



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

TESTIMONY PRESENTED TO THE APPROPRIATIONS, HUMAN SERVICES, AND ENERGY AND TECHNOLOGY COMMITTEES *August 20, 2021*

*Melissa McCaw, Secretary
Office of Policy and Management*

FFY 2022 Low Income Home Energy Assistance Program Block Grant & FFY 2022 Low Income Household Water Assistance Program Grant Allocation Plan

Chairs Osten, Walker, Moore, Abercrombie, Needleman, and Arconti; Vice Chairs Hartley, Dathan, Nolan, Lesser, Garibay, Winfield and Allie-Brennan; Ranking Members Miner, France, Berthel, Case, Formica, Ferraro; and distinguished members of the Appropriations, Human Services, and Energy and Technology Committees: Thank you for the opportunity to submit written comments and to request your approval of the block grant allocation plan for the Low Income Home Energy Assistance Program (LIHEAP) as amended and the allocation plan for the Low Income Household Water Assistance Program (LIHWAP) grant.

FFY 2022 Low Income Home Energy Assistance Program Block Grant

The FY 2022 total allocation is estimated at \$134.9 million dollars, a more than 60% increase from last year's allocation plan. The proposed LIHEAP allocation plan is a responsible and balanced plan that maximizes those enhanced federal dollars to increase benefit levels on an equitable scale, expand categorical eligibility, remediate health and safety barriers, establish a cooling assistance program, and invest in IT infrastructure related to program administration. This plan will provide meaningful relief to Connecticut's families as they continue to navigate many challenges brought on by the COVID-19 pandemic. The plan was endorsed by the Low-Income Energy Advisory Board (LIEAB) during their August meeting.

Although the federal budget for FFY 2022 has not been finalized, the proposed allocation plan assumes the LIHEAP block grant will be funded at \$73.0 million. An estimated \$3.5 million in carryforward funds and \$400,000 in refunds and other adjustments are anticipated to be available. Additionally, \$58 million in LIHEAP supplemental funds from the American Rescue Plan Act are available to support this year's plan. As in prior years, the plan allows for changes in benefits should changes in federal funding occur.

Building on experiences during the pandemic, when the liquid asset test was suspended, the state has decided to not require a liquid asset test during the FFY 2022 program year to increase administrative simplicity and facilitate easier access to benefits. Over a 15-month period between the FFY 2020 and FFY 2021 program years, less than 400 households were denied for being over the liquid asset limits, yet tens of thousands were required to produce information on their assets. Removing the liquid asset test will also dramatically increase the households that can be categorically eligible for benefits. The state will continue to track and monitor the impact of this change and evaluate its long-term sustainability.

Additionally, the FFY 2022 plan provides increases across the three tiers of benefits that have been historically available, as well as rental assistance benefits (see overview at the end of this testimony):

- (1) Basic Benefits, which are available for eligible utility and deliverable fuel-heated households with income less than 60% state median income (SMI) [\$75,052 for a family of four] on a graduated basis based on household vulnerability¹ and income;
- (2) Crisis Assistance, which is available for eligible deliverable fuel heated households with income less than 60% SMI who have exhausted their Basic Benefits;
- (3) Safety Net Assistance, which includes three installments for eligible deliverable fuel-heated households with income less than 200% of the federal poverty guidelines (FPG), or \$53,000 for a family of 4, who have exhausted both Basic and Crisis Assistance benefits and are in a life-threatening situation, and up to four installments if the household is considered vulnerable. In addition, eligible households with income between 200% FPG and 60% SMI are eligible for three installments; and
- (4) Rental Assistance, which is available for eligible households with income less than 60% SMI and do not make direct-to-vendor payment for their primary source of heat.

The proposed plan assumes over 105,700 households are eligible, with 40.5% having elderly members, 34.8% having members with a disability, and 16.8% having a young child or children.

In February 2014, the Supplemental Nutrition Assistance Program (SNAP) was reauthorized as part of the 2014 Farm Bill. The language included a provision requiring that households receive a LIHEAP benefit greater than \$20 in order to automatically qualify for the Standard Utility Allowance under SNAP. Plans previously submitted to your committees have provided a LIHEAP SNAP Benefit of \$20.01. The plan before you today continues to provide this benefit, but it has been doubled to \$40.00 which will allow roughly 90,000 households to receive higher SNAP benefits as a result of having their benefits calculated using the Standard Utility Allowance.

The FFY 2022 LIHEAP plan includes \$2.0 million to assist with Furnace Repair and Replacement costs. This program provides repairs or replacement of heating systems for single family, owner-occupied dwellings which are determined to be unsafe or inoperable, and, upon request, covers the cost of a clean, tune, and test of a household's deliverable fuel heating system. Based on historical data, these funds are expected to serve approximately 500 households. These funds will be available for eligible homeowners that receive a Basic Benefit but will be prioritized for vulnerable households.

FFY 2022 Low Income Household Water Assistance Program Grant Allocation Plan

The federal government has introduced a new water assistance program, LIHWAP, made possible by one-time allocations under the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act. The program's goal is to provide support with water and wastewater bills and is expected to assist approximately 20,000 households in Connecticut. The program will benefit homeowners and renters that directly pay for their water utilities. (To be eligible, a residential household must have a water bill in their name from public drinking water or a wastewater provider.)

