Connecticut Department of Social Services

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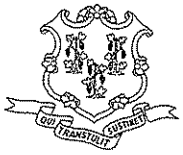

Testimony before the Appropriations and Human Services Committees

Low Income Home Energy Assistance Program Block Grant

Proposed 2010/2011 Allocation Plan

September 22, 2010

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 2010/2011 Allocation Plan for the Low Income Home Energy Assistance Program (LIHEAP) Block Grant.

I would like to begin by noting that all of us at the department 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. I am truly grateful for the continued dedication and commitment of our partners at the Office of Policy and Management, the Low Income Energy Advisory Board, the community action agencies, local volunteer intake sites, the numerous participating fuel vendors, utility companies, legislators and to all the winter heating assistance stakeholders for their support and assistance with the program. As always, we look forward to working with you as we strive to meet the heating challenges of the state's most vulnerable households.

Preparing this year's LIHEAP Allocation Plan posed significant challenges. We are facing a very real potential reduction of over 45% in our federal funding level for this program. A funding reduction of this magnitude translates into very difficult decisions – benefit reductions, changes in eligibility, and other restrictions. This is also happening in the context of our state's fiscal situation and the deficiency. This plan before you represents the department's best effort to develop a plan in accordance with the anticipated federal funding reductions. A number of changes in benefits and eligibility criteria have been proposed in anticipation of the funding reductions. Given the magnitude of the funding reduction, the department's plan proposes to provide benefits to those households with the lowest incomes and the highest energy burden. I will detail those changes shortly.

Before I discuss the specifics of the plan, I would first like to share with you that applications for the program are being accepted right now at the community action agencies. All of the community action agencies began accepting applications on Monday, August 2nd. This represents our earliest start under the early intake initiative. As of, September 20th some 16,534 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. We firmly believe that the last four years have demonstrated the effectiveness of early intake for all households, regardless of their heating source.

LIHEAP Funding Outlook

The proposed plan before you is based on an estimated national LIHEAP block grant appropriation of $2.51 billion. This figure is based on the President's proposed FY 2011 LIHEAP Block Grant funding level. As many of you know, 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. Based on a national funding level of $2.51 billion, we estimate that Connecticut would receive approximately $52.7 million in LIHEAP block grant funds.

And while we do know that the President's proposal and the Senate include a "trigger" provision to provide additional funds in the event of a spike in higher fuel prices or an increase in poverty (as indicated by a state's SNAP caseloads), I must caution that none of the details of how these triggers would work are known. We do not know whether Connecticut would even qualify, or for how much. And lastly, these "trigger" provisions are reactionary and after the fact – in other words, we might get the funds too late in the federal fiscal year to be helpful during the heating season.

We are also estimating $8.8 million in LIHEAP contingency funds. In addition, $10.5 million in FFY 2010 carry-forward funds are available. This brings the total available funds, as identified in the plan, to slightly over $72 million. By comparison, last year Connecticut received $96.9 million in LIHEAP Block Grant funds, and a total of $118.3 million. This year's estimated block grant funding represents a 45.7% reduction, while the overall available funding is down 39.1%.

As noted, in addition to the estimated FFY 2011 LIHEAP Block Grant and Contingency funds, this plan includes $10.5 million in carry-forward funds. These are LIHEAP funds that were available for use in FFY 2010, but which were not expended. The $10.5 million represents the maximum allowable LIHEAP carry-forward limit based on last year's federal funding level.

With our total estimated funding of $72 million, we propose to assist approximately 85,100 Connecticut households under the Connecticut Energy Assistance Program (CEAP) during the coming winter as compared to last winter when a record 82,956 households received CEAP assistance. In addition, we plan to serve approximately 12,400 households under the Contingency Heating Assistance Program (CHAP), which serves clients who are over-income for CEAP. Last winter, when eligibility for CHAP was up to 60% of the state median income ($60,986 for a family of four), 30,429 clients were served under CHAP.

LIHEAP Benefits and Services

- **Early Intake**

As I mentioned above, the community action agencies have already begun accepting applications for the upcoming winter. As soon as the LIHEAP Allocation Plan is approved by these committees, and computer systems have been reprogrammed to assign updated benefits, the community action agencies will begin mailing award notifications.

