

FISCAL YEAR 2005 BUDGET
DEPARTMENT STRATEGIC OVERVIEW - FORM 4

Department: **Office of Economic Opportunity (OEO)**

Department Head Signature: _____

Section 1. Mission Statement

The Vermont Office of Economic Opportunity seeks to increase the self-sufficiency of Vermonters and strengthen Vermont communities.

OEO works in partnership with the private sector, community-based organizations, agencies of government, and other groups to eliminate the causes and symptoms of poverty. OEO provides program and grants management, resource identification and development, training and technical assistance, and advocacy for community-based organizations in a manner that fosters creativity and innovation.

Section 2. OEO's Market

Most OEO program services are targeted to people at or below 125% of federal poverty guidelines. Some programs range up to 185% of the poverty guideline, a level which many researchers believe to be a more realistic measure of poverty. About 1 out of every 10 Vermonters is living below the federal poverty level, and 25% had incomes below 185% of poverty in 1990. **Therefore, as many as one out of four Vermont residents may qualify for one or more of OEO's services.**

OEO's market also includes other State agencies and a wide variety of non-profit social service and community development agencies working to strengthen local, community-based capacities to fight poverty:

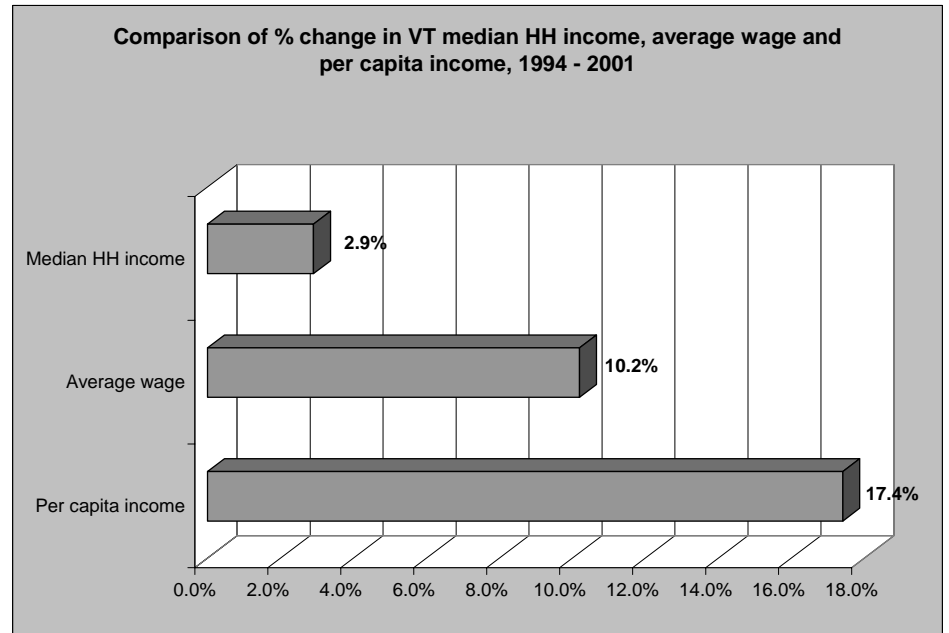
- OEO's longstanding involvement with community development and Microbusiness brings us into contact with a wide variety of state and local development organizations.
- The Weatherization program has developed strong working relationships with utilities and fuel dealers throughout Vermont.

In addition, OEO is an active partner with various State agencies and departments including Aging & Disabilities, Agriculture, Commerce & Community Development, Education, Health, PATH, VEDA and VHCB.

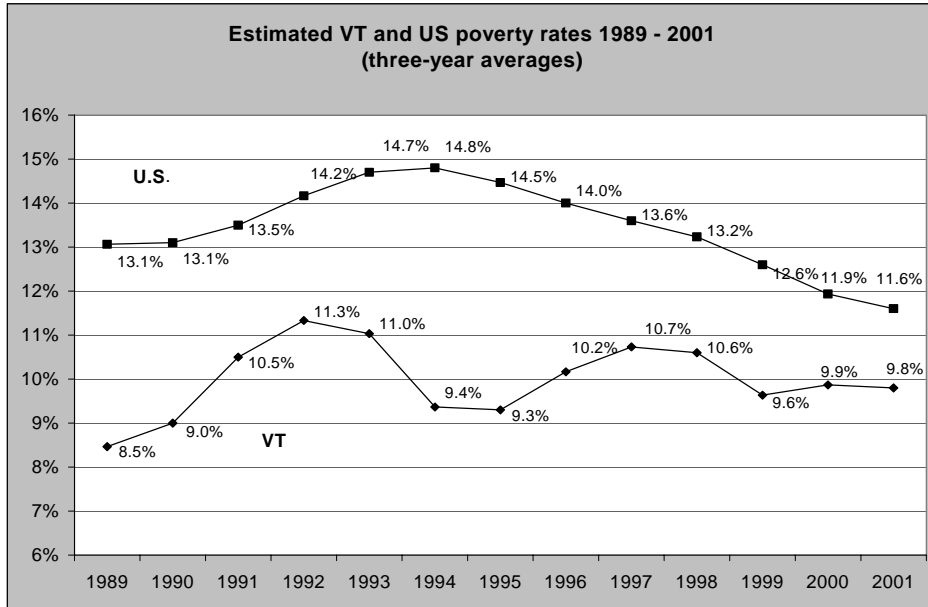
Measuring Income: OEO needs accurate data in order to assess the economy, measure change over time and maximize the value of limited resources. Unfortunately, some common indicators can be misleading.

