



Testimony Before the
Appropriations, Human Services and
Energy & Technology Committees

*Low-Income Home Energy Assistance
Program Block Grant Allocation Plan*

Claudette J. Beaulieu
Deputy Commissioner for Programs
September 15, 2009

Testimony

Good afternoon, Senators Harp, Doyle, and Fonfara, Representatives Geragosian, Walker and Nardello, and members of the committees, my name is Claudette Beaulieu and I am the Deputy Commissioner for Programs at the Department of Social Services. I am here before you today to review and seek your approval of the Governor's 2009/2010 Allocation Plan for the Low Income Home Energy Assistance Program (LIHEAP) Block Grant. The plan before you today contains a technical revision pertaining to the weatherization assistance program. This technical change is on page 14 of the plan. I will explain the change later in my testimony.

I would like to begin by noting that all of us in state government, both in the executive and legislative branches, understand the importance and value of the energy assistance program in meeting the heating needs of our elders, people with disabilities, families and children. We are very proud of the work that has been done in this area over the years.

Last year, I spoke to you about predicted higher prices for deliverable fuel. At that time, we were dealing with fuel oil prices as high as \$160 per barrel. I know that many of you recall those difficult times. I am pleased to report to you today that the outlook is not as dire. As of yesterday, the price for a barrel of oil was quoted at \$69. We are hopeful as we approach the cold months that prices will remain stable. As always, we look forward to working with you as we strive to meet the heating challenges of the state's most vulnerable households.

I am happy to share with you that applications for the program are being accepted right now at all community action agencies across the state. All community action agencies began taking applications on Monday, August 3, eight days earlier than last year. As of Friday, September 11, some 14,061 applications had been accepted well in advance of the start of the heating season. We are firmly committed to the early intake process, and will work with our partners to ensure its continued success. Three years' experience has proven that early intake is beneficial to those receiving deliverable fuel, as well as to those utility-heated households that qualify for the arrearage forgiveness programs. The plan again extends until May 17 the timeframe for utility- heated households with a shut-off notice for their primary heat to apply for assistance. This will help utility-heated customers that delay applying until they receive termination notices.

We are truly grateful for the continued dedication of DSS energy assistance staff and our partners at the Office of Policy and Management, the community action agencies, local application sites, and to all the winter heating assistance stakeholders for their support and assistance in continuing to make improvements to the program to assist those most in need.

Last winter, the Connecticut Energy Assistance Program and Contingency Heating Assistance Program served a record 107,500 households. The number rose from 86,127 the previous winter.

LIHEAP Funding Outlook

The proposed plan before you for the 2009/2010 LIHEAP Block Grant is based on an estimated national LIHEAP block grant appropriation of \$4.5 billion. We estimate that Connecticut's LIHEAP block grant allocation will be approximately \$95.8 million. In addition, \$12.5 million in FFY 2009 carry-forward funds are available. This brings the total available funds,

as identified in the plan, to nearly \$108.4 million. Based on our estimates, we expect to serve approximately 112,700 Connecticut households with heating assistance during the coming winter.

This figure reflects our best estimate of the FFY 2010 LIHEAP Block Grant, and is based on the Congressional recommended funding level. The actual final federal LIHEAP appropriation is rarely settled prior to the beginning of the federal fiscal year. Indeed, it is more typical that states will begin their winter heating programs based on the release of Congressional continuing resolution funds, with a final LIHEAP appropriation determined at a later date.

As noted, in addition to the estimated FFY 2010 LIHEAP Block Grant funds, we have \$12.5 million in carry-forward funds. These are LIHEAP funds that were available for use in FFY 2009, but which were not expended. The \$12.5 million represents the maximum allowable LIHEAP carry-forward limit based on last year's federal funding level.

Before beginning the specifics of this year's plan, I would like to take a moment to provide you with an update on two recently enacted initiatives. As you may recall, based on the Governor's request and these committees' approval, a portion of LIHEAP funds was set aside to assist homeless shelter programs with their winter heating costs. I am pleased to announce that the first round of payments has already been completed. The remaining payments should be released within the next week.

