

House Committee on Energy and Technology
Vermont State House
115 State Street
Montpelier, VT 05633-5301

Dear Representatives,

On behalf of Vermont Businesses for Social Responsibility and the hundreds of businesses we represent across the state, I want to thank the Committee for your continued work to combat the COVID-19 pandemic and provide critical resources to our most vulnerable during these challenging times. To that end, we appreciate the opportunity to offer comments on the value of arrearage assistance for Vermont families and business struggling to pay to their utility bills.

As you all know, the arrival of COVID-19 forced millions of people across the United States to stay home to avoid infection and to curtail the viruses spready—making utility services doubly vital not only for Vermonters' safety and comfort, but also to accommodate them working from home, learning virtually, seeking care via telehealth appointments and more. As Vermonters stayed home to keep their families and communities healthy and whole, employment, wages, and hours declined while utility usage unsurprisingly increased. Recent estimates have indicated that national electricity usage grew by 10% on average between April and July 2020, leading to households spend an extra \$6 billion on electricity aloneⁱ. When taken together, the economic fallout of the pandemic coupled with rising utility bills not only places more strain on low-income residential customers who were already struggling to pay their energy bills, it also impacts a new group of customers who were previously able to pay their bills but no longer can due to COVID-19 impacts. The Vermont Business community has felt these effects as well. Between supply chain disruptions, stay at home orders, health and safety compliance, and travel restrictions, small businesses' revenues have plummeted in the wake of COVID-19, yet their overall operating costs, including utilities, have remained.

In short, Vermont households are facing difficult questions about how they're going to pay for food, housing, heat, and water meanwhile local businesses continue to struggle to stay viable in the economic fallout of the pandemic. This has created a sort of negative feedback loop where both business revenues and household buying power have dramatically decreased and our families and shared economy have suffered for it. Thanks to utility shutoff moratoriums, many Vermont households and businesses still have their heat on and water running, but thousands of customers are still racking up significant debts as unpaid bills mount. And like other advocates on today's call, VBSR is concerned that shutoffs are all but inevitable without additional assistance.

There are some key considerations we'd like to highlight for this Committee as you consider offering additional aid.

At Risk Workers and Communities of Color Have been Disparately Impacted by COVID

Firstly, the pandemic has had vastly disproportionate impact on Vermont's BIPOC, Latinx, and women workers. Vermont's "at-risk workers," or those whose positions rely on close contact with the public such as sales, hospitality, food service, and construction have a considerably greater risk of losing their jobs or experiencing a reduction in hours due to the pandemic, and women, nonwhite, and/or Latinx workers occupy the majority of these positions. As a result, these communities have experienced greater job losses due to the pandemic. Given the substantial contributions they make to their household incomes and the fact that they typically earn far less than their lower-risk counterparts, at-risk workers and their families are experiencing disproportionate financial hardship.

BIPOC households have also historically faced higher energy burdens—paying hundreds of dollars more on their energy bills than white households. The pandemic has only exacerbated these disparities, especially for low-income families. A recent nationwide study from the Environmental Resilience Institute reported that of customers below 200% of the federal poverty line, 28% of Hispanic customers and 20% of black customers reported that they were unable to pay an energy bill, compared to just 12% of white customersⁱⁱ.

BIPOC business owners have also been disproportionately impacted by the pandemic as well. As noted in national data, women and minority business owners have traditionally not been able to access federal programs because of major systemic issues within the banking system, largely due to a lack of existing relationships with lenders. In 2018, the average size loan for women-owned businesses was 31% less than the average size loan for male-owned businesses. Meanwhile, large banks approved 60% of loans by white business owners, compared to 50% of loans by Hispanic business owners and just 29% of loans by Black business owners. These disparities clearly show that even in normal times BIPOC business owners face major systemic challenges in keeping their businesses afloat. The COVID-19 pandemic has no doubt exacerbated these challenges and presented several new ones. As noted in a more recent study, 40% of Black-owned businesses and 32% of Latinx-owned businesses have been forced to close due to COVID-19ⁱⁱⁱ.

Vermont businesses are still in dire need of assistance

ACCD and Department of Taxes have overall done a tremendous job in disbursing funds to the Vermont business community and our members are deeply thankful for the grant funding they've received. When taken together the two agencies have collectively disbursed \$330,182,995 in emergency economic relief grants to help offset the \$718,664,730 in losses accrued since this crisis began. That still leaves Vermont with \$388,481,736 in unmet need to address^{iv}. Much of that unmet need belongs to the Vermont's solopreneurs, new businesses, small employers, seasonal businesses, and nonprofits. Additional utility arrearage assistance would help these small businesses address ongoing overhead costs at a time when they are struggling to keep their heads above water.

The average cost of utilities in a commercial building, specifically with regard to energy consumption, is \$2.14 per square foot^v. But how much utilities cost for a business will of course depend on the industry. For example, energy expenses from larger appliances will likely be higher for a restaurant than a retailer, and a garden center will assuredly use more water than a human resources firm.

