

Analysis and Summary of Governor's
FFY 12 Low Income Home Energy Assistance Program
(LIHEAP) Block Grant Allocation Plan

Joint Hearing of Committees on Appropriations, Energy and Technology, Human
Services

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INTRODUCTION

Pursuant to CGS Section 4-28b, the Governor has submitted for consideration a proposed allocation plan for the 2012 Low Income Home Energy Assistance Program (LIHEAP) Block Grant.

The proposed plan is based upon assumed FFY 12 available funding (\$46.4 million) that is \$69.1 million (59.8%) less than total funding available to the Department of Social Services in FFY 11 (\$115.5 million). As proposed, the program will support benefits to an estimated 36,826 households. In FFY 11, 117,876 households were deemed eligible for assistance, or 81,050 more than projected under the plan's terms.

Lower overall expenditures are achieved by: a) Eliminating program eligibility for certain types of households; b) limiting benefits to participant households; c) reducing case management funding; and d) restricting support for program administration.

Connecticut utilizes LIHEAP funding to support the Connecticut Energy Assistance Program (CEAP), which serves households whose incomes fall at or below 150% of the federal poverty guidelines (\$33,525 for a family of four) as well as elderly/disabled households with incomes between 150% and 200% of the federal poverty guidelines (\$44,700 for a family of four). The Contingency Heating Assistance Program (CHAP) serves low income households with incomes up to 200% of the federal poverty guidelines not otherwise eligible for CEAP.

PLAN HIGHLIGHTS

Proposed changes from the approved 2011 Allocation Plan include:

- Eliminate assistance to utility heated households and rental assistance households;
- Restrict income eligibility for CHAP to 200% of the federal poverty limit (fpl). Last year, households with incomes up to 60% of the state median income were CHAP eligible (\$61,276 for a family of four);
- Reduce maximum possible benefits by \$400 per household;
- Require SNAP (formerly the Food Stamp program) recipient households (up to 185% fpl) to comply with CEAP liquid asset requirements in order to receive energy assistance benefits;
- Dedicate 46.3% less funding to administration (about \$4 million less), to conform with a federal requirement that planning and administration costs not exceed 10% of program funds;
- Reduce enhanced case management (aka "Assurance 16") activities by 47.5%, or \$452,189;
- Eliminate funding earmarked for Clean, Tune & Test activities. Instead allow participants to utilize a portion of their other benefits for this purpose.

Please note that the allocation plan contains language (page 11) authorizing the Department of Social Services to make any of the following program modifications should actual funds received by Connecticut exceed the amount required to support benefits under the proposed plan:

- Increase income eligibility for CHAP;
- Provide basic benefits;
- Provide rental assistance benefits;
- Increase crisis assistance and/or safety net benefits;
- Extend program intake period;
- Extend fuel authorization period;
- Provide additional crisis assistance and/or safety net assistance benefits;
- Provide additional amount on behalf of eligible utility heated households;
- Provide heating assistance to DSS-funded homeless shelters.

FEDERAL BUDGET ACTION

Since Congress has yet to finalize FFY 12 appropriations for LIHEAP, the plan is formulated based upon an assumed federal grant award and estimated LIHEAP Contingency Funds. A continuing resolution is expected to be needed to fund governmental operations beginning October 1, 2011.

A comparison of the President’s proposed FFY 12 funding for LIHEAP with prior year enacted amounts is presented below:

<i>In millions of \$</i>	FFY 11 Enacted	FFY 12 President	Difference
Block Grant*	4,510	1,980	(2,530)
Contingency Funding**	200	590	390
TOTAL	4,710	2,570	(2,140)

*Regular appropriation - allocated to all states on the basis of a statutory formula.

**Contingency appropriation - allocated to one or more states at the administration’s discretion.

FFY 12 CONNECTICUT ENERGY ASSISTANCE PLAN (CEAP)

Federal Program Objective: Under LIHEAP, the federal government makes grants to states to assist eligible low-income households, particularly those with the lowest incomes that pay a high proportion of household income for home energy, primarily in meeting their immediate home energy needs. Supplemental Leveraging Funds may be awarded to states and other jurisdictions that provided additional benefits and services to Low-Income Home Energy Assistance Program (LIHEAP) eligible households beyond what could be provided with federal funds. The program also provides training and technical assistance to states and other jurisdictions administering the LIHEAP block grant program. The program was established in 1980 under the Home Energy Assistance Act, part of the Crude Oil Windfall Profit Tax Act of 1980.

Distribution of Funds: Funds are awarded to states, which then make payments directly to an eligible low-income household or, on behalf of such a household, to an energy supplier to assist in meeting the cost of home energy. Up to 10 percent of these funds may be used for state and local planning and administration.

Assumptions Used to Formulate Plan: Assumed available 2012 funding (\$46.4 million) is 59.8% less than funding available to DSS in 2011 (\$115.5 million), as shown below.

