

MAINE STATE LEGISLATURE

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September 23, 2005

Senator Lynn Bromley
102 Mitchell Road
South Portland, ME 04106

Re: 2006 LIHEAP process

Dear Senator Bromley,

I have heard your concerns regarding this season's LIHEAP application process. Constituents are calling reporting that some Community Action Agencies (CAAs) have waiting lists for appointments that are extending into February of next year. With the uncertainty of the market, and recent Katrina catastrophe, people are worried about what this winter will bring, as they rightly should be.

MSHA has been diligently working with the Community Action Agencies to find ways to alleviate the backlog that has been created by the anxiety surrounding increasing fuel and oil prices. Some of the actions to date include:

- **Reduced need for a face-to-face interview for 20,000 elderly and disabled prior LIHEAP applicants who receive social security income only.**
 - ✓ Sought and received a waiver from Health and Human Services on the LIHEAP application process which will allow the CAAs to determine eligibility for these recipients based on last year's LIHEAP application.
- **Working to streamline the LIHEAP application process with Maine DHHS for recipients who receive a \$5 LIHEAP benefit.**
 - ✓ Maine's Food Stamps program provides larger benefits to households that incur a cost to heat their homes. Households who live in subsidized housing and whose heating costs are included in the rent are eligible for the larger benefits only if they also receive Fuel Assistance under the LIHEAP program. In order to insure that these households receive the maximum level of Food Stamps, Maine's LIHEAP program is designed to provide a \$5.00 Fuel Assistance benefit, good for a 5 year period, (2006-2011) to households who live in subsidized housing and whose heat is included in their rent.
 - ✓ Currently these households must apply to their local Community Action Agency every five years and then a list is sent to DHHS confirming their eligibility. In 2006, it is estimated that approximately 5,500 applicants in subsidized housing with heat included will need to be re-certified for LIHEAP in order to be eligible for full food stamp benefits.
- **Evaluating other process improvements which would increase the ability for the CAAs to respond quicker.**

Please don't hesitate to call me at 1-800-452-4668 if you have any further questions or concerns.

Sincerely,



Dale McCormick
Director

Enc.

September 13, 2005

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

Dear Senator Rotundo 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, 2004 through September 30, 2005. This year we received \$30,625,000. This is up from last year's \$25,100,000. Some highlights from the report:

- The program served over 46,450 Maine households compared to 45,000 last year.
- The fuel assistance benefit averaged \$478 compared to \$440 last year.
- 4,775 people received emergency fuel benefits averaging \$232 per household.
- The average household income of those served was \$12,062.

Major Changes Initiated

I delayed submitting this report so that I can report to you on major administrative changes we are making to the program. I believe that we should be leveraging a greater benefit for those we serve. To that end, for the upcoming year we are offering three options to the oil dealers that wish to participate in the program:

- 1) offer their cap price plan,
- 2) offer a number of cents off per gallon, or
- 3) offer the cash price.

If they choose to offer their cap price plan, there is a price cap and the customer pays the lower of the cap or the cash price. It is the same deal available to their other customers.

If they choose to discount the fuel, then the cash price will be discounted by a set amount. The required discount for each dealer will be based on the number of LIHEAP gallons purchased from the dealer during the previous year. The more oil purchased, the deeper the

discount. The minimum discount is 6 cents per gallon and the maximum is 9.7 cents per gallon.

In return for the discounts in options 1 and 2, MSHA will pay for 50% of the LIHEAP oil up front and make further pre-payments during the year. We will lend the advance money to the program.

The cash price option is basically the same program we have run in the past. This option is available this year because a number of fuel vendors commented that it was too late in the season to lock in cap prices. Next year we intend to start the process early enough to avoid having to do the cash price option.

