

# MAINE STATE LEGISLATURE

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June 27, 2003

The Honorable Mary Cathcart, Chair  
The Honorable Joseph Brannigan, Chair  
Joint Standing Committee on Appropriations and Financial Affairs  
115 State House Station  
Augusta, Maine 04333

Dear Senator Cathcart and Representative Brannigan:

Enclosed please find our report to the committee on the federal Low Income Home Energy Assistance Program. 30-A MRSA §4722 directs the Maine State Housing Authority to:

report to the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs on June 30, 1992 and annually thereafter on the low income energy assistance program. The report must include, but is not limited to, program revenues and expenditures, number of persons served and types of services provided.

This report covers the program year running from October 1, 2002 through September 30, 2003. This year we received \$33,000,000. This is up from last year's \$22,000,000. Some highlights from the report include:

- The program served over 45,000 Maine households.
- The fuel assistance benefit averaged \$480.
- 4,137 people received emergency fuel benefits averaging \$149 per household.
- The average household income of those served was \$12,638.

I hope this report is useful. I want to underscore the comments in the concluding section that thank the many people who have worked so hard to make this program successful and to improve it. I urge you to contact Peter Merrill or me with any questions you may have or any suggestions for making this report more useful to you or to improve the program.

Sincerely,

Michael L. Finnegan  
Director

cc: The Honorable John E. Baldacci  
The Honorable Olympia Snowe  
The Honorable Susan Collins  
The Joint Standing Committee on Business and Economic Development  
The Joint Standing Committee on Utilities and Energy

The Honorable Thomas Allen  
The Honorable Michael Michaud

## LOW INCOME HOME ENERGY ASSISTANCE PROGRAM

### *Introduction*

The Maine State Housing Authority has been designated by the Legislature to administer the federal Low Income Home Energy Assistance Program (LIHEAP). The program provides assistance to low income households for their energy bills. The federal Department of Health and Human Services oversees LIHEAP. In Maine, the funds are used primarily to help pay winter home heating bills for those who qualify. The Authority contracts with Maine's Community Action Agencies to administer the program on the local level.

The program has three components:

- Fuel Assistance,
- Emergency Crisis Intervention, and
- Weatherization.

30-A MRSA §4722 requires the Maine State Housing Authority to "report to the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs on June 30, 1992 and annually thereafter on the low-income energy assistance program. The report must include, but is not limited to, program revenues and expenditures, number of persons served and types of services provided."

### *Financial Summary For The Program Year 10/1/02 to 9/30/03*

Note: Figures are projected. The program year ends 9/30/03. However, this is primarily a wintertime program and over 95% of the program funds have been spent, so this summary provides a good review.

#### Revenues

LIHEAP Grant	\$ 28,599,201
Pre-obligated Funds	4,100,000
Leveraging Award	231,450
Rollover	<u>251,084</u>
<b>TOTAL REVENUES</b>	<b>\$ 33,181,735</b>

#### Expenses

Fuel Assistance	\$ 20,931,560
Other Benefits	280,000
Emergency Crisis Intervention	735,258
Weatherization	4,521,330
Pre-obligated Funds	4,170,502
Community Action Agency Expenses	2,168,085
MSHA Expenses	<u>375,000</u>
<b>TOTAL EXPENSES</b>	<b>\$ 33,181,735</b>

### *Maine Households Served and Average Benefit Provided*

	Households	Average Benefit
Fuel Assistance	45,056	\$ 480
Fuel Assistance To Increase Food Stamp Benefit	1,568	\$ 1
Emergency Crisis Intervention	4,296	\$ 171
Weatherization	1,900	\$ 2,380
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Average Household Income	\$ 12,638	
Average Household Size	2.14	

### *Services Provided*

Fuel Assistance - The fuel assistance program provides funds to pay a portion of a low-income person's winter heating bill. The person applies to the local Community Action Agency which determines if the applicant qualifies and, if so, for how much. The grant is generally paid to the fuel vendor identified by the applicant.

The amount of the grant is determined by a formula that considers the type of housing, the number of rooms to be heated, the type and cost of the fuel, the expected degree days for the area, MSHA's estimate of how much money will be available, and MSHA's estimate of how much demand there will be. We would rather have some money to carry over to the next year than have to cut the program off because we ran out of money.

