STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT

TESTIMONY PRESENTED TO THE APPROPRIATIONS, HUMAN SERVICES AND ENERGY & TECHNOLOGY COMMITTEES
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Good afternoon Senators Harp, Musto and Fonfara, Representatives Walker, Tercyak, and Nardello, and distinguished members of the Appropriations, Human Services, and Energy and Technology Committees. I am Anne Foley, Under Secretary of Policy and Planning at the Office of Policy and Management (OPM) and Chair of the Low Income Energy Advisory Board (LIEAB). As you may know, the Low Income Energy Advisory Board was created in 2005 to advise and assist OPM and the Department of Social Services (DSS) in the planning, development, implementation and coordination of energy-assistance-related programs and policies and to make recommendations to the General Assembly regarding legislation, plans, and administration of the Low Income Home Energy Assistance Program (LIHEAP) to ensure affordable access to residential energy services to low-income state residents.

I am before you today to discuss LIHEAP and the benefit levels for utility heated households versus deliverable fuel heated households. To begin, I'd like to recap the federal fiscal year 2012 (FFY12) LIHEAP allocation process.

Consistent with its statutory mandate, LIEAB forwarded recommendations to OPM and DSS in May regarding the FFY12 LIHEAP allocation. The main recommendations were to: (1) consider use of state-appropriated funds to supplement available federal funds; (2) maintain program eligibility levels; and (3) plan for level funding, but create a tiered approach to allow the program to be readily modified if available funding was less than FFY11 funding.

In September, the Governor proposed an allocation plan that assumed block grant funding for Connecticut of $41.7 million, consistent with the only federal action taken at that time --President Obama's proposed FFY 2012 LIHEAP block grant funding level of $1.98 billion. The FFY 12 level was $56.5 million less than what Connecticut received in FFY 11. If benefit levels, eligibility, and caseload growth had remained consistent, the program would have required funding of nearly $120 million -- $73 million more than we expected to be available (and $40 million more than we ultimately received) and we

would have exhausted available funding in early winter. Likewise, if the program had maintained the same eligibility and structure as last year, but reduced Basic Benefits to a level commensurate with the amount we expected to receive from the federal government, the benefit would have been too low for deliverable fuel-heated households to receive a single delivery of oil.

In assessing options with regard to program structure for FFY12, the Malloy administration was mindful of two important protections that are available for the state's utility-heated households that are not available to deliverable fuel heated households. First, these households are protected by a winter moratorium on utility shut-offs; and second, they have access to a Matching Payment Program.

Therefore, in order to address the needs of the state's most vulnerable residents during the winter heating season, the Governor proposed to re-focus the program to prioritize those households whose health could be jeopardized due to lack of heat -- deliverable fuel heated households. The Governor's plan was simply to reverse the order in which benefits would be given - with crisis benefits going out first to deliverable fuel heated households only, and then, once the state had an accurate sense of the amount we would receive from the federal government, crafting the basic benefit based on that amount.

As you recall, the Governor's allocation plan was modified by the committees to reflect an anticipated funding level of $61.6 million to include benefits for both deliverable-fuel and utility heated households. In late December, the state was notified that Connecticut would receive a total of $79.5 million for FFY 12 --$17.9 million more than what was assumed in the allocation plan approved by these Committees in September. As a result of this additional funding, the Governor proposed (and you approved): (1) a $140 supplemental payment to CEAP eligible utility heated households; (2) an additional safety net benefit of $400 to CEAP eligible deliverable fuel heated households; and (3) extending the end date for intake from March 15th to May 1st (May 15th for utility heated customers with disconnect notices), consistent with prior years.

On January 17, the Low Income Energy Advisory Board sent you a letter supporting the Governor's proposal for expenditure of the additional $17.9 million; however the Board asked that there be a discussion regarding the disparity in energy assistance benefits between utility heated and deliverable fuel heated households.

The board remains concerned about the disparity in energy assistance benefits between utility heated and deliverable fuel heated households, particularly with regard to the potential for Connecticut's utility-heated families to build up significant debt during the winter moratorium period, only to have their electricity shut off on May 1st. In order to address this disparity, the board recommended that the state commit funds to

supplement federal funds available for energy assistance benefits in order to maintain the FFY 11 benefit levels.

With regard to benefit parity, it's important to recognize that the program historically, and for important reasons, has operated with crisis and safety net payments available only for deliverable fuel heated households. In FFY11, the average expenditure in the LIHEAP program for a utility-heated household was $741 and the average expenditure for a deliverable fuel heated household was $1,169. This year, once the program closes, and unallocated balances are distributed as a supplemental benefit to utility-heated households, the average reduction will be very similar across fuel types - a 32% reduction for utility heated households and a 27% reduction for deliverable fuel heated households. The Department of Social Services will provide you with more detail in their testimony coming up next.

Let me reaffirm the Malloy administration's commitment to targeting energy assistance funding to those who need it, when they need it. In order to address the needs of the state's most vulnerable population during the winter heating season, we will have to again prioritize payment of a meaningful benefit level to households who are most in danger of freezing over the cold winter months -- households heated by deliverable fuel. Looking ahead to next year, the President's FFY13 budget represents a 13% decrease in LIHEAP funding from this year, however, because of the warm winter we've experienced, we will be able to carry forward the full 10% allowed under federal law to help mitigate the impact of any reduction. As in previous years, we will have to make assumptions about federal funding levels with the best information we have available to us in September. But in any scenario, we will need to work toward developing a program that can be sustained throughout the winter heating season and which gives us the flexibility to modify benefits if the federal allocations exceed the levels assumed in September.

I appreciate the opportunity to testify today at your informational forum and look forward to working with you on these issues in the future. Thank you.