- Per capita income is aggregate income divided by total population. It is heavily influenced by non-wage income such as interest, capital gains, and dividends. Thus, if the stock market is strong, total income rises much faster than wages. Per capita income also ignores income distribution, which is critical in dealing with poverty.
- Average wages are misleading because the mean (average) can be skewed by a relatively small number of high wage earners. Average wages also ignore households without earned income (e.g., retirees, the unemployed, etc.).
- Median household income is the most useful measure because it is the midpoint (exactly half the households have income above or below that amount) and it includes all types of income.

As the chart below illustrates, median HH income has not grown nearly as fast as average wages or per capita income.



Poverty: The official poverty rate is the percentage of people in households reporting income less than the poverty threshold. In 2003, a family of four (2 adults with 2 related children under 18) with an income under \$18,400 was considered in poverty. According to this definition, Vermont's poverty rate in 2001 was 9.8%, compared to 11.6% for the nation. For perspective, 9.8% = 59,665 people in poverty. **The Vermont poverty rate is actually higher than it was 12 years ago.**

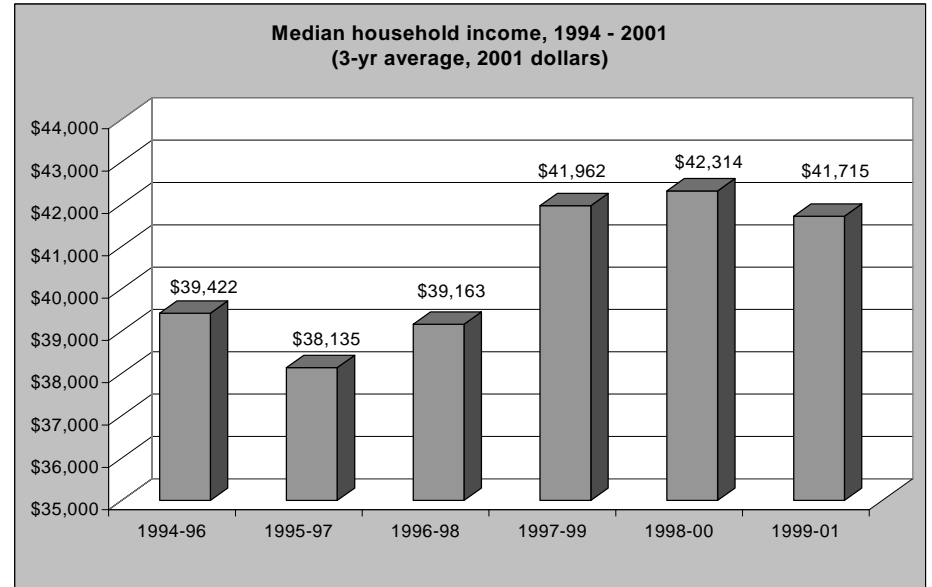


Source: Bureau of the Census, Current Population Survey

Measuring Poverty: What counts as “poor”? There is widespread consensus (including the National Research Council, the U.S. General Accounting Office, and advocacy groups) that the official measure of poverty is inadequate. For income, it fails to capture several important types of non-cash resources (e.g., public assistance). For expenses, it does not take into account important expenses such as childcare or taxes. It makes no adjustments for regional variations in the cost of living, and is based on an outdated model of a typical family budget.

A more useful measure of the resources necessary for a household to sustain itself is the “livable wage.” This standard is based on a “basic needs budget” such as the one developed in the Job Gap Study and now calculated annually by the Joint Fiscal Office (JFO) for six different family units. We discuss this in more depth below.

Income: As noted above, median household income is the most useful indicator for our purposes. Unfortunately, the source data has some limitations. The Census Bureau’s Current Population Survey (CPS) is a large random survey used to produce reasonably accurate national estimates. However, the sample size for individual states produces wide margins of error. We mitigate the problem by using rolling three-year averages, which eliminates single-year anomalies.



Source: Bureau of the Census, Current Population Survey

Using a rolling three-year average, we find that the median HH income in 2001 was \$41,715 - only 5.8% higher than it was in 1996. That means that **over the last six years** (a period when the economy was characterized as booming), **the median income for Vermont households gained less than 2% per year after inflation.** It is not surprising, therefore, that so many Vermonters are having difficulty meeting their basic needs.

Although annual average wage is not an ideal indicator, the trend over time is instructive. Vermont average annual wages (adjusted for inflation) have risen recently after having declined for a few years in the mid-90’s. However, **average annual wages remain substantially below the U.S. average and, when adjusted for inflation, have risen only 7.1% since 1992 (less than 1% per year).**

Livable wage: As noted above, an alternative method of determining how many people are unable to meet their basic needs is the livable wage. Unlike the poverty measure, it is based on the actual cost of living in Vermont. According to JFO, the livable wage for a single person (urban & rural average) is \$11.58/hr or \$24,086/yr. This is 85% higher than the current minimum wage (\$6.25/hr) and is equal to 160% of the poverty level for a family of three.

Livable Wages, 2001(JFO)	
Family Unit	Livable Wage*
Single person	\$11.58/hr or \$24,086/yr
Two adults, no children (avg. per worker)	\$ 9.50/hr or \$19,760/yr
Single parent, 1 child	\$17.95/hr or \$37,326/yr
Single parent, 2 children	\$21.50/hr or \$44,720/yr
Two adults (1 working), 2 children	\$22.75/hr or \$47,320/yr
Two adults (both working), 2 children (avg. per worker)	\$14.03/hr or \$29,182/yr

* Assumes employer-assisted health care benefits

According to the Department of Employment & Training (DET), half the jobs in Vermont pay less than \$11.45/hr. That means that half those jobs pay less than a livable wage for a single person, which is well below the wage necessary for most families to meet their basic needs.