Qualified Households – The benefits were available to those whose incomes were:

- 150% of the poverty guidelines (\$17,770 for a family of two; \$27,150 for a family of four), or
- 170% of the poverty guidelines (\$20,298 for a family of two; \$30,770 for a family of four) if the household has a member vulnerable to the effects of hypothermia (is elderly, has special needs, or is under the age of 25 months).

Emergency Crisis Intervention - This program provides immediate assistance to qualified households that have a home heating emergency. The program can be used for fuel or for equipment repair. The maximum benefit is \$200.

Weatherization - This program is limited by federal law to 15% of the money that we receive. Funds can be used for insulation, caulking, and weather-stripping; to repair, upgrade, or replace central heating systems that have become inoperable, inefficient, or that pose a threat to the health and safety of the household; and for other things that conserve energy and reduce heating costs. Priority is given to items impacting health and safety, high heating costs, and to households receiving DOE weatherization services.

## *Funding History*

Federal Fiscal Year	Total Grant Amount	Fuel Assistance Households Served	Average Fuel Assistance Benefit
2002-2003	\$23,031,683 <u>5,567,518</u> (emergency) <sup>1</sup> \$28,599,201 total	45,056	\$ 480
2001-2002	\$21,874,256	47,300	\$ 358
2000-2001	\$17,949,919 <u>11,006,582</u> (emergency) \$28,956,501 total	53,865	\$ 433
1999-2000	\$14,438,608 <u>17,167,807</u> (emergency) \$31,606,415 total	44,843	\$ 491
1998-99	\$14,279,141 <u>753,964</u> (emergency) \$15,033,105 total	35,763	\$ 261
1997-98	\$13,056,525	36,110	\$ 234
1996-97	\$13,043,183 <u>2,383,256</u> (emergency) \$15,426,439 total	38,311	\$ 315
1995-96	\$11,917,397 <u>2,354,602</u> (emergency) \$14,271,999 total	38,050	\$ 329
1994-95	\$17,123,135	54,000	\$ 220
1993-94	\$18,782,776 <u>7,834,458</u> (emergency) \$26,617,234 total	59,485	\$ 275
1992-93	\$17,332,318	60,000	\$ 242
1991-92	\$19,804,559 <sup>2</sup>	60,000	\$ 245
1990-91	\$19,000,000 <u>4,200,000</u> (emergency) \$23,200,000 total	61,000	\$ 240
1989-90	\$18,700,000 <u>1,600,000</u> (emergency) \$20,300,000 total	62,000	\$ 245
1988-89	\$18,600,000	52,000	\$ 297
1987-88	\$20,600,000	52,612	\$ 310
1986-87	\$24,500,000	56,710	\$ 315
1985-86	\$26,600,000	60,171	\$ 312

<sup>1</sup> The president has a pool of funds he can distribute in the event of severe winter or other emergency.

<sup>2</sup> 25% was withheld until the end of the fiscal year.

### *Projection for the Winter of 2003-04*

We are watching the federal budget process carefully. The President and the House have proposed total funding for the program of \$1.7 billion, which would provide about \$22,700,000 for Maine. This amount would be slightly less than our initial funding last year. The Senate version proposes \$2 billion. There has been some interest from the southern states in conducting a study of the impact of increasing natural gas prices and the volatility of propane prices on low-income households in the South. We are leery of proposals that might shift funds away from the colder states toward the warmer states.

### *Conclusion*

The news is mixed. On the one hand, total LIHEAP funding for Maine over the last four year is the highest its been since the mid-1980s, allowing us to increase benefit levels significantly for needy households facing ever-increasing winter fuel bills. Much of the recent rise in funding has been attributable to large supplemental (emergency) awards in three of the last four years, justified by increased fuel prices. Moreover, for the seventh year in a row, base funding for LIHEAP rose nationally, from \$900 million in FY96 to \$1.8 billion this year, reflecting widespread support in Congress. On the other hand, looking forward the picture is less rosy. It is likely that base funding for the coming year will be decrease to \$1.7 billion nationally, a reduction of \$1.1 million (5%) to Maine's allocation.

MSHA is grateful to all of the people who support the LIHEAP program. It has a broad base of support across the state and across the political spectrum. We appreciate the support of the members of the Business and Economic Development Committee, the Utilities and Energy Committee, and the Appropriations Committee. We are also grateful to Maine's Congressional Delegation and their staff and to Governor Baldacci for speaking with a united voice in favor of LIHEAP and for their work to enhance the program. Finally, we are grateful to the Community Action Agencies and the many fuel vendors throughout the state who go out of their way to deliver this program to those in need.