

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

CONNECTICUT ENERGY ASSISTANCE PROGRAM

Office of Fiscal Analysis

Committee Hearing Date: September 15, 2009

LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP)
FFY 10 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 2010 available funding (\$108.4 million) that is 19.7% less than federal funding available to DSS in 2009 (\$134.9 million). Please see table on last page for further details.

CEAP Plan Highlights

(a) CEAP **basic benefits** are proposed to be \$45 lower than in 2009.

| Income as % of Poverty | FFY 08 CEAP | | FFY 09 CEAP | | FFY 10 CEAP | |
|------------------------|-------------|----------------|-------------|----------------|-------------|----------------|
| | Vulnerable | Non-Vulnerable | Vulnerable | Non-Vulnerable | Vulnerable | Non-Vulnerable |
| Level 1 (0 -100%) | \$675 | \$635 | \$925 | \$885 | \$880 | \$840 |
| Level 2 (101-125%) | \$580 | \$535 | \$830 | \$785 | \$785 | \$740 |
| Level 3 (126-150%) | \$485 | \$435 | \$735 | \$685 | \$690 | \$640 |
| Level 4 (151-200%) | \$400 | \$300 (CHAP) | \$650 | \$625(CHAP) | \$605 | \$580 (CHAP) |

(b) CEAP **renter benefits** are proposed to be \$45 lower than in 2009. 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 08 CEAP | FFY 09 CEAP | FFY 10 CEAP |
|---------------------|-------------|-------------|-------------|
| Level 1 (0-100%) | \$270 | \$455 | \$410 |
| Level 2 (101-125%) | \$255 | \$440 | \$395 |
| Level 3 (126-150%) | \$240 | \$425 | \$380 |

(c) An **expanded rental benefit** is proposed to be continued 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 qualifies the household for greater Food Stamp benefits.

(d) Maximum **crisis assistance benefits** are proposed to be \$400 for households with incomes up to 150% of the federal poverty level (or 200% for elderly/disabled). In 2009 these benefits were \$565 at maximum. Crisis benefits will continue to be restricted to households using a deliverable fuel. The proposed 2010 benefit is equivalent to that provided during the 2008 heating season.

(e) Assistance through the **Safety Net Program** will be decreased as compared to 2009. Benefits will be limited to \$400 for non-vulnerable households (\$625 in 2009 Allocation Plan) and \$800 for vulnerable households (\$1,875 in 2009 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 2009.

(g) The CEAP Plan proposes that the **Contingency Heating Assistance Program (CHAP)** basic benefit be \$300 (was \$625 in 2009), and that the crisis assistance benefit be \$325 (was \$565 in 2009). 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 the same as in last year's adopted allocation plan.

(i) Oil vendors will continue to 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.

The 2010 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 |

(j) The department proposes the following program dates:

| | |
|------------|--|
| November 1 | First day for fuel deliveries which can be paid by the program |
| November 2 | First day for authorization of fuel deliveries |
| March 15 | – Deadline for fuel authorizations or deliveries |
| May 3 | Last day a household can apply to establish eligibility for benefits (unless utility heated and has a shut off notice for primary heat source) |
| May 17 | Last day a utility heated household with shut off notice for primary heat source can apply to establish eligibility for benefits |
| May 31 | Last day to submit deliverable fuel bills. |

CEAP/LIHEAP
FFY 2010 ALLOCATION PLAN DETAIL

| | FFY 09 Estimated Expenditures | FFY 10 LIHEAP Plan | \$ Change FY 10 Plan. vs. FY 09 Est. | % Change FY 10 Plan. vs. FY 09 Est. |
|---|-------------------------------------|-----------------------|--|---|
| EXPENDITURES | | | | |
| CEAP Benefit Payments | 95,244,619 | 97,221,296 | 2.1% | 1,976,677 |
| Supplemental Utility Benefits [1] | 15,553,098 | 0 | -100.0% | -15,553,098 |
| CEAP Administration* | 9,155,000 | 9,150,000 | -0.1% | -5,000 |
| Furnace Repair/Replacement | 1,322,588 | 1,000,000 | -24.4% | -322,588 |
| Assurance 16 Activities (Case Management) | 1,000,000 | 1,000,000 | 0.0% | 0 |
| LIHEAP Homeless Shelters [2] | 425,000 | 0 | -100.0% | -425,000 |
| TOTAL | 122,700,305 | 108,371,296 | -11.7% | -14,329,009 |
| SOURCES OF FUNDS | | | | |
| LIHEAP Block Grant | 95,782,640 | 95,782,640 | 0.0% | 0 |
| Prior Year Carry Forward | 8,767,255 | 12,588,656 | 43.6% | 3,821,401 |
| LIHEAP Leveraging Award | 279,187 | 0 | -100.0% | -279,187 |
| LIHEAP Contingency Awards | 30,103,919 | 0 | -100.0% | -30,103,919 |
| Other (Refunds) | 11,920 | 0 | -100.0% | -11,920 |
| TOTAL AVAILABLE | 134,944,921 | 108,371,296 | -19.7% | -26,573,625 |

[1] In order to maximize utilization of federal dollars, supplemental benefits for utility heated households were paid in 2009 from available LIHEAP funds that would otherwise have been returned to the federal government. The LIHEAP program places a 10% cap on the amount of funds that may be carried forward from one fiscal year to another.

[2] Amendment to 2008-2009 LIHEAP plan; approved at 8/17/09 meeting of Appropriations, Human Services and Energy and Technology Committees.