



*Testimony before the Appropriations, Human Services and
Energy and Technology Committees*

August 17, 2018

Good morning, Senators Osten, Formica, Moore, Markley and Winfield and Representatives Walker, Abercrombie and Reed and members of the Committees, my name is Kathleen Brennan and I am the Deputy Commissioner for the Department of Social Services. I am here before you today to seek your approval of the Governor's Federal Fiscal Year (FFY) 2019 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; our partners in the community action agencies (CAAs), local volunteer intake sites, 211 United Way, Operation Fuel, Connecticut Legal Services, the participating fuel vendors, and utility companies; and to all the stakeholders for their support and assistance with the program. As always, we look forward to working with all our 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 continued support of the program. I am pleased to inform you that this year's plan incorporates recommendations put forward by that group, and that the plan was endorsed unanimously by LIEAB at their last meeting.

All of the CAAs began scheduling appointments and accepting applications on Wednesday, August 1st. Following the anticipated adoption of the FFY 2019 allocation plan by these committees of cognizance and approval by the U.S. Department of Health and Human Services (HHS), 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.

LIHEAP Funding Outlook

The Connecticut Energy Assistance Program (CEAP) is funded by the U.S. Department of Health and Human Services' (HHS) LIHEAP Block Grant. At the time of the development of this allocation plan, the funding level for FFY 2019 has not been released. In order to plan for this program year in a timely manner, we developed this allocation plan assuming a budget of \$88 million. This estimated budget for the operation of the LIHEAP for FFY 19 assumes that the program will be level funded at the FFY 2018 level of \$80.7 million through continuing resolutions and includes an estimated \$6.8 million in FFY 2018 LIHEAP carry-forward funds

and an estimated \$500,000 in LIHEAP vendor refunds, for a total of \$88 million. This constitutes the Department of Social Services' best estimate of the funding that may be available under the LIHEAP block grant. With the available budget, we propose to assist 85,100 households.

LIHEAP Eligibility

Households that make direct-to-vendor payments for their heat and are determined to be eligible for assistance will continue to be served with incomes up to 60% of the State Median Income or \$67,530 for a household of four. We continue to focus on vulnerable households, which are households whose members include the elderly (age 60 and older), individuals with disabilities, or children under the age of 6. Vulnerable households make up nearly 70% of the LIHEAP caseload served annually.

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 and will be available for all primary sources of heat. The lowest-income households will continue to receive the highest Basic Benefits. Benefit amounts for eligible households correspond to the following levels based on federal poverty guidelines (FPG) and state median income (SMI):

- Level 1 – up to 100% FPG (up to \$25,100/year for a 4 person household)
- Level 2 – 101% - 125% FPG (up to \$31,375/year for a 4 person household)
- Level 3 – 126% - 150% FPG (up to \$37,650/year for a 4 person household)
- Level 4 – 151% - 200% FPG (up to \$50,200/year for a 4 person household)
- Level 5 – 201% FPG – 60% SMI (up to \$67,530/year for a 4 person household)

Additionally, Basic Benefits are divided into vulnerable and non-vulnerable benefit categories. If the CEAP eligible household is considered vulnerable (has a member that is either 60 years of age or older, has a disability, or is under the age of 6), the household will receive a benefit based on their annual income and household size under the vulnerable benefit category. This year's proposed Basic Benefits range from \$340 to \$725, and are detailed on page 8 of the plan.

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 at imminent risk of losing heat.

Deliverable fuel-heated households receiving a Level 1 through Level 4 Basic Benefit award will be eligible for a Crisis Assistance Benefit of \$710.

Deliverable fuel-heated households receiving a Level 5 Basic Benefit award will be eligible for a Crisis Assistance Benefit of \$350. Based on the latest forecast from the U. S. Energy Information Administration, the average retail cost for heating oil in FFY 2019 is expected to be \$3.05 per gallon.

Safety Net Assistance Benefits

Safety Net Assistance Benefits will continue to be provided to address the needs of 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 is conducted. The risk assessment includes a review of the household's monthly income, liquid assets and expenditures. If through the risk assessment it is determined that the household lacks sufficient resources to obtain fuel on their own, an emergency fuel delivery up to \$515 may be authorized.

Vulnerable deliverable fuel-heated households may be eligible to receive up to three Safety Net Assistance Benefits. Non-vulnerable deliverable fuel-heated households may be eligible to receive up to two Safety Net Assistance Benefits.

Households receiving a Level 5 Basic Benefit award will not qualify for Safety Net Assistance Benefits.

Rental Assistance Benefits

Rental Assistance Benefits are available to those households whose heating costs are included in their rent and whose rent is more than 30% of their gross income. Rental Assistance Benefits range from \$150 to \$190, and are detailed on page 9 of the plan.

