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Agency of Human Services

Memorandum

To: Jane Kitchel, Chair, Senate Appropriations Committee
From: Ken Schatz, Commissioner, Department for Children and Families (DCF) *KAS*
Subject: DCF FY17 Budget Testimony
Date: March 16, 2016

As requested by the joint memo from House and Senate Appropriations to Secretary Johnson dated 1/14/16, I am writing to provide requested information regarding DCF's budget, performance accountability, and the impact of the proposed budget on Vermonters.

This memo covers activities in all of the Department's programmatic divisions which include:

- Child Development Division (CDD);
- Economic Services Division (ESD);
- Family Services Division (FSD);
- Office of Child Support (OCS);
- Office of Disability Determination Services (DDS); and
- Office of Economic Opportunity (OEO).

I have appreciated the support from the administration and legislature addressing the urgent workload pressures in FSD that support child and staff safety. I feel confident the Department is moving towards increasing our ability to measure and support programs that improve Vermonter outcomes.

Please feel free to contact me if you have any clarifying questions or require additional information.



A. Summary of RBA Questions

The Department's programs and services are guided by the Results Based Accountability (RBA) framework which asks 1) *How much did we do?* 2) *How well did we do it?* and 3) *Is anyone better off?* Outcome data within the RBA framework is prepared annually for major programs within all DCF divisions through the *Outcomes for Vermonters* publication. Highlights are included below; full details for additional programs and services are available in the 2016 Outcomes book (<http://dcf.vermont.gov/sites/dcf/files/DCF/budget/DCF-Outcomes.pdf>).

1. How much did we do?

- CDD: The Child Care Financial Assistance Program helped 14,301 children access early care and education and afterschool programs in FY2015.
- ESD: In FY2015, the General Assistance (GA) Housing Assistance program served 2,699 households and provided 58,227 days of housing.
- FSD: In FY2015, FSD received a record 19,434 reports of suspected child abuse and neglect. In FFY2015, there were a record 1,370 children in DCF custody.
- OCS: In calendar year 2015, the Office of Child Support processed 18,079 cases.
- DDS: In FFY2015, Disability Determination staff processed 2,284 Continuing Disability Review cases up from 511 in FFY2006.
- OEO: In FY2015, Emergency Solutions Grant funds supported 4,303 individuals in homeless shelters including 3,446 adults and 857 children and weatherized 1,123 households.

2. How well did we do it?

- CDD: In FY2015, the Licensing Division visited 91% of licensed child care programs up from 89% in FY2014.
- CDD: In FY2015, the percentage of licensed child care programs participating in the STep Ahead Recognition System (STARS) increased to 668 from 444 in FY2014; 64% of all licensed programs were at the 3, 4, or 5 STARS level, indicating high quality.
- ESD: For the first three quarters of FFY2015, the 3SquaresVT program reduced its payment error rate from a high of 9.66% in FFY2013 to 1.25%; one of the lowest rates in the country.
- FSD: In FFY2015, Social workers conducted face-to-face visits with 85% of children in DCF custody; a decrease from 90% the previous year, reflecting ongoing workload challenges for social workers.
- OCS: In FFY2015, Vermont's Office of Child Support ranked in the top 10 nationally for federal performance measures for establishing parentage, establishing child support orders, collecting support, recovering arrears payments, and cost efficiency.
- DDS: In FFY2015, Vermont's initial case accuracy rate of 97.3% was the fourth highest in the country and 1.8% above the national average.



- OEO: In FY2015, the Weatherization Assistance Program implemented a one-touch referral initiative to connect all weatherization clients to other applicable health, housing, and energy programs.

3. Is anyone better off?

- CDD: 52.3% of children receiving Child Care Financial Assistance were in high quality programs, leading to improved early learning and school readiness.
- ESD: Since the Vermont Rental Subsidy Program started in December 2011; 242 households have moved off the program because they secured long-term vouchers, increased their earnings, or found alternative housing options.
- ESD: With new legislation that came into effect on 7/1/2015, families receiving Reach Ahead benefits now receive an extended child care subsidy, cash benefits to purchase food and supports to help them maintain a job for 24 months.
- FSD: In FFY2015, 93% of children in DCF custody who exited care achieved permanency through relative custody, guardianship, adoption, or reunification.
- OCS: In FFY2015, the Office of Child Support collected \$52,110,718 in child support payments which provides a key economic support to families. Parents who pay child support are also more likely to support their children in other ways.
- DDS: In FFY2015, Vermont's initial claim allowance rate (percentage of determinations with a finding of disabled) was 43.3%; this is 10.4% higher than the national average. When coupled with high accuracy rates, high allowance rates mean the office is providing high quality services to Vermonters with disabilities.
- OEO: 83% of the families enrolled in Family Supportive Housing were in permanent housing as of 6/30/2015.