Gender Gap: Women make up nearly 50% of the labor force in Vermont but there is a continuing disparity between the earnings of men and women. In 1995, on average a woman working full-time year-round in Vermont earned only 82 cents for every dollar earned by a man. Recently, however, a 2000 Census bureau survey that included part-time workers found the gap to be even greater, with Vermont women earning only 64% of men's wages.

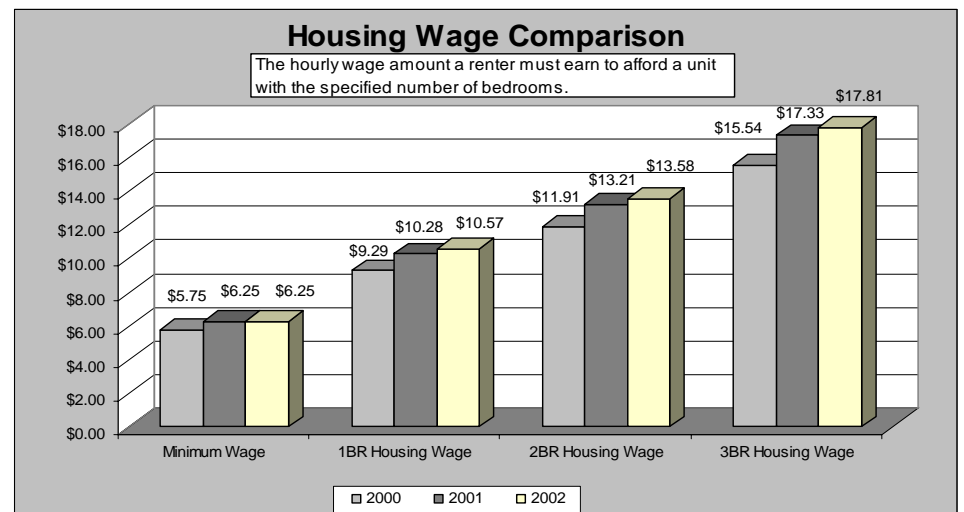
Note on rankings: Although the use of state rankings is common, they can be misleading. They don't reflect regional differences in the cost of living and demographics and, most importantly, have no Vermont-based standard. Moreover, changes in rankings may not always reflect changes in Vermont since other states may decline as we do not, which would make us look better with no real improvement. Moreover, there is no comfort for low-income or disadvantaged Vermonters in knowing there may be more of them in other states. For these and other reasons, we will no longer report state rankings.

Housing: Owning a home gives families a sense of security, builds ties to neighborhoods and schools, and ultimately provides a buffer against poverty in old age. In 2000, Vermont's home ownership rate was 71% (higher than the national rate of 66%), with the remaining 29% renting.

An indicator of the financial burden of housing is the percentage of household income paid for housing costs. A recent analysis by the National Low Income Housing Coalition (NLIHC) identified Vermont as one of the least affordable states for housing. They found that **48% of Vermont renters are unable to afford the HUD Fair Market Rent of \$706 for a 2-bedroom unit.**

Over 6,000 Vermont households are on lists for either public housing or rental subsidies. Low-income people find it especially difficult to find affordable housing because vacancy rates are low, federal housing subsidies are declining, and waiting-lists are growing.

Finally, OEO estimates that on any given night 400 Vermonters are homeless, some in designated shelters, but many others are doubling up with friends or relatives, living in old camps, in cars, or motels. During FY2003 nearly 4,000 Vermonters were homeless at one time or another - the most vulnerable being single adults under age 65 living below poverty level, and families headed by single women. The 1997 Vermont Housing Survey, conducted by the New England Housing Network and the Vermont Affordable Housing Coalition, showed that among the population staying in shelters, more than one-third are children, more than a third have high school diplomas or college degrees, 17% are disabled, and 14% commute to work from a shelter.



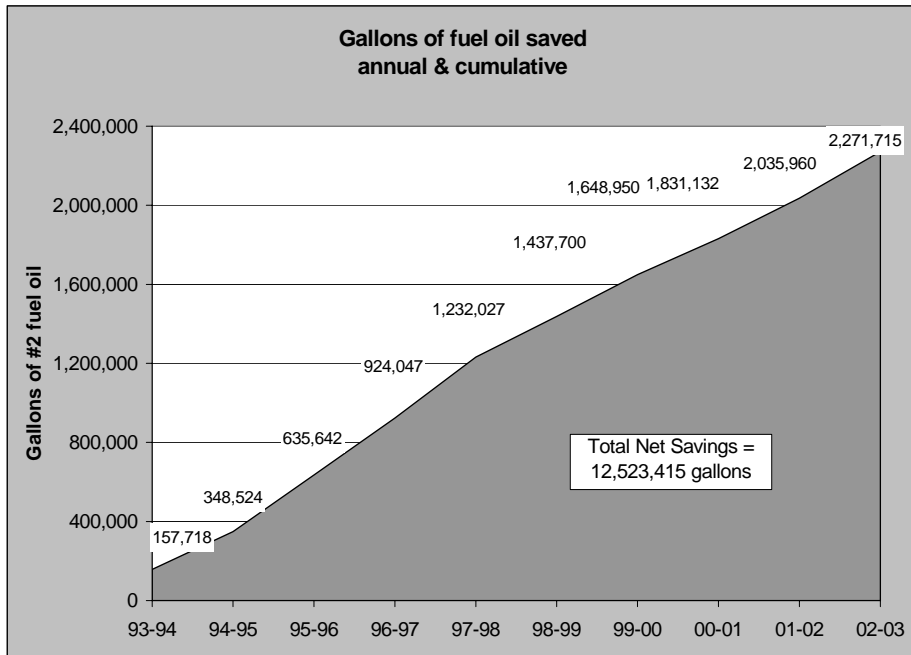
Section 3. Outcomes

The ultimate objective of OEO's programs is to eliminate the symptoms and causes of poverty. OEO programs are operated primarily by Community Action Agencies. They help individuals and families achieve self-sufficiency and work to create economic and social conditions that prevent poverty. This relates to AHS Outcome #10: *Families and Individuals live in safe and supportive communities.*

A. Weatherization:

Since 1993, the Weatherization Program saved over 12.5 million gallons of home heating oil – oil that would have been wasted by trying to heat energy-inefficient homes. The savings last year were equivalent to 235,755 gallons of oil – enough to heat 276 low-income homes.

