

**Analysis and Summary of Governor's FFY 22
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

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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) 2022 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 the proposed allocation plan for the Low Income Household Water Assistance Program (LIHWAP), which is closely modeled off of LIHEAP. This new funding is considered one-time in nature.

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, \$75,052 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 22 block grant funding of \$73.0 million. Additional funding, including that authorized via the American Rescue Plan Act (ARPA), results in total available funds of \$134.9 million. Total FFY 22 estimated expenditures are approximately 17.1% above the FFY 21 estimated expenditures of \$115.2 million. This is primarily a reflection of available ARPA funds. The table below outlines the proposed FFY 22 budget:

CATEGORY	FFY 22 Proposed Expenditures \$
Rental Assistance	8,440,155
Basic Benefits	56,971,181
Crisis Assistance	18,769,403
Safety Net Assistance	9,323,608
SNAP Benefit	4,000,000
Weatherization Services (DEEP)	1,000,000
Heating System Repair & Replacement	2,000,000
Assurance 16	2,000,000
Cooling Assistance	12,500,000
Cooling Units	3,000,000
ARPA (Admin)	9,400,000
Outreach	200,000
Administration	7,303,215
TOTAL EXPENDITURES¹	134,907,562

¹An amendment to this allocation plan is anticipated to increase benefit payments by approximately \$24,590, resulting in proposed expenditures being equal to estimated available funding.

SOURCE OF FUNDS	FFY 22 Available \$
Block Grant	73,032,152
Balance Carried Forward	3,500,000
COVID Relief (Program + Admin)	58,000,000
Other- Vendor Refunds	400,000
TOTAL FUNDS AVAILABLE	134,932,152

HIGHLIGHTS

All benefit levels are increased compared to those provided under the FFY 21 allocation plan. Notable changes from FFY 21 include the following:

- A liquid asset test will not be required based on a 15-month review of the FFY 20 and FFY 21 program years and practice in place during the COVID-19 pandemic.¹ DSS will track the impact of this change to ensure program integrity and sustainability.
- The income qualifier threshold for eligible renters is removed in an effort to increase participation. In FFY 21, eligible renters paid more than 30% of income towards rent.
- The plan proposes \$3 million to support cooling unit and installation costs for vulnerable households where a member provides documentation of a medical condition that is exacerbated by extreme heat. The plan also includes \$12.5 million for cooling assistance payments;
- Approximately 105,700 households are anticipated to receive benefits (73,200 households were eligible for benefits in FFY 21); and
- LIHEAP Weatherization funds (\$1 million) are transferred to the Department of Energy and Environmental Protection (DEEP) to remediate health and safety barriers prior to accessing weatherization services.

LIHEAP American Rescue Plan Act Funding

The allocation plan includes \$58 million of the \$94.1 million in LIHEAP funding provided under ARPA. Remaining funds are anticipated to support a supplemental payment on the electric accounts of all CEAP Basic Benefit households in FFY 21. All funding must be obligated by September 30, 2022.

FEDERAL BUDGET ACTION

Final Congressional action has yet to be taken on FFY 22 appropriations for this grant. The allocation plan assumes level funding.

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

¹ Under the review period, 369 households were denied for being over assets. During that time the liquid asset limit was \$15,000 for homeowners and \$12,000 for all other households.

the speaker and president pro tempore to be approved, modified or rejected by relevant committees.

BENEFIT LEVELS

The table below displays the proposed FFY 22 benefit levels compared to the FFY 21 allocation plan and is followed by a summary of additional program information.

Benefit Type	Income Level	FFY 21 \$	FFY 22 Gov Proposed \$	Change from FFY 21 \$	Change from FFY 21 %
Renters	1	190	475	285	150.0
	2	180	405	225	125.0
	3	170	340	170	100.0
	4	160	280	120	75.0
	5	150	225	75	50.0
Basic	<i>Vulnerable:</i>				
	1	725	1015	290	40.0
	2	620	835	215	34.7
	3	545	710	165	30.3
	4	470	590	120	25.5
	5	395	475	80	20.3
	<i>Non-Vulnerable:</i>				
	1	670	940	270	40.3
	2	565	765	200	35.4
	3	490	635	145	29.6
	4	415	520	105	25.3
	5	340	410	70	20.6
Crisis Assistance	Levels 1-4	710	1010	300	42.3
	Level 5	350	500	150	42.9
Safety Net Assistance	1st Benefit	515	700	185	35.9
	2nd Benefit	515	700	185	35.9
	3rd Benefit ¹	515	700	185	35.9
Total Estimated Expenditures (\$ in millions)		115.2	134.9	19.7	17.1

¹The third Safety Net Assistance benefit is for vulnerable households only. Vulnerable refers to any household in which one or more members is either elderly (60 years of age or older), disabled or under the age of six.

