

**Analysis and Summary of Governor's FFY 23
Low Income Home Energy Assistance Program (LIHEAP) &
Low Income Household Water Assistance Program (LIHWAP)
Allocation Plans**

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

August 29, 2022

OFFICE OF FISCAL ANALYSIS

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INTRODUCTION

Pursuant to CGS Section 4-28b, the Governor has submitted for consideration the proposed allocation plan for the federal fiscal year (FFY) 2023 Low Income Home Energy Assistance Program (LIHEAP) Block Grant. An overview of the allocation plan and proposed changes follows.

In addition, the Governor has submitted for consideration an amendment to the allocation plan for the Low Income Household Water Assistance Program (LIHWAP), which is closely modeled off of LIHEAP.

LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP)

Connecticut utilizes LIHEAP funding to support the Connecticut Energy Assistance Program (CEAP). This program serves households whose income falls at or below 60% of the state median income (SMI, \$76,465 for a family of four). The Department of Social Services (DSS) administers the program with the assistance of the Community Action Agencies (CAAs).

The proposed plan assumes level FFY 23 block grant funding of \$73.2 million. Additional funding (carry forward and refunds) result in total available funds of \$79.2 million. The FFY 22 program was supported by more than \$60 million in ARPA funds and is therefore not presented for comparison purposes. The table below outlines the proposed FFY 23 budget:

| Category | FFY 23 Proposed Expenditures \$ |
|-------------------------------------|---------------------------------|
| Rental Assistance | 865,200 |
| Basic Benefits | 45,842,075 |
| Crisis Assistance | 14,688,212 |
| Weatherization Services (DEEP) | 1,100,000 |
| SNAP Benefit | 1,800,000 |
| Assurance 16 | 2,000,000 |
| Heating System Repair & Replacement | 2,000,000 |
| System Enhancements | 2,000,000 |
| Administration | 7,327,276 |
| Outreach Activities | 50,000 |
| Carry Forward to FFY 24 | 1,500,000 |
| Total | 79,172,763 |

| Source of Funds | FFY 23 Available \$ |
|------------------------------|---------------------|
| Block Grant | 73,272,763 |
| Balance Carried Forward | 5,500,000 |
| Other- Vendor Refunds | 400,000 |
| TOTAL FUNDS AVAILABLE | 79,172,763 |

HIGHLIGHTS

Overall, the combination of increased caseload and return to standard funding levels (as ARPA funding is no longer available) results in reduced benefit levels compared to recent years. Notable changes include the following:

- Caseload levels grew by more than 25% in FFY 22, primarily resulting from increased categorical eligibility as well as enhanced outreach. Removal of the asset test enabled households receiving SNAP benefits to become categorically eligible without the need to provide additional documentation.¹ The FFY 23 plan assumes a 5% increase in caseload;
- Income eligibility categories are condensed from five levels to three (see related table on page 4 for further detail); and
- Crisis Assistance and Safety Net Assistance are restructured to create a new Crisis Assistance benefit. The new benefit allows certain fuel-deliverable households to receive up to three Crisis Assistance benefit payments.²

FEDERAL BUDGET ACTION

Final Congressional action has yet to be taken on FFY 23 appropriations for this grant. The allocation plan assumes a base funding level similar to last year (excluding ARPA funds).

CONTINGENCY PLAN

If funding is more or less than the amount assumed in the proposal, benefit payment levels and/or income eligibility criteria may be adjusted. Per CGS Section 4-28b, any proposed transfer over \$50,000 to or from any specific allocation or any transfer amount that is 10% of any specific allocation (whichever is less), must be submitted to the speaker and president pro tempore to be approved, modified or rejected by relevant committees.

BENEFIT LEVELS

FFY 20-22 benefit levels were increased temporarily due to the availability of additional, significant federal funding (primarily via CARES Act and ARPA). For context, the table below shows available funding and caseload levels since FFY 18.

| Funding \$ (in Millions) | FFY 18 | FFY 19 | FFY 20 | FFY 21 | FFY 22 | FFY 23 Proposed |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|----------------------------|
| Block Grant | 80.7 | 75.3 | 73.1 | 73.6 | 73.3 | 73.3 |
| Other Federal | 7.8 | 6.4 | 15.1 | 44 | 66.8 | 5.9 |
| Total | 88.5 | 81.6 | 88.2 | 117.6 | 140.1 | 79.2 |
| | | | | | | |
| Caseload (households) | 80,500 | 81,500 | 75,300 | 73,200 | 92,000 | 96,600 |

¹A review of application denial data prior to the asset test suspension indicated that less than 1% of households were found to be over the asset threshold.