With regard to early intake, I would like to note that steps were taken this past year to enhance the efficiency of the early intake process, based on concerns expressed at last year's hearing. At the request of these committees, we have worked directly with LIEAB in an effort to improve coordination between the energy assistance program's early intake initiative and other energy related services which may be available to low income households. I would like to emphasize that many of these other services, such as utility matching payment programs, below budget worksheets and winter protection plans are not under the jurisdiction of the LIHEAP Allocation Plan. Many of these other services are mandated under existing statutes. While we will continue to coordinate these services with LIHEAP, we cannot dictate their requirements. We remain committed to maximizing coordination between LIHEAP and all energy related opportunities which may be available to our customers, and will continue to work with LIEAB to ensure this coordination.

- **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.

As mentioned earlier, this year's anticipated federal funding reductions have required us to implement several cost saving measures. One of these measures includes an across-the-board reduction of Basic Benefits. This year's proposed Basic Benefits range from $275 to $675, and are detailed on page 8 of the plan. By comparison, last year's Basic Benefits ranged from $580 to $880.

- **Contingency Heating Assistance Program**

In addition to the Basic Benefit reductions, the plan before you includes a modification to the Contingency Heating Assistance Program (CHAP). We are proposing to limit CHAP eligibility to households with incomes up to 200% of the federal poverty guidelines ($44,100 for a family of four). Last year's CHAP provided energy assistance benefits to households with incomes up to 60% of the state median income ($60,986 for a family of four).

This modification is being proposed as part of an overall package of reductions aimed at ensuring the availability of LIHEAP funds for the state's lowest income households.

- **Crisis Assistance Benefits**

A one-time Crisis Assistance Benefit of up to $350 will be available to all eligible deliverable fuel-heated households. At today's prices, this amount is sufficient to cover the cost of a fuel delivery.

- **Safety Net Assistance Benefits**

Safety Net Assistance Benefits will continue to be provided to address the needs of deliverable fuel-heated households that have exhausted their Basic Benefit and their Crisis Assistance Benefit and are in a life-threatening situation. Households requesting Safety Net Assistance Benefits must 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 lacks sufficient resources to obtain fuel on their own, an emergency fuel delivery of up to $350 may be authorized. These households will also be prioritized for weatherization services.

Vulnerable deliverable fuel heated households may be eligible to receive a total of two Safety Net Assistance Benefits of up to $350 per delivery. Non-vulnerable households 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 $1,725** in assistance. Based on last year's experience, the average deliverable fuel heated household received **$1,050** in fuel deliveries.

The impact of the proposed benefit reductions to deliverable fuel-heated households may be partially offset by the relative stabilization within the heating oil market over the past year. The United States Energy Information Administration projects that the average residential price of heating oil will rise gradually this winter before peaking at $3.13 per gallon. If prices *were* to spike, the trigger mechanism that has been proposed by both President Obama and the Senate Appropriations Committee would allow for automatic increases in assistance. Any additional funds received by the state could then be directed towards increasing benefits. No changes are required to the allocation plan as it already includes language authorizing increases in benefit levels should additional funds become available.

As you know, CEAP also assists utility-heated households. In fact, 60% of the total energy assistance caseload heats with natural gas or electricity. Since these households are protected from winter disconnection per section 16-262c of the Connecticut state statutes, they 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, 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 as part of the below budget worksheet process.

As mentioned earlier; matching payment programs, winter protection and below budget worksheets are all part of the overall package of energy services that are provided by community action agencies. While these services are coordinated with the energy assistance program, they are not covered by this plan.

- **LIHEAP SNAP Benefits**

Two years ago, the department 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 would like to stress that the increased SNAP benefits are entirely covered by federal funds.

In the first year, some 60,000 SNAP recipient households qualified for the $1 LIHEAP benefit. Last year, that number increased to 75,000 households. For these households, the receipt of the $1 LIHEAP benefit increased their SNAP benefits by an average of $109 per month.