In addition to assistance for homeless shelters, the Governor also directed the use of LIHEAP funds to provide additional assistance on behalf of last year's eligible, utility heated households. That additional assistance, in the amount of \$242, was issued as a credit to each household's utility heating account. These payments were issued on behalf of some 64,400 households, and totaled \$15.55 million. The last of these payments will be completed within the next few days.

LIHEAP Services

- **Early Intake**

As I mentioned, the community action agencies have already begun accepting applications for the upcoming winter. Some 14,061 households have already applied for assistance. The majority of these applications have been processed. As soon as the LIHEAP Allocation Plan is approved by these committees, the community action agencies will begin mailing the award notifications. I would again like to express our thanks to the community action agencies for their efforts in ensuring the continued success of the early intake initiative.

- **Basic Benefits**

Basic Benefits will once again be determined based on a review of household income, liquid assets and vulnerability. Vulnerable households are defined as households in which at least one member is either elderly (60 years of age or older), has a disability, or is under the age of six.

To reflect the level of federal funds available, this year's plan includes an across-the-board reduction of \$45 from last year's approved Basic Benefits. As you may recall, last year we were anticipating that oil prices could rise as high as \$5 per gallon. It was in that context that Basic Benefits were dramatically increased. Fortunately, industry authorities are making no such predictions for the upcoming winter. In fact, oil prices are currently retailing at approximately \$2.50 per gallon, less than half of last year's anticipated level. We are, therefore proposing this modest revision. This year's Basic Benefits are proposed to range from \$580 to \$880. They are detailed on page 8 of the plan.

- **Crisis Assistance Component**

A one-time Crisis Assistance Benefit of up to \$400 will be available to all eligible deliverable fuel-heated households. Last year, the Crisis Assistance Benefit was increased from \$400 to \$565. At the time, given the extreme uncertainty surrounding oil prices, the increase was understandable. Based on the current situation, we are proposing to restore the Crisis Assistance Benefit to \$400. At today's prices, this amount is sufficient to cover the cost of a fuel delivery.

- **Safety Net Assistance Benefits**

Safety Net Assistance Benefits are provided to address the needs of deliverable fuel-heated households that have exhausted their Basic Benefits and their Crisis Assistance Benefits and are in a life-threatening situation. These households must be interviewed by a case manager as part of the Assurance 16 initiative and must also complete a risk assessment determination. The risk assessment includes a review of the household's monthly income, liquid assets and expenditures. If it is determined that the household has insufficient resources to obtain fuel on their own, an emergency fuel delivery up to \$400 may be authorized. These households will also be prioritized for weatherization services.

Last year, the Safety Net Assistance Benefit was increased from \$400 to \$625. We have already discussed last year's reasons for benefit increases. As was the case with the Crisis Assistance Benefit, we are also proposing to restore the Safety Net Assistance Benefit to \$400.

Vulnerable deliverable fuel heated households may be eligible to receive a total of two Safety Net Assistance Benefits at up to \$400 per delivery. Households that do not have an elderly or disabled person or a child under age six may be eligible to receive one Safety Net Assistance Benefit.

I would like to emphasize that when the Basic, Crisis and Safety Net Assistance Benefits are combined, this year's deliverable fuel heated household can receive **up to \$2,080** in assistance. Based on last year's experience, the average deliverable fuel heated household received **\$1,070** in fuel deliveries.

As you know, CEAP also assists utility-heated households. These households are protected from winter disconnection, per CGS 16-262c, and are therefore not eligible to receive the needs-based Crisis Assistance benefits and Safety Net Assistance benefits. If a utility-heated household's service has been disconnected, or is being threatened with disconnection, the community action agency will work directly with the utility vendor to either reinstate the service or to prevent the disconnection.

