



*Testimony before the Appropriations, Human Services,
and Energy & Technology Committees
Roderick L. Bremby
Commissioner
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Good afternoon, Senators Harp, Musto, and Fonfara, Representatives Walker, Tercyak and Nardello, and members of the committees, my name is Roderick Bremby and I am the Commissioner of the Department of Social Services. I am here before you today to review and seek your approval of the Governor's 2011/2012 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, and to all other 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.

This year's LIHEAP Allocation Plan represents the department's best effort to develop a plan in accordance with the anticipated federal funding reductions. In response to these reductions, we are proposing to restructure the program to focus on the heating needs of the state's most vulnerable households. I will detail those changes shortly.

LIHEAP Funding Outlook

As many of you may recall, last year LIHEAP was facing a potential funding reduction. At that time we were anticipating the federal LIHEAP block grant appropriation to be \$2.51 billion. We operated throughout the year under a series of Congressional continuing resolutions, not knowing our actual funding level until May 19, 2011. On a number of occasions we had fully committed all of our identified funds, and were prepared to suspend the program. Despite those difficulties, I am pleased to inform you that we were ultimately able to complete the program and cover all obligations.

While last year was certainly a challenge for everyone, the LIHEAP block grant was eventually funded at \$4.5 billion. Based on that funding level, we received \$98.3 million in LIHEAP block grant funds. An additional \$4.7 million was received in LIHEAP Contingency Funds. Those funds, coupled with our FFY 2010 carry-forward of \$12.5 million were just enough to cover the \$115.5 million in expenditures. Based on our expenditures, we are entering the new program with no carry-forward funds.

This year, LIHEAP is again facing funding reductions. The plan before you is based on an estimated federal LIHEAP block grant appropriation of \$1.98 billion. This figure is based on the President's proposed FFY 2012 LIHEAP block grant funding level. It represents a return to FFY 2008 LIHEAP funding levels. Based on this level, we estimate that Connecticut will receive approximately \$41.7 million in LIHEAP block grant funds. We are also estimating \$4.7 million in LIHEAP contingency funds. The \$4.7 million equals the amount of LIHEAP Contingency Funds received in FFY 2011. Therefore, the total estimated available funds, as identified in the plan, is \$46.4 million.

LIHEAP Benefits and Services

As previously mentioned, last year's energy assistance expenditures totaled \$115.5 million. Based on this year's anticipated budget of \$46.4 million, we were required to make some difficult decisions regarding program structure, eligibility and services. Many options were considered, reviewed and evaluated. In the end it was determined that the plan would need to focus exclusively on the heating needs of the state's most vulnerable households.

Crisis Assistance Benefits

The plan before you represents a departure from previous years' programs. This year's plan restructures the program to focus on the immediate heating needs of the state's most vulnerable households, namely those households that heat with deliverable fuel – oil, propane, kerosene, wood or coal. Since utility heated households are protected by the winter moratorium on shut-offs until May, they are not in danger of being without heat during the coldest months and are therefore not eligible for Crisis Assistance Benefits.

Crisis Assistance Benefits will be available to deliverable fuel heated households with incomes up to 200% of the federal poverty guidelines (\$44,700 for a family of four). The actual amount of the Crisis Assistance Benefit will 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.

Crisis Assistance Benefits will be provided in accordance with federal requirements which dictate that "the highest level of assistance will be furnished to those households which have the lowest incomes and the highest energy costs or needs in relation to income, taking into account family size." The Crisis Assistance Benefits will range between \$880 and \$580. In essence, the highest benefits will go to the lowest income households. We believe that the targeting of benefits to low-income, deliverable fuel heated households ensures that we are providing assistance to those households with the greatest need, and is, therefore, in compliance with this requirement.

Safety Net Assistance Benefits

Safety Net Assistance Benefits will continue to be provided to address the needs of CEAP-eligible, deliverable fuel-heated households that have exhausted their Crisis Assistance Benefits 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 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 up to \$400 may be authorized.

Vulnerable deliverable fuel heated households may be eligible to receive a total of two Safety Net Assistance Benefits at up to \$400 per delivery. Non-vulnerable households may be eligible to receive one Safety Net Assistance Benefit.

I would like to emphasize that when the Crisis and Safety Net Assistance Benefits are combined, this year's deliverable fuel heated household can receive **up to \$1,680** in assistance. While this is a \$400 reduction from last year's maximum level of assistance, it should enable the program to provide approximately 480 gallons of home heating oil per household, based on next year's projected average cost of \$3.508/gallon. This represents approximately 60% of the total annual usage for the average Connecticut oil consumer. By comparison, last year's maximum assistance of \$2,080, coupled with last winter's average fuel cost of \$2.948/gallon represented approximately 88% of the total annual usage.

