



Written Testimony Presented to the Appropriations, Human Services, and Energy and Technology Committees

Low Income Home Energy Assistance Program August 29, 2022

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Chairs Osten, Walker, Moore, Abercrombie, Needleman and Arconti; Vice Chairs Hartley, Dathan, Nolan, Lesser, Leeper, 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 testimony in support of Governor Lamont’s Federal Fiscal Year (FFY) 2023 Allocation Plan for the Low-Income Home Energy Assistance Program (LIHEAP) Block Grant.

I am Deidre Gifford, Commissioner of the Department of Social Services. In addition to this written testimony, I am pleased to be able to walk through our proposed FY 2023 Allocation Plan with you today. I am joined by representatives from the Department who will be available to help respond to questions.

LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP)

Overview

LIHEAP, administered federally by the Office of Community Services within the U.S. Department of Health and Human Services (HHS), provides funding to states to assist low-income households in meeting their home energy costs. LIHEAP funds provided to the State of Connecticut are administered through the Department of Social Services (DSS). DSS uses the federal funding to administer the Connecticut Energy Assistance Program (CEAP).

DSS is proud to advocate for the importance and value of CEAP in helping to meet the home energy needs of our state residents, particularly those more vulnerable households with elders, people with disabilities, and families with young children. We are grateful for the continued support and commitment of Governor Lamont, the General Assembly, the Office of Policy and Management, the Connecticut Department of Energy & Environmental Protection (DEEP), and our partners in the community action agencies, local volunteer intake sites, 2-1-1 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-energy 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 and recommendations for improvement to the program. I am pleased to share that this year's plan incorporates many of the recommendations put forward by that group.

Operations

CEAP intake is coordinated through our local community action agency (CAA) partners. This year, each of the nine community action agencies will begin accepting applications on Thursday, September 1. We remain committed to the early intake process to get a head start on the season, provide reassurance of support to our state residents, and will continue to work with our partners to ensure its ongoing success. In coordination with our partners, and as recommended by LIEAB and previously approved by the legislature, we will continue to allocate resources to modernize our program's online presence, notably through the establishment of the ct.gov/heatinghelp website and a new online application. We will continue to enhance our online options, including adding functionality to the online application to provide a real-time interface with DSS systems to confirm if an applicant is currently receiving DSS benefits. This functionality will allow for immediate verification of income eligibility for the majority of CEAP applicants, reducing client burden and streamlining administrative operations. The next phase of online application development will establish a full client portal with the ability to pre-populate client information to facilitate annual renewals, as well as adding mobile device compatibility. DSS will continue to explore the feasibility of integrating the CEAP application more fully into its other applications and systems. We anticipate that a stronger and more integrated online presence will reduce client time spent applying for benefits, reduce submission of repetitive paperwork, improve processing timeliness, and increase cross-program coordination.

Application Processes

Applicants may apply for energy assistance online at ct.gov/heatinghelp, by email to their local CAA, by mail using the standardized program application form, or in person at their local CAA or intake site. Applicants may also initiate the application process over the phone by calling their local CAA.

With the exception of households determined to be categorically eligible, applicants must verify their income and are required to fully comply with all reasonable requests for assistance in verifying eligibility regardless of the application method.

DSS and our program partners are proud of the changes we made in the last two years in response to the challenges of the COVID-19 pandemic, and we propose to continue to advance many of the changes that we adopted during the pandemic. We expanded our support to Connecticut residents, implemented new ways of meeting client needs, shifted our operational model, and advanced data sharing to facilitate streamlined application processes. Major changes that we made included: reducing the amount of paperwork required for clients to be determined eligible, expanding categorical eligibility to leverage income verification completed for other means-tested programs, and developing processes to reduce face-to-face contact.

The removal of the liquid asset test allowed us to quickly streamline eligibility processes for thousands of households through categorical eligibility, thereby greatly reducing client and administrative burden and accelerating the time it takes to make eligibility determinations. Households who receive SNAP benefits – one of the largest programs administered by DSS – no longer have to go through the process of reestablishing their financial eligibility for CEAP. Reviews of historical data showed that extremely few households (less than 1%) were denied due to excess assets, yet every applicant household was required to go through an asset evaluation. Since the removal of the asset test, we have seen a dramatic increase in the number of very low-income households who have had their applications approved, demonstrating the positive procedural effect for state residents.