- 21.6% average space heating percent savings
- \$3,743 avg. NPV of energy savings (weighted by fuel type)
- 131 Average KWH (electric) savings/unit
- \$2,570,043 Value of funds leveraged between 4/1/02 – 3/31/03.

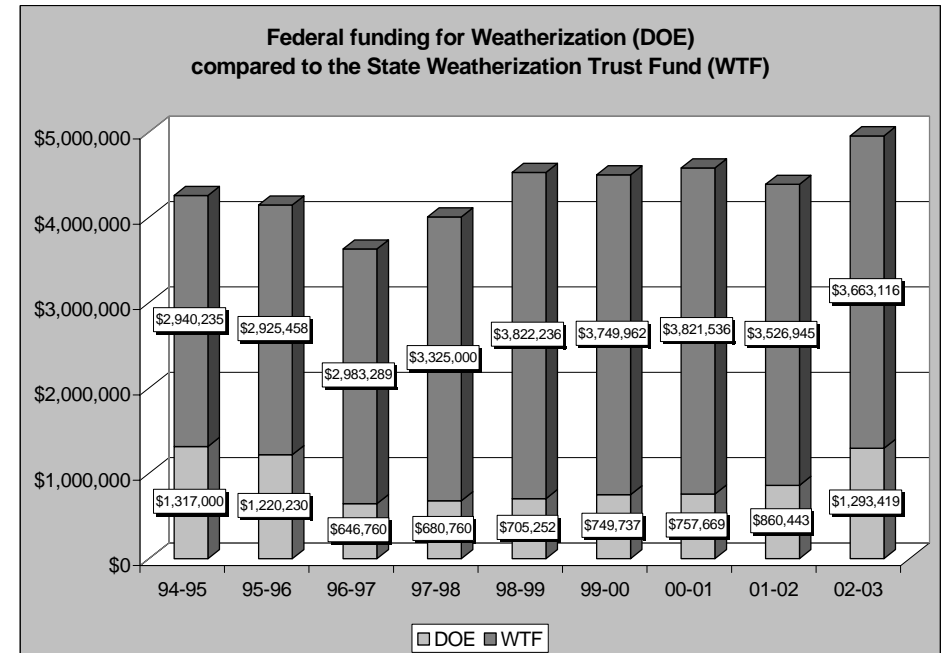


Measure	95-96	97-98	99-00	01-02	02-03
Units weatherized	1,227	1,180	1,250	1,212	1,395
Avg. % space heating savings	22.4%	23%	21.6%	21.6%	21.6%
Air infiltration reduction	49%	37%	36%	36%	36%
Net Present Value savings/unit	\$4,315	\$5,538	\$3,743	\$3,743	\$3,743
Weighted Benefit-Cost Ratio*	1.79 : 1	2.45 : 1	1.83 : 1	1.83 : 1	1.83 : 1

*Measures energy savings for different fuel types by the number of weatherized units that use each fuel type.

Weatherization Trust Fund: The Vermont Weatherization Trust Fund has been critical to the effectiveness of the program. These funds have provided stability, despite deep federal funding cuts -- Dept. of Energy funds are currently 35% lower than in 1994.

The fund is generated by a ½% gross receipts tax levied on non-transportation fuels and electricity sold in Vermont.



B. Community Services:

As part of a national effort to measure the impact of Community Services Programs, OEO and the CAA's have defined 6 major goals:

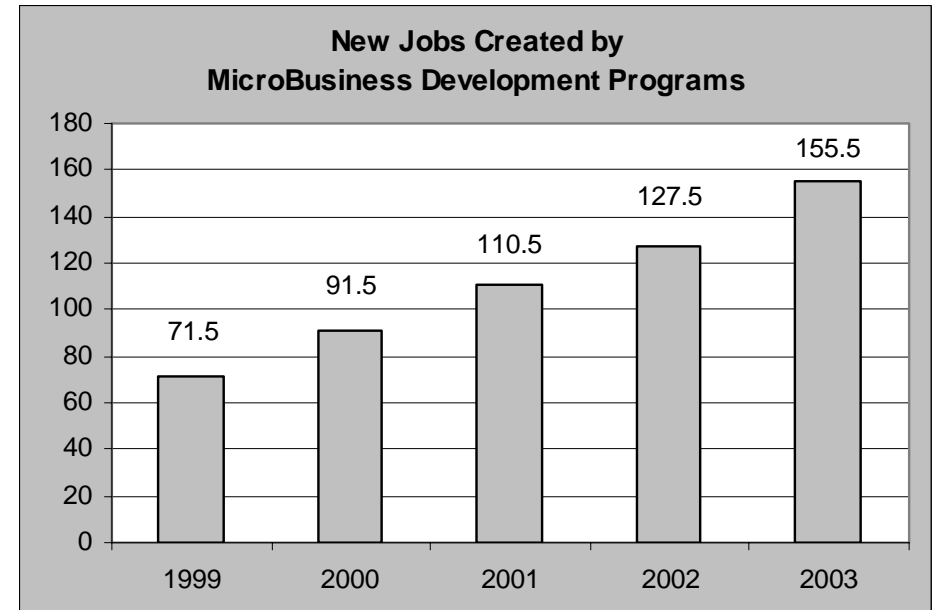
1. Low-income people become more self-sufficient.