I would like to take this opportunity to thank LIEAB, and Shirley Bergert in particular, for encouraging us to pursue this benefit. Given the overwhelming success of this initiative we are proposing to continue the benefit in the upcoming program year.

- **Conservation Services**

In an effort to encourage conservation, the plan includes a $150,000 set-aside to provide funds for clean, tune and tests. Eligible households may request a clean, tune and test of their deliverable fuel heating system. The cost of the clean, tune and test will not be charged against the household's heat benefit. Last year 734 households received this service through the energy assistance program, at a total cost of $117,151.

For a number of years, LIHEAP funding has been allocated for the repair and/or replacement of inoperable or unsafe heating systems. Given this year's anticipated funding

reduction, the plan before you proposes to redirect these services and costs to the department's weatherization assistance programs, which have been greatly expanded due to funds received under the American Recovery and Reinvestment Act of 2009.

- **Continuation of the Fixed Margin Pricing Program**

The Fixed Margin Pricing Program will continue to reimburse vendors at a margin of $.31 cents per gallon, plus a county differential, for deliveries of number 2 home heating oil. The county differentials will again range from $.017 cents to $.07 cents per gallon. The plan before you proposes no modifications to last year's pricing mechanism.

DSS proposes to continue using the Oil Price Information Service (OPIS) as our basis for determining the daily oil price. The switch to OPIS was implemented two years ago at the request of fuel vendors and the Independent Connecticut Petroleum Association (ICPA). This pricing modification, coupled with the inclusion of the county differential has been well-received by the fuel vendors.

This past program year, 17.4 million gallons of oil were purchased on behalf of energy assistance households, at a savings of $4.2 million. The Pricing Program saved an average of $.243 per gallon over regular retail prices.

- **Program Administration**

I would like to take a moment to inform everyone that this year's plan not only includes reductions in customer benefits and services, it also includes reductions in funding for program administration. As you may be aware, LIHEAP regulations allow us to utilize up to 10% of the newly allocated funds for the purposes of program administration. Based on our estimates of available funds, approximately $6.15 million will be available for program administration. Last year, $9.27 million was available. This represents a 33.7% reduction in program administration funds.

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

This plan includes continued funding for Assurance 16 to provide case management activities. Last year, over 15,000 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.

I would like to stress the importance of the Assurance 16 initiative in connecting, referring and directly assisting households to receive a wide range of services for which they may be eligible. As with program administration funds, Assurance 16 funds are also reduced

from last year's levels. This year's plan includes $750,000 for Assurance 16 activities, a reduction of 25% from last year's $1,000,000 allocation.

- **Intake Pilot**

This year's plan includes a section reflecting the department's ongoing interest in reviewing options concerning program intake. In addition to the early intake initiative, LIEAB requested that we consider the development and implementation of a year round intake pilot. In light of the projected reductions in administrative funding, we do not believe that it will be feasible to implement such a pilot at this time. However, contingent upon the availability of funds in the future, the department would be interested in exploring this option, and will continue to work with LIEAB in this area.

- **Program Integrity**

I would like to take a moment to share with you some recent LIHEAP developments on the national level that will impact the program here in Connecticut. As you may have heard, the Government Accountability Office (GAO) recently completed an evaluation of LIHEAP. They reviewed the LIHEAP programs in Illinois, Maryland, Michigan, New Jersey, New York, Ohio and Virginia. Based on their evaluation, they determined that the program was open to potential abuse, and required greater fraud prevention controls at the state level.

While Connecticut was not included in the GAO report, we will nevertheless be required to comply with whatever new federal requirements evolve. At this point, the United States Department of Health and Human Services (HHS) is requesting that all states review their current quality control procedures. In addition, HHS is now requiring the collection of social security numbers for all LIHEAP applicants and household members. As you may recall, the collection of social security numbers has been a LIHEAP requirement in Connecticut for several years now.

