LIHEAP seasonal fuel benefit.**

*Last year the state had to appropriate \$750K into a “Special” Warmth Fund to be able to keep a few hundred household from going cold because in January they had already used their LIHEAP grant, their one crisis fuel assist and exhausted the regular Warmth funds that come from private donations.*

*Although it happened a month later this year, the State again needed to allocate an additional \$375K into a special grant to accommodate those folks who found themselves in a crisis situation having exhausted all other help available.*

**The picture of elderly folks sitting in their house at night in the dark with winter coats on is a reality.**

The other side of the equation is that at the same time we are cutting safety-net benefits, and reducing emergency assistance, we are not making the investments in the long term solutions to achieve savings.

For a number of years now we have built up the capacity of our Low Income Weatherization Program with state, federal and special funds. **With the end of the availability of the merger funds this program will lose 22 full time equivalent jobs and reduce the number of homes we can do each year but 230.**

Our weatherization program is one of the best in the nation. This is the long term solution to energy burden for low income Vermonters. It can reduce the heating cost of households significantly, saving LIHEAP dollars, creating jobs, adding to economic growth. We will be restricting those economic outcomes if we choose not to maintain this program capacity.

Home energy costs have become an *unbearable* burden for many Vermont Households. The past number of years has only made it more apparent that we need to continue investing in the long term solutions to our energy needs, through the Weatherization Program, especially for low income Vermonters.

In addition to reducing the energy burden and stabilizing Vermont low income households, we have to get rid of benefit cliffs and implement policies that promote economic empowerment to improve the lives of Vermonters and achieve long term savings.

*Both Poverty Councils have recommended increases in the Reach-Up grants, in LIHEAP assistance and Crisis Fuel, and ask for investments in “Making Work Pay” initiatives, like income disregards, increasing asset limits and creating savings.*

We can't solve our structural budget issues with just cuts; we have to address the need and have a balanced approach, including revenues, so we can make the investments for our future. **You can't get to prosperity with austerity.**

The LIHEAP Benefit and the Weatherization Program are just two programs that illustrate both the short and long-term solutions for our most vulnerable populations, but there are numerous cuts and policy decision in the budget that don't make sense in terms of achieving savings and long term solutions. Here are a few examples:

#### VABVI Older Blind Grant Reduction (\$8,946) (Was restored by the House)

A proposed cut for the VT Association for the Blind and Visually Impaired older blind grant saves about \$8,900 in general fund dollars thousand, but has a 4 to 1 federal match, losing a total of \$42,000. Those dollars potentially serve about 40 people allowing them to be more comfortable staying in their homes instead of the costly alternative of going to a nursing home at the cost of \$70,000.

#### Counting the first \$125 of SSI benefit for families with a member with a disability against the Reach-Up Grant

Taking away \$ 125 dollars a month from a struggling Reach-Up Family by counting that portion against the grant of Social Security Income of a member in the family because they have a disability, doesn't make sense.

People with disabilities receive additional funds because they have additional needs. The individual receiving the grant is not counted as a member in the Reach-Up calculation so their grant is already reduced.

The Current Reach-Up grant is less than 50% of what the basic needs are to begin with, and the Reach-Up grant is different from other benefits like LIHEAP and 3SquaresVT in that it is supposed to supply temporary funding for basic living expenses. A reduction in a family's grant undermines the family's delicate balancing of finances resulting in no good outcomes.

#### A Cut in Legal Aid Services (\$47,415)

Legal Aid was level funded year after year, except in 2012. The work that they do results in meaningful improvements in people's lives and actually save more state money than those clients would cost the state if their problem was not resolved. Legal Aid is one of the only available civil legal services for the poor and low income, preventing eviction and homelessness, representing folks on issues of custody and domestic violence and in attaining disability benefits.

Legal Aid has received funding from the Central Office (Secretary's Office) of AHS for more than 30 years. It supports two major areas of legal services, at approximately the same levels: **Right to Counsel** cases in which the state is required, by statute, to provide lawyers in certain kinds of cases—primarily mental health commitment and medication cases, as well as certain state guardianship and other proceedings for disabled clients; and, **General Civil Legal Services to the Poor** cases where Legal Aid helps low-income clients solve a range of critical civil legal problems.

*Both areas of those in need of legal representation have increased dramatically, yet the VLA budget has remained the same for a number of years.*

## Lost Investment Opportunities in Anti-Poverty Programs

*We must continue to invest in these long term proven anti-poverty programs with positive outcomes that were cut during the rescission, and remain underfunded. These programs represent programs that can give lifelong skills and provide opportunity to low income families. The State should be investing in the long term solutions.*

### Economic Recommendations from Poverty Councils, VLIAC, and Community Action

1. **Increased funding for the Micro Business Development Program (MBDP)** MBDP provides free business technical assistance (training and counseling) to low income Vermonters and has since 1989. The VT 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 2013, 90 businesses were started and jobs created at the approximate cost of \$3,200 of per business. **\$300,000 BASE** (Increase \$100K-\$200K above base)

2. **Increased funding for Individual Development Accounts (IDA)** - A matched savings and financial education program that helps low to moderate Vermonters to get ahead and improve their futures through 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. **\$135,500 BASE** (Increase \$100K-\$200K above base)

***\*Both the MPDP and the IDA program were reduced during the FY 2010 rescission and have not been restored even though language was passed in the budget that it was the Legislature's intent to fully restore these funds***

3. **Development of a Vermont Matched Savings Account (Expanded IDA)** - 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, like tools or training, that support employment or housing success. **(New funding of \$100K- \$135K Base)**

4. **Fund Financial Coaching , Credit Building and Repair Products** - To break poverty barriers: Credit repair coaching for Vermonters with low income to repair/build credit, and repair/strengthen their connections to financial institutions, and to provide access to and funding assistance for safe and affordable secured credit cards and other credit-building products. Program can be targeted to Reach-Up **Families (\$150K - \$200K to cover cost of existing service and expands availability)**

5. **Increase investment in Vermont's Child Care Financial Assistance Program**  
Raise the base rate to 50% of the current market rate, with the long-term goal of raising the base to 75% of the current year market rate and raising eligibility for the program to 300% of the federal poverty level, while mandating that rates and guidelines be adjusted annually and kept current.