

# Legal Assistance Resource Center

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## ❖ of Connecticut, Inc. ❖

44 Capitol Avenue, Suite 301 ❖ Hartford, Connecticut 06106  
(860) 278-5688 x203 ❖ cell (860) 836-6355 ❖ fax (860) 278-2957 ❖ RPodolsky@LARCC.org

### LIHEAP Block Grant Plan -- 2011-2012

Public hearing testimony of Raphael L. Podolsky -- September 27, 2011

**Recommended Committee action: ADOPTION WITH  
CHANGES PROPOSED BY THE LOW INCOME ENERGY  
ADVISORY BOARD**

We urge the Appropriations, Energy, and Human Services Committees to adopt the LIHEAP Block Grant Plan for 2011-2012 with the modifications proposed by the Low Income Energy Advisory Board (LIEAB). These changes would, in particular:

- *Preserve energy assistance for households with income up to 60% of state median income, for utility-heated households, and for renters who pay for heat through the rent;*
- *Commit state funds to supplement federal energy assistance benefits and to provide for adequate administrative funding;*
- *Plan for reduced benefits by allowing benefit levels to be modified based on actual federal and state funding availability; and*
- *Use the same application deadlines and fuel delivery schedule as in 2010-2011.*

Failure to make these changes will result in numerous collateral consequences that will compound the restrictions on the program. Our concerns include the following:

(1) Legal requirements: The failure to include utility-heated households in the plan violates both state and federal law [C.G.S. 16a-41a(a)(1)(E) and 42 USC 8624(b)(5)]. The failure to include benefits to renters who pay for heat through their rent violates federal law [42 USC 8624(b)(8)].

(2) Adverse collateral consequences: The plan proposed by the Administration reduces the number of households eligible for energy assistance by about 70%, including utility-heated customers, renters who pay for heat through their rent, and households with income above 150% of Federal Poverty Level. This will have enormous effect on them, including:

- Undercutting access to the arrearage forgiveness program. Elimination of benefits for utility-heated housing may make customers ineligible for the arrearage forgiveness program altogether. Maintaining program eligibility for utility-heated households between 150% of federal poverty level and 60% of state median income; even with a small energy assistance benefit, can leverage a substantial amount of arrearage forgiveness relief, which involves no state expenditure of funds but greatly helps the households affected..

- Generating a potentially large increase in post-moratorium shutoffs. Energy assistance reduces potential arrearages and makes it possible for low-income households to comply with the amortization agreements that keep utilities on from April until November. Failure to make all monthly payments under the repayment plan forfeits the benefits of the arrearage forgiveness program for the customer. Shutoffs have both safety (e.g., fire) and health (e.g., refrigeration) implications. A tenant with a Section 8 voucher whose utilities are shut off can lose the voucher.
- Losing funds leveraged from other sources. Utility companies have traditionally provided major support to energy assistance programs, including support for agencies administering the program. This is largely because the program helps get utility bills paid. Available funds for weatherization assistance may also go underutilized if eligibility for energy assistance is narrowed.
- Putting very low-income gas-heated households at particular risk, because under Connecticut law a gas company is not required to maintain natural gas service during the winter moratorium to a household that has previously benefitted from a winter moratorium and has not paid at least \$100 since then.

(3) Serious obstacles to effective program administration: We think it is unrealistic to build a plan around the assumption that Connecticut can get through the winter without additional state funding if the federal government provides no more to Connecticut than the \$46 million proposed by President Obama. The failure to budget for a program of at least \$76 million (based on a current United States Senate proposal) will require changes to the program mid- or late winter that will be difficult, if not impossible, to implement. A larger program should be budgeted now with the recognition that state funds will be needed if the federal government provides less than the budgeted amount. In addition, there is serious doubt that the administering agencies will be able to gear up to restart a program in spring that has by then effectively been closed down.

*A copy of a fact sheet prepared by the Legal Assistance Resource Center of Connecticut, Inc., is attached to this testimony.*

# FACTS about

# The Proposed LIHEAP Block Grant for Winter 2011-2012

This winter, over 85,100 low income households will lose winter heating assistance benefits under the 2011-12 LIHEAP block grant proposal. Among other things, this proposal:

- reduces the income eligibility level for assistance by about half (from 60% of the state median income to 150% of the Federal Poverty Level) and;
- violates the law by planning for **NO** benefit for utility heated households (those heating with electricity or gas) or renters (those whose heat cost is included in their rent payment) based on the plan's projected federal funding.

This will mean:

- **massive spring utility shut-offs**, endangering the lives and well-being of many low income households and creating significant new burdens with disparate impact on urban areas;
- **endangers well over \$60 million in non-governmental benefits** provided through the utility companies, that make utility bills more affordable for the poor;
- **reduced access to weatherization assistance**, with increased risk that federal stimulus funding for badly needed low income weatherization will have to be returned to the federal government;
- **undoing years of successful efforts** between utility companies and social service providers to create affordable payment programs and a network to make these plans readily accessible to low income households.

**ACTION NEEDED: Urge legislators to adopt the Low Income Energy Advisory Board's (LIEAB) recommendations *instead* of the block grant proposal. The Low Income Energy Board Proposes to:**

- **Maintain energy assistance for utility heated households and renters up to 60% SMI**
- **Maintain last winter's program structure and income eligibility levels, with a three-tiered benefit schedule.** Allows the program to modify benefits based on actual federal and potential state-appropriated funds. This means the plan would include benefits for households with income up to 60% SMI, provides benefits regardless of heating sources and includes a benefit for renters.
- **Follow last winter's program time table for benefits** (fuel delivery period: Nov. 1 to and mid-March) **and application deadlines** (Nov. 1 through beginning of May, extended to mid-May for utility heated households with a shut-off notice).
- **Commit state funds to:**
  - **Ensure adequate administrative funding** for Community Action Agencies and other qualified entities to administer the program; and
  - **Supplement federal funds available for energy assistance benefits.**