Outcomes	2003 Indicators
A. Low income people increase their financial assets.	The number of Vermont IDA savers who meet their savings goal 300 , as compared to the total number of IDA participants 234. (78%)
B. Low income families improve their financial situation by increasing their savings and/or decreasing their debt.	Of the total number of families participating in Financial Literacy Services 308 , the number who increase their financial literacy, as measured by an increase in family savings 237 (76%) and/or a decrease in family debt 19 (6%)
C. Low income families experience an increase in annual income as a result of receiving allowable tax credits and rebates.	A total of 1918 families received a total of \$966,855 in earned income tax credits, \$80,858 in child care tax credits and/or \$493,246 in state tax rebates. \$1,540,959 Total Tax Credits Received The average amount received per family was \$803.41 .

2. Conditions in which low-income people live are improved.

A. Low income people have access to employment.	Number of full-time equivalent jobs created by the Micro Business Development Program 155.5
B. Low income people have increased access to community services and resources.	Community action agencies Outreach Program increase access to the Food Stamp Program by enrolling 4606 families in the Food Stamp Program.
C. The availability and affordability of essential services are increased in Vermont.	2644 people had access to transportation for non-Medicaid medical trips. 22 people obtained loans and 75 people received donated cars for the purpose of getting to school or work. 266 people had access to dental services.

B. Community Services (continued):



3. Low-income people own a stake in their community.

A. Dollars of capital leveraged for loans to low-income entrepreneurs results in new and increased business activity.	\$1,518,937 in capital leveraged resulted in 123 new business start ups, 57 new business expansions, and 255 new business enhancements.
B. Low income people become active in their communities.	Of the total number of participants in Leadership Development Training Programs 41 , the number who report increased community involvement 33 (80%)
C. Low income people actively participate in Community Action's Boards of Directors.	Of the total number of elections for CAA Board Representatives 12 , the number which have more than one candidate seeking a seat on a CAA Board 7 (58%) . The total number of votes cast 329 . The average number of votes cast 27 .

B. Community Services (continued):

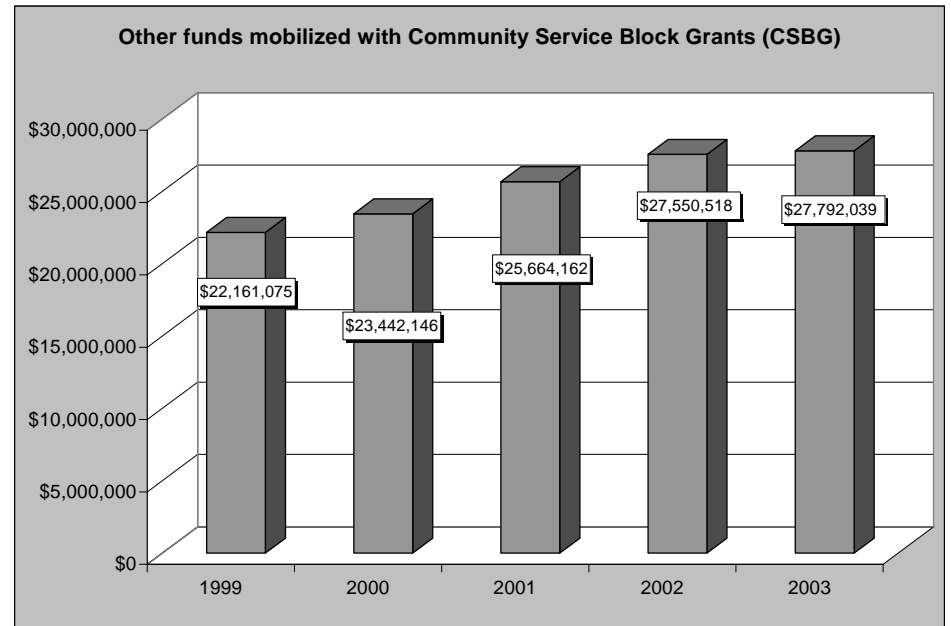
4. *Partnerships among supporters and providers of services to low-income people are achieved*

A. Partnerships are established and/or maintained with public and private entities to mobilize and leverage resources to provide services to low-income people.	The total number of formal, ongoing partnerships established and/or maintained with Community Action Agencies and public and private entities to mobilize and leverage resources to provide services to low-income people is 800 .
B. Partnerships are established and/or maintained with Faith-Based Organizations to mobilize and leverage resources to provide services to low-income people.	The total number of formal, ongoing partnerships established and/or maintained with Community Action Agencies and Faith-Based Organizations to mobilize and leverage resources to provide services to low-income people is 175 .
C. Partnerships are established and/or maintained with other entities to reduce the energy burden on low-income Vermonters.	The total number of formal, ongoing partnerships established and/or maintained with Community Action Agencies and other entities to reduce the energy burden on low-income Vermonters is 84 .

5. *Agencies increase their capacity to achieve results:*

A. Community Action Agencies mobilize resources to secure the opportunities needed for low-income people to become self-sufficient.	Total Dollars mobilized by Community Action Agencies: \$30,242,687 .
B. Community Action Agencies leverage Community Service Block Grant resources to maximize the funds available to combat poverty.	Total Dollars mobilized by Community Action Agencies as compared with CSBG dollars: \$ 3,097,042 Total CSBG \$ \$27,792,039 Total Other \$ \$30,242,687 Total \$ Ratio CSBG \$: Other \$ 1 : 9

C. Community Action Agencies use sound planning and management practices to better carry out their mission.	Number of programs 14 which have become more effective as a result of needs assessment surveys, strategic planning efforts or results-oriented management.
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6. *Low-income people, especially vulnerable populations, achieve their potential by strengthening their family and other support systems.*

A. Families in crisis receive services to meet their emergency needs.	Number of households in crisis 16,297 whose emergency needs are immediately met.
B. High consumption households reduce their energy burden.	The number of high consumption households 625 who realize a reduction in energy burden.
C. Homeless or precariously housed families obtain or maintain stable housing.	The total number of homeless or precariously housed families 848 who obtain or maintain housing for 90 days.