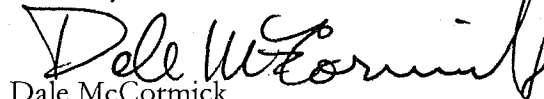
I am very pleased to report that, even while voluntary, about 20% of the vendors signed up for one of the discount options. More importantly, those vendors serve 29% of the LIHEAP clients. This is very encouraging, given the major difficulties we expect this winter.

Major Concerns About This Winter

We are very worried about how high the price of heating oil will be this winter. We are working with the CAP agencies to expedite the application process and, along with the Governor, are urging Congress to increase funding. At today's statewide average cash price (\$2.54), last year's \$480 benefit will only purchase about 75% of what it did last year. This is a serious problem for those who afford it the least. The Governor is so concerned about this problem that he has asked the Director of the Office of Energy Independence and Security to double the number of homes to be weatherized under Operation Keep Me Warm.

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 me with any questions you may have or any suggestions for improving the program or making this report more useful to you.

Sincerely,



Dale McCormick

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 (MSHA) 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. MSHA 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 10/1/04 to 9/30/05

Note: Figures are projected. The program year ends 9/30/05. However, this is primarily a wintertime program and over 90% of the program funds have been spent, so this summary provides a good review.

Revenues

LIHEAP Base Grant Award	\$ 24,294,556
LIHEAP Supplemental Emergency Awards	6,330,367
Pre-obligated Funds	2,600,000
Rollover	<u>75,546</u>
TOTAL REVENUES	\$ 33,300,469

Expenses

Fuel Assistance	\$ 21,560,000
Other Benefits	280,000
Emergency Crisis Intervention	1,118,034
Weatherization	4,593,740
Pre-obligated Funds	2,700,000
Community Action Agency Expenses	2,296,870
MSHA Expenses	<u>751,825</u>
TOTAL EXPENSES	\$ 33,300,469

Maine Households Served and Average Benefit Provided

	Households	Average Benefit
Fuel Assistance	46,450	\$ 478
Fuel Assistance To Increase Food Stamp Benefit	1,444	\$ 1
Emergency Crisis Intervention	4,775	\$ 232
Weatherization	1,600	\$ 2,400
<hr/>		
Average Household Income	\$ 12,062	
Average Household Size	2.07	

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 either actual consumption usage in the previous heating season or by a formula. The actual consumption is reported by some 500 contracted vendors throughout the state. When no consumption figure is available, the formula considers the type of housing, the number of rooms to be heated, the type and cost of the primary fuel to be used, the estimated degree days for the area, and our estimate of how much money will be available and how much demand there will be. We use somewhat conservative estimates because we would rather have some funds carried forward into the next year rather than run out of funds and leave some people not served.

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

- 150% of the poverty guidelines (\$18,735 for a family of two; \$28,275 for a family of four), or
- 170% of the poverty guidelines (\$21,233 for a family of two; \$32,045 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 in the 2004 - 2005 program was \$300.

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 Department of Energy weatherization services.

Funding History

Federal Fiscal Year	Total Grant Amount	Fuel Assistance Households Served	Average Fuel Assistance Benefit
2004-2005	\$24,294,556 <u>6,330,367</u> (emergency) ¹ \$30,624,923 total	46,450	\$ 478
2003-2004	\$23,045,594 <u>2,049,484</u> (emergency) \$25,095,078 total	45,520	\$ 440
2002-2003	\$23,031,683 <u>5,567,518</u> (emergency) \$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) \$26,617,234total	59,485	\$ 275
1992-93	\$17,332,318	60,000	\$ 242
1991-92	\$19,804,559 ²	60,000	\$ 245
1990-91	\$19,000,000 <u>4,200,000</u> (emergency) \$23,200,000total	61,000	\$ 240
1989-90	\$18,700,000 <u>1,600,000</u> (emergency) \$20,300,000total	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
1984-85	\$27,900,000	61,363	\$ 341
1983-84	\$27,900,000	51,667	\$ 405

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

² 25% was withheld until the end of the fiscal year.

