



Testimony of
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Before
The Joint Standing Committee on Health and Human Services

Neither For nor Against

LD 1952: An Act Regarding Home Heating Fuel Assistance

Senator Ingwersen, Representative Meyer, and members of the Joint Standing Committee on Health and Human Services, I am Erik Jorgensen Senior Director of Government Relations and Communications at the Maine State Housing Authority (MaineHousing) and I am submitting this testimony neither for nor against **LD 1952: An Act Regarding Home Heating Fuel Assistance**.

MaineHousing has been helping Maine people own, rent, repair, and heat their homes since 1969. We are an independent state authority (not a state agency) created to address the problems of unsafe, unsuitable, overcrowded, and unaffordable housing. We are authorized to issue bonds to finance single family mortgages for first time homebuyers and for affordable multi-family housing.

We are also authorized to administer a number of state and federal programs, including rental subsidies, weatherization, fuel assistance, two housing block grants, the low-income housing tax credit program, and homeless grant programs. We receive state general fund revenue for homeless programs and receive a dedicated portion of the real estate transfer tax for the Housing Opportunities for Maine (HOME) Fund.

LD 1952 creates a new office, moves the federal LIHEAP program from MaineHousing to DHHS, and adds a number of ancillary elements around that program. MaineHousing has administered the LIHEAP program, which is at the core of this legislative proposal, since the early 1990's when the Office of Community Affairs in the Governor's Office transferred it to us when the McKernan administration was working to reduce state payroll. HEAP is currently funded through a \$40,000,000 grant from the Federal DHHS and is delivered at street level by Maine's Community Action Agencies. This grant has not increased in size since before the pandemic, though during the pandemic, there was significant short term supplemental funding provided by both the Federal and State governments. At the same time, more people have been seeking to use the program: participants have increased by around 40% in recent years. Last year (our last complete program year) we received nearly 70,000 applications and served more than 50,000 households with a heating benefit, typically provided as credits to a person's fuel dealer.

Eligibility and benefit levels are set by federal law. Eligibility for the program is aimed at households at or below 60% of state median income, and benefit priority is required to go to the households with the highest heating burden and the lowest income. In addition to providing regular fuel assistance (which a household receives at some point over the course of the year) the program provides emergency fuel fill ups for households in crisis, repairs and replacements for broken or obsolete central heating systems, educates households on financial management around energy costs and it cross-subsidizes federal weatherization programming.

LIHEAP has programmatic connections to several DHHS programs including SNAP (federally driven) and TANF (state driven), and recipients of DHHS support are categorically eligible for fuel assistance. These connections would make a program housed at DHHS attractive, from the perspective of being able to freely share data among these programs, which as something that MaineHousing, which is not part of the government, cannot do directly.

MaineHousing has seven staffers in its Energy and Housing Services department who work on the program directly. They work with 121 staff members at the community action agencies, who deliver the program at the retail level. As this committee knows, federal programs that require income determination are always labor intensive, and, despite having a fully functional online application, application processing can take some time if all necessary documents aren't received, resulting in what is, for some, longer than desired wait times for program benefits.. Around 25% of the program is used for administration and program delivery costs, which includes 10% for administration (MaineHousing takes just 3.5% which does not fully cover our costs) and allows just under 15% for program delivery by the CAA's.

The bill proposes to combine the Federal LIHEAP program with a number of additional state-based elements, including bulk purchasing of fuel by DHHS, with fixed price agreements tied to automatic home heating fuel delivery from an approved list of dealers. We attempted such an effort 15 years ago and found significant opposition from the oil vendors and found it very cumbersome and expensive to administer and monitor. The program is inherently designed to allow customers to choose their own vendor, and the proposed arrangement might well confer a significant advantage on larger dealers at the expense of smaller ones. Think of the program as 50,000 \$500 customers instead of one (the state) \$25 million customer. In addition, many of the provisions, such as a requirement that customers meet credit standards and accept monthly deliveries, may not be practical for a program that is required by law to prioritize households with the lowest incomes. These are the households that often have to make excruciating decisions between purchasing food, paying the rent, buying clothes, or partially filling the oil tank.. These provisions might work for some of these folks, but not for all of them.

We have not had the chance to fully analyze all the details of how the proposed elements of the LD 1952 program would complement or conflict with the federal LIHEAP program but these are some

of our initial reactions. We appreciate the opportunity to appear before the committee. We should add that the Federal LIHEAP program has been proposed for elimination in the President's budget for the coming year. While we do expect that the program will actually be eliminated, we do anticipate that there will be additional changes made to the program going forward, with or without LD 1952.