

**LOW INCOME HOME ENERGY ASSISTANCE PROGRAM BLOCK GRANT  
Federal Block Grant Allocation Plan**

**CONNECTICUT ENERGY ASSISTANCE PROGRAM**

Office of Fiscal Analysis

Committee Hearing Date: August 21, 2008

**LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP)  
FFY 09 PROPOSED ALLOCATION PLAN  
Lead State Agency: Department of Social Services**

**CONNECTICUT ENERGY ASSISTANCE PLAN (CEAP)**

Federal Program Objective: Under LIHEAP, the federal government makes grants to states to assist eligible low-income households, particularly those with the lowest incomes that pay a high proportion of household income for home energy, primarily in meeting their immediate home energy needs. Supplemental Leveraging Funds may be awarded to states and other jurisdictions that provided additional benefits and services to Low-Income Home Energy Assistance Program (LIHEAP) eligible households beyond what could be provided with federal funds. The program also provides training and technical assistance to states and other jurisdictions administering the LIHEAP block grant program. The program was established in 1980 under the Home Energy Assistance Act, part of the Crude Oil Windfall Profit Tax Act of 1980.

Distribution of Funds: Funds are awarded to states, which then make payments directly to an eligible low-income household or, on behalf of such a household, to an energy supplier to assist in meeting the cost of home energy. Up to 10 percent of these funds may be used for state and local planning and administration.

---

Assumptions Used to Formulate LIHEAP Block Grant Plan:

The Department of Social Services assumes 2009 available funding (\$42.6 million) that is 35.3% less than federal funding available to DSS in 2008 (\$65.9 million). Please see table on last page for further detail. Total expenditures of \$84.0 million are projected. An additional \$41.4 million is expected to be required from either state or federal sources.

It should be noted that final federal funding available to Connecticut in 2008 exceeded the amount assumed in the original Allocation Plan by \$24.9 million (\$65.9 million vs. \$40.9 million), due to a LIHEAP Block Grant award that was \$0.8 million more than originally assumed, LIHEAP Contingency awards of \$16.9 million and prior year carry forwards of \$7.2 million.

CEAP Plan Highlights

(a) CEAP **basic benefits** remain the same as in 2008.

Income as % of Poverty	FFY 07 CEAP		FFY 08 CEAP		FFY 09 CEAP	
	Vulnerable	Non-Vulnerable	Vulnerable	Non-Vulnerable	Vulnerable	Non-Vulnerable
Level 1 (0 -100%)	\$675	\$635	\$675	\$635	\$675	\$635
Level 2 (101-125%)	\$580	\$535	\$580	\$535	\$580	\$535
Level 3 (126-150%)	\$485	\$435	\$485	\$435	\$485	\$435
Level 4 (151-200%)	\$400	\$300 (CHAP)	\$400	\$300 (CHAP)	\$400	\$300 (CHAP)

(b) CEAP **renter benefits** remain the same as in 2008. Level 1 recipients will be eligible for a \$270 benefit, Level 2 recipients will be eligible for a \$255 benefit and Level 3 recipients will be eligible for a \$240 benefit. Rental assistance benefits are provided to households having annual gross incomes up to 150 % fpl who pay more than 30% of their gross income towards rent.

Income % of Poverty	FFY 07 CEAP	FFY 08 CEAP	FFY 09 CEAP
Level 1 (0-100%)	\$270	\$270	\$270
Level 2 (101-125%)	\$255	\$255	\$255
Level 3 (126-150%)	\$240	\$240	\$240

(c) A **new expanded rental benefit** is established for Food Stamp recipient households having annual gross incomes up to 150 % fpl who pay less than 30% of their gross income toward rent. A \$1 benefit will be paid to eligible households. This will qualify the household for greater Food Stamp benefits.

(d) Maximum **crisis assistance benefits** remain at \$400 for households with incomes up to 150% of the federal poverty level (or 200% for elderly/disabled). Crisis benefits will continue to be restricted to households using a deliverable fuel.

(e) Assistance through the **Safety Net Program** will be increased as compared to 2008. Benefits will be limited to \$1,250 for non-vulnerable households (\$400 in 2008 Allocation Plan) and \$1,875 for vulnerable households (\$800 in 2008 Allocation Plan). Safety Net Assistance Benefits will continue to be restricted to households using a deliverable fuel.