²This summary assumes the amended language to the allocation plan.

FFY 23 benefit levels are compared to FFY 19 (pre-pandemic) levels, followed by a more detailed description of program benefits and eligibility requirements. FFY 23 funding is 3% lower than FFY 19 levels while the projected caseload is approximately 18.5% higher.

| FFY 19 Program Eligibility & Benefit Levels | | | | | | | | |
|-----------------------------------------------------------------|----------------------|-------------------|------------------|----------------|-------------------|-----------------------|-------------|--------------|
| <i>Budget: \$81.6 million Approximate Caseload: 81,500</i> | | | | | | | | |
| Eligibility Levels | | Rental Assistance | Basic Benefit \$ | | Crisis Assistance | Safety Net Assistance | | |
| Income Level | Poverty Guidelines | | Vulnerable | Non-Vulnerable | | 1st Benefit | 2nd Benefit | 3rd Benefit* |
| 1 | At or below 100% FPL | 190 | 725 | 670 | 710 | 515 | 515 | 515 |
| 2 | 101% - 125% FPL | 180 | 620 | 565 | 710 | 515 | 515 | 515 |
| 3 | 126% - 150% FPL | 170 | 545 | 490 | 710 | 515 | 515 | 515 |
| 4 | 151% - 200% FPL | 160 | 470 | 415 | 710 | 515 | 515 | 515 |
| 5 | 201% FPL- 60% SMI | 150 | 395 | 340 | 350 | - | - | - |

* Vulnerable households with income levels 1-4 may receive a third benefit payment.

| FFY 23 Proposed Allocation Plan Eligibility & Benefit Levels | | | | | | | |
|-------------------------------------------------------------------------|----------------------|-------------------|------------------|----------------|-------------------|-------------|--------------|
| <i>Budget: \$79.2 million Estimated Caseload: 96,600</i> | | | | | | | |
| Proposed Eligibility Levels | | Rental Assistance | Basic Benefit \$ | | Crisis Assistance | | |
| Income Level | Poverty Guidelines | | Vulnerable | Non-Vulnerable | 1st Benefit | 2nd Benefit | 3rd Benefit* |
| 1 | At or below 125% FPL | 150 | 600 | 550 | 430 | 430 | 430 |
| 2 | 126% - 200% FPL | 125 | 450 | 400 | 430 | 430 | 430 |
| 3 | 201% FPL - 60% SMI | 100 | 300 | 250 | 430 | - | - |

* Vulnerable households with income levels 1 and 2 may receive a third benefit payment.

| Benefit Category | Eligibility Requirements | Receipt of Benefits |
|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Rental Assistance | Includes households who (1) do not make direct vendor payments for their primary source of heat, and (2) have annual gross income up to 60% state median income. | The FFY 23 proposed benefit ranges from \$100 to \$150 depending on income level. Eligible households receive a check to defray heating costs. Not more than one Rental Assistance Benefit is issued per dwelling unit. |
| Basic Benefit | Includes households with incomes up to 60% state median income. | The FFY 23 proposed benefit ranges from \$250 to \$600, and is based on income, household size, and vulnerability. |
| Crisis Assistance | Includes deliverable fuel heated households who have exhausted their Basic Benefits and are still at imminent risk of losing heat. | The FFY 23 proposed benefit is \$430. All eligible households may receive one benefit and households with income Levels 1 and 2 may receive a second payments. Vulnerable households with income Levels 1 and 2 may receive a third benefit payment. If determined eligible, a fuel delivery will be authorized within 48 hours of the household's request, or 18 hours in life-threatening situations. |

Note: A household will automatically be considered income eligible if (1) it makes direct to vendor payments for heat, and (2) a household member is participating in at least one of the following programs: Temporary Family Assistance, State Supplement to the Aged, Blind, and Disabled, Refugee Cash Assistance, Supplemental Nutrition Assistance, Supplemental Security Income.

| FY 22 Plan | | FFY 23 Proposed Plan | | |
|---------------------|---------------------------|----------------------|---------------------------|-----------------------------------------|
| Income Level | Poverty Guidelines | Income Level | Poverty Guidelines | Annual Amount \$ for Family of 4 |
| 1 | At or below 100% FPL | 1 | At or below 125% FPL | At or below \$34,688 |
| 2 | 101% - 125% FPL | | | |
| 3 | 126% - 150% FPL | 2 | 126% - 200% FPL | \$34,689 - \$55,500 |
| 4 | 151% - 200% FPL | | | |
| 5 | 201% FPL- 60% SMI | 3 | 201% FPL- 60% SMI | \$55,501 - \$76,465 |

Assurance 16

Funding is provided to CAAs for enhanced case management services to assist low-income households address their energy needs. Services include risk assessment, counseling, education, and assistance with energy suppliers and vendors.