Utility-heated households facing unaffordable service arrearages will be assisted by the community action agency in enrolling in the Matching Payment Program (MPP). The MPP is a state-mandated initiative, CGS 16-262c, which enables CEAP-eligible households to maximize their energy benefits, reduce and/or eliminate their service arrearages and empower them to gain greater control of their energy costs. Under the MPP, CEAP-eligible households enter into a payment arrangement with their utility vendor. As long as all customer payments have been made, the utility vendor will provide a dollar-for-dollar match of both the total customer payments and the CEAP benefit. The resulting match is applied to the customer's service arrearage. Please note, only publicly regulated utilities are mandated to participate in the MPP.

Utility-heated households that are unable to meet their utility payment arrangement will be assisted by the community action agency in negotiating a reduced payment arrangement with the utility vendor.

- **LIHEAP SNAP Benefits**

Last year, we implemented a program that provided a \$1 LIHEAP benefit to Supplemental Nutrition Assistance Program (SNAP) recipients whose heat was included in their rent and whose rent was less than 30% of their income. The provision of this \$1 benefit enabled the household to have its SNAP eligibility recalculated, utilizing the Standard Utility Allowance. Based on this recalculation, almost all participating households received an increase in their SNAP benefits.

I am pleased to announce that in the first year of this change, some 35,276 SNAP recipient households qualified for the \$1 LIHEAP benefit. The receipt of that \$1 LIHEAP benefit increased their SNAP benefits by an average of \$109 per month. I would like to stress that the increased SNAP benefits are entirely covered by federal funds.

Given this initial success, we are proposing to continue the initiative in the upcoming federal fiscal year.

- **Extended time period for applications**

DSS is proposing to keep the extension of the application period to May 17, 2010, for utility-heated households in receipt of a shut-off notice for their primary heat. It is anticipated that this extension will allow greater access for utility-heated households that do not apply for energy assistance benefits until after they have received a shut-off notice. This extension will also help those eligible for utility arrearage forgiveness programs to apply and access that assistance.

- **Continuation of Conservation Services**

This year's plan includes \$1,000,000 in LIHEAP funds to provide assistance for heating system repair and/or replacement. This is the same funding level that was approved in last year's plan. Last year's funds were used to replace 214 inoperable heating systems and to complete repairs on an additional 126 systems. In addition, the Conservation funds were also used to cover the costs of 720 heating system clean, tune and tests.

- **Continuation of the Pricing Program for Deliverable Fuel**

The Pricing Program will continue to reimburse vendors at a margin of 31 cents per gallon for deliveries of number 2 home heating oil. In addition, the plan before you proposes to continue with last year's pricing modifications. As you know, last year, we incorporated a 'county differential' into the program. The county differentials range from \$.017 cents to \$.07 cents per gallon. Vendors will once again be reimbursed based on the combined 31 cent margin and the appropriate county differential. This modification has been well-received by the fuel vendors, and is again included in this year's Allocation Plan.

In addition to the inclusion of a county differential, last year's plan also included a technical modification to the pricing mechanism. Traditionally, the department had utilized the Journal of Commerce (JOC) as the basis for determining the daily oil price. Many of our participating fuel vendors expressed concern that the JOC was not as responsive to changes in the market, and requested that we consider using the Oil Price Information Service (OPIS) as our basis for determining the daily oil price. Last year, we implemented this modification. Under this year's plan, we propose to continue with this modification.

This past program year, 19.9 million gallons of oil was purchased on behalf of energy assistance households, at a savings of \$5.2 million. The Pricing Program saved an average of \$.262 per gallon over regular retail prices.

- **Continuation of Assurance 16 Funds for Case Management Activities**

The plan includes continued funding for Assurance 16 to provide case management activities. Last year, over 14,000 households were referred to a number of services as a direct result of enhanced case management funded through the Assurance 16 initiative. These services included money management sessions, assistance with tax preparation, child care referrals, energy conservation counseling, assistance in applying for Operation Fuel and utility company matching programs, and help in applying for DSS programs such as the Supplemental Nutrition Assistance Program (SNAP, formerly Food Stamps) or State-Administered General Assistance..