B. Longitudinal Data – Caseload Trends

Longitudinal caseload data is available for key DCF programs in the *Outcomes for Vermonters* publication (<http://dcf.vermont.gov/sites/dcf/files/DCF/budget/DCF-Outcomes.pdf>). Caseload trends are provided for Child Care Financial Assistance, GA Temporary Housing, 3SquaresVT, children in DCF custody, disability determinations, child support enforcement, and emergency shelter. Please let us know if there are other priority programs or services that you would like additional information on.

C. Vantage Budget System Reports

The requested reports are available on the JFO website at this link:

http://www.leg.state.vt.us/jfo/appropriations/fy_2017/Department%20Budgets/Children%20and%20Families%20-%20Vantage%20Reports.pdf



D. Update on Significant Changes in Crosswalk Spreadsheet (Ups/Downs)

The narrative below details significant changes between DCF's FY2016 and the FY2017 appropriation request including information regarding the base budget for programs. This funding request would increase the Department budget by \$7.1 million; \$4.2 million of this figure is state General Fund (GF). We have also experienced a reduction of \$2.5 million in Global Commitment (GC) dollars driven by the shift in health care eligibility, operations, and long term care to the Department of Vermont Health Access (DVHA). Please let us know if you have any additional questions about these items.

Administration & Support Services

- As briefly described above, DCF has shifted supervision of health care eligibility (Health Access Eligibility Unit – HAEU), operations, and long term care to DVHA. The FY2016 BAA request continued funding for 65 limited service staff supporting Vermont Health Connect. The current FY2017 request extends that funding for 12 limited service staff, and shifts 108 positions over to DVHA. This change is AHS net neutral and achieves a key recommendation of the AHS Secretary's 2014 report on strengthening DCF's response to child safety.
- ESD was awarded a three-year \$8.9 million federal *Jobs for Independence* grant to improve employment outcomes for individuals receiving 3SquaresVT benefits. We are requesting spending authority for this funding for FY2017.
- The shift of \$1.3 million in GC funding to GF is tied to the change in eligibility work that was previously done at the district level.
- Due to shifting priorities within the Division of Vocational Rehabilitation (VR), case management services for Reach Up participants will no longer be provided by VR staff. These positions will be transferred back to DCF.
- ESD had previously provided education and training supports to Reach Up participants through the federal Supplementation Nutrition Assistance Program (SNAP)/state 3SquaresVT program. Due to a cap on the amount of SNAP funds that may be used for this purpose, we are creating a standalone program in FY2017 to meet federal guidelines. This will cost approximately \$800,000.

Family Services Division

- FSD is facing significant challenges that have implications for child safety, workload, and staff safety. The FY2016 BAA request introduced a comprehensive package of supports to address these challenges. The FY2017 budget proposal is an annualization of the earlier request.
- See attached ***Governor's Recommended Child Protection Package***
- Staffing requests in the earlier proposal included the following 35 positions: 8 social workers, 6 in centralized intake and 2 in residential licensing; 20 district social workers and 1 district supervisor; 3 administrative assistants – 1 in residential licensing, 1 in centralized intake, and 1 district admin asst; 1 child benefits specialist; and 2 resource coordinators for foster parent recruitment and retention in districts.
- The FY2016 BAA request also expanded the use of substance abuse screeners from 6 districts to all 12 districts. The total cost of this program is \$908,000.



- Increases of \$1.9 million in grants will support the record-high caseload of children in custody through child and family support services; foster care respite and support; subsidized adoption payments; supervised visitation services; and transportation for children in care. The base budget for these services is \$25 million.
- DCF plans to reduce its reliance on residential settings for kids in custody because research has shown that outcomes for children are better in family-based settings. This approach is consistent with the AHS Strategic Plan: <http://humanservices.vermont.gov/strategic-plan/one-agency-strategic-plan-january-2016-january-2019/view>
- Currently, our rate of residential placement is 21%. Between 5 and 10% is considered best practice. Experiences in other states have indicated that kids in stable family-based placements in their communities can be served more effectively and at a lower cost. Beyond our internal work we are also working closely with an AHS Turn the Curve Advisory Group, more specifically with DMH, as well as seeking input from our community partners on this initiative.

Some examples of implementation steps include:

- Increase supports upon discharge from residential settings
- Recruit and retain foster parents across the state (includes growing therapeutic foster care)
- Expand the use of mobile crisis services
- Use restorative justice to inform decision-making/policy change, as a strategy to prevent residential placement and to support successful discharge for youth

We currently spend approximately \$20 million (including both Global Commitment and General Fund) on residential placements. We believe it reasonable that, with implementation of this initiative, we can save \$675K in General Fund.

