



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

August 26, 2019

Good morning, Senators Osten, Moore, Needleman, Formica, and Logan, and Representatives Walker, Abercrombie, Arconti, Lavielle, Case and Ferraro, and distinguished members of the Appropriations, Human Services and Energy and Technology Committees, my name is Kathleen Brennan and I am a 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) 2020 Allocation Plan for the Low Income Home Energy Assistance Program (LIHEAP) Block Grant.

The Low Income Home Energy Assistance Program, administered by the Office of Community Services within the U.S. Department of Health and Human Services (HHS), provides funding to states to assist households with low-incomes in meeting their home energy costs. LIHEAP funds provided to the State of Connecticut are administered through the Department of Social Services, Office of Community Services to operate Connecticut's Energy Assistance Program, CEAP. All of us at the Department are proud to advocate for the importance and value of CEAP in meeting the heating needs of our elders, people with disabilities, families and children. We are grateful for the dedication and commitment of Governor Lamont, 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 on August 7, 2019.

All of the CAAs began scheduling appointments and accepting applications for the FFY 20 program year on Thursday, August 1st. Following the anticipated adoption of the

FFY 2020 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. We remain firmly committed to the early intake process as a way to support overall program efficiency, and will continue to work with our partners to ensure its success.

Funding Outlook

CEAP is funded through the LIHEAP Block Grant administered by HHS. The funding level for Connecticut's operation of LIHEAP during FFY 2020 has not yet been released. To plan for CEAP this program year in a timely manner, this allocation plan was developed assuming a total program budget of \$82.4 million. This estimated budget assumes that Connecticut's funding for the CEAP FFY 20 program year will be level-funded through continuing resolutions at the FFY 2019 program year funding level of \$75.3 million; in addition to an estimated \$6.5 million in FFY 2019 carry-forward funds and an estimated \$550,000 in vendor refunds, for a total of \$82.4 million. This calculation constitutes the Department of Social Services' best estimate of the program funding that will be available to Connecticut for the FFY 20 program year. Based on our funding level assumptions, we estimate that during the FFY 20 program year we will be able to provide 82,035 households with CEAP benefits that are equal to or greater than the benefit levels during the FFY 19 program year.

Eligibility

Households that make direct-to-vendor payments for their heat as well as those households with rental payments that include the cost of their primary heating source may apply for CEAP benefits. Benefits are available to households with incomes up to sixty percent (60%) of the state median income or \$69,559 for a household of four. Any household in which all household members are receiving benefits from the Department through Temporary Family Assistance; State Supplement to the Aged, Blind and Disabled; or Refugee Cash Assistance are categorically income eligible for CEAP but are subject to the liquid asset test.

In addition to income, a liquid assets test is an additional eligibility requirement. Households are required to complete and submit an assets declaration form and provide verification of all liquid assets. Liquid assets include checking and savings accounts, CD's, stocks, bonds, annuities, certificates of deposit and individual retirement accounts. The liquid assets limit is \$15,000 for homeowners and \$12,000 for all other households. However, utility heated households and Rental Assistance households that are categorically eligible, as well as individuals who are recipients of SSI or DSS programs that have an asset limit below the CEAP asset limit, are not subject to the asset test. Further, those households that exceed the liquid asset limit may still be eligible for

assistance if the household's annual gross income, when added to the excess liquid assets, is within the income guidelines.

Applicants may apply for energy assistance in person at their local CAA or intake site, or may download the energy application from the DSS website and mail their completed application, with all required supporting documentation, to their local CAA. Regardless of the application method, documentation of income and assets must be verifiable, or supported by affidavits, and households are required to fully comply with all reasonable requests for assistance in verifying documentation.

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 (\$25,750.00/yr in a 4 person household)
- Level 2 – 101% - 125% FPG (up to \$32,187.50/yr in a 4 person household)
- Level 3 – 126% - 150% FPG (up to \$38,625.00/yr in a 4 person household)
- Level 4 – 151% - 200% FPG (up to \$51,500.00/yr in a 4 person household)
- Level 5 – 201% FPG – 60% SMI (up to \$69,559.00/yr in a 4 person household)

Additionally, Basic Benefits are divided into vulnerable and non-vulnerable benefit categories. CEAP-eligible vulnerable household are those whose members include the elderly (age 60 and older), individuals with disabilities, or children under the age of 6. These 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 LIHEAP caseload served annually. This year's proposed Basic Benefits range from \$340 to \$725, detailed on page 8 of the plan.

Crisis Assistance Benefits

A one-time Crisis Assistance Benefit will continue to 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 2020 is expected to be \$3.07 per gallon or \$0.08 higher than FFY19.

Safety Net Assistance Benefits

Safety Net Assistance Benefits will continue to be available 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 are not eligible to receive a Safety Net Assistance Benefit.

Rental Assistance Benefits

Rental Assistance Benefits will continue to be 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 beginning on page 8 of this allocation plan.

Conservation Services

Weatherization

A household's completed CEAP application is also used to determine the household's income eligibility for the U.S. Department of Energy's Weatherization Program administered by the Department of Energy & Environmental Protection (DEEP). The FFY 20 plan includes an allocation of \$550,000 to be transferred from DSS to DEEP to support the provision of 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 \$1.5 million to support the repair or replacement of heating systems for single family, owner-occupied/life-tenant occupied dwellings that are determined to be unsafe, inoperable, and aged/inefficient with obsolete parts. An additional \$500,000 in FFY 2019 funds has also been obligated to the program, resulting in a total of \$2 million available through FFY 2020. These funds will be available to eligible homeowners that receive a Level 1 through Level 5 Basic Benefit. Vulnerable households may be prioritized over non-vulnerable households. Heating system components replaced with this funding are required to comply with Energy Star standards established by the U.S. Department of Energy.

Clean Tune and Test

Funds will continue to 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 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.

LIHEAP SNAP Benefits

This plan continues 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

As a result of continued savings, the Fixed Margin Price has increased this year by 2 cents per gallon. The Program will now reimburse oil vendors at a margin of 35 cents per gallon above wholesale, plus a county differential, for deliveries of ultra-low sulfur red dye 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 2019, 11.3 million gallons of oil were purchased on behalf of energy assistance households and saved an average of 28 cents per gallon, for a total savings of \$3.1 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 Digital 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. Also, information about the program is broadcast at the Department of Motor Vehicle Offices in their waiting rooms on their Digital Communications Network. In our efforts to ensure CTs most vulnerable residents have access to the LIHEAP resource, we are expanding our mail-in application option, ensuring that folks who are unable to access and/or apply at a CAA office or network of over 150 Intake Sites across the state have the same opportunities.

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. 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.

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.

Lastly, there are two technical corrections to the allocation plan submitted for your review and approval. The subsections under Section V. Eligibility Certifications on pages 6 and 7 were incorrectly lettered, resulting in an inaccurate reference in Section VI. Program Integrity on page 7. In the second line the reference to “section V subsections I and J” will be corrected to “section V. subsection I”. In addition, the technical term for the heating oil used to calculate the Fixed Margin Price stated in Section XVIII on page 14 of the plan will be corrected from “low sulfur red dye distillate heating oil” to “ultra-low sulfur red dye distillate heating oil”.

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 Block Grant Allocation Plan for federal fiscal year 2020. Thank you for your review and attention in this matter. My staff and I would be happy to answer any questions that you may have.