

VT Community Action Partnership
VT Low Income Weatherization Assistance Program

Karen Lafayette – Testimony Senate Appropriations FY 2017

Fighting Poverty successfully requires a balance between the maintaining the short term safety net and investment in the long term solutions.

An estimated 125,000 Vermonters lived in “fuel poverty” (paying more than 10% of their income on energy needs) a 76% increase since 2000.

LIHEAP Seasonal Fuel Benefits for low income household help them keep their homes comfortable and safe, helping to pay part of the heating cost during the cold winters

Low-income Weatherization is a long term Solution to Vermont’s unique energy and housing health and safety challenges: VT is ranked 51st in the U.S. in energy affordability and VT has the 2nd oldest housing stock in the nation with 46% of units built before 1970. The program has existed since 1980.

Both LIHEAP and Weatherization are low income programs; one short term assistance and one a long term solution. We need to be raising appropriate revenues to fund both of them; maintaining the “safety net” and investing in solutions that reduce energy burdens. Both are needed.

Weatherization helps seniors, people with disabilities, families with young children, and very low-income Vermonters make their homes more energy efficient and reduce their heating costs.

It makes their homes more affordable, which means they can focus their scarce resources on other basic needs. It makes health and safety improvements, like replacing unsafe wiring or furnaces. Families have warmer and safer homes, making them healthier and less subject to health issues.

Vermont set a goal in 2007 to weatherize 20,000 additional low-income homes by 2020. We still need to weatherize more than 9,200 homes to reach this goal – over 3,000/year.

Although 40 out of 50 states use LIHEAP money for WX (can use up to 15%), VT decided to build a robust program, let LIHEAP keep those dollars for benefits, and passed a dedicated tax in 1990 to fund the program. The GRT is the primary funding source for Vermont’s Low-Income Weatherization Program.

The Weatherization program was the beneficiary of ARRA and GMP merger for a few years but, but the last of those funds were used in FY 2015 and the program was reduced from \$11 million to \$8 million, and solely reliant on the GRT revenues and \$1million Department of Energy funds.

Due to falling fuel prices and warmer temperatures the current GRT revenues do not even provide level funding of \$9 million for FY 2016 and fiscal year FY 2017. The revenues from the GRT have gone down from \$8.6M in 2014 to \$8.1M in FY 15 and \$6.8M this year and next.

Both the FY 2016 Budget and the Governor proposed FY 2017 budget relied on the GRT revenues of \$8 million the new estimate show that the GRT falls short of that target by about \$1.2 M in the GRT for both years.

Over the past 2 years the Weatherization Program has lost 65 jobs, economic activity, and reduced the number of units that could be weatherized by one-third. This year the program could see another loss of \$1.2 Million if nothing is done.

The House Actions increase the Gross Receipts Tax, to provide an increase of \$1.3 million (on-going) and a \$900K of one time funds to the FY 2017 budget. The Appropriation bill also covers the Weatherization shortfall of \$1.2 million by utilizing part of federal funds that can be transferred from LIHEAP to low income weatherization, the remainder of the \$2.8 is available for additional administration over 10% and/or benefits over 150% of federal poverty, neither of which are allowed under federal guidelines.

The Administration for the second year did not propose any state dollars to supplement the federal LIHEAP program and wants to solely make use of the switching authority. Utilizing the entire \$2.8 in federal dollars for State Weatherization dollars still leaves a \$2 million dollar gap in LIHEAP benefits/administrative needs. Using the one time finds for LIHEAP creates bigger hole in the next fiscal year.

Unfortunately, the House did not put any additional State dollars into LIHEAP this year either.

A total of \$5 million (state dollars) is needed to cover \$1.7 in administration monies over the 10% allowed from federal LIHEAP dollars, and \$3.3 million is needed for the fuel assistance benefits over 150% of the federal poverty level.

The State has supplemented federal LIHEAP since 2005, and last year the Legislature did appropriate additional State dollars for the purpose.