Child Development Division

- There has been an increase in demand and program expenses for the IDEA Part C program which provides developmental services to children 0-3 years under the Individuals with Disabilities Education Act. Budget pressures are due to changes in interagency agreements with the Agency of Education that have made CDD responsible for assessment costs and the influx of young children involved with FSD which must be referred to this service by federal law. We are requesting a \$359,760 increase on a base budget of \$81 million.
- Child Care Financial Assistance Program (CCFAP): Consistent with budget guidelines, we haven't requested an increase in CCFAP. There are several factors to consider when examining the budget and utilization of the child care subsidies.
- There are more children in high-quality child care. The trend has flattened somewhat regarding higher quality centers being more expensive because the larger centers have already been certified. Now that the smaller centers are moving in that direction, it is not as costly.
- We are serving fewer working families which is consistent with the caseload drops in our Reach Up and 3 Squares caseloads.
- While we have seen an increase in the number of children in DCF custody, we hope that we're hitting the top of that curve.

In the FY16 budget, CCFAP was level-funded for the first time and we seem to be managing to that budget. We continue to closely track this; if there is an additional need, we are prepared to address it in the FY17 Budget Adjustment Act.



As there are a variety of issues related to child care access, we look forward to the recommendations from the Blue Ribbon Commission in the fall.

Office of Child Support

- No major changes.

Aid to Aged, Blind, and Disabled

- There has been a slight increase in the Essential Person caseload. This program contributes to the cost of having someone live with in the home with older Vermonters or individuals with disabilities to provide essential care. The \$150,330 increase is requested on top of the \$13.4 million base budget.

General Assistance

- The original request in the FY17 budget for the GA Emergency Housing Program was for an additional \$2M above the base budget of \$2.3M in FY16. We are reducing our request to \$1M above the FY16 base amount due to the projected savings we anticipate through the support of housing and homelessness service providers in creating community-based motel alternatives. Already in FY16 these alternatives to motels have helped achieve savings and are a more effective service delivery model for addressing homelessness. See the recent legislative report: <http://legislature.vermont.gov/assets/Legislative-Reports/2016.03.15-GA-H.611-Report.pdf>
- If approved, the total budget for this program would be \$3.3 million in FY2017.

3SquaresVT

- 3SquaresVT is a fully federally-funded program. Federal funds shown on the crosswalk are used to pay for cash-out beneficiaries (i.e. the elderly and disabled). The federal funds used to pay for EBT benefits are paid to our EBT vendor directly by our federal partners and therefore do not appear in the DCF budget.
- As submitted in the FY2016 BAA request, there has been an increase in the overall 3SquaresVT cash-out beneficiaries caseload from 15,470 to 16,682 in FY2017. The \$2,167,056 increase is in addition to the \$28.2 million base budget.
- Concurrently, there has been a reduction in the cost per case due to these program participants drawing down lower benefits from receiving more earned income in the improving economy. We anticipate this will result in \$556,920 in savings.

Reach Up

- We expect almost \$4.4 million in savings due to continued declines in the Reach Up caseload resulting in a total program budget of \$37.2 million in FY2017.
- Caseload decrease is due in part to: investments in workforce development/training; the improving economy; and the 60-month time limit. Please see the attached **caseload report provided by Black-Plumeau Consulting** for additional details.
- As noted above, case management services for Reach Up participants will no longer be provided by VR staff.
- We are planning to provide more information regarding the expansion of countable work activities used by Reach Up participants to fulfill their work requirements.



LIHEAP

- The budget proposal doesn't request any addition funding beyond the federal LIHEAP allocation.
- We plan to exchange LIHEAP and Weatherization funds to cover administrative costs, however, a recent audit of the program identified a problem with our estimate of the seasonal and crisis benefit for fuel assistance families between 150 – 200 percent of the FPL. Please see the attached memo originally sent to the **House Appropriations Committee on 3/9/16** that provides a detailed description of this plan.
- Consequently, we need to substantially reduce LIHEAP assistance for households between 150 – 200 percent of the FPL.

Office of Economic Opportunity

- We propose to expand the successful Family Supportive Housing program by drawing down Medicaid funding to match the \$200,000 GF spending in previous years. This change is based on recent guidance from the Centers for Medicare and Medicaid Services. We also plan to add a support position to coordinate this program, repurposed from existing grant funds.
- See link to Annual Report: <http://dcf.vermont.gov/sites/dcf/files/OEO/Docs/FSH-July2014-June2015.pdf>

Weatherization Assistance

- We expect a significant reduction in revenue generated by the Fuel Gross Receipts tax; the primary funding source for Weatherization. Please reference the attached memo outlining the proposed transfer and swap of LIHEAP and Weatherization funds. This would allow Weatherization to remain whole by retaining more funds from LIHEAP than it would transfer back.

Woodside

- No significant changes.

Disability Determination Services

- No significant changes.

E. Federal Funding Changes

DCF does not have any sources of federal funding that are likely to be reduced or eliminated in FY2017, nor has there been a significant change in federal funding.