In addition to maintaining the streamlined eligibility processes made possible by the elimination of the liquid asset test, the Department proposes to further simplify and streamline operational processes by adjusting the previous five level benefit matrix into three levels and combining the Crisis Assistance and Safety Net Assistance to form a new Crisis Assistance benefit. Categorically-eligible households will now be automatically eligible for a Level 1 benefit, removing the need for applicants to supply additional documentation to determine eligibility for the Level 1 benefit. The removal of the asset test eliminated the distinction between the Safety Net Assistance benefit and the Crisis Assistance benefit. Previously, in order for a household to receive a Safety Net Assistance benefit, the household was required to complete a risk assessment to determine the availability of assets. Recognizing the fact that the asset test has been eliminated, we are combining the two benefits into the Crisis Assistance benefit, which is federally required. By simplifying benefit levels and their corresponding administrative processes, the state anticipates an increase in program efficiency, notably faster processing of applications and more staff capacity to provide services.

FUNDING OUTLOOK

CEAP is funded by the LIHEAP block grant, however, at the time of the development of this allocation plan, the LIHEAP funding level for FFY 2023 has not been released. In order to plan for this program year in a timely manner, we developed this allocation plan assuming a total budget of \$79.2 million. This estimated budget assumes that Connecticut's funding for the CEAP FFY 2023 program year will be level-funded through continuing resolutions at the FFY 2022 program year funding level of \$73.3 million. The budget also includes an estimated \$5.5 million in FFY 2022 LIHEAP carry-forward funds and \$400,000 in LIHEAP vendor refunds for a total budget of \$79.2 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 project that we will assist 96,560 households during the program year.

The carry-forward funding will be used as follows:

- (1) \$2.0 million will be carried forward to continue the system modernization work. In FFY 2022, \$4.0 million was allocated for this purpose but this amount was not fully expended during the year, therefore some funding is being carried over to FFY 2023.
- (2) \$1.1 million that was also allocated in FFY 2022 but not expended will be carried forward to allow DEEP to address health and safety remediation barrier measures necessary to provide weatherization services to CEAP eligible households.
- (3) The remaining funding will be used for FFY 2023 program start-up costs related to early intake.

ELIGIBILITY

The household income eligibility limit is 60% of the state median income (or \$76,465 for a household of four). Any household in which a household member is participating in one or more of the following programs: Temporary Family Assistance (TFA); State Supplemental to the Aged, Blind and Disabled; Refugee Cash Assistance; Supplemental Nutrition Assistance Program (SNAP); or Supplemental Security Income (SSI) is considered categorically eligible for energy assistance. Categorically eligible households must only apply and submit a copy of their bill in order to qualify for assistance; they do not need to re-establish income eligibility.

BENEFITS AND SERVICES

Basic Benefits

Basic Benefits under CEAP will continue to be determined based on a review of household income, household size and vulnerability, and will be available for all primary sources of heat including, but not limited to, electric, gas, oil and propane. To be eligible for Basic Benefits, households must make direct to vendor payments. 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 – at or below 125% FPG (at or below \$34,687/yr. in a 4-person household)
- Level 2 – 126% FPG - 200% FPG (at or below \$55,500/yr. in a 4-person household)
- Level 3 – 201% FPG - 60% SMI (at or below \$74,465/yr. in 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 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. Vulnerable households make up nearly 70% of the CEAP caseload served annually. This year's proposed Basic Benefits have been decreased significantly from FFY 2022 levels due to the exhaustion of the enhanced LIHEAP ARPA funding, and now range from \$250 to \$600. **Benefit amounts are detailed on page 9 of the plan.**

Crisis Assistance Benefits

Crisis Assistance benefits will continue to be available to all eligible households that heat with deliverable fuel, that have exhausted their Basic Benefits and are at imminent risk of losing heat. Deliverable fuel heated households receiving a Level 1 and Level 2 Basic Benefit award will be eligible for two Crisis Assistance benefits of \$430 and Level 3 Basic Benefit households will be eligible for one Crisis Assistance benefit of \$430 during the program year. Vulnerable households at Level 1 and Level 2 may receive a third Crisis Assistance benefit during the program year.

Rental Assistance Benefits

Rental Assistance Benefits will continue to be available to those households whose heating costs are included in their rent. Rental Assistance Benefits range from \$100 to \$150 and are detailed on page 9 of

the Plan.

