



**STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT**

**TESTIMONY OF
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SECRETARY
OFFICE OF POLICY AND MANAGEMENT
Before The Appropriations, Human Services, and Energy And
Technology Committees**

August 21, 2008

**FFY 2009 LOW INCOME HOME ENERGY ASSISTANCE PROGRAM
BLOCK GRANT ALLOCATION PLAN**

Good morning Senators Harp, Harris and Fonfara, Representatives Merrill, Villano, and Fontana, and distinguished members of the Appropriations, Human Services, and Energy and Technology Committees. I am Robert Genuario, Secretary of the Office of Policy and Management, and I am before you today to request your approval of the state's block grant allocation plan for the Low Income Home Energy Assistance Program (LIHEAP).

The Department of Social Services' allocation plan assumes a LIHEAP funding level of \$40.9 million, consistent with last year's amount when the block grant was funded at an overall level of \$1.98 billion. In addition, \$1.7 million in FFY 2008 carry-forward funds is available. The total available funds identified in the plan are \$42.6 million. The President's proposed budget for the program recommends overall funding of \$1.7 billion plus \$300 million in emergency contingency funding. Neither the U.S. House nor Senate has passed a LIHEAP appropriation to date, although leadership has indicated they intend to level fund the block grant at last year's level via continuing resolution. Until the federal budget is finalized, we will not know for certain what funding level will be approved. Even then, the release of any emergency contingency funds is at the discretion of the President.

Despite the unknowns regarding funding, the Governor is committed to providing greater assistance to help cope with the high costs of energy. The plan before you today assumes a caseload increase of 5%, and it is expected that the Connecticut Energy Assistance Program (CEAP) will provide benefits to approximately 90,600 households this winter. The FY 2009 allocation plan maintains – and in some areas increases – benefits for CEAP eligible households and again provides benefits to eligible households with incomes up to 60% of the state median income under the Contingency Heating Assistance Program (CHAP).

To reflect significantly higher deliverable fuels costs and help maintain the program's purchasing power, a number of benefits are being increased.

First, the Safety Net Assistance Benefit is being increased from \$400 to \$625. The Safety Net Benefit is available to assist deliverable fuel heated households that have exhausted their Basic Benefits and their Crisis Assistance Benefits and are in a life-threatening situation. The increased Safety Net Benefit of \$625 will enable DSS to help ensure a minimum delivery of 125 gallons based on a projected oil price of \$5.00 per gallon.

Second, the plan adds one additional Safety Net Assistance Benefit than had been included in last year's plan and essentially incorporates last year's supplemental benefit that was made available at the Governor's request after last year's CEAP plan was approved.

Third, eligible deliverable fuel heated households under CHAP will be eligible for a \$325 Crisis Assistance Benefit, an increase of \$125 over last year's level. The combined benefit of \$625 (\$300 Basic Benefit plus \$325 Crisis Assistance Benefit) will help DSS ensure that deliverable fuel heated households under CHAP can receive a minimum delivery of 125 gallons based on a projected oil price of \$5.00 per gallon.

Fourth, an Expanded Rental Assistance Benefit of \$1 has been added for an estimated 65,000 Food Stamp recipient households whose heat is included in their rent and whose rent is less than 30% of their income. By providing this benefit, households will be able to have their food stamp eligibility recalculated, utilizing the Standard Utility Allowance, which will result in additional food stamp benefits for the household. While not strictly an energy benefit, this could enable these households to devote more of their available resources to energy needs and less to facing the difficult decision between affording groceries and affording heat.

Finally, to help stretch a household's energy dollars, the allocation plan provides \$1,000,000 for furnace repair/replacement and cleaning, tuning and testing – an increase of \$500,000 over last year's plan.

Providing these benefits, however, comes at a cost: it is projected that an additional \$41.4 million could be required beyond the level of LIHEAP block grant funding assumed in the allocation plan. The total projected cost of the plan is \$84 million, an increase of \$14 million over the \$70 million that was expended last year. As in past years, we will work with our Congressional delegation to maximize the federal funds available to the state, and it is our hope that additional federal dollars will be appropriated for this program.

Although the first day for fuel deliveries under the plan is November 1, 2008, DSS identified funding to allow Community Action Agencies to begin intake no later than Monday, August 11, 2008. Early intake helps ensure a smoother flow of applications and reduces the rush of applications historically experienced in October and November. It also allows the opportunity to provide outreach to applicants that are homebound. Our goal in approving early intake is to provide assistance to eligible consumers as quickly as possible to relieve some of the burden of heating their homes this winter.

In the area of fuel pricing, a number of changes have been incorporated in the FY 2009 allocation plan. Similar to DAS' practice, pricing will be based on figures from the Oil Price Information Service (OPIS), which is more widely used and is considered to be a more reliable benchmark of prices than the Journal of Commerce, the benchmark historically used by DSS. In addition, in recognition of increases in fuel costs and the fact that an oil vendor's transportation costs increase the farther their customers are from New Haven harbor, this year's plan incorporates DAS' county differential, which ranges from 1.7 cents to 7.0 cents per gallon. This amount is on top of the fixed margin of 31 cents per gallon.

Finally, based on the difficulties that many kerosene heated households experienced in getting deliveries due to last year's regulation of kerosene pricing, the allocation plan returns to a retail pricing mechanism for kerosene as in prior years.

With mounting increases in energy prices, the FY 2009 LIHEAP allocation plan will provide necessary heating assistance and relief to Connecticut families. I urge your support of the FY 2009 LIHEAP allocation plan. Commissioner Starkowski will be presenting his testimony and will be able to provide more detailed information on the allocation plan which is before you today. Thank you.