

# CADO 1999 LEGISLATIVE STRATEGY

(Updated 7/1/98)

## I. Background:

For the first time in twenty years, as the Governor prepares his budget he will have enough money to fund existing state services at their continuing service level, and he will have money left over. Though state agencies will probably be instructed to identify potential budget reductions, in actuality this is the time to invest extra revenues to address outstanding problems, and to prepare for future challenges.

The make up of the Oregon Legislature will not be completely known until the ballots are counted in November. However, it is certain that the Republicans will continue to dominate the Senate. Because only one half of the senate seat are being contested, it is numerically impossible for the Democrats to regain control. Neither the size nor the makeup of the Republican majority of the Senate can yet be predicted. It is mostly likely that the Senate Republican Caucus will continue to be dominated by the tension between socially conservative members and the more moderate ones.

Currently no one is willing to predict whether the House Republicans will remain in the majority in 1999, or if the House Democrats will make enough gains to assume the leadership. In any event it is doubtful that either party will be able to accumulate an overwhelming majority. Assuming that the House leadership will have only a narrow majority, compromise and moderation will be the norm.

## II. CADO Objectives:

CADO has adopted five objectives for achievement during the 1999 legislative season, all of which are related to money. They are:

- Seek a \$1,286,970 increase in the State Homeless Assistance Program (SHAP) and a \$2,320,500 increase Emergency Housing Account (EHA).
- Support the proposal to appropriate \$160 million to the *Housing Trust Fund*.
- Seek state funding support for the expanding obligations Community Action Programs have had to assume to assist Oregon's working poor. So far CADO's Legislative Committee has been unable to fix a dollar amount to this proposal.
- Support the proposal for a meter charge on all electric utilities that will help fund a \$20 million annual energy assistance fund, and a 3% public purpose charge that will result in \$8 million in new low-income weatherization funds.

- Support the proposal to seek a \$350,000 increase in funding for food and nutrition programs, as well as future recommendations to come forward from the Oregon Food Bank and the Oregon Hunger Relief Task Force.

III: STRATEGY:

Three of the CADO Legislative Objectives, additional funding for homeless assistance programs, an addition to the Housing Trust Fund and additional funding for food and nutrition programs, require that the Legislature be willing to allow growth over the 1997/99 Legislatively Approved Budget. Since there is a strong sentiment within the Oregon Legislature to limit the growth of government, the worthiness of these programs alone will not garner the support needed. A strong effort on the part of CADO, supported by HCS is required.

- Seek \$1,286,970 increases in the State Homeless Assistance Program (SHAP) and a \$2,320,500 increase Emergency Housing Account (EHA).

The Oregon Department of Housing and Community Services (OHCS) will propose a policy package in its Agency Budget Request for these funds. CADO's strategy is to support this budget request. First, we have to help HCS convince the Governor and his budgeteers to include these packages in his 1999/2001 Governor's Recommended Budget. If this effort is successful, then we need to work to get legislative approval of this item in the Governor's budget.

These increases can be justified for a number of reasons, including:

- the lack of affordable housing and homelessness has been cited by the SSIWG group as a major barrier in providing state services. The 25 percent increase in Oregon's one night emergency shelter count demonstrates the magnitude of the problem.
- this package would restore reductions made in these programs since 1991, and would account for the growth these accounts would have seen if they had been awarded the normal cost of doing business increases similar to those granted to DHR programs.
- if the Housing Trust Fund were to be increased by \$160 million, then there is a concurrent need to increase supportive housing services.

It is important that the Governor and legislators are reminded that starting in 1993 the Governor's budgeteers maintained that there was not enough money available in the state coffers, and reductions were required. Consequently, during these intervening years, based on the need to pay more for the same service, many DHR programs

grew, while both EHA and SHAP were reduced. Then EHA and SHAP were consigned to stagnation. If funds were scarce in the early 1990's, they aren't now. The 1999/01 *Governor's Recommended Budget* is the place to make up for the past.

- Support the proposal to appropriate \$160 million to the *Housing Trust Fund*. After experiencing a functional fragmentation during the 1997 Legislative Session over the Real Estate Transfer Tax, the numerous housing advocates are starting to coalesce around the idea of asking the Legislature to appropriate \$160 million to the *Housing Trust Fund*. Though there are still a few hardcore "free market" conservatives who do not see the need for public participation in solving the affordable housing problem, most reasonable groups are lining up.