In addition, the following major initiatives are funded with federal grants:

- **Early Learning Challenge Grant:** The Early Learning Challenge grant is a four-year, \$36.9 million grant to help build a statewide, high-quality, accessible early childhood system so all young children will be ready to succeed in kindergarten and beyond. A detailed sustainability plan has been identified for each program funded by this grant. For most initiatives, grant funds were used to support independent evaluations of longstanding early childhood programs and to build-in ongoing evaluations for most new grant projects. This information will be used to support informed decision making about how to re-allocate resources to maximize outcomes. In this way, grant-funded programs that are effective will be sustained.



- Jobs for Independence: As noted on page 4, this is a three year, \$8.9 million grant to increase employment within the population of 3SquaresVT recipients. While this is a federal grant, it is set up as a research project with an intervention and control group and will end after three years. After the grant period ends, we anticipate that these activities will continue if the project proves them to be effective.

F. Impact of Changes in Funding on Vermonters

The following budget changes will have a direct impact on Vermonters. As described above, the proposed FY2017 increases to FSD staffing and operational costs are directly tied to providing appropriate care for the increased number of children coming into state custody, largely as a result of the opiate crisis. We have seen a significant increase in the number of individuals and families needing emergency housing (including DV victims) over the past several years. By investing in alternatives to motel vouchers, we will provide better services for those individuals and families and connect them to programs/services enabling them to obtain stable housing. This will also help manage to the program's budget.

G. Position Changes and Vacancy Savings

Please see above regarding the additional positions in FSD. Like every other Department in state government, the retirement incentive eliminated a significant number of positions in the Department. With the support of the administration, this did not affect FSD. Our other divisions are doing the best they can to continue providing essential services to Vermonters despite the loss of these positions.

H. Grants

A summary of DCF grants is available in the Vantage System reports submitted with the Department's budget documentation.

I. Carry Forward Funds

DCF did not have any GF carryforward in FY2015 and does not anticipate having any in FY2016.



FY 2017 Governor's Recommended Child Protection Package

| Department for Children and Families | GF | FF | GC | Total | Total State |
|---|------------------|------------------|------------------|------------------|------------------|
| Family Services | | | | | |
| 35 new positions beginning April & May 2016 | 1,713,962 | 282,099 | 895,072 | 2,891,133 | 2,122,831 |
| Case Review Staff (contracted) - custody case plan is reviewed no less than every 6 months. | 14,809 | 14,809 | | 29,618 | 14,809 |
| Child & Family Support, Subsidized Adoption, Sub-care caseload, insurance premium increase for Foster Parents | 597,529 | 479,078 | 2,957,661 | 4,034,268 | 1,948,589 |
| Foster Parent Respite and Support. | 193,110 | 12,382 | 100 | 205,592 | 193,156 |
| Lund Contracted Substance Abuse Screeners (6 additional substance abuse screeners. | 449,500 | | | 449,500 | 449,500 |
| Supervised Visits | 44,492 | 908 | | 45,400 | 44,492 |
| Transportation cost increase due to caseload increase | 871,826 | 404,932 | 6,094 | 1,282,852 | 874,610 |
| Total DCF | 3,885,228 | 1,194,208 | 3,858,927 | 8,938,363 | 5,647,986 |
| States Attorneys | | | | | |
| 3.3 new FTE's Attorneys | 253,800 | - | - | 253,800 | 253,800 |
| Defender General | | | | | |
| 2 new Attorneys and 4 Contracts Attorneys | 500,000 | - | - | 500,000 | 500,000 |
| Judiciary | | | | | |
| New Judge | 193,891 | - | - | 193,891 | 193,891 |
| Total FY 2017 Gov. Rec. Child Protection Package | 4,832,919 | 1,194,208 | 3,858,927 | 9,886,054 | 6,595,677 |

FY 17 01/06/2016

Black-Plumeau Consulting, LLC
PUBLIC POLICY RESEARCH & ANALYSIS

January 31, 2016

Ms. Karolyn White
Vermont Department for Children and Families
103 South Main Street
Waterbury, VT 05676-1201

***Subject:* Updated Forecast of Reach Up and Reach Ahead Caseloads**

Dear Karolyn:

Based on an updated analysis of Reach Up and Reach Ahead entries and exits, the Reach Up caseload is expected to continue declining through SFY 2018. We forecast a caseload averaging approximately 4,448 cases in SFY 2016, 3,996 in SFY 2017 and 3,661 in SFY 2018. With substantial program changes implemented just in July 2015, the Reach Ahead program's future caseload is difficult to project at this point. However, based on our best assumptions about the portion of Reach Up cases that will become eligible for Reach Ahead each month and how long cases will remain in the program, we expect the Reach Ahead caseload to average 542 in SFY 2016, 588 in SFY 2017 and 517 in SFY 2018.