As you can see, even with this year's reduced federal dollars targeted to deliverable fuel heated households, they will be directly responsible for a greater portion of their heating costs than last year.

Basic Benefits

As mentioned earlier, this year's anticipated federal funding reductions have required us to implement cost saving measures. One of these measures includes the elimination of Basic Benefits. I would like to stress that this action was not taken lightly. We reviewed many options, but were ultimately unable to develop a program that provided meaningful Basic Benefits while protecting our most vulnerable residents from being without heat.

While the plan before you does not include Basic Benefits, our intention is to target any additional funds for their restoration. Every additional \$10 million that we receive beyond the assumed \$46.4 million would result in an increase of \$1 million for program administration and \$9 million for Basic Benefits. This would enable us to provide Basic Benefits of approximately \$90 per eligible household.

The elimination of Basic Benefits most affects utility heated households. Since these households are protected from winter disconnection, per CGS 16-262c, they are not eligible to receive the needs-based Crisis Assistance Benefits and Safety Net Assistance Benefits.

Despite the elimination of Basic Benefits, we still propose to accept and process applications for utility heated households. Utility heated households with incomes up to 200% of the federal poverty guidelines will be approved for weatherization services and will also be determined eligible for a "zero" energy assistance benefit. Should additional funds be received, and Basic Benefits restored, these "zero" energy assistance benefits will automatically be converted to the new award amounts, and the households will be notified.

The provision of the "zero" energy assistance benefit will enable utility-heated households to participate in the Matching Payment Program (MPP). The MPP is a state-mandated initiative which enables CEAP-eligible households to reduce and/or eliminate their service arrearages.

Under the MPP, CEAP-eligible households enter into a payment arrangement with their utility vendor. As long as the customer completes all of their payments, the utility vendor will provide a dollar-for-dollar match of the total customer payments and the CEAP Basic Benefit, if available. The resulting match is applied to the customer's service arrearage.

Utility-heated households that are unable to meet their MPP utility payment arrangement may 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.

I would like to stress that the 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.

Contingency Heating Assistance Program

In addition to the elimination of Basic Benefits, the plan before you includes a modification to the Contingency Heating Assistance Program (CHAP). Due to the significant reduction in federal funding, we are proposing to limit CHAP eligibility to households with incomes up to 200% of the federal poverty guidelines (\$44,700 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 (\$61,276 for a family of four).

LIHEAP SNAP Benefits

Three 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. The receipt of that \$1 LIHEAP benefit increased their SNAP benefits by an average of \$109 per month. Last year, that number increased to more than 80,000 households. Given the success of this initiative we are proposing to continue the benefit in the upcoming program year.

Continuation of the Fixed Margin Pricing Program

The Fixed Margin Pricing Program will continue to reimburse oil 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 three 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 and will be continued in the coming year.

This past program year, 16.5 million gallons of oil were purchased on behalf of energy assistance households, at a savings of \$3.9 million. The pricing program saved an average of \$.238 per gallon over regular retail prices.

Program Administration

I would like to take a moment to alert everyone that this year's federal funding reductions plan not only means reductions in customer benefits and services, it also means 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 \$4.64 million will be available for program administration. Last year, \$8.78 million was available. This represents a 47.2% 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) 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 \$500,000 for Assurance 16 activities, a reduction of 50% from last year's \$1,000,000 allocation.

Program Integrity

I would like to take a moment to share with you some LIHEAP developments on the national level that have impacted the program here in Connecticut. Two years ago, the Government Accountability Office (GAO) 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 are nevertheless required to comply with new federal directives regarding program integrity. At this point, the United States Department of Health and Human Services (HHS) is 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, the department has established a protocol with the Social Security Administration (SSA). Under this protocol, the social security numbers

of all CEAP applicants and household members are transmitted to the SSA on a weekly basis for verification. I am pleased to report that last year's program ran at a 95% successful match rate. The non-matches were transmitted to the community action agencies for resolution.

Conclusion

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

In closing, I believe that this 2011/2012 Allocation Plan for the LIHEAP Block Grant is the best possible means of meeting the immediate heating needs of Connecticut's most vulnerable households, given the expected substantial reductions in federal funds. I therefore seek your approval of the LIHEAP plan.

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