CONSERVATION SERVICES

Weatherization Services

CEAP applications are used to determine a household's income eligibility for the U.S. Department of Energy's Weatherization Assistance Program. In Connecticut, the Weatherization Assistance Program is administered by the Department of Energy & Environmental Protection (DEEP). After consulting with DEEP, the FFY 23 plan proposes to carry forward \$1.1 million to support weatherization services to CEAP eligible households. DEEP anticipates that \$100,000 will be used to support administrative costs and the remaining \$1 million will be used to address health and safety remediation barrier measures necessary to provide weatherization services to CEAP eligible households.

Heating System Repair and Replacement

This plan also proposes to allocate \$2 million to support the repair or replacement of heating systems, oil tanks and water heaters for single family, owner-occupied or life tenant-occupied dwellings that are determined to be unsafe, inoperable, or determined inefficient with aged or obsolete parts. These funds will be available to eligible homeowners that receive a Basic Benefit. Heating system and water heater equipment replaced with this funding are required to comply with Energy Star standards established by the U.S. Department of Energy.

Clean, Tune and Test

The \$2 million allocation for the repair and replacement of heating systems also includes funds to cover the cost of the clean, tune and test of deliverable fuel heating systems for eligible households.

VENDOR PAYMENTS

Pursuant to section 16a-41a(1)(F) of the Connecticut General Statutes, 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 include this requirement in contracts and correspondence with CAAs, as well as in the executed vendor documents between DSS and participating deliverable fuel vendors, while also encouraging CAAs to make payments within two weeks.

CONTINUATION OF THE FIXED MARGIN PRICING PROGRAM

During the FFY 2022 program year, due to the volatility and sharp increase in oil prices, the Department increased the fixed margin rate from 35 cents to 45 cents per gallon. In agreement with the LIEAB recommendation and anticipating the likelihood of continued instability of pricing into FFY 2023, the program will continue to reimburse oil vendors at a margin of 45 cents per gallon above the average OPIS pricing, plus a county differential, for deliveries of ultra-low sulfur red dye distillate heating oil. The county differentials included in this plan are based on DAS data and will continue to range from 3.3 cents (Middlesex County) to 11.5 cents (Fairfield County) per gallon.

LIHEAP SNAP BENEFITS

This plan includes \$1.8 million to continue to provide an annual LIHEAP benefit to Supplemental Nutrition Assistance Program (SNAP) recipient households that meet the following requirements:

- Their primary source of heat is included as part of their rent; and
- They have a shelter and/or utility obligation.

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. This calculation simplifies administrative processes and frequently results in substantially increased federally-funded SNAP benefits for the household. For FFY 2023, the benefit issued to SNAP households will be \$20.01.

OUTREACH

Keeping residents informed of energy assistance benefits 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 ct.gov/heatinghelp and operate an energy assistance hotline at 1-800-842-1132. Information about the program is posted in DSS offices on the DSS Digital Network. The United Way of Connecticut, through its DSS-funded 2-1-1 toll-free service, its website (www.211ct.org) and/or by texting CTWARM to 898211, provides program and contact information for energy assistance intake sites throughout the state. The Department also uses social media to alert residents and advocates of significant program dates and other key information. As funds allow, DSS will provide broader communications through radio, television, billboards and other communications platforms.

All of our partner CAAs maintain websites with CEAP information, as well. Press releases are issued, as warranted, by DSS and 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. 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.

SUMMARY OF SIGNIFICANT CHANGES

As referenced throughout this testimony, this plan proposes changes to LIHEAP that are summarized below:

- Reduced benefit levels in recognition of the end of enhanced ARPA funding and higher enrollment levels
- Streamlined benefit matrix from 5 levels to 3 levels to improve program administration efficiency and simplify access for state residents
- Combined Crisis Assistance and Safety Net Assistance benefits
- Ongoing investment in program modernization and conservation initiatives
- Continuation of improved processes developed during the pandemic, notably expanded categorical eligibility for SNAP households and expanded channels for applying

- Continuation of the increase in the Fixed Margin Price from 35 cents to 45 cents due to the ongoing volatility in oil prices.

We believe that these changes are in alignment with the federal policies and priorities intended to assist Connecticut residents and provide energy assistance support to the broadest possible number of low-income households.

In closing, we join the Governor and the Office of Policy and Management in recommending the approval of the Low Income Home Energy Assistance Program Allocation Plan, as amended. Thank you for your consideration.