



***Testimony before the Appropriations, Human Services and
Energy and Technology Committees
Roderick L. Bremby, Commissioner
August 25, 2014***

Good afternoon, Senators Bye, Slossberg, and Duff, Representatives Walker, Abercrombie, and Reed, and members of the Committees, my name is Rod 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 2014/2015 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 are proud to advocate for the importance and value of Connecticut's energy assistance program in meeting the heating needs of our elders, people with disabilities, families and children. We are grateful for the continued dedication and commitment of Governor Malloy, the General Assembly and Office of Policy and Management; and our partners in the community action agencies, local volunteer intake sites, the numerous participating fuel vendors, utility companies, and to all the winter heating assistance stakeholders for their support and assistance with the program. As always, we look forward to working with all partners as we help meet the home-heating needs of the state's most vulnerable households.

I would also like to thank the members of the Low Income Energy Advisory Board (LIEAB) for their cooperation and continued support of the program. I am pleased to inform you that this year's plan incorporates many of the recommendations put forward by that group.

Before I discuss the specifics of this year's plan, I would like to take this opportunity to thank and commend the management and staff at Action for Bridgeport Community Development, Inc. (ABCD), for their continued assistance in ensuring the delivery of LIHEAP benefits to eligible clients in the greater Norwalk and Stamford areas. This past winter season, ABCD served as the fiduciary for this service area, making payments to fuel vendors and utility companies on behalf of LIHEAP-eligible households. They have now accepted a stewardship role for the program, and are currently providing administration of LIHEAP in the Norwalk/Stamford area for this program year.

All of the community action agencies began scheduling appointments and accepting applications on Friday, August 1. Immediately following the anticipated adoption of the 2014-15 allocation plan by these Committees of Cognizance, households that have been pre-approved will be officially notified of their eligibility. As noted in previous public

hearings, we are firmly committed to the early intake process as a way to support overall program efficiency, and will work with our partners to ensure its continued success.

Outreach

Keeping residents informed of energy assistance benefits available to them is a top priority, and is accomplished through a variety of methods. At the state level, we maintain a website with up-to-date information for residents and vendors at www.ct.gov/staywarm, and operate an Energy Assistance Hotline, at 1-800-842-1132. The United Way of Connecticut, through its DSS-funded 2-1-1 toll-free service, provides program and contact information to callers for energy assistance intake sites throughout the state.

Many community action agencies maintain websites with updated information, as well. Press releases are issued as warranted by participating organizations. Agencies provide outreach to residents through public service announcements, specialized intake events, and media interviews. Public utility companies provide informational flyers in customer bills, and also host utility forums each fall for social service agencies. Meetings with deliverable fuel vendors are also convened annually to keep them apprised of program changes. All of these efforts will be maintained to ensure that the public is aware of the benefits available through this vital program.

LIHEAP Funding Outlook

The total LIHEAP budget last year for Connecticut winter home-heating assistance was \$85.3 million, which was slightly more than originally anticipated. From this total, the final block grant allocation for last year's program was \$77.4 million. The remainder of the funding was primarily comprised of \$7.4 million in federal carry-forward funding from FFY 13, and approximately \$500,000 from refunds and re-allotted funds. With this budget, we were able to meet the heating needs of 102,681 households statewide.

Although the block grant funding amount for LIHEAP this year is yet to be determined, it will likely be funded through Continuing Resolutions, based on the final FFY 2014 block grant level. Using this rationale, we estimate that Connecticut will receive approximately \$77.4 million in LIHEAP block grant funds. The carry-forward funding available for this current year's program of \$1.4 million, however, is significantly less than was the case last year, due in large part to the severity and length of this past winter's heating season, as well as the increase in LIHEAP SNAP benefits. When all projected funding is factored in, the total anticipated budget for FFY 2015 is \$79.2 million. With this funding, we propose to assist the same number of households as were served last year, with small reductions in Basic Benefit levels due to the lower overall budget.

LIHEAP Eligibility

The plan before you includes eligibility for two energy assistance programs – the Connecticut Energy Assistance Program (CEAP) and the Contingency Heating Assistance Program (CHAP). Focus is maintained on vulnerable households, meaning those with members that are either elderly (age 60 and older), with a disability and/or under the age of 6. Vulnerable households make up two-thirds of the LIHEAP caseload served annually.

CEAP

CEAP provides assistance to households with incomes up to 150% of the federal poverty guidelines. In addition, any vulnerable household with income up to 200% of the federal poverty guidelines is also income-eligible for assistance under CEAP.

CHAP

CHAP provides assistance to those households with incomes up to 60% of the state median income guidelines that have been determined over-income for CEAP. This represents the maximum allowable income eligibility level under LIHEAP.