We must continue to assist those Vermonters from 150% to 200% of the Federal Poverty Level with seasonal and crisis fuel assistance. At 150 % of the FPL a family is still living in poverty facing stiff benefit cliffs. The federal threshold does not reflect the reality of what it costs to survive.

We must continue to put State dollars into LIHEAP benefits and increase investments in Weatherization to alleviate low-income Vermonters' fuel poverty, maintain the safety net, and make progress towards our thermal efficiency goals and long term solutions to energy burdens.



Vermont Low Income Advocacy Council

“Celebrating our 44th year representing the interests of low income Vermonters”

Senate Appropriations

We ask the Legislature and the Administration to revisit and reverse this policy of taxing the poorest families by reducing their Reach-Up grant because a parent receives a SSI disability grant.

This reduction should have never been taken; it simply doesn't make sense.

The family member with a disability receiving an SSI benefit has already excluded from the calculation that determines the Reach Up benefit amount. These families have additional expenses related to the disability.

The current Reach Up grant meets only approximately 49.6% of the basic needs standard. Most recipients of Reach Up are children, whose families need enough cash income to buy non-food essentials of living.

There is no place in Vermont where someone living on Reach Up or SSI or any combination of the two can afford a place to live. Taking away ANY amount of income from people who are this poor, just puts them another step closer to the downward spiral and tragedy of homelessness.

We need to try and stabilize these families, not target them to close a budget gap. Any caseload savings should first go to reversing this burdensome policy for the most vulnerable Vermont families.”

The Center for Policy Research Report suggests that there is a documented link between low incomes and families living with disabilities. “The income poverty rate for those with disabilities is between two to three times the rate for those without disabilities. Almost half of working-age adults whose incomes fall below 200% of the federal poverty line have a work disability.”

We have to take disabilities into consideration when trying to alleviate poverty. The fact remains that families in this situation where a parent is receiving an SSI benefit have few options to work or increase their incomes. Reducing their income but \$1,500 dollars a year puts them further below the poverty line with few options, if any, for being able to exit the program.

The State maintains that it's only fair to reduce the Reach up grant, because other benefit programs like LIHEAP and 3SquaresVT count disability income. But those programs offer limited assistance for specific items of food and heat. The Reach-Up grant is income to support a family's basic living needs.

The Reach Up program is an essential anti-poverty program to stabilize families in precarious situations. The program has nearly reached its goal of moving families off of the system as quickly as possible, and we are seeing the savings.

What it has not done is keep pace with the needs of those Vermonters eligible and receiving benefits.

If anything we should be trying to increase the Reach-Up grant to cover a higher percentage of need, and not trying to “equalize poverty” by reducing the income of a Reach-up family that might have a bit more because of a disability.

Both the Legislative VT Child Poverty Council, the Governor’s Pathways from Poverty Council, and the Legislative Workers Caucus have recommended the reversal of the \$125 dollar a month reduction just implemented.

Although the reductions were upheld as constitutional, I think that Judge Sessions comments in his written decision sums it up pretty well, and I quote:

“The law at issue in this case targets one of the most vulnerable populations in Vermont: disabled adults raising children in poverty. In an effort to achieve budgetary savings the Legislature has voted to decrease public aid to those families, resulting in what can only be further hardship for parents as they struggle to provide food and shelter for their children.”

This is an extremely harmful cut. We hope the Senate will reconsider it, especially given that there are caseload savings within the Reach-Up program.

