

MAINE STATE LEGISLATURE

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Maine State
Housing Authority

June 30, 1999

The Honorable Michael Michaud, Chair
The Honorable Elizabeth Townsend, Chair
Joint Standing Committee on Appropriations and Financial Affairs
115 State House Station
Augusta, Maine 04333

Dear Senator Michaud and Representative Townsend:

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, 1998 through September 30, 1999. Some highlights from the report include:

- MSHA provided \$12,076,765 in LIHEAP benefits to Maine households this past winter.
- The program served 35,763 Maine households.
- 34,475 households received fuel assistance benefits that averaged \$261; 1,288 households received the \$1 benefit that allows them to qualify for a higher food stamp benefit.
- We expect the program to receive about the same federal appropriation this coming year as it did last year.

I hope this report is useful. I urge you to contact me with any questions you may have or suggestions for making this report more useful for you. During my tenure I have worked hard to make sure that this program is targeted to those most in need. This has been difficult at times (as I am sure you can appreciate), but it has been necessary. I am proud of our efforts and hope that you will be as well.

Sincerely,

David Lakari
Director

cc: The Honorable Angus S. King, Jr.
The Honorable Olympia Snowe
The Honorable Susan Collins

The Honorable Thomas Allen
The Honorable John Baldacci

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. The program provides assistance to low income households for their energy bills. Federal funding of the program has been reduced by over 50% since the mid-eighties. This program is overseen by the federal Department of Health and Human Services. 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 Program 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 10/1/98 to 9/30/99

Revenues

LIHEAP Grant	\$ 14,552,872
Less Tribal Organizations Set-Aside	(531,907)
Emergency award	0
Carry forward from 96/97 grant	892,680
Leveraging Award	<u>258,176</u>
TOTAL	\$ 15,171,821

Expenses

Fuel Assistance	\$ 8,880,630
Other Benefits	280,420
Emergency Crisis Intervention	550,510
Weatherization	2,365,204
Obligations for FY 99/00	1,667,142
Community Action Agency Expenses	1,077,390
MSHA Expenses	<u>350,524</u>
TOTAL	15,171,821

Maine Households Served and Average Benefit Provided

	Households	Average Benefit
Fuel Assistance	34,475	\$ 261
Fuel Assistance To Increase Food Stamp Benefit	1,288	1
Emergency Crisis Intervention	1,450	\$ 375
Weatherization	1,000 ¹	\$ 2,375

Services Provided

LIHEAP benefits are available to those whose incomes are:

- 125% of the official poverty guidelines (\$20,363 for a family of 4), or
- 150% of the poverty guidelines if the household has a member vulnerable to the effects of hypothermia (elderly, has special needs, or is under the age of 25 months).

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.

Emergency Crisis Intervention - This program provides immediate assistance to qualified households that have a home heating emergency. The program can be used for fuel and for equipment repair.

Weatherization - This program is limited by federal law to 15% of the money that we receive. We use it to complement the federal Department of Energy Weatherization Program which we also administer. 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 health and safety, high heating costs, and those receiving weatherization services.

MSHA strongly supports weatherization because it is a permanent solution, not a temporary one. A recent study of the weatherization program in Aroostook County found that an investment of \$1,800 reduces energy costs by about \$300 per year. We always spend the maximum amount allowed by law on weatherization.

¹ Projected

Funding History

Federal Fiscal Year	Total Grant Amount	Fuel Assistance Households Served	Average Fuel Assistance Benefit
1999-2000	\$14,025,180 <u>9,911,423</u> (emergency) ² \$23,936,603	37,000 est.	\$ 501
1998-99	\$ 14,552,872	35,763	\$ 261
1997-98	\$ 13,234,550	36,110	\$ 234
1996-97	\$ 13,234,550 <u>2,383,256</u> (emergency) \$ 15,617,806 total	38,311	\$ 315
1995-96	\$ 11,500,000 <u>2,300,000</u> (emergency) \$13,800,000 total	38,050	\$ 329
1994-95	\$17,000,000	54,000	\$ 220
1993-94	\$18,500,000 <u>7,800,000</u> (emergency) \$26,300,000 total	59,485	\$ 275
1992-93	\$ 17,300,000	60,000	\$ 242
1991-92	\$ 19,800,000 ³	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
1984-85	\$ 27,900,000	61,363	\$ 341
1983-84	\$ 27,900,000	51,667	\$ 405

² The president has a pool of funds he can distribute in the event of severe winter or other emergency.

³ 25% was withheld until the end of the fiscal year.

Projection For The Winter of 1999-00

Federal funding is always a question, but we do not foresee any unusual problems in the appropriations process. A unified Maine Congressional delegation always leads the way if political action is needed to respond to efforts to reduce funding.

We do not plan to make any major changes to the program for the coming season. It has been two years since we re-focused the program to provide a better benefit to fewer people in response to funding reductions. We continue to focus as much attention as possible on weatherization efforts because of their long-term pay-off.

Conclusion

We served about 1,600 fewer people this year than last. We think that low fuel prices and a warmer than normal winter may be the reason. The community action agencies report some of their elderly clients declining to apply because they thought they could get by and the funds should go to those who need it more.

It is nice to be able to report that the past LIHEAP season was uneventful.