This forecast is based on an average, seasonally-adjusted unemployment rate of 3.4% for 2016 and 3.3% for 2017 and 3.2% for 2018—projections prepared by Vermont economist Tom Kavet in January 2016. This forecast assumes that neither the Reach Up or Reach Ahead programs will undergo future policy changes that alter the rate at which cases enter and exit the caseload.

The Reach Up caseload forecast is based on caseload data from July 1984 through December 2015 and on historical unemployment rate estimates from the Vermont Department of Labor. These data are input to a model that consists of a series of statistical analyses. The analyses predict future caseloads based on the historical effect of Vermont unemployment rates and seasonality on monthly rates of entry to and exit from the state's Reach Up caseload.

Please do not hesitate to contact me or Rob McIntyre who led this analysis with any questions about this letter or related issues.

Sincerely,



Leslie Black-Plumeau

Cc: Robert McIntyre

| Month | Reach Up | | | | Reach Ahead | |
|----------|----------|-------|----------------|-------|-------------|----------|
| | Actual | Point | Forecast Range | | Actual | Forecast |
| | | | Lower | Upper | | |
| 1-Jul-15 | 4,683 | | | | 462 | |
| 1-Aug-15 | 4,638 | 4,638 | | | 480 | 480 |
| 1-Sep-15 | 4,539 | | | | 496 | |
| 1-Oct-15 | 4,488 | 4,488 | | | 528 | 528 |
| 1-Nov-15 | 4,454 | | | | 558 | |
| 1-Dec-15 | 4,430 | 4,430 | | | 538 | 538 |
| 1-Jan-16 | | 4,399 | 4,288 | 4,478 | | 551 |
| 1-Feb-16 | | 4,407 | 4,257 | 4,451 | | 557 |
| 1-Mar-16 | | 4,395 | 4,260 | 4,460 | | 570 |
| 1-Apr-16 | | 4,353 | 4,246 | 4,451 | | 580 |
| 1-May-16 | | 4,322 | 4,202 | 4,412 | | 584 |
| 1-Jun-16 | | 4,274 | 4,170 | 4,385 | | 602 |
| 1-Jul-16 | | 4,194 | 4,122 | 4,340 | | 605 |
| 1-Aug-16 | | 4,143 | 4,046 | 4,265 | | 606 |
| 1-Sep-16 | | 4,092 | 3,996 | 4,218 | | 609 |
| 1-Oct-16 | | 4,031 | 3,945 | 4,170 | | 601 |
| 1-Nov-16 | | 3,974 | 3,886 | 4,114 | | 590 |
| 1-Dec-16 | | 3,961 | 3,830 | 4,060 | | 585 |
| 1-Jan-17 | | 3,933 | 3,808 | 4,056 | | 584 |
| 1-Feb-17 | | 3,965 | 3,778 | 4,030 | | 584 |
| 1-Mar-17 | | 3,965 | 3,803 | 4,062 | | 584 |
| 1-Apr-17 | | 3,924 | 3,799 | 4,064 | | 578 |
| 1-May-17 | | 3,903 | 3,758 | 4,027 | | 570 |
| 1-Jun-17 | | 3,867 | 3,736 | 4,010 | | 562 |
| 1-Jul-17 | | 3,800 | 3,699 | 3,978 | | 555 |
| 1-Aug-17 | | 3,770 | 3,635 | 3,916 | | 547 |
| 1-Sep-17 | | 3,722 | 3,605 | 3,890 | | 540 |
| 1-Oct-17 | | 3,672 | 3,557 | 3,845 | | 530 |
| 1-Nov-17 | | 3,636 | 3,510 | 3,800 | | 521 |
| 1-Dec-17 | | 3,625 | 3,473 | 3,767 | | 515 |
| 1-Jan-18 | | 3,607 | 3,453 | 3,763 | | 509 |
| 1-Feb-18 | | 3,644 | 3,432 | 3,747 | | 505 |
| 1-Mar-18 | | 3,651 | 3,462 | 3,785 | | 501 |
| 1-Apr-18 | | 3,616 | 3,463 | 3,793 | | 497 |
| 1-May-18 | | 3,611 | 3,428 | 3,762 | | 494 |
| 1-Jun-18 | | 3,572 | 3,419 | 3,759 | | 491 |
| SFY 2016 | | 4,448 | 4,237 | 4,440 | | 542 |
| SFY 2017 | | 3,996 | 3,876 | 4,118 | | 588 |
| SFY 2018 | | 3,661 | 3,511 | 3,817 | | 517 |

Memorandum

To: Representative Mitzi Johnson, House Appropriations
From: Ken Schatz and Hal Cohen *KAS*
Re: Declining Revenue for Low Income Home Weatherization Program (LIHEAP); SFY16 & SFY17 LIHEAP/Weatherization Transfers
Date: March 9, 2016

Due to low fuel prices, the Weatherization Assistance Program (WAP) is under-funded in FY 2016 and the problem will likely reoccur in FY 2017. In addition, the cost of LIHEAP program benefits for recipients over 150 percent of the Federal Poverty Line (FPL) were underestimated. We believe that this can be resolved for FY16 while keeping both programs whole; however in FY17, we anticipate needing to reduce the LIHEAP Program.