Projection for the Winter of 2005 - 2006

We are very concerned about the upcoming winter. Energy prices, led by oil and natural gas, continue to defy gravity. We are working with our Congressional delegation to increase funding. In the past that has been an uphill fight. It is possible that the unprecedented price increases will make an increase more likely, but it is doubtful that it would be enough to make up for the buying power lost by the increased prices. And, as if to rub salt in the wound, the *Farmer's Almanac* has predicted a colder than normal winter for New England.

Conclusion

This is not going to be a good year for those who depend on LIHEAP to ease the financial burden of buying fuel. Higher prices and colder weather mean a real hardship for the old, the infirm, and the very poor. Total LIHEAP funding for Maine over the last six years is the highest it has been since the mid-1980s, allowing us to increase benefit levels for needy households. In the last nine years, base federal funding for LIHEAP has doubled from \$900 million to \$1.9 billion. We have benefited from additional funds over the past few years from emergency awards justified by increased fuel prices and colder weather. All these gains could be wiped out this winter.

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 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.

BUDGET WORKSHEET

CASE NAME _____ CASE I.D. NO: _____

GROSS MONTHLY EARNINGS

<u>NAME</u>	<u>AMOUNT</u>
_____	\$ _____
_____	\$ _____
_____	\$ _____
TOTAL	\$ _____
x .20	
=	\$ _____

TOTAL GROSS EARNINGS	\$ _____
LESS 20 PERCENT	\$ _____
NET EARNED INCOME	\$ _____

UNEARNED MONTHLY INCOME

<u>TYPE</u>	<u>AMOUNT</u>
AFDC	\$ _____
UIB	\$ _____
SSA	\$ _____
SSI	\$ _____
OTHER	\$ _____
TOTAL	\$ _____

ADD TOTAL UNEARNED INCOME	\$ _____
TOTAL EARNED AND UNEARNED	\$ _____
LESS LEGALLY OBLIGATED CHILD	\$ _____
SUPPORT PAYMENTS SUBTOTAL	\$ _____
LESS STANDARD DEDUCTION	\$ _____
SUBTOTAL	\$ _____
LESS EXCESS MEDICAL EXPENSE	\$ _____
SUBTOTAL	\$ _____
LESS DEPENDENT CARE (TO CAP)	
PER DEPENDENT	\$ _____
SUBTOTAL	\$ _____
LESS HOMELESS SHELTER	
DEDUCTION	\$ _____
NET INCOME BEFORE SHELTER	\$ _____

MONTHLY MEDICAL EXPENSES

(AGED/DISABLED ONLY)

<u>TYPE</u>	<u>AMOUNT</u>
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
TOTAL	\$ _____
LESS	\$ 35.00
= EXCESS MEDICAL	\$ _____

TOTAL SHELTER	\$ _____
LESS 50% NET INCOME	\$ _____
EXCESS SHELTER	\$ _____
LESS SHELTER DEDUCTION	\$ _____
(TO CAP, UNLESS AGED/DISABLED)	\$ _____
NET FOOD STAMP INCOME	\$ _____

SHELTER EXPENSES

<u>TYPE</u>	<u>AMOUNT</u>
RENT	\$ _____
MORTGAGE	\$ _____
TAXES	\$ _____
INSURANCE	\$ _____
SUA OR	\$ _____
UTILITIES AS BILLED	\$ _____
TOTAL	\$ _____

<u>THRIFTY FOOD PLAN</u>	
FOR _____ PERSONS	\$ _____
LESS 30% OF NFSI (ROUND UP)	\$ _____
MONTHLY BENEFIT	\$ _____
<u>PRORATION</u>	
MONTHLY BENEFIT	\$ _____
x PRO-RATE FACTOR	\$ _____
= FIRST MONTH BENEFIT	\$ _____