Ideally, the \$160 million request would be part of the HCS 1999/01 budget. To that end, CADO needs to support both the efforts of the *Coalition to Fund Affordable Housing (COFAH)* and the *Housing Lobby Coalition (HLC)*.

It is anticipated that the combined efforts of the HCS Department, CADO, COFAH and the Housing Lobby Coalition can get the request included in the 1999/01 *Governor's Recommended Budget* and agreed to by the Legislature. This scenario has a high likelihood of success. If on the other hand the \$190 million is not in the Governor's Budget, we will have to revert to asking the Legislature for a "handout," and this approach does not have a very good prognosis.

- Support the proposal to seek a \$3250,000 increase in funding for food and nutrition programs.

Much like the objective to increase funding for homeless assistance programs, the success of acquiring additional funding for food and nutrition programs hinges on the ability of the *Oregon Department of Housing and Community Services (OHCS)* to get additional funds included in the *Governor's Recommended Budget*. HCS will propose a policy package in its *Agency Budget Request* for these funds. CADO's strategy is to support this budget request. First, we have to help HCS convince the Governor and his budgeteers to include these packages in his 1999/2001 *Governor's Recommended Budget*. If this effort is successful, then we need to work to get legislative approval of this item in the Governor's budget.

Acquiring additional funds to support the expanding obligations isn't as clear cut.

- Seek state funding support for the expanding obligations Community Action Programs have had to assume to assist Oregon's working poor.

For a large number of reasons, but mainly because of the changing nature of Oregon's economy, it is not unusual at all to encounter situations where people are employed and are still suffering from the conditions of poverty. This is occurring despite the best

for welfare reform and declining caseloads, and the number of people in poverty, particularly children, continues to increase in Oregon. Consequently, a lot of the cost associated with the effects of poverty has been transferred from the state to the local level.

Often by default, the burden of providing assistance and services to what has been termed "the working poor" has fallen upon Community Action Agencies. Unfortunately increasing funding has not accompanied the increasing need. Clearly there is a hole in the safety net and the state not yet responded to it.

Why is this so?

First, because the media has focused on the successes of welfare reform and the reduction of the caseload legislators think the problem has been solved and there is little recognition poverty as a continuing problem.

Second, with the exit of the federal government from the field and the advent of block grants, the responsibility for dealing with poverty has been given to the state. The Governor, state agencies and legislators have not yet understood this change and have not responded to the problems of poverty.

Finally, the affected state agencies and state legislators are still mired in a mind set of scarce resources and the need to reduce budgets. This mind set is often coupled with and supportive of those who believe government is too big and needs to be restrained.

It is doubtful that there is a short term fix that would facilitate a new focus on poverty issues. However there are a number of things that can be done now to start movement toward a solution:

- First, begin, or continue to have conversations with legislators with the aim of educating them about the poverty in their community and the role their Community Action Agency plays.
- Second, seek the continuation and expansion of existing poverty related programs, e.g., SHAP, EHA, Housing Trust Fund, and the Oregon Health Plan.
- Third, continue to work with the appropriate state agencies, especially the Department of Housing and Community Services and the Department of Human Resources (DHR), to simplify current programs.
- Fourth, work with DHR to and expedite efforts to form new partnerships, create new approaches and share resources.

The fourth last item could be of particular importance. As state agencies, particularly DHR, begin to address this issue it is critically important that they view Community Action Programs as part of the solution. It should be a far better option for them to look to CAPs for implementation at the community level rather than

have them try to reinvent and reformat them to fill this function. It is very important therefore, that CAPs engage in discussions with DHR/AFS and be at the table as they design new programs and solutions. CADO should be in the position to temper the CADO 1999 bureaucratic response and mold it into a good fit for each of our communities.

In short, CADO has to find ways to the legislators and state agencies to work with CAPs to work together to deal with the causes and conditions of poverty.

One way to help address the needs of Oregon's working poor is to persuade the Legislature to provide state assistance for low-income energy programs.