B. Community Services (continued):

7. Emergency Shelter Grants Program

Service providers were able to engage homeless people in educational and literacy programs (16% of those sheltered), or to assist shelter residents in seeking and finding employment (80% of Heads of Households sheltered).

This means that 96% of the homeless people who are provided with shelter are also connected with education, training, and/or employment-related services. People are not just “hanging around” at shelters, they are actively engaged in employment or education-related activities.

A significant number of those not engaged in such activities are in the midst of a crisis because of domestic abuse. Domestic violence shelters typically prioritize family safety and crisis stabilization. Longer-term issues such as education or employment usually are addressed only after a family is in a safe and secure living situation.

In addition, the following outcomes were reported by homeless shelters and service providers throughout Vermont during SFY2003:

- 667 families at risk of homelessness whose housing is stabilized (prevention), through payment of rent/mortgage arrearages and security deposits.
- 647 families moving from shelter into stable housing.

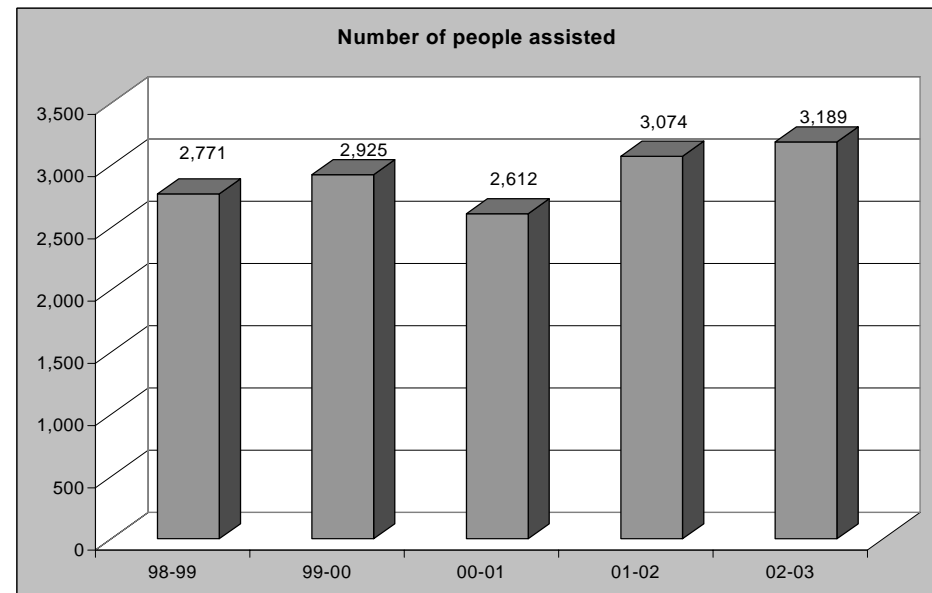
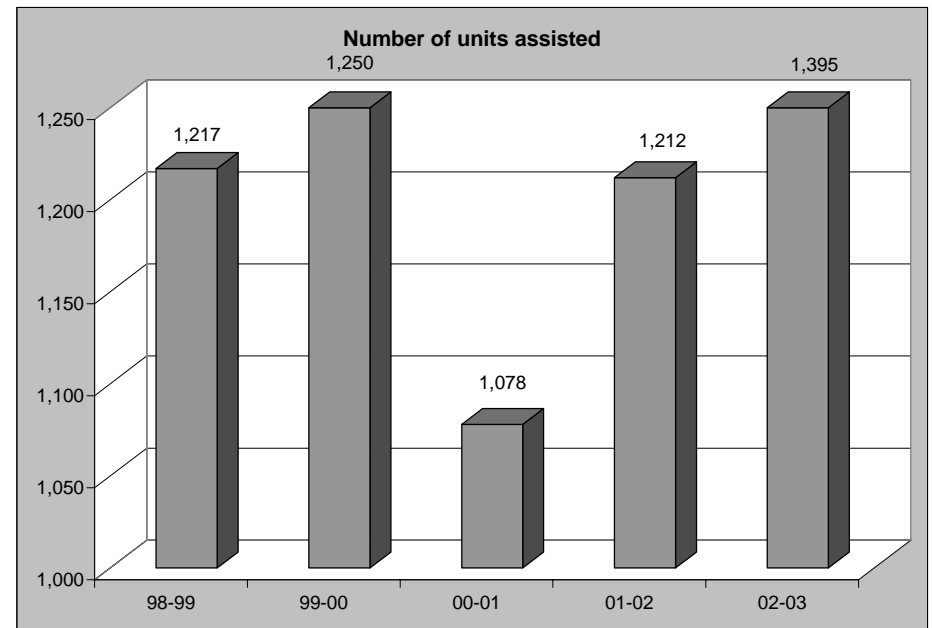
Section 4. How Will These Outcomes be Achieved?

Weatherization: OEO will focus on program efficiency and technology advancement. We will continue to conduct thorough program evaluations every 2 years to assess outcomes and develop new strategies for improvement.

