

Memorandum

To: Emergency Board Members
From: Dr. Harry Chen, Interim Commissioner, Department for Children and Families
Date: October 19, 2022
Re: FY23 LIHEAP Benefit Need

The memo is in response to the recent rise in heating fuel costs and the negative impact on the amount of heating fuel Low Income Home Energy Program (LIHEAP) beneficiaries will be able to purchase with their FY23 benefit.

Background

LIHEAP helps keep approximately 20,000 households safe and healthy through assistance with energy costs. The benefit amount is based on the federal funding block grant, number of beneficiaries, and cost of fuel (or home energy source).

In State Fiscal Year 2022, Vermont received an extraordinary amount of LIHEAP funding through a one-time American Rescue Plan Act (ARPA) block grant of \$26.6 million on top of \$21.8 million annual funding. The funding increase allowed ESD to offer an unprecedented average benefit of nearly \$1,900 (approx. 520 gallons) per household for households that heat with oil, propane, or kerosene. In FY21 the average benefit was over \$1,000 (approx. 491 gallons).

For households that heat with wood or pellets, ESD typically provides a benefit in the fall. The benefit for the fall of 2022 was moved to the spring of 2022 to help households purchase wood earlier in the season when it is less expensive. By moving the benefit to the spring, households were able to purchase more wood to heat their homes. A fall wood benefit will only be provided to households in 2022 who were newly eligible and did not receive the spring wood benefit.

The one-time ARPA funding was successfully liquidated by the September 30, 2022 deadline. To meet the deadline, ESD provided an early season benefit to households that heat with oil or kerosene, utilizing unspent LIHEAP ARPA funds. ESD was able to provide a \$625 benefit, enough to fill a tank, to approximately 5,900 households. The benefit was provided to households at or less than 128% of the federal poverty limit.



Proposal

DCF requests \$5.8 million of state funds to protect vulnerable Vermonters this winter. This would be a total budget of \$35,066,942 for SFY23 to serve 20,000 households.

The federal Consolidated Appropriations Act is expected to provide an additional \$5.7 million to Vermont in LIHEAP funding. The \$5.7 million is in addition to Vermont's regular federal allocation and DCF is waiting on confirmation from the Administration for Children and Families on the allocation timeline. Without this additional federal funding, DCF would be requesting over \$11 million to support households.

Based on a volatile heating fuel prices and projections provided by the Vermont Fuel Dealers Association, fuel prices are expected to average \$4.81 per gallon in the coming winter. The average benefit in SFY23 with the LIHEAP base funding will be \$744 or 175 gallons. Depending on fuel type, this benefit will barely fill a household's tank one time or not meet the minimum delivery requirements. Compared to pre-pandemic benefits, households received \$715 to purchase approximately 278 gallons in SYF19 when fuel prices were \$2.57 per gallon.

\$4.8 million of the request will be utilized to enhance the LIHEAP program to cover all the needs of low-income households during the fuel season. For every \$1M the average benefit increases by \$58. \$4.3 million of the additional state funds will provide households an average benefit of 275 gallons (\$1,324). \$500,000 in requested funding will help Vermonters with heating repairs and replacements during emergencies through the Emergency Heating System Grant Program, for a total of \$1.25 million in the program.

Additional money is also needed to support the crisis fuel program run by the community action agencies. In FY22, \$2M in crisis fuel benefits were provided to Vermont households. With the increased cost of heating fuel, DCF proposes an additional \$1 million, for a total of \$3 million in funding for the crisis fuel program.

Proposed Motion

Pursuant to 32 VSA Sec. 133(a), \$5,800,000 in General Fund appropriated to the Agency of Human Services' Secretary's Office Global Commitment appropriation shall be reduced and transferred to the Department for Children and Families' Home Heating Fuel Assistance and LIHEAP appropriation in fiscal year 2023 to be used to meet expected heating needs. These General Funds shall be re-appropriated to the Agency of Human Services' Secretary's Office Global Commitment appropriation in the fiscal year 2023 Budget Adjustment Act in the amount of \$5,800,000.

LIHEAP Funding & Benefit Stats Compilation

14-Oct-22

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)
2023	\$26,700,000	\$1,000,000	\$7,366,942	\$35,066,942	14,000	\$1,324	\$4.81	275/36%
	*with additional 5.7m federal funds and 4.3m in state funds				6,000	\$1,949	\$4.81	405/53%
2022	\$47,361,943	\$2,000,000	\$3,066,942	\$52,428,885	18,728	\$1,893	\$3.67	516/68%
2021	\$15,746,232	\$7,073,509	\$3,066,942	\$25,886,683	18,015	\$1,096	\$2.24	489/64%
2020	\$18,257,418	\$1,467,240	\$3,066,942	\$22,791,600	18,725	\$798	\$2.60	307/ 40%
2019	\$17,546,576	\$945,866	\$2,899,704	\$21,392,146	19,768	\$715	\$2.57	278/ 36%
2018	\$16,120,387	\$3,706,712	\$2,967,984	\$22,795,083	20,526	\$849	\$2.65	320 / 42%
2017	\$16,181,020	3,646,376	3,837,000	23,664,396	21,286	\$831	\$2.16	385 / 50%
2016	\$14,664,644	\$1,939,626	\$2,857,970	\$19,462,240	22,618	\$699	\$2.11	331 / 43%
2015	\$18,965,161	\$2,074,954	\$5,000,000	\$26,040,115	25,147	\$783	\$2.87	274 / 36%
2014	\$19,140,144	\$591,060	\$8,100,000	\$27,831,204	26,625	\$792	\$3.62	219 / 29%
2013	\$18,359,509	\$1,583,684	\$9,700,000	\$29,643,193	27,776	\$898	\$3.85	233 / 31%
2012	\$19,529,156	\$4,005,000	\$6,100,000	\$29,634,156	27,100	\$900	\$3.61	249 / 33%
2011	\$27,557,850	\$6,687,000	\$0	\$34,244,850	26,546	\$866	\$3.31	262 / 34%
2010	\$27,341,881	\$5,447,000	\$0	\$32,788,881	20,399	\$1,064	\$2.68	397 / 52%
2009	\$38,642,377	\$363,000	\$0	\$39,005,377	19,227	\$1,718	\$2.62	656 / 86%
2008	\$16,883,723	\$1,780,000	\$5,898,032	\$24,561,755	15,369	\$1,362	\$3.24	420 / 55%

(1) The carry-over amounts are as of June 30 State Fiscal Year 2020 close-out plus pending fuel dealer refunds

(2) 2021 Heating Season "Blended price" for oil/propane/kerosene including MOR/DOR discounts

(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

No state funds were contributed to LIHEAP prior to FFY2005

* LIHEAP Totals for 2016 - 2021 are total federal block grant awarded during the respective fiscal years less the 15% 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