Other Budget Priorities:

- Restore proposed VT Legal Aid Cut
- Restore proposed reduction the Health Care Advocates Office
- Increase the Child Care Financial Assistance Program
- Increase funding for OEO Economic Development programs (IDA MBDP)
- Increase funding for the VT Low Income Weatherization Program
- Maintain State Dollars in LIHEAP to cover Seasonal Benefits and Crisis Fuel Assists for folks above 150% to 200% of the Federal Poverty Level

WEATHERIZATION ASSISTANCE PROGRAM FACT SHEET

BACKGROUND

- Vermont's low-income Weatherization Assistance Programs (WAPs) are operated by four Community Action Agencies and NETO, the Northeast Employment and Training Organization. Operating since the 1980's, these agencies have weatherized 26,000 homes over the last 19 years, reducing the average household energy cost by \$400 – \$600 a year, depending on fuel prices.
- Weatherization funding has seen a decline since funding was augmented by ARRA stimulus dollars and Green Mountain Power merger money. At its high point in FY 12 the WAPs received \$12.9M. That dropped to \$11M last year and \$8M this year, a 27% reduction over just one year alone.
- Instituted in 1990, the Gross Receipts Tax (GRT) on the retail sales of non-transportation fuels, natural gas, electricity, and coal provides the core funding for Weatherization.
- At 0.5% the GRT raised about \$8.6M in FY 14 and \$8.1M in FY 15. JFO estimates that the tax will raise only \$6.8M in FY 16 and 17 because of declining fuel prices and warmer temperatures. Another \$1M comes from the U.S. Department of Energy, for a total of \$7.8M, leaving it \$1.2M short of the Governor's \$9.1M budget request, \$8M of which would go to the WAPs and \$1M to the State for furnace replacement and administration.
- Increasing the GRT to 0.75% (except on electricity), as passed by the House, costs the average homeowner who heats with oil less than \$5 more a year. Doubling the GRT would cost less than \$9 more a year.

THE NEED

- An estimated 125,000 Vermonters lived in "fuel poverty" in 2012 – a 76% increase since 2000.
 - "Fuel poverty" = 10% or more of monthly household income is spent on energy services.
- The WAPs play a big part in helping the State achieve its goal of improving the thermal efficiency of 25% of the state's housing stock by 2020.
 - Vermont set a goal in 2007 to weatherize 20,000 additional low-income homes by 2020.
 - We still need to weatherize more than 9,200 homes to reach this goal – over 3,000/year.
 - At the current funding level, we are only doing 750 homes a year, a 33% reduction from the 1,124 homes completed last year. At this rate we won't reach the 2020 goal until 2029.
- Low-income Weatherization is a solution to Vermont's unique energy and housing health and safety challenges:
 - VT is ranked 51st in the U.S. in energy affordability.
 - VT has the 2nd oldest housing stock in the nation, with 46% of units built before 1970. These homes have the biggest payoff from Weatherization, which improves both energy efficiency and housing health and safety.
- Weatherization creates livable-wage, high-skills jobs. 85 people are currently employed statewide, though funding cuts have reduced this from 150 last year - a loss of 65 full-time equivalent positions.
- Statewide there are over 1,200 homes and apartments that have been qualified for assistance and await the arrival of a Weatherization crew, yet there is only enough funding to complete two-thirds of those homes this year.
- Many more low-income Vermonters are eligible for assistance, but outreach efforts have been cut back due to the funding reductions and not wanting waiting lists to grow too long.
- In some regions of the state, applicants must wait as long as 3 - 4 years for Weatherization assistance.
- There is a potential pool of 24,700 households expected to apply for LIHEAP this year whose homes are likely to need Weatherization.