Conservation Services

Weatherization

Any household whose annual gross income is at or below 60 percent of the state median income guidelines (\$67,530 for a household of four) is eligible for the U.S. Department of Energy's Weatherization Assistance Program administered by the Department of Environmental Protection (DEEP). The household's completed CEAP application is used to determine the income eligibility for the Weatherization Program administered by DEEP. The FFY 19 plan includes an allocation of \$550,000 to support weatherization services to CEAP eligible households. We anticipate that \$50,000 will be used to support administrative costs and the remaining \$500,000 will be primarily used by DEEP to address health and safety measures necessary to provide weatherization services to CEAP eligible households. DEEP may, however, use these funds for other purposes that comply with the US DOE and LIHEAP Weatherization requirements. DSS retains oversight responsibilities for this funding through established reporting requirements in a Memorandum of Agreement between DSS and DEEP.

Heating System Repair and Replacement

This plan also proposes to allocate \$1 million to support the repair or replacement of heating systems for single family, owner-occupied dwellings that are determined to be unsafe, inoperable, and aged/inefficient with obsolete parts. These funds will be available to eligible

homeowners that receive a Level 1 through Level 5 Basic Benefit. Vulnerable households will be prioritized over non-vulnerable households. Expanding eligibility to include Level 5 households was implemented in FFY 2018 as one of the LIEAB recommendations and continues to be included in this plan. Heating system components replaced with this funding will and are required to comply with Energy Star standards established by the U.S. Department of Energy.

Clean Tune and Test

Funds will be provided to eligible deliverable fuel households to cover the cost of the clean, tune and test of deliverable fuel heating systems for their household's heating system. The cost for the clean, tune and test will be covered from funds set aside for the heating system repair/replacement component.

Vendor Payments

Pursuant to Public Act 18-88, CAAs are required to pay participating deliverable fuel vendors no later than thirty (30) business days after the CAA's receipt of an authorized fuel slip or invoice for payment from the vendor. In keeping with DSS practice, we will continue to stipulate this requirement in contracts and correspondence with CAAs as well as in the executed vendor documents between DSS and participating deliverable fuel vendors. Additionally, the Department will continue to monitor the performance of the CAAs and will include in our annual CEAP report to the legislature a list of CAAs that fail to make timely payments to oil vendors and the steps taken by the Department to ensure future timely payments by such agencies.

Performance Measures

The goal of implementing LIHEAP performance measures is to improve the process to formulate future LIHEAP benefit matrices to ensure that the program provides the most resources to households with the highest energy burdens. The Department will continue with its efforts toward full implementation of this process by building the capacity to collect energy consumption information from vendors for CEAP eligible households receiving benefits.

LIHEAP SNAP Benefits

This plan proposes to allocate \$1.8 million of the LIHEAP budget to continue to provide a \$20.01 annual LIHEAP benefit to Supplemental Nutrition Assistance Program (SNAP) recipient households who meet the following requirements:

- (1) Their primary source of heat is included as part of their rent;
- (2) They have a shelter and/or utility obligation; and
- (3) They pay less than 30% of their gross income toward rent.

Receipt of a LIHEAP SNAP benefit qualifies these households to have their SNAP benefits recalculated using the maximum Heating/Cooling Standard Utility Allowance (SUA), in

accordance with federal SNAP eligibility rules for the entire year (February – January) regardless of a change in living arrangement or shelter expenses.

Continuation of the Fixed Margin Pricing Program

The Fixed Margin Pricing Program will reimburse oil vendors at a margin of 33 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 (Middlesex County) to 11.5 cents (Fairfield County) per gallon.

For FFY 2018, 10.7 million gallons of oil were purchased on behalf of energy assistance households and saved an average of 19 cents per gallon, for a total savings of \$2 million over regular retail prices.

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. In our Regional Offices, information about the program is posted on the DSS Network. The United Way of Connecticut, through its DSS-funded 211 toll-free service and on its website (www.211ct.org), provides program and contact information for energy assistance intake sites throughout the state.

Many CAAs 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 in partnership with Operation Fuel, also host a statewide energy forum 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.

Corrections

Before we conclude, we would like the opportunity to correct two minor typographical errors contained within the submitted allocation plan.

On page 13 under section XV “Additional Benefits/Services”, the word “other” in the first sentence of the second paragraph will be removed. As corrected, the sentence will state: “If the state receives funding at a level less than that specified in the Plan, benefit payment levels and/or income eligibility criteria may be adjusted.”

There is also a date correction in the first paragraph of section XVI "Payments". November 7, 2018 will be changed to November 14, 2018, which is the first day of the FFY 2019 plan in which fuel deliveries paid for by the program can be made.

Conclusion

I would again like to offer thanks to our partners for their important role with the energy assistance program as we would not be able to maintain the program's success without their cooperation and assistance. 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, we join the Governor and the Office of Policy and Management in recommending this FFY 2019 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.