



**STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT**

***TESTIMONY PRESENTED TO THE APPROPRIATIONS, ENERGY AND
TECHNOLOGY, AND HUMAN SERVICES COMMITTEES***

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Benjamin Barnes, Secretary

Office of Policy and Management

Testimony Supporting Governor Malloy's FFY 13 Block Grant Allocation Plan for
the Low Income Home Energy Assistance Program

Senators Harp, Musto, and Fonfara, Representatives Walker, Tercyak, and Nardello and distinguished members of the Appropriations, Human Services, and Energy and Technology Committees, thank you for the opportunity to offer written testimony in support of Governor Malloy's federal fiscal year (FFY) 2013 allocation plan for the Low Income Home Energy Assistance Program (LIHEAP).

At the outset, let me reaffirm Governor Malloy's commitment to providing energy assistance for Connecticut's low income individuals and families. Last year, we were fortunate to experience an unusually mild winter, but we must be prepared for a harsher winter season this year. As with the other block grants, we must develop and approve an allocation plan for LIHEAP based upon a funding level that has not yet been finalized by the federal government. Governor Malloy's allocation plan is based on the available information from the federal government to-date and the recommendations of the Low Income Energy Assistance Board (LIEAB) and represents a sound approach to meeting the heating challenges of the state's most vulnerable households. The plan's overall

approach provides a meaningful benefit to both deliverable fuel-heated households and utility-heated households, while recognizing the disparity in heating costs, the statutory moratorium on utility shut-offs during the winter, and the ability of utility-heated households to leverage funds through the Matching Payment Program.

The allocation plan assumes a block grant funding level of \$79.5 million based on the funding levels approved by the House and Senate under the Continuing Resolution. This amount assumes the federal block grant will be flat funded at the FFY 12 level. The proposed plan also assumes Connecticut will receive \$450,000 in leveraging funds. In addition to the FFY 13 block grant, there is a carry-forward of \$7.95 million and \$275,000 in vendor refunds from FFY 12. Therefore, the total amount of funding available to Connecticut is expected to be \$88.2 million.

Although this plan assumes the House and Senate recommended funding levels, the LIHEAP block grant may be subject to reductions under the Budget Control Act of 2011 (or sequestration). The Congressional Budget Office estimates the LIHEAP could be subject to an 8.2% reduction under sequestration. While there are many unknowns around the implementation and timing of sequestration, the plan includes a provision that, if the available funds are determined to be in danger of exhaustion prior to the scheduled end date, the state may close the program or portions of the program early. Because LIHEAP funding typically is released early in the federal fiscal year, we are cautiously optimistic that we will receive the full amount expected. However, we will continue to work with our federal partners to understand the impacts of sequestration on the LIHEAP block grant and will communicate that information with you as it becomes available.

The allocation plan before you addresses the heating needs of low income households by restoring the traditional benefit structure used in previous years. A basic benefit will be provided to eligible households, regardless of heating source, and additional Crisis Assistance and Safety Net Assistance benefits will be available to eligible deliverable fuel-heated households. Given last year's record warm temperatures, this plan assumes the FFY 11 caseload numbers, which provide a more accurate estimate of the need than last year's caseload. Like many of the policy decisions reflected in this plan, this provision is consistent with a LIEAB recommendation.

The allocation plan reflects the disparity in heating costs between deliverable-fuel-heated households and utility-heated households. The U.S. Energy Information Administration (EIA) estimates that this winter's oil prices will be \$3.549/gallon. Under the plan, there is a fixed margin discount of \$.25/ per gallon – so the cost of oil for CEAP recipients is estimated to be \$3.28/ per gallon. The average household consumes 650 gallons of oil during the heating season, with an average heating cost of \$2,132.

The benefit levels being proposed today acknowledge these high heating costs for deliverable-fuel-heated households. Under this plan, the maximum benefit for a vulnerable deliverable fuel-heated household is \$2,175, while the maximum benefit for vulnerable utility heated households is \$575. This benefit distribution is similar to that which was approved by the legislative committees of cognizance last year.

The allocation plan includes a Crisis Assistance Program to address the heating needs of deliverable fuel-heated households who have exhausted their Basic Benefits and are still in need of assistance. Similar to the approved plan last year, this plan also provides expanded Safety Net Assistance. Safety Net Assistance

benefits will be available to CEAP eligible deliverable fuel-heated households who have exhausted their Basic Benefits and Crisis Assistance Benefits and are in a life-threatening situation. CEAP eligible vulnerable and non-vulnerable households can receive up to two Safety Net Benefits of \$400. A third \$400 Safety Net Assistance Benefit will be available to CEAP eligible, vulnerable households. This emphasis on significant Crisis and Safety Net Benefits reflects the need to provide additional benefits to those households who are most in danger of losing heat over the cold winter months – households heated by deliverable fuel.

Finally, the plan includes both a Basic and Crisis Benefit for households under the Contingency Heating Assistance Program (CHAP). This plan maintains CHAP income eligibility to households with annual gross incomes up to 60% SMI (households with incomes up to \$61,184 for a family of four). The CHAP benefits under this plan provide these higher-income households with a benefit to help offset heating costs during this winter season.

The LIHEAP allocation plan before you today is a balanced approach which provides meaningful benefits to all CEAP and CHAP households, with consideration of the heating cost disparity and other benefits available depending on the household's heating source. We are pleased that the Low Income Energy Advisory Board has voted unanimously to fully support the plan without reservation. I respectfully request your approval of Governor Malloy's FFY13 LIHEAP allocation plan. Thank you.