- **Technical Change to the 2009/2010 LIHEAP Allocation Plan**

As I mentioned at the beginning of my testimony, we are requesting a technical revision to page 14 of the LIHEAP Allocation Plan. In our recently approved U.S. Department of Energy Weatherization Plan, the income guidelines for that program have been increased to 60% of state median income. The revision to the plan reflects this recent increase in eligibility for the Weatherization program. A copy of the revision is attached to this testimony.

I urge your adoption of our proposed amendment.

- **Conclusion**

In conclusion, we would like to offer thanks to our partners for the important role played in implementing this program. We could not have achieved this success without the cooperation and assistance of our partners: the Office of Policy and Management, utility companies, fuel vendors, 211 Info-Line, Operation Fuel, community action agencies, Connecticut Association for

Community Action, Connecticut Legal Services and the Department of Public Utility Control. I would be remiss if I did not also acknowledge the contributions of the extensive network of volunteer intake sites, municipal agents and senior centers, whose efforts are so essential to the ongoing success of the program.

We would also like to offer thanks to the members of the Low-Income Energy Advisory Board for their cooperation and continued support of this program and the state's low-income population.

In closing, we believe that this 2009/2010 Allocation Plan for the LIHEAP Block Grant is the best possible means of meeting the heating assistance needs of Connecticut's low-income population. We therefore seek your approval of our recommended LIHEAP plan.

Thank you. I would be happy to answer any questions you may have.

XVIX. INFORMATION AND REFERRAL

The State of Connecticut will work with others, including local governments and other private human services providers, to implement localized information and referral systems that will address the needs of CEAP eligible households who have exhausted all of their benefits. Infoline will continue to serve as the referral network system, and will work to identify services for CEAP households in order to alleviate crisis situations following exhaustion of benefits.

DSS will provide to all of its recipient households energy assistance notifications, informing them of the availability of benefits and where to apply. Referral flyers describing fuel assistance programs, weatherization services, energy conservation loans and private fuel banks are made available at DSS and CAA offices.

CAAs will continue to maintain a network of approximately 120 intake sites throughout the state (i.e., senior citizen centers, utility offices, municipal social services offices, etc.). In addition, CAAs will assist homebound households in applying for CEAP benefits. This may involve the utilization of mail-in applications or the performance of outreach visits to homebound households.

CAAs use a single application to determine eligibility for the CEAP, as well as for weatherization services. Households with incomes at or below 60% of the state median income guidelines are income eligible for weatherization services. In addition to the U. S. Department of Energy weatherization program, additional services for these households are also coordinated with the Weatherization Residential Assistance Partnership (WRAP) and UIHelps. WRAP and UIHelps are utility funded weatherization programs which are operated by the CAAs. WRAP and UIHelps enter into written agreements with the CAAs for the provision of weatherization services/materials to low income households.

These weatherization services/materials, which are provided to households at no cost, include caulking, weather-stripping, attic insulation, sidewall insulation, pipe and heating duct insulation, hot water heater wrapping, heating system repairs/replacements and window/door repairs. In order to qualify for WRAP and UIHelps, households must have been approved by the CAA and must meet other criteria, (i.e., high usage, high arrearage, etc.).

Efforts will be made to identify other energy resources, either municipal, charitable or private (such as Operation Fuel and the Soldiers', Sailors' and Marines' Fund), which may be available to low income households. The Department will work with these providers, and other state agencies and municipalities, to establish a coordinated response to alleviate potential crises due to a low income household's inability to pay for heat. This response may include such actions as providing alternative housing arrangements, such as referral to shelters, as well as direct service intervention, when appropriate, by protective services agencies.

Operation Fuel is a private, non-profit organization which distributes privately raised funds through a network of fuel banks that accept and approve applications from households in need of emergency fuel oil deliveries or protection against utility shut-offs. Operation Fuel provides assistance to households with incomes up to 75 percent of state median income. Those households which meet the Operation Fuel guidelines are issued referrals by the CAA for these benefits.

In addition, Operation Fuel can, as funding permits and with the approval of its Board of Directors, on an annual basis provide limited assistance to CEAP eligible households who are facing a crisis because they have exhausted all available CEAP benefits, or because they did not apply for CEAP benefits by the required deadlines.