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 22 proposed benefit ranges from \$225 to \$475 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 22 proposed benefit ranges from \$410 to \$1,015, 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 in need of assistance.	The FFY 22 proposed benefit is \$1,010 for households with incomes up to 200%FPL (Levels 1-4) and \$500 for households with incomes from 201% FPL to 60% SMI (Level 5). If determined eligible, a fuel delivery will be authorized within 48 hours of the household's request.
Safety Net Assistance	Includes eligible deliverable fuel heated households (levels 1 through 4) who have exhausted their Basic Benefits and Crisis Assistance benefits and are in a life-threatening situation. Level 5 households are not eligible to receive a Safety Net Benefit.	The FFY 22 proposed benefit is \$700. CEAP eligible, vulnerable households may be eligible for up to three Safety Net Assistance benefits, while CEAP eligible, non-vulnerable households may be eligible for up to two benefits in the program year.

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.

Income Level	Poverty Guidelines	Annual Amount \$ for Family of 4
1	Up to 100% FPL	up to 26,500
2	101% - 125% FPL	26,765 - 33,125
3	126% - 150% FPL	33,390 - 39,750
4	151% - 200% FPL	40,015 - 53,000
5	201% FPL- 60% SMI	53,265 - 75,052

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 \$40 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, 2021 and continues through June 15, 2022 as follows:

November 1	First day for authorization of fuel deliveries (and payment for deliveries can be made by the program)
May 2	Deadline for fuel authorization or deliveries
May 31	Last day a household can apply to establish eligibility for benefits
June 15	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).² At the state level, the Department of Social Services (DSS) will administer 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.

BUDGET

The proposed plan reflects FFY 22 grant funding of \$9.8 million. The table below outlines the proposed budget:

CATEGORY	FFY 22 Proposed Expenditures \$
Benefit Payments	8,193,056
Consolidated Appropriations Act Admin	820,475
American Rescue Plan Act Admin	643,005
Outreach Activities	100,000
TOTAL EXPENDITURES¹	9,756,536

SOURCE OF FUNDS	FFY 22 Available \$
Consolidated Appropriations Act of 2021	5,469,833
American Rescue Plan Act of 2021	4,286,703
TOTAL FUNDS AVAILABLE	9,756,536

¹HHS has authorized the use of up to 15% of the grant to support administrative costs.

ELIGIBILITY

LIHWAP follows LIHEAP income eligibility standards and serves households whose income falls at or below 60% of the state median income (SMI, \$75,052 for a family of four). Similarly, a household is categorically eligible if (1) it makes a direct to vendor payments for drinking or wastewater services, 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,

²LIHWAP is also known as the Low Income Household Drinking Water and Wastewater Emergency Assistance Program.
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Supplemental Security Income, or LIHEAP.

BENEFIT LEVELS

The grant is anticipated to support 20,000 households and will prioritize (1) households with disconnected services, (2) households with pending disconnection or arrearages, and (3) households with no arrearages. Benefit levels are as follows:

- Households with disconnected services and those with pending disconnection or arrearages will receive a benefit not to exceed \$1,000.
- Households without arrearages will receive a basic benefit based on income and vulnerability, as identified in the table below.

Income Level	Poverty Guidelines	Annual Income \$ for Family of 4	Basic Benefit \$	
			Vulnerable	Non-Vulnerable
1	Up to 100% FPL	up to 26,500	300	150
2	101% - 125% FPL	26,765 - 33,125	250	125
3	126% - 150% FPL	33,390 - 39,750	200	100
4	151% - 200% FPL	40,015 - 53,000	150	75
5	201% FPL- 60% SMI	53,265 - 75,052	100	50

PROGRAM DATES

The program begins on November 1, 2021 and continues through June 15, 2022 as follows:

November 1	First day the program will make water assistance payments
May 31	Last day a household can apply to establish eligibility for benefits
June 15	Last day to submit water utility bills