



April 7, 2021

To the House Committee on Energy & Technology:

Thank you again for digging into the issue of utility bill assistance and utility arrearages, and for taking the time to hear VPIRG's perspective on this important issue.

The committee has received ample testimony on the need to assist Vermonters with their unprecedented struggles to pay their utility bills during the COVID-19 crisis, so I will not belabor that point here. The need is great, and this testimony focused on VPIRG's perspective on how best to address that need. It is also important to note that while we absolutely recognize the immense need for rental, mortgage, and other housing assistance, as the topic of this hearing was utility bill assistance and arrearages this testimony is largely limited to those issues.

We were very glad to see the American Rescue Plan Act (ARPA) bolster the assistance funds made available in the December stimulus bill to help Americans with (among other critical needs) their utility bills. However, Congress left clear gaps in the funding ARPA and the December stimulus provided on this front. We urge the legislature to fill that gap using ARPA state fiscal recovery funds so that no Vermonters are falling through the cracks that Congress left.

Excluding general funds, which should not need to be expended on this, there are four distinct sources of funding available to address these needs:

- Emergency Rental Assistance (ERA) funds from the December stimulus bill
 - Renters who are at or below 80% of area median income (AMI) and who meet several other criteria are eligible.¹ Roughly 2/3 of Vermont renters are below 80% of AMI.²
 - Of the four sources of funding described here, this has the strictest requirements – the most red tape, as it were.
 - Vermont is eligible for up to \$200 million. The state recently rolled out the Vermont Emergency Rental Assistance Program (VREAP), which includes utility assistance.³
- ARPA ERA funds
 - Similar to the Dec ERA funds, renters at or below 80% of AMI who meet several other criteria are eligible. The criteria in ARPA were modified from the Dec ERA fund's eligibility criteria in several ways, potentially allowing somewhat more flexibility in their deployment, though federal guidance regarding these funds has not yet been released.⁴
 - Vermont is eligible for up to \$152 million.

¹ <https://www.congress.gov/116/bills/hr133/BILLS-116hr133enr.pdf> (bottom of p896)

² <https://accd.vermont.gov/sites/accdnew/files/documents/Housing/VT%20HNA%202020%20Report.pdf> (p43)

³ <https://erap.vsha.org/>

⁴ <https://www.congress.gov/117/bills/hr1319/BILLS-117hr1319enr.pdf> (p55)

- ARPA homeowner assistance funds
 - 60% of funds must be spent on households below 100% AMI, but ARPA contains no income cap or eligibility criteria.⁵
 - While guidance has not yet been released, as the program is described in ARPA as “for the purpose of preventing homeowner mortgage delinquencies, defaults, foreclosures, loss of utilities or home energy services,” and in describing “qualified expenses related to mortgages and housing” ARPA clearly includes utilities, it appears that these funds will be available for all homeowners the state deems in need of assistance with utility bills – not just homeowners with mortgages.⁶
 - Vermont is eligible for up to \$50 million.
- ARPA state fiscal recovery funds
 - These much more flexible funds likely will be able to be used as a backstop to fill gaps left – in particular for renters above 80% of AMI and for businesses.

Today, there is a significant gap between the dedicated federal funds available for utility bill assistance and the need, as the only funds being deployed at this time are the Dec ERA funds. Roughly 1/3 of renters, all homeowners, and all non-residential ratepayers do not have utility bill assistance available to them.

Once ARPA homeowner assistance funds are able to be deployed, that gap will narrow significantly, though renters above 80% of AMI and non-residential ratepayers would still be unable to access such assistance absent additional funds being deployed to meet that need.

VPIRG’s recommendations:

- The Department and program administrators should be directed to prioritize low income Vermonters with all the utility assistance funds made available. All things being equal, the lowest income Vermonters are the most likely to need the assistance AND least likely to be able to apply.
- As soon as guidance is available:
 - Authorize a portion of homeowner assistance funds to utility bill assistance.
 - Authorize a portion of ARPA ERA funds to supplement Dec ERA funds.
 - It appears likely that there will be cases where renters may be ineligible for Dec ERA funds but eligible for ARPA ERA funds. If that does appear to be the case based on federal guidance, authorization of ARPA ERA funds will be important to get assistance to those renters.
- Dec ERA funds should be utilized before ARPA ERA funds whenever possible.
 - The date by which the Dec ERA funds must be spent was extended by ARPA (to Sept 30, 2022), but they are still available for a much shorter term than the ARPA ERA funds (which must be expended by September 30, 2027).
- Additional backstop funds should be used to fill the remaining gaps described above.
 - At this time we do not have a precise recommendation on the amount of funds needed, but given that non-residential arrearages alone are in the neighborhood of \$4 million, 1/3 of renters are above the income cap, and arrearages are still mounting, \$5-10 million would likely be appropriate.
- Offer *prospective* funding, not just arrearages, at a minimum for renters below 80% of AMI who have arrearages.

