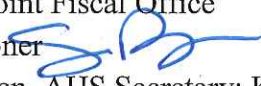


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MEMORANDUM

To: Stephen Klein, Chief Fiscal Officer, Joint Fiscal Office
From: Sean Brown, DCF Deputy Commissioner 
Cc: Trey Martin, AoA Secretary; Hal Cohen, AHS Secretary; Ken Schatz, DCF Commissioner; Andy Palito, Finance Commissioner; Sarah Clark, AHS Chief Financial Officer; Brian Evans, DCF Chief Financial Officer; Rich Donahey, ESD Operations Director; Bobby Arnell, LIHEAP Director; Emily Byrne, State Budget Director, Finance; Stephanie Barrett, Associate Fiscal Officer, JFO; Maria Belliveau, Associate Fiscal Officer, JFO; Theresa Utton-Jerman, Staff Associate, JFO
Date: November 3, 2016
Subject: LIHEAP State-Funded Benefit Projections for SFY 2017

Per Sec. B. 1107 (b)(2)(B) of Act 172, the Joint Fiscal Committee may approve funding for the LIHEAP program during SFY17 of up to \$1.2M. For the reasons provided below, the AHS does not request any portion of this contingent appropriation.

Current accounting statements for Vermont's LIHEAP Fuel Assistance Program (the "Program") show a total of \$1,037,000 in available State funds that were carried from SFY 2016 into SFY 2017. These State funds are the product of refunded seasonal and crisis benefits that were recouped at the end of the 2016 heating season. In addition, the Program anticipates exchanging 15% of the total FFY 2017 LIHEAP Block Grant with the Home Weatherization Fund (authorized by Sec. E 324.2(a) of Act 172). The current federal budget Continuing Resolution includes Block Grant funding on par with FFY 2016, providing an additional \$2.8M in State funding to the Program under this exchange of funds. This results in a total of \$3,837,000 of State funds available in SFY 2017 to fund seasonal and crisis fuel benefits for households above the federal income limit of 150% (see figure 1 below).

As the Department of Children and families prepares to distribute benefits this month, caseloads are trending slightly downward from SFY 2016. This caseload trend when combined with the assumption that crisis assistance costs will remain in line with historical trends, and that fuel prices are relatively steady, the Program can anticipate total State spending of \$3,355,556 in SFY 2017. (see figure 1 below).



When available State funds and projected costs for SFY 2017 are considered together, a total of \$481,444 in unallocated State program funding results¹. The Program therefore has adequate State funds to operate according to historical program rules and eligibility thresholds without seeking further funding.

Attached is the *LIHEAP Funding & Benefit Stats Compilation* with projections for this year's fuel season. The average seasonal fuel benefit is projected to be \$865 and provide the purchasing power to meet approximately 54% of a household's fuel need, the highest purchasing power since SFY09 based on current fuel price projections.

Please let me know if you need any additional information or clarification. I am available to testify at the next meeting of the Joint Fiscal Committee on November 14th if needed. Thank you.

Figure 1

Projected LIHEAP State Program Budget for SFY 2017				
State-Funded Costs		Available State Funds		SFY Balance
Crisis Admin. Costs	(\$584,307)	Weatherization Swap	\$2,800,000	
\$21 Nominal Benefits	(\$463,365)	SFY 2016 Carryforward	\$1,037,000	
GA/EA Fuel and Utility Program	(\$350,000)			
Seasonal Benefits (151%-185% of FPL)	(\$1,558,545)			
Crisis Benefits (151%-200% of FPL)	(\$399,339)			
Total	(\$3,355,556)		\$3,837,000	\$481,444

¹ Unallocated program funds are total State funds remaining after initial program obligations are met, and are intended to be used either in the current year as supplemental benefits, if needed, or carried into the following fiscal year.



LIHEAP Funding & Benefit Stats Compilation

29-Sep-16

SFY	LIHEAP Total	LIHEAP Carry-Over (1)	State Funds	TOTAL FUNDS	Fuel Liability Households	Full Season Fuel Liability Avg. Benefit O/P/K	Nov-Apr Avg cost petro/gal (2)	Purchase Power Gallons / %age (3)	SFY
2017	\$16,181,020	3,646,376	3,837,000	23,664,396	21,500	\$865	\$2.11	410 / 54%	2017
2016	\$14,664,644	\$1,939,626	\$2,857,970	\$19,462,240	22,618	\$699	\$2.11	331 / 43%	2016
2015	\$18,965,161	\$2,074,954	\$5,000,000	\$26,040,115	25,147	\$783	\$2.87	274 / 36%	2015
2014	\$19,140,144	\$591,060	\$8,100,000	\$27,831,204	26,625	\$792	\$3.62	219 / 29%	2014
2013	\$18,359,509	\$1,583,684	\$9,700,000	\$29,643,193 (4)	27,776	\$898	\$3.85	233 / 31%	2013
2012	\$19,529,156	\$4,005,000	\$6,100,000	\$29,634,156	27,100	\$900	\$3.61	249 / 33%	2012
2011	\$27,557,850	\$6,687,000	\$0	\$34,244,850 (5)	26,546	\$866	\$3.31	262 / 34%	2011
2010	\$27,341,881	\$5,447,000	\$0	\$32,788,881	20,399	\$1,064	\$2.68	397 / 52%	2010
2009	\$38,642,377	\$363,000	\$0	\$39,005,377 (6)	19,227	\$1,718	\$2.62	656 / 86%	2009
2008	\$16,883,723	\$1,780,000	\$5,898,032	\$24,561,755 (7)	15,369	\$1,362	\$3.24	420 / 55%	2008

- (1) The carry-over amounts are for a June 30 State Fiscal Year close-out
- (2) "Blended price" for oil/propane/kerosene after required discount from current MOR/DOR vendor agreements
- (3) Assumes average winter consumption of 764 gallons for a delivered petro fuel (oil/propane/kerosene)
- (4) Includes \$130,000+ in non-block grant LIHEAP funds
- (5) Income maximum increased from 156% federal poverty level gross per month to 185% fpl, and resource test eliminated
- (6) In July 2008 - heating oil approached \$5.00/gallon
- (7) State Funds Contributed Prior to SFY 2008: SFY2007 \$590,769; SFY2006 \$10,200,000; and SFY 2005 \$1,000,000

* LIHEAP Totals for 2016 and 2017 are total federal block grant awarded during the respective fiscal years less the \$2.8M transfer to Weatherization
 ** 2016 LIHEAP block grant award is less \$2.8M transfer to Wx and less 10% of block grant, which was carried over into 2017. Projected 2017 block grant amount does not anticipate any federal carryover into 2018