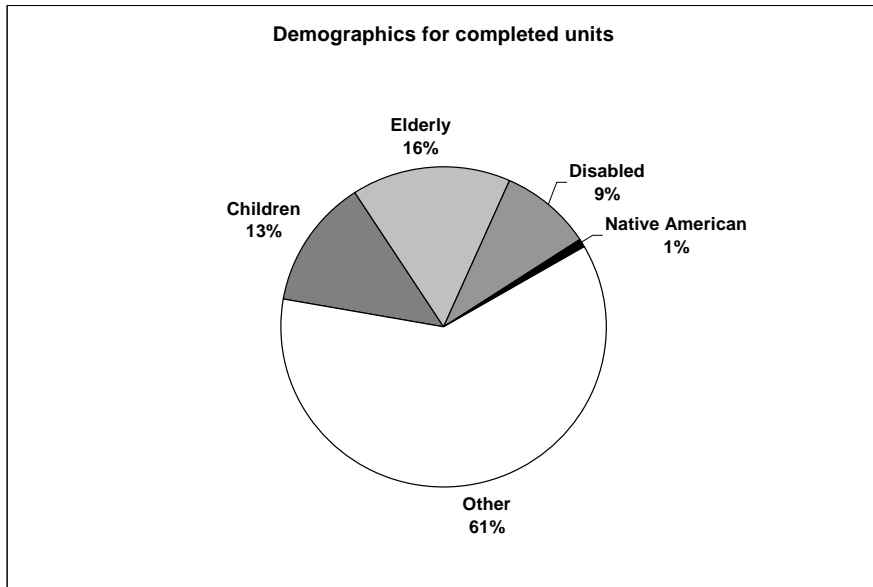
Community Services: OEO will continue to work in partnership with a variety of community-based organizations, most notably Vermont’s five Community Action Agencies, to better address the needs of low-income Vermonters. Many OEO-funded community service programs place a heavy emphasis on referral and coordination of efforts. OEO works to strengthen local agencies’ capacity to develop financial and human resources aimed at eliminating poverty.

Section 5. Output Measures

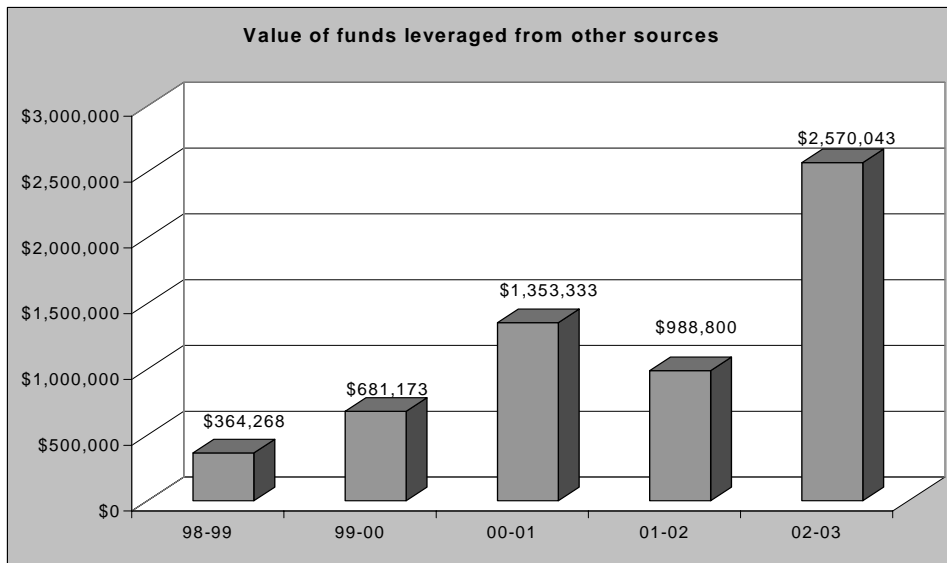
A. Weatherization Output Measures:



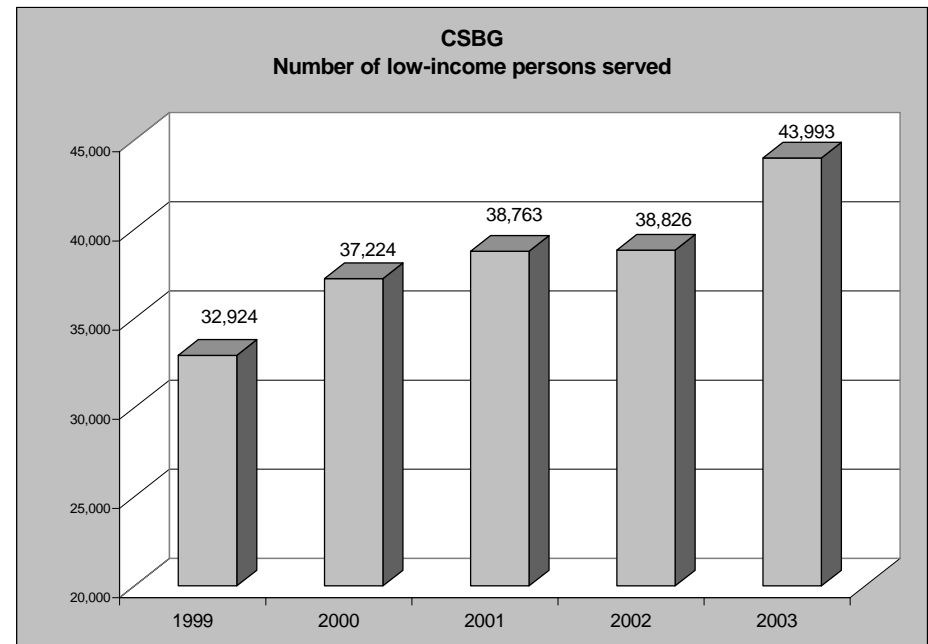
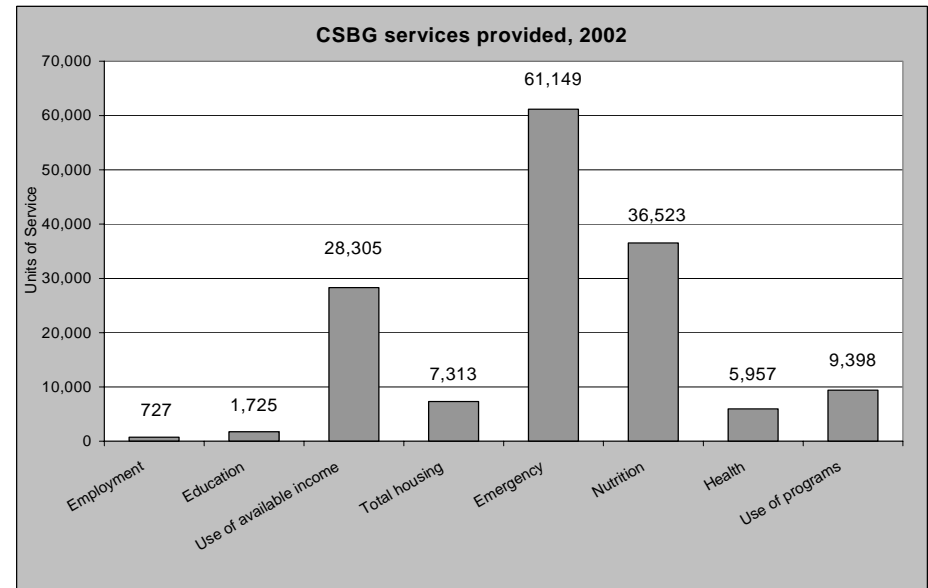
A. Weatherization Output Measures (continued):