**DEPARTMENT OF HUMAN SERVICES
FAMILY INDEPENDENCE
FOOD STAMPS**

TANF/PaS: N/A Med: Appendix C

CFR 273.9(d)

Section: **FS-555-5**
Page 6b

INCOME AND DEDUCTIONS

- If the entitlement to the FSUA is based on receipt of a HEAP or ECIP payment, the Eligibility Specialist must anticipate with reasonable certainty if such a payment will be received. This determination must be made on an individual household basis using the best available information. The following are some guidelines which may be used:
- If a household does not incur any direct or indirect energy costs, it does not plan to apply for a HEAP or ECIP payment, or there are no HEAP/ECIP funds left for the period in question, it is very unlikely that the household will receive a HEAP/ECIP payment.
- If the household incurs energy costs, it plans to apply for a HEAP/ECIP payment, HEAP/ECIP funds are available, and the household is receiving Food Stamps, it is likely that a HEAP/ECIP payment will be received. Households in which one or more individuals are receiving TANF, SSI, Food Stamps, or certain needs - based veterans' and survivors' payments do not have to meet the income test that other HEAP/ECIP applicants must meet.
- If a household received a HEAP/ECIP payment last year and there is no indication that the household's financial circumstances will change, assume that the household will continue to be eligible for a HEAP/ECIP. Determine if the household plans to apply for HEAP/ECIP benefits and if it is likely that funds will be available.
- If a household received a HEAP/ECIP benefit last year and anticipates receipt of one this year, the household's entitlement to the FSUA shall continue.
- If the household anticipates receipt of HEAP/ECIP benefits this year and appears to be eligible, allow the use of the FSUA even if the household said it was going to apply for HEAP/ECIP benefits last year but did not.
- If eligibility for the FSUA is dependent on receipt of a HEAP/ECIP payment and anticipation with reasonable certainty that the household will receive another HEAP/ECIP payment cannot be determined, a certification period may be assigned which runs concurrently with the period of the household's eligibility for HEAP/ECIP benefits.

Households whose units are metered separately or where they are otherwise able to provide verification that they are charged separately for heat and/or air conditioning shall be allowed the FSUA.

**DEPARTMENT OF HUMAN SERVICES
FAMILY INDEPENDENCE
FOOD STAMPS**

TANF/PaS: N/A Med: Appendix C

CFR 273.9(d)

Section: **FS-555-5**
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INCOME AND DEDUCTIONS

Deductions

UTILITY EXPENSES:

Households that incur expenses for heating or air-conditioning bills that are separate and apart from rent/mortgage bills must be given the Full Utility Standard Allowance (FSUA).

Households not eligible for the FSUA may claim actual expenses or, if eligible for it, elect to use the non-heat utility allowance (NHUA).

FULL STANDARD UTILITY ALLOWANCE (FSUA) IS \$401

A household that incurs these expenses on an irregular basis is eligible to use the full standard allowance between billing periods. A household which lives in a public or private rental unit which has central utility meters and charges the household only for excess heating or air conditioning costs shall not be permitted to use the full FSUA. When someone outside the household is paying the entire cost of heating/cooling, and the payment is excluded as a vendor payment, the FSUA shall not be allowed.

NOTE: Assistance from HEAP or ECIP automatically entitles the household to the FSUA. This policy is retroactive to 10/90.

**DEPARTMENT OF HUMAN SERVICES
FAMILY INDEPENDENCE
FOOD STAMPS**

TANF/PaS: N/A **Med:** Appendix C

CFR 273.9(d)

Section: **FS-555-5**
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INCOME AND DEDUCTIONS

Deductions

SHARED RESIDENCE:

Each household in a shared FSUA situation, is eligible for the full standard.
Effective October 1, 2002, there is no proration of this standard.

DO NOT allow the FSUA when utility expenses are included in the rent, unless the household anticipates receiving assistance from HEAP or ECIP (use the Excess Shelter Deduction Handbook for guidance).