	FFY 11 Estimated Expenditures	FFY 12 Proposed Plan	\$ Change FY 12 Plan. vs. FY 11 Est.	% Change FY 12 Plan. vs. FY 11 Est.
<u>EXPENDITURES</u>				
CEAP Benefit Payments	105,697,585	41,177,534	(64,520,051)	(61.0%)
LIHEAP Supplemental Nutrition Assistance Program (SNAP)	100,000	100,000	-	0.0%
CEAP Administration	8,634,366	4,641,948	(3,992,418)	(46.3%)
Clean, Tune & Test	117,644	-	(117,644)	(100.0%)
Assurance 16 Activities (Case Management)	952,189	500,000	(452,189)	(47.5%)
TOTAL	115,501,784	46,419,482	(69,082,302)	(59.8%)
<u>SOURCES OF FUNDS</u>				
LIHEAP Block Grant	98,253,881	41,754,126	(56,499,755)	(57.5%)
Prior Year Carry Forward	10,245,131	-	(10,245,131)	(100.0%)
LIHEAP Leveraging Award	-	-	-	0.0%
LIHEAP Contingency Awards	6,775,356	4,665,356	(2,110,000)	(31.1%)
Other (Refunds)	227,416	-	(227,416)	(100.0%)
TOTAL AVAILABLE	115,501,784	46,419,482	(69,082,302)	(59.8%)

(a) BENEFITS & ELIGIBILITY: FFY 12 PROPOSED vs. FFY 11 PROGRAM

Income as % of Poverty*	FFY 11					FFY 12 PROPOSED [1]				
	<u>BASIC BENEFIT</u>	<u>CRISIS ASSISTANCE</u>	<u>SAFETY NET</u>		<u>MAXIMUM BENEFIT</u>	<u>BASIC BENEFIT</u>	<u>CRISIS ASSISTANCE</u>	<u>SAFETY NET</u>		<u>MAXIMUM BENEFIT</u>
			<u>1st</u>	<u>2nd</u>				<u>1st</u>	<u>2nd</u>	
<u>Vulnerable**</u>										
Level 1 (0 -100%)	\$880	\$400	\$400	\$400	\$2,080	\$0	\$880	\$400	\$400	\$1,680
Level 2 (101-125%)	\$785	\$400	\$400	\$400	\$1,985	\$0	\$785	\$400	\$400	\$1,585
Level 3 (126-150%)	\$690	\$400	\$400	\$400	\$1,890	\$0	\$690	\$400	\$400	\$1,490
Level 4 (151-200%)***	\$605	\$400	\$400	\$400	\$1,805	\$0	\$605	\$400	\$400	\$1,405
<u>Non-Vulnerable</u>										
Level 1 (0 -100%)	\$840	\$400	\$400	\$400	\$2,040	\$0	\$840	\$400	\$400	\$1,640
Level 2 (101-125%)	\$740	\$400	\$400	\$400	\$1,940	\$0	\$740	\$400	\$400	\$1,540
Level 3 (126-150%)	\$640	\$400	\$400	\$400	\$1,840	\$0	\$640	\$400	\$400	\$1,440
CHAP (150 - 200%)****	\$580	\$400	\$400	\$400	\$1,780	\$0	\$580	\$400	\$400	\$1,380

*Generally, liquid assets may not exceed \$10,000. However, if they do exceed \$10,000, a homeowner may still be eligible if the sum of the difference between their liquid assets and \$10,000 plus their gross income falls below income eligibility guidelines. Households that are categorically eligible (see page 5 of Plan) do not have to declare assets.

**A vulnerable household is one in which one or more members is elderly, disabled or under age six.

***Elderly/disabled households only.

****CHAP income eligibility was up to 60% of state median income in 2011.

[1] Benefits will be restricted to deliverable fuel heated households only.

(b) No benefits will be provided to households whose heating costs are included in their rent. In 2011, renters having annual gross incomes up to 150% fpl, whose heating costs were included in their rent and who paid more than 30% of their gross income towards rent, received the following cash benefits:

<u>Income % of Poverty*</u>	<u>FFY 11</u>
Level 1 (0-100%)	\$410
Level 2 (101-125%)	\$395
Level 3 (126-150%)	\$380

(c) An **expanded benefit** is proposed to be continued for SNAP (Supplemental Nutrition Assistance Program, formerly the Food Stamp program) recipient households that do not pay directly for their primary heat source yet have a shelter and/or utility obligation. A \$1 LIHEAP SNAP benefit will be paid to these households. This qualifies the household for greater SNAP benefits. In the previous year, the enhanced benefit was available to households having annual gross incomes up to 150% fpl, whose heating costs were included in their rent and who paid **less** than 30% of their gross income toward rent.

(d) The department proposes to allocate \$500,000 for **enhanced case management** (aka “Assurance 16”) activities. This is \$500,000 less than the amount approved for this purpose in FFY 11.

(e) Oil vendors will continue to receive the daily Oil Price Information Service (OPIS) average for Standard No. 2 Fuel Oil with 0.3 sulfur content, Gross No. 2 Distillate Price plus 31 cents per gallon plus a county differential, or the vendor’s normal retail price, whichever is lower.

The 2012 proposed pricing schedule by county is as follows:

<u>County</u>	<u>Fixed Margin</u>	<u>County Price Differential</u>	<u>Fixed Margin Adjusted by County</u>
New Haven	\$0.31	\$0.017	\$0.327
Middlesex	\$0.31	\$0.033	\$0.343
Hartford	\$0.31	\$0.039	\$0.349
New London	\$0.31	\$0.042	\$0.352
Fairfield	\$0.31	\$0.043	\$0.353
Tolland	\$0.31	\$0.058	\$0.368
Litchfield	\$0.31	\$0.067	\$0.377
Windham	\$0.31	\$0.070	\$0.380

(f) The department proposes the following program dates:

November 15	First day for authorization of fuel deliveries.
March 15	Deadline for fuel authorizations.
March 15	Last day a household can apply to establish eligibility for benefits.
April 30	Last day to submit deliverable fuel bills.

Community Action Agencies began taking applications for CEAP/CHAP on September 1st.