Similar to the LIHEAP plan, the Department of Social services (DSS) and Community Action Agencies will work together to administer this program. There are three types of assistance benefits outlined in the plan:

1. Households with disconnected services (not to exceed \$1,000)

¹ A household is considered vulnerable if one or more of its members is either elderly (60 years of age or older), disabled, or under the age of six.

2. Households with pending disconnection or arrearages (not to exceed \$1,000)
3. Households with no arrearages

The LIHWAP plan truly complements the existing efforts and program goals outlined in the LIHEAP plan. Together, these programs will provide critical support to some of our state's most vulnerable families.

I urge your support of the LIHEAP allocation plan, with the technical amendment offered by DSS below, as well as the LIHWAP plan. Representatives from the Department of Social Services will be presenting testimony and will be able to provide more detailed information on the allocation plans which are before you today. Thank you.

LIHEAP Overview

Assumptions:

- Block grant funding will be level funded from the previous year
- Caseload is the average of the last 8 years

Highlights:

- Benefits increased equitably across all levels
- \$2 million to fund furnace repair and replacement

Available Funds		
	FFY 21 Estimated	FFY 22 Proposed
LIHEAP Block Grant	\$ 73,032,152	\$ 73,032,152
Carryforward	\$ 3,752,911	\$ 3,500,000
Refunds	\$ 400,000	\$ 400,000
2020 CARES Act Funds	\$ 5,686,798	-
American Rescue Plan Act	\$ 36,000,000	\$ 58,000,000
Total	\$ 118,871,861	\$ 134,932,152

BASIC BENEFITS

(Both Utility and Deliverable Fuel-Heated Households)

Income Level	Vulnerable Households			Non-Vulnerable Households		
	FFY 21	FFY 22	Diff.	FFY 21	FFY 22	Diff.
Level 1 (Up to 100% FPG)	\$ 725	\$ 1,015	\$ 290	\$ 670	\$ 940	\$ 270
Level 2 (101% - 125% FPG)	\$ 620	\$ 835	\$ 215	\$ 565	\$ 765	\$ 200
Level 3 (126% - 150% FPG)	\$ 545	\$ 710	\$ 165	\$ 490	\$ 635	\$ 145
Level 4 (151% - 200% FPG)	\$ 470	\$ 590	\$ 120	\$ 415	\$ 520	\$ 105
Level 5 (201% - 60% SMI)	\$ 395	\$ 475	\$ 80	\$ 340	\$ 410	\$ 70

FPG = Federal Poverty Guidelines SMI = State Median Income

CRISIS ASSISTANCE BENEFITS

(Deliverable Fuel-Heated Households Only)

Income Level	Vulnerable & Non-Vulnerable Households		
	FFY 21	FFY 22	Diff.
Levels 1-4	\$ 710	\$ 1,010	\$ 300
Level 5	\$ 350	\$ 500	\$ 150

SAFETY NET ASSISTANCE BENEFITS
(Deliverable Fuel-Heated Households Only)

Income Level		Vulnerable Households			Non-Vulnerable Households		
		FFY 21 *	FFY 22	Diff.	FFY 21 *	FFY 22	Diff.
Levels 1 - 4	1st	\$ 515	\$ 700	\$ 185	\$ 515	\$ 700	\$ 185
	2nd	\$ 515	\$ 700	\$ 185	\$ 515	\$ 700	\$ 185
	3rd	\$ 515	\$ 700	\$ 185	\$ 515	\$ 700	\$ 185
	4th	\$ 515	\$ 700	\$ 185	\$ 515	-	\$ (515)
	5th	\$ 515	-	\$ (515)	-	-	-
	6th	\$ 515	-	\$ (515)	-	-	-
Level 5	1st	\$ 515	\$ 700	\$ 185	\$ 515	\$ 700	\$ 185
	2nd	\$ 515	\$ 700	\$ 185	\$ 515	\$ 700	\$ 185
	3rd	\$ 515	\$ 700	\$ 185	-	\$ 700	\$ 700

** Reflects changes made during the program year.*

RENTAL ASSISTANCE BENEFITS
(Households with Heat Included in their Rent)

Income Level	FFY 21 *	FFY 22	Diff.
Level 1	\$ 380	\$ 475	\$ 95
Level 2	\$ 360	\$ 405	\$ 45
Level 3	\$ 340	\$ 340	\$ -
Level 4	\$ 320	\$ 280	\$ (40)
Level 5	\$ 300	\$ 225	\$ (75)

** Reflects changes made during the program year.*

**AMENDMENT TO THE FEDERAL FISCAL YEAR 2022 LOW INCOME HOME ENERGY ASSISTANCE PROGRAM BLOCK GRANT
ALLOCATION PLAN**

Offered by the Department of Social Services

- Adjust the allocation plan to reflect that \$93,528,937 is available for LIHEAP Benefit Payments for FFY 22 rather than \$93,504,347 and the Total to \$134,932,152 instead of \$134,907,562. This is due to an error in calculation, this change would need to be made in Section XXI. Budget of the current plan, on page 17:
 - Table B, “LIHEAP benefit payment/administration breakdown¹” for LIHEAP Benefit Payments changes from \$93,504,347 to \$93,528,937
 - Table B, “LIHEAP benefit payment/administration breakdown¹” for Total changes from \$134,907,562 to \$134,932,152