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HOUSE COMMITTEE ON GENERAL,
HOUSING AND MILITARY AFFAIRS

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MEMORANDUM

To: Representative Catherine Toll, Chair, House Committee on Appropriations

From: Representative Helen Head, Chair, House Committee on General, Housing and Military Affairs

Date: March 1, 2017

Subject: Provisions in the Governor's Proposed FY 2018 State Budget

Thank you for the opportunity to review the provisions of the Governor's Proposed FY 2018 State Budget that relate to this Committee's subject area.

* * * National Guard Educational Assistance * * *

The Committee heard testimony regarding the proposed addition of \$500,000.00 to the National Guard Educational Assistance Program from Major General Steven Cray, Adjutant General of the Vermont National Guard; Ken Gragg, Financial Director of the Military Department; Sergeant Major Marckres Gerald, Vermont National Guard Recruiting Command; Patricia Coates, Director of Government and External Affairs for the Vermont State Colleges; Pamela Chisolm, Dean of Enrollment Services of Community College of Vermont; Thomas Anderson, Associate Academic Dean of Lyndon State College; Dyllan Durham a student and Vermont National Guard member; Tom Little, Vice President and General Counsel of the Vermont Student Assistance Corporation; and Marilyn Cargill, Vice President of Financial Aid Services, Marketing and Research for the Vermont Student Assistance Corporation.

Based on the testimony that it heard, the Committee encourages the Vermont National Guard to work with the Vermont Student Assistance Corporation to seek potential cost savings in an effort to provide full-tuition assistance to Guard members enrolled in the current educational assistance program. The Committee is deeply concerned that full-tuition assistance offered by surrounding states is harming the Vermont National Guard's ability to recruit new members and presents an ongoing challenge to the Guard's ability to fulfill its mission. According to Major General Cray, in 2016 the Guard was only able to recruit 173 new members in contrast to its goal of 300. Accordingly, while adequate funding does not presently exist for the proposal contained in H.72, the Committee is committed to working with the National Guard and VSAC to pursue enhanced tuition assistance for National Guard members and to ensure that the Guard is able to meet its recruiting needs in the future.

* * * Vermont Housing and Conservation Board * * *

The Governor's proposed FY 2018 budget, along with the Capital Bill, recommends several sources of funding for the Vermont Housing and Conservation Board, and, with some reservations, the Committee supports these proposals. The Committee heard testimony regarding the funding of the Vermont Housing and Conservation Board from Gus Seelig, Executive Director of the Vermont Housing and Conservation Board, and Jennifer Hollar, Director of Policy and Special Projects for the Vermont Housing and Conservation Board.

The Property Transfer Tax is primary source of funding for the Vermont Housing and Conservation Trust Fund. Pursuant to 10 V.S.A. § 312, the Fund should be comprised of 50 percent of the revenues from that Tax. However, in many years, a percentage of that allocation is redirected to other uses, resulting in the Housing and Conservation Trust Fund being underfunded. This in turn results in fewer affordable housing units being created, which is contrary to the stated goals of recent administrations to alleviate homelessness and create more middle-income housing.

For FY 2018, the Governor's proposed budget recommends allocating \$12,304,840.00 from the Vermont Housing and Conservation Trust Fund to the Vermont Housing and Conservation Board, which is in addition to \$4,000,000.00 that is proposed to be allocated in the Capital Bill. This is approximately 60 percent of the amount that 10 V.S.A. § 312 provides should be allocated from the Property Transfer Tax to the Fund. Nevertheless, this is an increase of \$1,000,000.00 over the appropriated amount from FY17. This increase is linked to the anticipated \$2,500,000.00 in debt service from a proposed \$35,000,000.00 housing bond to be issued in FY 2018. The amount for debt service will be paid out of the housing portion of the Fund. This initial increase in the allocation for the Board will allow for better rates on the bond purchase and will allow annual, expected housing projects to be funded. The Committee conditionally supports this funding method.

If approved, the \$35,000,000.00 housing bond will be issued during FY 2018 and will secure an additional \$70-100 million for construction of housing for very low-income and middle-income Vermonters. It will also provide funding for other community needs based on applications received and the availability of resources. The bonding may require changes to Title 32 related to the annual yield of the Property Transfer Tax, which have been proposed in a bill that is currently pending before the Senate.

The Committee supports the stated goals of the Governor's proposal and the proposed bond. The Committee agrees that Vermont needs new housing to satisfy the needs of Vermonters at varying incomes, and the proposed FY 2018 funding will further that goal. However, the Committee is concerned about the reallocation of approximately 40 percent of the statutory funding for the Housing and Conservation Trust Fund. This is the second year in a row that the Property Transfer Tax revenues allocated to the Fund have been reduced by this amount. While the Committee appreciates that the impact of the reduced funding will be somewhat mitigated by funding proposed in the Capital bill, the Committee believes that the funding from the Property Transfer Tax is more flexible and better suited to the advancement of Vermont's housing priorities.

* * * General Assistance * * *

The Committee heard testimony regarding the proposed amendments to the language regarding Community-Based Alternatives to General Assistance Temporary Housing, and the annual language continuing the cold weather exception policy and funding to community agencies for homeless assistance, as well as the expedited crisis fuel assistance program, from Kenneth Schatz, Commissioner of the Department for Children and Families; Sarah Phillips, Chief Administrator of the Office of Economic Opportunity in the Department for Children and Families; and Sean Brown, Deputy Commissioner of the Department for Children and Families.

The Committee is pleased to note that the Department for Children and Families continues to be successful in reducing the reliance on motel vouchers through the use of supportive housing and other approaches to achieve better long-term outcomes. Based on the testimony that it heard, the Committee supports the language related to community-based alternatives to General Assistance and, in addition, would support the addition of a provision that permits the Department for Children and Families to have more flexibility when using General Assistance funds for housing assistance programs. In addition, the Committee recommends that language requiring the Department for Children and Families to continue to report annually to the General Assembly regarding the expenditure and use of General Assistance funds be added to the FY 2018 Budget Bill.

The Committee recognizes and appreciates that the Governor's proposed budget seeks to increase investment in Vermont's housing needs. However, the Committee believes that ensuring adequate funding for General Assistance in the budget is necessary to provide a support for Vermonters who have the potential to lose federal housing funding or who are in need of emergency housing.

The Committee agrees with the inclusion of the annual language related to the expedited crisis fuel assistance grants. However, the Committee recommends that the restriction on the number of times a household may receive assistance, which was enacted several years ago, be reconsidered. Prior to the enactment of the restriction, eligible households could receive up to three crisis fuel assistance grants if they did not also receive seasonal fuel assistance through LIHEAP. The Committee supports returning to the former policy. In addition, the Committee supports the inclusion of the annual language that allows the use of weatherization funds to pay for heating system replacement.

* * * Weatherization Assistance * * *

Finally, the Committee respectfully requests that \$250,000.00 of the amount appropriated for weatherization be dedicated to the HEAT Squad Program administered by NeighborWorks of Western Vermont. The Program provides low-cost energy audits for homes and businesses, which are a necessary step to improve the efficiency of a home or building. HEAT Squad helps homeowners save an average of 30 percent on their home heating and cooling costs, while making their homes more comfortable year-round. Importantly, while this program serves all Vermonters, it provides services to the demographic that is at the high end of or just above the eligibility for Vermont's low-income weatherization program. The requested funding would allow NeighborWorks to expand its program from five counties to the entire State. Based on the testimony that the

Committee heard, the program is expected to become self-sufficient as it scales up to serve the entire State.