In addition to collecting social security numbers, we have also implemented a verification process with the Social Security Administration. Under this process, we are able transmit the names and social security numbers of all LIHEAP applicants and household members. We recently completed our initial verification run for the current program year, and received a 98.8% match rate. While we are extremely pleased with these results, we will continue to strive for even higher match rates. I would also like to assure you that all of the non-matching cases will be reviewed to ensure that LIHEAP benefits are provided only to those households that are truly eligible.

- **Conclusion**

In conclusion, I would like to reiterate that we are facing a serious likelihood of a tremendous reduction in federal funding for this program. The details about how, or if, Connecticut would qualify for additional LIHEAP dollars under the President's proposed "trigger" provisions are unknown at this time. We know that we are already facing a deficiency in this year's General Fund budget. And we also know that if we maintain current benefits and

eligibility, with the expected federal funding reduction, we will run out of money in the first week of January, 2011.

I 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.

I 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, I believe that this 2010/2011 Allocation Plan for the LIHEAP Block Grant is the best possible means of meeting the heating assistance needs of Connecticut's low-income population. I therefore seek your approval of the LIHEAP plan.

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

2010/2011 LIHEAP ALLOCATION PLAN

List of Important Dates

August 2, 2010 (Monday)	-	Start of early intake.
November 1, 2010 (Monday)	-	First day for fuel authorizations/deliveries.
March 15, 2011 (Tuesday)	-	Last day for fuel authorizations/deliveries.
May 2, 2011 (Monday)	-	Last day to apply, unless household heats with natural gas or electricity and has a shut-off notice.
May 16, 2011 (Monday)	-	Last day to apply, if household heats with natural gas or electricity and has a shut-off notice.
May 31, 2011 (Tuesday)	-	Last day to submit deliverable fuel bills.

Benefit Amounts

Poverty Guidelines	Basic Benefits		Rental Asst.
	Vulnerable Hslds.	Non-Vulnerable Hslds.	
Up to 100% FPG (CEAP)	$675	$615	$250
101% to 125% FPG (CEAP)	$575	$515	$225
126% to 150% FPG (CEAP)	$475	$415	$200
151% to 200% FPG* (CEAP)	$375	not applicable	not applicable
151% to 200% FPG (CHAP)	$275	$275	not applicable

* - Must have elderly and/or disabled member.

Available Services

Crisis Assistance	$350 - CEAP & CHAP
Safety Net Assistance	$350 - CEAP only. Vulnerable households can receive up to $700, non-vulnerable $350. RISK ASSESSMENT
Clean, Tune & Test	$150,000 set-aside. CEAP & CHAP
Weatherization	Eligibility remains at 60% SMI.
Heating System Repair/Replacement	Requests referred to Weatherization
LIHEAP SNAP	$1 benefit for SNAP recipients who are ineligible for CEAP Rental Assistance. (Allows SNAP benefits to be calculated using SUA.)

2010/2011 LIHEAP ALLOCATION PLAN
Benefit Summary

Income Level		FY 2011 (Proposed) Basic Benefits Vulnerable Hslds.	FY 2011 (Proposed) Basic Benefits Non-Vulnerable	FFY 2010 Basic Benefits Vulnerable Hslds.	FFY 2010 Basic Benefits Non-Vulnerable
Level 1	Up to 100% FPG	$675	$615	$880	$840
Level 2	101% - 125% FPG	$575	$515	$785	$740
Level 3	126% - 150% FPG	$475	$415	$690	$640
Level 4*	151% - 200% FPG	$375	not applicable	$605	not applicable
Level 5**	Up to 60% SMI	$275	$275	$580	$580

* - In order to qualify for Level 4, households must have a member who is either elderly (age 60 or older) or disabled.
** - In FY 2011, Level 5 income eligibility is reduced from 60% SMI to 200% FPG.

Income Level		Rental Assistance Benefits	Rental Assistance Benefits
Level 1	Up to 100% FPG	$240	$410
Level 2	101% - 125% FPG	$220	$395
Level 3	126% - 150% FPG	$200	$380

Crisis Assistance Benefits	$350	$400
Safety Net Asst. Benefits*	$350	$400

* - CEAP eligible, vulnerable households can receive Safety Net Assistance benefits twice, non-vulnerable households can receive once. (Risk Assessment required.)