(f) The department proposes to allocate \$1 million for **enhanced case management** (aka "Assurance 16") activities. This is the same amount dedicated to this purpose in 2008.

(g) The CEAP Plan maintains the **Contingency Heating Assistance Program (CHAP)** basic benefit at \$300, but increases the crisis assistance benefit to \$325 (was \$200 in 2008). CHAP benefits are available to assist households with incomes up to 60% of the State Median Income.

(h) The CEAP Plan includes \$1,000,000 for **furnace repair/replacement**. This amount is twice the amount included within last year's allocation plan.

(i) Oil vendors will receive the daily Oil Price Information Service (OPIS) Standard No. 2 Fuel Oil with 0.3 sulfur content, Gross No. 2 Distillate Price **plus** 31 cents per gallon **plus** a county differential, or the vendor's normal retail price, whichever is lower.

This is a change from the 2008 plan, which called for oil vendors participating in the Fixed Margin Pricing Program to receive the daily New Haven Harbor #2 oil "average" price plus a fixed margin of 31 cents per gallon, or the vendor's normal retail price, whichever was lower. [Governor Rell authorized the department to pay based on the New Haven Harbor "high" rather than the "average" in March 2008, resulting in increased payments of about 4 cents per gallon for a limited time period.]

The 2009 proposed pricing schedule by county is as follows:

<u>County</u>	<u>Fixed Margin</u>	<u>County Price Differential</u>	<u>Fixed Margin Adjusted by County</u>
New Haven	\$0.31	\$0.017	\$0.327
Middlesex	\$0.31	\$0.033	\$0.343
Hartford	\$0.31	\$0.039	\$0.349
New London	\$0.31	\$0.042	\$0.352
Fairfield	\$0.31	\$0.043	\$0.353
Tolland	\$0.31	\$0.058	\$0.368
Litchfield	\$0.31	\$0.067	\$0.377
Windham	\$0.31	\$0.070	\$0.380

The department also proposes to discontinue a Discount Off Retail Option (DORO) under which oil vendors choosing participate in the DORO were paid their retail price less a 35 cent discount. Limited vendor participation was experienced in 2008.

Finally, kerosene will no longer be included within the Fixed Margin Pricing System.

(j) For utility heated households, should the CEAP basic benefit exceed the charges for service incurred during the 11/1/08 – 5/1/09 period, the utility company shall refund the difference to CEAP through the community action agency.

(k) The department proposes that the first day for authorization of fuel deliveries be November 3<sup>rd</sup> (was November 1<sup>st</sup> last year) and the deadline for fuel authorizations or deliveries be March 16<sup>th</sup> (was March 17<sup>th</sup> last year).

CEAP/LIHEAP  
FFY 2009 ALLOCATION PLAN DETAIL

	FFY 08 Estimated Expenditures	FFY 09 LIHEAP Plan	FFY 09 LIHEAP Projected	\$ Change FY 09 Proj. vs. FY 08 Est.	% Change FY 09 Proj. vs. FY 08 Est.
EXPENDITURES					
CEAP Benefit Payments	63,070,121	36,537,000	76,689,787	13,619,666	21.6%
CEAP Administration*	5,305,183	4,093,000	5,305,183	0	0.0%
Furnace Repair/Replacement	469,720	1,000,000	1,000,000	530,280	112.9%
Assurance 16 Activities (Case Management)	1,000,000	1,000,000	1,000,000	0	0.0%
TOTAL	69,845,024	42,630,000	83,994,970	14,149,946	20.3%
SOURCES OF FUNDS					
LIHEAP Block Grant	41,754,125	40,930,000	40,930,000	-824,125	-2.0%
Prior Year Carry Forward	7,208,963	1,700,000	1,700,000	-5,508,963	-76.4%
LIHEAP Contingency Awards	16,901,702			-16,901,702	-100.0%
State Funds*	5,500,000			-5,800,000	-100.0%
TOTAL AVAILABLE	71,364,790	42,630,000	42,630,000	-29,034,790	-40.5%

\* It should be noted that an additional \$300,000 was made available for early intake activities in each of FY 08 and 09 from state funds.