THE ASK

- The GRT needs to be re-authorized every few years to continue providing core funding for Weatherization. It is currently set to expire this June and must be re-authorized by the Legislature, or there will be no funding for Weatherization next year.
- The Low-Income Weatherization Assistance Program seeks to regain the lost capacity, jobs and economic activity of a few years ago. To increase *overall* program funding to \$12M, we need a \$3M increase plus \$1.2M to cover the shortfall in the Governor's FY 17 budget, yielding \$11M for the WAPs.
- The Administration included re-authorization in its Miscellaneous Tax Bill proposal, but did not ask for an increase to make up for the funding reductions and lower GRT revenues.
- House bill 841 would have increased the GRT from 0.5% to 1.0%, except on electricity, raising \$2.6M. Assuming the shortfall was covered, *overall* program funding would be \$11.6M, \$10.6M for the WAPs.
- The House-passed Miscellaneous Tax bill (H.873) increased the GRT to 0.75%, except on electricity, raising \$1.3M. It also changed fuel dealer tax payments to monthly, raising another \$900,000 in one-time revenues for Weatherization.
- The House Appropriations bill (H.875) increased *overall* funding for Weatherization to \$11.2M up from \$9.1, yielding \$10M for the WAPs. The bill also "switched" funds between Weatherization and LIHEAP to make up the \$1.2M shortfall and give LIHEAP \$1.7M for expenses that must be paid with State funds.
- State funds must be used to cover LIHEAP benefits over 150% of federal poverty and administration costs over what is allowed with federal dollars. State dollars have gone into LIHEAP annually since 2005, but were not in the Governor's FY 16 and FY 17 budgets. Last year the Legislature appropriated up to \$5M for this purpose. The House bill does not add State dollars, leaving a \$3M funding gap in LIHEAP.
- We must continue to put State dollars into LIHEAP benefits and increase investments in Weatherization to reduce low-income Vermonters' fuel burden and make progress towards our thermal efficiency goals.

VERMONTERS ARE BETTER OFF THANKS TO WEATHERIZATION ASSISTANCE

- Senior citizens, persons with disabilities, families with young children, households below 60% of median income, and Fuel Assistance recipients receive priority for Weatherization, which also leverages health and safety improvements.
- Weatherization makes homes more affordable, allowing people to focus resources on other basic needs.
- Families enjoy warmer, safer homes and better indoor air quality, making them healthier and less subject to health issues associated with being chronically cold and mold. Children will have a better chance to succeed.
- The Weatherization Assistance Programs (WAPs) also refer families to other services, such as Vermont's Lead-Based Paint Program, Head Start, or aging services, helping them save money and live a healthier life.
- Energy coaching provided by the WAPs helps families learn how to conserve energy and get the most out of the work done to their home. In FY 14, 67% of weatherized single family homes received Fuel Assistance.
- Weatherization helps Vermonters save on heating costs – homes heated with fuel oil use an average of 150-230 gallons less/year.
- For every \$1 invested in Weatherization, \$2.51 is returned to the household and community – investing \$12M a year yields a return of more than \$30M over the lifetime of the improvements made.
- In 2014, low-income weatherization activities prevented 3,028 tons of CO2 from entering the atmosphere.

Karen Lafayette

Section 27 of the Miscellaneous Tax Bill - Fuel Gross Receipts Tax

- Reauthorizes for 5 years the Fuel Gross Receipts Tax (GRT). It is currently set to sunset on June 30, 2016.
- Increases the tax rate from 0.5% to 0.75% for fuels, but not electricity.
- The language also eliminates the rebates for utilities in order to maximize the amount of funds available for weatherizing homes.
- Requires Tax Department to study impact of expanding and altering the base to which the Fuel Gross Receipts Tax is applied.
- Creates greater transparency by allowing fuel dealers to itemize the tax on their bills.

Weatherization Program

The GRT is the primary funding source for Vermont's Low-Income Weatherization Program. The program has existed since 1980.

Weatherization helps seniors, people with disabilities, families with young children, and very low-income Vermonters make their homes more energy efficient and reduces their heating costs.

By reducing energy burdens, the program makes their homes more affordable, so low income Vermonters can focus resources on other basic needs.

Weatherization creates livable-wage, high-skills jobs, and stimulates economic activity.

It improves both energy efficiency and housing health and safety.

We are falling far short of our energy goal of 20,000 low income homes weatherized by 2020. Increasing funding for Weatherization will help us make better progress in meeting those goals.

Gross Receipts Tax

The Gross Receipts Tax was first implemented in 1990 and has not been increased in 26 years.