The legislature is expected to pass a Gap Economic Recovery Grant Program which will help small businesses who did not receive federal and state assistance cover their overhead expenses and they are expected to open that grant program to others who only received a small amount of aid relative to their overall need, however we are expecting that program to be vastly oversubscribed.

Utility arrears are not the only expenses that families are struggling to pay

According to Vermont's latest Basic Needs Budget Report, the average single Vermonter pays \$2,488 in expenses each month and those numbers only increase when looking at families, with the average Vermont family with two adults and two children paying approximately \$6,738 in expenses monthly^{vi}. For many Vermonters grappling with the impacts of the pandemic, these costs can seem insurmountable especially when it comes to housing. Pre-pandemic, 48% of renters in Vermont were cost burdened – paying more than 30% of their income for housing^{vii}. Today, with many higher-income households fleeing densely populated areas in other states because of the pandemic, the cost to rent a home in Vermont is rapidly increasing. Vermont's affordability challenges coupled with stagnant wages has historically kept our economy stifled. In fact, the average Vermont household's buying power in 2018 was no better than it was before the recession over 10 years ago. As these challenges continue to grow buying power in turn continues to decline—hurting not just working Vermonters but local economies.

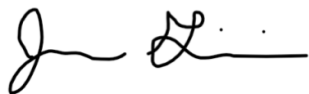
Recommendations:

1. Allocate a significant portion of ARPA dollars toward energy and rental assistance programs and prioritize low-income Vermonters with these assistance funds (ERA, homeowner assistance, backstop). Please also continue to offer arrearage assistance to Vermont's small businesses as well.
2. Offer prospective funding, not just arrearages, for low-income Vermonters who currently have arrearages and as funding allows to those who do not.
3. Dedicate funding to provide additional outreach and technical assistance to low-income Vermonters who may struggle to access assistance dollars.
4. Collect detailed data on the number of customers in arrears, the amount of arrears accruing, and the age of arrears by customer class expand data collection to include zip code and/or demographic reporting to better understand and address racial and economic disparities. To what extent practicable this should include Vermonters whose experiences are typically skewed by aggregated information, including Black, Indigenous,

People of Color (BIPOC); people living with disabilities; and those who identify as LGBTQIA.

As always, thank you for the opportunity to offer feedback and we look forward to working with the Committee to shape proceeding aid programs and ensure Vermonters are given efficient and equitable access to resources during this difficult time.

Thank you for your consideration.



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ⁱ Cohen, Rachel M. “Unpaid Energy Bills Bring Calls for Utility Relief.” *Bloomberg*, 4 Feb. 2021, www.bloomberg.com/news/articles/2021-02-04/unpaid-energy-bills-bring-calls-for-utility-relief.

ⁱⁱ Konisky, David, and Sanya Carley. 2020, *Survey of Household Energy Insecurity in Time of COVID Preliminary Results of Wave-2, and Wave-1 and Wave-2 Combined*, [eri.iu.edu/research/text-alternatives/wave-2-energy-insecurity-in-time-of-covid-text-alternative.html#:~:text=The%20Survey%20of%20Household%20Energy,federal%20poverty%20line%20\(FPL\).&text=Responses%20t%20the%20survey%20have,error%20of%20about%20two%20percent](http://eri.iu.edu/research/text-alternatives/wave-2-energy-insecurity-in-time-of-covid-text-alternative.html#:~:text=The%20Survey%20of%20Household%20Energy,federal%20poverty%20line%20(FPL).&text=Responses%20t%20the%20survey%20have,error%20of%20about%20two%20percent).

ⁱⁱⁱ Dua, André, et al. “COVID-19’s Effect on Minority-Owned Small Businesses in the United States.” *McKinsey & Company*, 27 May 2020, www.mckinsey.com/industries/public-and-social-sector/our-insights/covid-19s-effect-on-minority-owned-small-businesses-in-the-united-states#.

^{iv} Vintinner, Jessica, et al. COVID-19 Economic Recovery Grant Program, 11 Mar. 2021. accd.vermont.gov/sites/accdnew/files/documents/Final%20ACCD%20BTAX%20Economic%20Recovery%20Grant%20Programs%20Report%20-%202021-03-11.pdf.

^v “BOMA International’s Office and Industrial Benchmarking Reports Released.” *BOMA International*, 18 Sept. 2018, www.boma.org/BOMA/Research-Resources/3-BOMA-Spaces/Newsroom/PR91818.aspx.

^{vi} *Vermont Basic Needs Budgets and Livable Wage*, 15 Jan. 2021. ljfo.vermont.gov/assets/Subjects/Basic-Needs-Budgets/1defd5222f/2021-Basic-Needs-Budget-and-Livable-Wage-report-FINAL-1-16-2021.pdf.

^{vii} “Out of Reach 2020: Vermont.” *National Low Income Housing Coalition*, 13 July 2020, reports.nlihc.org/oor/vermont.