Background for FY16

Weatherization Assistance Issue & Proposed Solution:

- WAP is primarily funded from revenue generated by the Fuel Gross Receipts Tax. With reduced fuel prices, it is now projected that the fund will be under-resourced by as much as \$1.03M. (see attachment)
- With the LIHEAP program, families/individuals who are at or below 150 percent of the FPL are funded through the federal block grant. The FY16 budget bill limited the program's benefit to the prior year's buying power. With the drop in fuel prices, we anticipate a \$3.34M surplus in federal funds after benefits are dispersed to all eligible households. (see attachment)
- The Secretary of Administration is authorized to transfer up to 15 percent (up to \$2.8M) of the federal LIHEAP block grant to WAP, although we need a federally approved amendment to the LIHEAP State Plan to do so.
- We propose transferring up to \$1.1M of LIHEAP block grant funds to WAP to cover FY16 costs.

LIHEAP Issue & Proposed Solution:

- For those families/individuals who are between 150 – 200 percent of the FPL, the 2012 legislature determined that although these families do not qualify for federal block grant funds, their benefit would continue by using state general fund dollars. This year, \$5.0M of budget surplus was appropriated to the program, of which \$3.4M was used for the program.
- A recent audit of the program identified a problem with our estimate of the seasonal and crisis benefit for fuel assistance families between 150 – 200 percent of the FPL. At this time, we now project that this gap will fall between \$1.4M and \$1.7M.





- We believe that the gap can be addressed by a two-way transfer between Weatherization state dollars and LIHEAP in the amount of \$1.7M which represents the remaining total funds from the federal block grant that can be transferred to Weatherization.
- This proposed solution is pending an approved amendment to our Block Grant State Plan by the Feds.

Proposed Funding Summary for FY16

\$2.8M LIHEAP federal funds (maximum allowed) → Weatherization Assistance Program

\$1.7M Weatherization state funds → LIHEAP Fuel Assistance Program

Net gain for Weatherization = \$1.1M

Background for FY17

We anticipate the same problems for both programs in FY17 and propose the same solution as outlined above: the one way transfer to WAP will be needed in FY17 of approximately \$1.1M and the two-way transfer of the remaining \$1.7M of the block grant. However, in the FY17 budget, there is no GF appropriation for LIHEAP. Thus, the remaining \$1.7 state funds transferred will be needed to cover program administration costs beyond the 10 percent allowed by the federal block grant. As a result, while we will be able to keep the Weatherization Assistance Program whole in FY17, we will need to substantially reduce LIHEAP assistance for households between 150 – 200 percent of the FPL.

Please note that this memo assumes that the LIHEAP federal block grant will be funded at or near the same level next year.

Next Steps

In addition to making policy makers, program providers and other stakeholders aware of this issue, we will need to take the multiple steps necessary to change the state plan to allow the transfer (which includes working with our federal partners and a period for public comment).

We are happy to meet with you to discuss this further and address any questions you may have.



LIHEAP Funding & Benefit Stats Compilation

21-Dec-15

R. Moffi ~ DCF/ESD/Fuel&Utility

| SFY | LIHEAP Total | LIHEAP Carry-Over (1) | State Funds | TOTAL FUNDS | Fuel Liability Households | Full Season Fuel Liability Avg. Benefit All Fuel Types | Nov-Apr Avg cost petro/gal (2) & (2A) | Purchase Power Gallons / %age (3) | SFY |
|---|--------------|-----------------------|-------------|------------------|---------------------------|--|---------------------------------------|-----------------------------------|------|
| 2016 | \$18,900,000 | \$2,515,000 | \$3,357,500 | \$24,772,500 | <u>24,700</u> | \$663 | <u>\$2.41</u> | <u>274 / 36%</u> | 2016 |
| Note: Numbers in <i>Italics & Underlined</i> are estimated. | | | | | | | | | |
| 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 FY2009 to 2013 and MOR/DOR plan from SFY2014 forward
- (2A) SFY2015 price includes MOR & DOR pricing agreements that provided an average savings of 19 cents per gallon off retail
- (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

Note: Approximate conversion of funds into increase or decrease average full-season full-fuel-liability benefit

| | | | | | | |
|--------------------|-----------|---|-----------------|---------------|---|-----------------|
| For FFY2016 | \$50,000 | = | \$3 additional | \$100,000 | = | \$5 additional |
| | \$500,000 | = | \$23 additional | \$1.0 Million | = | \$45 additional |