LIHEAP Benefits and Services

Basic Benefits

Basic Benefits under CEAP will continue to be determined based on a review of household income, household size, liquid assets and vulnerability. The lowest-income households will continue to receive the highest Basic Benefits. Basic Benefits will be available for all primary sources of heat. This year's proposed CEAP Basic Benefits range from \$330 to \$550, and are detailed on page 8 of the plan. The Basic Benefit under CHAP is proposed to be \$285, as indicated on page 9 of the plan.

Beginning this year, the U.S. Department of Health and Human Services (HHS), which administers LIHEAP nationwide, is requiring grantees to collect information needed to document the energy burden of LIHEAP households. With this information, states will be better able to focus LIHEAP benefits in future years on those households with the highest energy burdens. This plan is compliant with these new HHS requirements.

Crisis Assistance Benefits

A one-time Crisis Assistance Benefit will be available to all eligible deliverable fuel-heated households that have exhausted their Basic Benefits and are still in need of assistance.

CEAP deliverable fuel-heated households will be eligible for a Crisis Assistance Benefit of \$415.

CHAP deliverable fuel-heated households will be eligible for a Crisis Assistance Benefit of \$130. For CHAP deliverable fuel-heated households, the Basic Benefit and the Crisis Assistance Benefit will be combined to cover the cost of a \$415 fuel delivery. Based on the latest forecast from the Energy Information Administration, the average retail cost for heating oil in 2015 is expected to be \$3.74 per gallon. Assuming that this estimate is accurate, a \$415 authorization should be sufficient to cover the cost of a 100-gallon minimum delivery.

Safety Net Assistance Benefits

Safety Net Assistance Benefits will continue to be provided to address the needs of CEAP deliverable fuel-heated households that have exhausted their Basic Benefit and their Crisis Assistance Benefit and are in a life-threatening situation. In an effort to ensure that Safety Net Assistance Benefits are targeted to the most financially challenged households, a risk assessment determination is required. 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 up to \$415 may be authorized.

CEAP vulnerable deliverable fuel-heated households may be eligible to receive up to two Safety Net Assistance Benefits for a total of \$830. CEAP non-vulnerable deliverable fuel-heated households may be eligible to receive one Safety Net Assistance Benefit for \$415.

Rental Assistance Benefits

Rental Assistance Benefits are available to those households whose income is below 150% of the federal poverty guidelines and whose heating costs are included in their rent and the rent is more than 30% of their gross income. This year's proposed Rental Assistance Benefits range from \$80 to \$100, and are detailed on page 9 of the plan.

LIHEAP SNAP Benefits

Six years ago, the department implemented a program that provides an annual \$1 LIHEAP benefit to Supplemental Nutrition Assistance Program (SNAP) recipients whose heat is included in their rent and whose rent is less than 30% of their income. The provision of this \$1 benefit enabled approximately 100,000 households each year to have their SNAP eligibility recalculated, utilizing the maximum 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.

Earlier this year, the Agriculture Act, commonly referred to as the Farm Bill, was signed into law. One provision of the Act raised the minimum LIHEAP SNAP benefit amount. In accordance with the Act, the LIHEAP SNAP benefit in Connecticut was increased

from \$1.00 to \$20.01. I would like to express my appreciation to Governor Malloy for his leadership in preserving this important benefit for low-income families in Connecticut.

In the FFY 2015 plan, we are proposing to allocate \$2.2 million of the LIHEAP budget to continue providing this essential benefit to an estimated 110,000 eligible recipients. This expenditure is expected to leverage more than \$66.5 million back into the state. This budget component is also supported by the Low Income Energy Advisory Board.

Continuation of the Fixed Margin Pricing Program

The Fixed Margin Pricing Program will reimburse oil vendors at a margin of 31 cents per gallon, plus a county differential, for deliveries of low sulfur distillate heating oil. The county differentials included in this plan will continue to range from 3.3 cents to 11.5 cents per gallon. To comply with Public Act 10-74, which requires the use of low sulfur fuel by heating oil vendors, a modification of the pricing mechanism used last year is proposed to base the fixed margin on the gross low sulfur distillate price instead of the Number 2 distillate heating oil price.

This past program year, over 11.2 million gallons of oil were purchased on behalf of energy assistance households. The Fixed Margin Pricing Program saved an average of 26 cents per gallon, for a total savings of \$2.96 million over regular retail prices.

Conclusion

In conclusion, I would again like to offer thanks to our partners for their important role with the energy assistance program. We could not have achieved the program's success without the cooperation and assistance of our many partners: the Office of Policy and Management, the Connecticut Association for Community Action, community action agencies, the Low Income Energy Advisory Board, utility companies, the Connecticut Energy Marketers Association, fuel vendors, 2-1-1 InfoLine, Operation Fuel, and Connecticut Legal Services. I would also like to acknowledge the vital 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 join the Governor and OPM in recommending this 2014/2015 Allocation Plan for the LIHEAP Block Grant as the best possible means of meeting the immediate heating needs of Connecticut's most vulnerable households. I therefore seek your approval of the LIHEAP Allocation Plan.

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