Supplemental Nutrition Assistance Program (SNAP) Benefit

LIHEAP benefits are available to SNAP recipient households who (1) do not make direct vendor payments for their primary source of heat, and (2) have a shelter and/or utility obligation. A \$20.01 LIHEAP SNAP benefit will be paid to these households, which generally qualifies them for greater SNAP benefits.

Program Dates

The program begins on November 1, 2022 and continues through June 16, 2023 as follows:

| | |
|---------|--------------------------------------------------------------------------------------------------------|
| 11/1/22 | First day for authorization of fuel deliveries (and payment for deliveries can be made by the program) |
| 3/15/23 | Deadline for fuel authorization or deliveries |
| 5/31/23 | Last day a household can apply to establish eligibility for benefits |
| 6/16/23 | Last day to submit deliverable fuel bills |

LOW INCOME HOUSEHOLD WATER ASSISTANCE PROGRAM (LIHWAP)

Authorized and funded under the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act (ARPA), the Low Income Household Water Assistance Program (LIHWAP) is administered at the federal level by the Administration for Children and Families (ACF) under the Department of Health and Human Services (HHS).³ At the state level, the Department of Social Services (DSS) administers the program with the assistance of the Community Action Agencies (CAAs) and in collaboration with towns, private providers, and the Water Planning Council.

PROGRAM OVERVIEW

LIHWAP aims to assist low-income households with water and wastewater bills, focusing on those with the highest household water burden. The benefit is paid directly to owners or operators of public water systems or treatment works to restore services, reduce arrearages, and reduce rates paid by such households.

PROPOSED AMENDMENT

The budget period for this funding is 5/8/21 through 9/30/23 (as approved by HHS); however, the plan submitted to and approved by the legislative committees last year stated that it was for FFY 22. The amendment makes several changes and includes the following:

- Adjusts the FFY 23 budget for funds remaining (approximately 50% of grant funding, \$4.9 million, is anticipated to be available in FFY 23);
- Allows households that are not directly billed for water/wastewater services (water is included in their rent) to apply for basic benefits. Benefits for these households are available to the extent funding remains after priority is given to households directly billed for water/wastewater services and such households are (1) disconnected or (2) pending disconnection or arrearages;
- Adjusts the FFY 23 program dates to align with the FFY 23 LIHEAP proposal (as detailed below); and

| | |
|---------|----------------------------------------------------------------------|
| 11/1/22 | First day the program will make water assistance payments |
| 5/31/23 | Last day a household can apply to establish eligibility for benefits |
| 6/16/23 | Last day to submit water utility bills |

- Adjusts the income eligibility categories to align with the proposed categories under LIHEAP. The tables below show income categories and benefits in the FFY 22 plan compared to the FFY 23 proposal. Households with income levels 2 and 4 under FFY 22 income categories will receive slightly higher benefit payments in FFY 23.

³LIHWAP is also known as the Low Income Household Drinking Water and Wastewater Emergency Assistance Program.

FFY 22 Plan Format

FFY 23 Proposed

| Prior Eligibility Levels | | Basic Benefit \$ | | Proposed Eligibility Levels | | Basic Benefit \$ | |
|--------------------------|----------------------|------------------|----------------|-----------------------------|----------------------|------------------|----------------|
| Income Level | Poverty Guidelines | Vulnerable | Non-Vulnerable | Income Level | Poverty Guidelines | Vulnerable | Non-Vulnerable |
| 1 | At or below 100% FPL | 300 | 150 | 1 | At or below 125% FPL | 300 | 150 |
| 2 | 101% - 125% FPL | 250 | 125 | 2 | 126% - 200% FPL | 200 | 100 |
| 3 | 126% - 150% FPL | 200 | 100 | 3 | 201% FPL - 60% SMI | 100 | 50 |
| 4 | 151% - 200% FPL | 150 | 75 | | | | |
| 5 | 201% FPL- 60% SMI | 100 | 50 | | | | |