DEPARTMENT FOR CHILDREN AND FAMILIES
Weatherization Fund (21235)
Fuel Gross Receipts Tax
SUMMARY OF CASH RECEIPTS
Thru January 2016

Weatherization Fund 21235
Fuel Gross Receipts Tax

| | STATE FISCAL YEAR | | | | | | | | | STATE FISCAL YEAR | | | | | | | | |
|--------------|-------------------|---------------|----------|------------------|---------------|----------|------------------|---------------|----------|-------------------|---------------|----------|------------------|---------------|----------|------------------|---------------|----------|
| | 2005 | 05 Cumulative | % change | 2006 | 06 Cumulative | % change | 2007 | 07 Cumulative | % change | 2008 | 08 Cumulative | % change | 2009 | 09 Cumulative | % change | 2010 | 10 Cumulative | % change |
| JULY | 1,109,738 | 1,109,738 | - | 1,335,340 | 1,335,340 | 20.33% | 1,271,579 | 1,109,738 | -16.89% | 1,549,277 | 1,549,277 | 39.61% | 1,631,718 | 1,631,718 | 5.32% | 1,401,309 | 1,401,309 | -14.12% |
| AUGUST | 11,659 | 1,121,397 | - | 21,944 | 1,357,284 | 21.04% | 238,164 | 1,509,743 | 11.23% | 382,030 | 1,931,307 | 27.92% | 12,737 | 1,644,455 | -14.85% | 50,321 | 1,451,629 | -11.73% |
| SEPT | 17,517 | 1,138,915 | - | (100,507) | 1,256,776 | 10.35% | (143,919) | 1,365,824 | 8.68% | (476,126) | 1,455,181 | 6.54% | (97,710) | 1,546,744 | 6.29% | 186,198 | 1,637,828 | 5.89% |
| OCT | 1,137,797 | 2,276,711 | - | 1,196,619 | 2,453,396 | 7.76% | 1,268,611 | 2,634,435 | 7.38% | 1,289,773 | 2,744,954 | 4.20% | 1,423,680 | 2,970,424 | 8.21% | 1,205,904 | 2,843,732 | -4.27% |
| NOV | 26,862 | 2,303,573 | - | 27,794 | 2,481,190 | 7.71% | 42,488 | 2,676,924 | 7.89% | 4,288 | 2,749,242 | 2.70% | 4,826 | 2,975,250 | 8.22% | 948 | 2,844,680 | -4.39% |
| DEC | 4,992 | 2,308,565 | - | (87,459) | 2,393,731 | 3.69% | (38,209) | 2,638,715 | 10.23% | 2,061 | 2,751,303 | 4.27% | (68,459) | 2,906,791 | 5.65% | (95,971) | 2,748,709 | -5.44% |
| JAN | 1,772,980 | 4,081,544 | - | 2,004,976 | 4,398,707 | 7.77% | 1,996,677 | 4,635,392 | 5.38% | 2,146,652 | 4,897,956 | 5.66% | 2,170,152 | 5,076,943 | 3.65% | 1,897,202 | 4,645,911 | -8.49% |
| FEB | 17,690 | 4,099,235 | - | 38,109 | 4,436,816 | 8.24% | 56,490 | 4,691,882 | 5.75% | 27,154 | 4,925,109 | 4.97% | (183,225) | 4,893,717 | -0.64% | (236,289) | 4,409,622 | -9.89% |
| MARCH | (389,373) | 3,709,862 | - | (222,394) | 4,214,422 | 13.60% | (156,196) | 4,535,686 | 7.62% | (223,180) | 4,701,929 | 3.67% | 9,901 | 4,903,619 | 4.29% | 295 | 4,409,917 | -10.07% |
| APRIL | 2,441,082 | 6,150,944 | - | 2,147,975 | 6,362,396 | 3.44% | 2,651,140 | 7,186,826 | 12.96% | 2,941,297 | 7,643,226 | 6.35% | 2,871,980 | 7,775,598 | 1.73% | 2,586,992 | 6,996,909 | -10.01% |
| MAY | 155,776 | 6,306,722 | - | 124,337 | 6,486,733 | 2.85% | 40,668 | 7,227,494 | 11.42% | 128,875 | 7,772,101 | 7.54% | (227,191) | 7,548,408 | -2.88% | (264,590) | 6,732,319 | -10.81% |
| JUNE | (278,397) | 6,028,325 | - | (288,558) | 6,198,176 | 2.82% | (369,751) | 6,857,743 | 10.64% | (392,075) | 7,380,026 | 7.62% | 5,325 | 7,553,733 | 2.35% | 30,033 | 6,762,352 | -10.48% |
| TOTAL | 6,028,325 | | | 6,198,176 | | | 6,857,743 | | | 7,380,026 | | | 7,553,733 | | | 6,762,352 | | |
| | | | | 2.82% | | | 10.64% | | | 7.62% | | | 2.35% | | | -10.48% | | |