- Support the proposal for a meter charge on all electric utilities that will help fund a \$20 million annual energy assistance fund, and a 3% public purpose charge that will result in \$8 million in new low-income weatherization funds.

The primary tool for providing affordable, universal services in Oregon has been the federal Low-Income Energy Assistance Program (LIEAP). This program has been dramatically slashed, resulting in a reduction of program funds from \$17.7 million to about \$8 million, a reduction in benefit size, and a reduction in customers served, from 87,994 to about 43,500. During the period during which this reduction has occurred, Oregon's low-income population has grown, and the poorest Oregonians have additionally seen a reduction in average income levels. Combining these different factors, Oregon has more individuals in poverty, they are poorer than a decade ago, and many of their electricity payments are significantly less affordable due to bill payment assistance cuts.

In 1985, LIEAP served an estimated 50% of eligible recipients (households making less than 125% of federal poverty level). Today, it serves an estimated 20% of eligible recipients. Because federal LIEAP guidelines prioritize use of funds for senior citizens and disabled individuals, about two-thirds of recipients receiving bill payments assistance in Oregon today are either senior or disabled.

The primary purpose of a meter charge will be to lower bills of income-limited residential families to the point where the burden the bill places on low-income households is affordable. An important related purpose is to reduce credit and collection costs.

Community Action Agencies that administer the bill payment assistance programs have assembled waiting lists of as many as 2,000 customers who request energy assistance and are eligible for it, but cannot receive it due to lack of available funds.

CADO and OECA urge the Legislature to adopt the meter charge proposal offered in restructuring legislation considered by the House Power Deregulation Committee in 1977 (HB 3747). This legislation established a meter charge with an initial level of \$20 million in total bill payment assistance resources with annual increases for inflation based on an index developed by the Office

of Energy. Assuming federal LIEAP resources continue at the current level of about \$8 million, this would require a meter charge that would raise approximately \$12 million a year. Voluntary contributions would not be included in calculating the \$20 million total, largely because the \$20 million total would still meet the needs of only about half of all eligible recipients. Voluntary contributions (which currently total less than \$1 million a year statewide) should remain available to fill the gap. Data compiled by the Office of Energy indicate that a customer charge at the following levels would raise roughly \$12 million:

Residential	\$0.30/month	1,262,499 customers	\$4.5M
Commercial	\$1.97/month	193,000 customers	\$4.5M
Industrial	\$500/month	544 customers	\$3.3M

This fund should be administered by the Department of Housing and Community Services and the current delegated agencies, which are primarily Community action agencies. Using the existing administrative and program delivery structure of LIEAP is the most efficient and cost-effective approach.

In Oregon, a Blue Ribbon Commission appointed by the Governor recommended expansion of bill payment assistance at the level outlined above (\$20 million) and identified a meter charge as a potential mechanism for collecting the funds. CADO and OECA will aggressively oppose any deregulation proposal that does not address the issue of universal service in a satisfactory manner.

CADO and OECA also support the establishment of a 3 percent systems benefit charge, with 0.40 percent of this charge providing resources for low-income weatherization. This would raise additional resources for low-income weatherization of approximately \$8 million a year. A study by the Oregon Office of Energy indicates that about 149,000 low-income homes still need significant weatherization measures. The current capacity of agencies to provide weatherization services is less than 3,000 units a year. Weatherization provides benefits to all customer classes by reducing energy use, by making bills more affordable, and by making homes safer and healthier. This recommendation is also consistent with the findings of the Comprehensive Review and HB 3747 developed by the House Power Deregulation Committee in 1997.

#### IV. Conclusion:

CADO can, and should also work on other legislative objectives, as well as support the worthy goals of other groups such as AOCD, OCHH, the Oregon Food Bank, the Oregon Law Center and OECA, but it should not lose sight of its three major objectives. (Once an energy deregulation proposal is developed, CADO can add a fourth major goal).

1998/1999, is the time we need to discard the mentality that says that times are tough, and we have to cut programs and restrict

budgets. Instead we should be talking about how times are good, we need to make up for lost time and invest in the future. Warning, such a dialogue could easily come into conflict with those who want a smaller government, less spending and tax rebates / cuts. We have to be careful about how we say it, but there is no reason to be bashful about what we are saying.