Leveraged funds include direct cash contributions and labor and materials furnished by rental owners for work required prior to weatherization, funds generated from utility/weatherization demand side management activities (Piggyback Program), and the multi-family Residential Energy Efficiency Program.



B. Community Services Output Measures:



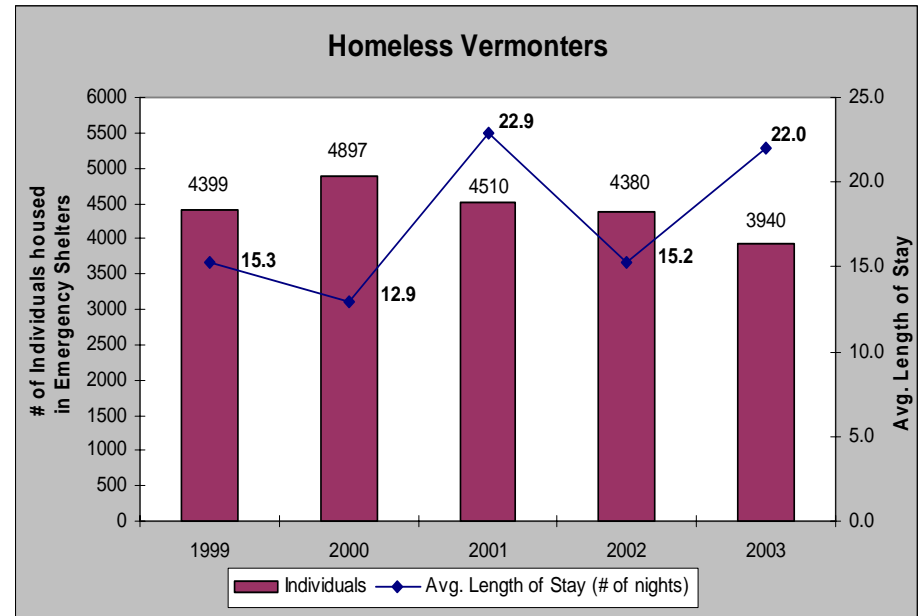
B. Community Services Output Measures (continued):

Summary of CSBG Services Provided, 1998-2002					
	1998	1999	2000	2001	2002
Employment	1,571	1,929	1,496	752	727
Education	2,572	3,210	2,474	751	1,725
Use of available income	15,438	18,019	28,431	29,010	28,305
Total housing	5,890	7,243	7,829	8,836	7,313
Emergency	36,086	45,715	55,571	62,180	61,149
Nutrition	33,166	32,330	29,221	36,264	36,523
Health	1,658	2,817	3,071	5,092	5,957
Use of programs	8,368	15,625	11,778	10,481	9,398
Total Services	104,749	126,888	139,871	153,366	151,097

Emergency Shelter Grant Program

The number of Vermonters being sheltered in homeless shelters remains at about 4,000 per year. And the number of children in families needing shelter continues to be high; **almost 1,000 children spent time in a homeless shelter during the past year.** In addition, those who stay in shelters are finding it increasingly difficult to find suitable and affordable housing; the average length of stay continues to be about three weeks.

	1998-99	1999-00	2000-01	2001-02	2002-03
# individuals sheltered	4,399	4,897	4,510	4,380	3,940
# families	395	429	433	391	416
# children	1,091	1,037	1,077	914	993
Total # bednights	67,350	63,111	103,308	66,732	86,608
Average length of stay (# of nights)	15.3	12.9	22.9	15.2	22.0



Homeless service providers have responded to the difficulties faced by homeless people by allocating increased resources to security deposits to help families move into permanent housing.

Prevention/Social Services	1998-99	1999-00	2000-01	2001-02	2002-03
Mortgage arrearage	247	298	85	146	484
Utility arrearage	1,290	1,939	1,042	98	1,183
Deposits	204	221	272	176	415