⁵ <https://www.congress.gov/117/bills/hr1319/BILLS-117hr1319enr.pdf> (p62)

⁶ <https://www.congress.gov/117/bills/hr1319/BILLS-117hr1319enr.pdf> (p61)

- ARPA states that both "(III) utilities and home energy costs" and "(IV) utilities and home energy costs arrears" are eligible expenses, and federal guidance for Dec ERA funds clearly states that prospective benefits are allowable.^{7,8}
 - Dec ERA could cover up to 12 months of prospective payments, while the ARPA ERA allows up to 18 months of payments.
 - VERAP appears to cover prospective utility payments, but I'm unclear to what degree or in what circumstances. As much as possible, 12 months should be offered.
 - Arrearages should be the priority. However, with \$200 million in Dec ERA funds and \$152 million in ARPA ERA funds, offering prospective funding should not impact Vermont's ability to help with utility arrearages, back rent, or other housing costs.
- Offer prospective funding for renters who qualify for the ARPA ERA funds, but do not yet have arrearages - or at least do so for lower income renters.
 - Federal guidance for the Dec ERA funds states that households do *not* need to have rental arrearages to be eligible.⁹
 - No doubt there are many Vermonters who are struggling to make ends meet but have managed to avoid unpaid bills nonetheless. These Vermonters should not be excluded if they are eligible for ERA funds
- Fully fund "housing stability services." Both ERAs allow up to 10% of funds received to be used for "case management and other services" to "to help keep households stably housed."^{10,11} That work is critical to successfully deploying the maximum amount of these funds to Vermonters in need, and particularly essential for the lowest income Vermonters who may otherwise struggle to access this assistance.
 - These funds should be supplemented with homeowner assistance funds or general ARPA dollars as needed, to provide such services for homeowners in need as well. Ideally, such services would be combined with a broader counselor or advisor role to help people navigate programs and finances more generally.
- Marketing these programs is an important supplement to the one-on-one assistance case managers could provide, and doing that through traditional and online marketing and community-based outreach will be important to reaching as many Vermonters in need as possible.
- Translation and translation services should also be fully funded. Other witnesses described in detail the racial disparities nationally and in Vermont around housing instability during the pandemic. Left unaddressed, language access would be a barrier to accessing these funds for many Vermonters of color.
- We recommend the committee also ensure that the state is using these funds to provide assistance for internet access. As this committee knows well, broadband is an essential service at this point, and that is especially true now. This is an allowable expense under federal ERA guidance.¹²
- Finally, we urge the committee to direct the Department and program administrators to create systems that are as simple as possible, and to create as little logistical burden on individual applicants as possible. As stated by Green Mountain Power, any opportunity automatically pay arrearages automatically for some subset of customers in need should be explored to the

⁷ <https://www.congress.gov/117/bills/hr1319/BILLS-117hr1319enr.pdf> (p53)

⁸ https://home.treasury.gov/system/files/136/ERA-Frequently-Asked-Questions_Pub-3-16-21.pdf (p4)

⁹ https://home.treasury.gov/system/files/136/ERA-Frequently-Asked-Questions_Pub-3-16-21.pdf (p4, q8)

¹⁰ <https://www.congress.gov/116/bills/hr133/BILLS-116hr133enr.pdf> (p893)

¹¹ <https://www.congress.gov/117/bills/hr1319/BILLS-117hr1319enr.pdf> (p53)

¹² https://home.treasury.gov/system/files/136/ERA-Frequently-Asked-Questions_Pub-3-16-21.pdf (p4, q7)

maximum extent possible under federal guidance. Doing so would reduce the burden on individual Vermonters in need, reduce the number of Vermonters missing the opportunity for assistance, and reduce the universe of ratepayers program administrators have to contact and assist one at a time.

Thank you again for the opportunity to share our perspective and recommendations on this issue.

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