| | STATE FISCAL YEAR | | | | | | | | | Projected | | | | | | | | |
|--------------|-------------------|---------------|----------|------------------|---------------|----------|------------------|---------------|----------|------------------|---------------|----------|------------------|---------------|----------|------------------|---------------|----------|
| | 2011 | 11 Cumulative | % change | 2012 | 12 Cumulative | % change | 2013 | 13 Cumulative | % change | 2014 | 14 Cumulative | % change | 2015 | 15 Cumulative | % change | 2016 | 16 Cumulative | % change |
| JULY | 2,299,727 | 2,299,727 | 64.11% | 1,777,361 | 1,777,361 | -22.71% | 1,746,823 | 1,746,823 | -1.72% | 1,831,271 | 1,831,271 | 4.83% | 1,810,350 | 1,810,350 | -1.14% | 1,110,747 | 1,110,747 | -38.64% |
| AUGUST | - | 2,299,727 | 58.42% | 21,848 | 1,799,209 | -21.76% | 51,308 | 1,798,131 | -0.06% | 38,431 | 1,869,702 | 3.98% | (173,700) | 1,636,650 | -12.46% | 500,844 | 1,611,591 | -1.53% |
| SEPT | 498,913 | 2,798,640 | 70.88% | 4,945 | 1,804,154 | -35.53% | (160,754) | 1,637,377 | -9.24% | (665,794) | 1,203,907 | -26.47% | 6,148 | 1,642,799 | 36.46% | 15,895 | 1,627,486 | -0.93% |
| OCT | 116,776 | 2,915,416 | 2.52% | 1,614,143 | 3,418,297 | 17.25% | 1,586,131 | 3,223,508 | -5.70% | 1,607,290 | 2,811,197 | -12.79% | 1,657,284 | 3,300,083 | 17.39% | 1,561,171 | 3,188,657 | -3.38% |
| NOV | 569 | 2,915,986 | 2.51% | (385,200) | 3,033,097 | 4.02% | (143,697) | 3,079,811 | 1.54% | (102,960) | 2,708,237 | -12.06% | (160,444) | 3,139,638 | 15.93% | 9,752 | 3,198,409 | 1.87% |
| DEC | 2,434,713 | 5,350,699 | 94.66% | 11,766 | 3,044,863 | -43.09% | 39 | 3,079,850 | 1.15% | 16,149 | 2,724,386 | -11.54% | 25,246 | 3,164,884 | 16.17% | (157,584) | 3,040,825 | -3.92% |
| JAN | 59,707 | 5,410,406 | 16.46% | 2,399,465 | 5,444,328 | 0.63% | 2,513,763 | 5,593,613 | 2.74% | 2,479,616 | 5,204,002 | -6.97% | 2,426,649 | 5,591,533 | 7.45% | 1,641,257 | 4,682,083 | -16.26% |
| FEB | 20,453 | 5,430,859 | 23.16% | 78,799 | 5,523,126 | 1.70% | 18,630 | 5,612,243 | 1.61% | (307,674) | 4,896,328 | -12.76% | (276,210) | 5,315,323 | 8.56% | (231,285) | 4,450,798 | -16.26% |
| MARCH | 2,596,170 | 8,027,030 | 82.02% | (322,497) | 5,200,630 | -35.21% | (367,535) | 5,244,708 | 0.85% | 16,056 | 4,912,383 | -6.34% | 13,664 | 5,328,987 | 8.48% | 11,442 | 4,462,240 | -16.26% |
| APRIL | (432,457) | 7,594,573 | 8.54% | 3,108,344 | 8,308,973 | 9.41% | 3,127,374 | 8,372,082 | 0.76% | 3,674,927 | 8,587,310 | 2.57% | 3,340,074 | 8,669,062 | 0.95% | 2,796,818 | 7,259,058 | -16.26% |
| MAY | 38,918 | 7,633,491 | 13.39% | 13,554 | 8,322,527 | 9.03% | 129,279 | 8,501,361 | 2.15% | (393,539) | 8,193,771 | -3.62% | (558,190) | 8,110,872 | -1.01% | (467,401) | 6,791,657 | -16.26% |
| JUNE | (410) | 7,633,081 | 12.88% | (485,004) | 7,837,523 | 2.68% | 10,228 | 8,511,589 | 8.60% | 39,946 | 8,233,717 | -3.26% | 73,660 | 8,184,532 | -0.60% | 61,680 | 6,853,337 | -16.26% |
| TOTAL | 7,633,081 | | | 7,837,523 | | | 8,511,589 | | | 8,233,717 | | | 8,184,532 | | | 6,853,337 | | |
| | 12.88% | | | 2.68% | | | 8.60% | | | -3.26% | | | -0.60% | | | -16.26% | | |