

MEMORANDUM

To: LIHEAP Unit, Missouri Department of Social Services
Family Support Division

From: Geoff Marke, Chief Economist
Missouri Office of the Public Counsel

Subject: FFY 2021 LIHEAP Draft Model State Plan

Date: August 26th 2020

Brief Background on the Missouri Office of the Public Counsel

The Missouri Office of the Public Counsel (“OPC”) was established in 1975 to represent and protect the interests of the public receiving services from investor-owned utility companies operating as state-sanctioned monopolies for essential services in electric, natural gas, water, wastewater, and/or steam heat services.

The OPC is not itself responsible for determining what public utility companies may charge their customers for utility services, or determining any other aspect of utility service. Those decisions are made by the Missouri Public Service Commission (PSC), a separate state agency. Instead, the OPC possess the authority and duty to appear before the PSC and “represent and protect the interests of the public in any proceeding before or appeal from” the PSC. (Mo. Rev. Stat. § 386.710).

The OPC employs a small team of attorneys and technical experts, who make recommendations and arguments to the PSC on behalf of Missouri’s citizens and businesses. Most cases before the PSC involve issues that are not contested or are resolved through settlement. However, where contested issues do not settle, the OPC litigates cases with expert evidence and argument on behalf of the public. By doing so, the OPC is able to give a voice to “captive” utility customers who have little choice but to continue receiving a utility’s services regardless of the rates charged or quality of service provided.

As the state agency charged with representing the public in matters before the Public Service Commission we consider ourselves an active stakeholder in LIHEAP policy changes particularly when it comes to LIHEAP funding distribution. Our comments today provide two recommendations to that end.

Recommendations to the FFY 2021 LIHEAP Draft Model State Plan

1.) Amend the 2021 LIHEAP State Plan eligibility requirements from 135% to 150%

Raising the LIHEAP eligibility requirement would be in line with the majority of states.

Presently, there are only 8 states that have a lower threshold for LIHEAP eligibility than Missouri (Kansas, Kentucky, Michigan, Nebraska, North Carolina, Oklahoma, Virginia and Washington).¹

Raising the LIHEAP eligibility requirement to 150% would be in line with the original and amended LIHEAP eligibility requirements.

The LIHEAP statute (Section 2605(b)(2)(b) of Public Law 97-35) established 150 percent of the poverty guideline (“FPG”) as a maximum income level allowed in determining LIHEAP eligibility. Effective in 1995, income eligibility criteria for LIHEAP was altered to not be lower than 110% of FPG, with priority given to households with the highest energy costs or needs in relation to income.²

A 150% threshold would better serve the public by theoretically increasing the number of possible applications, thus ensuring the timely spend-down of federal subsidies *and* would still be in line with the LIHEAP stated goal of targeting those families with the highest energy costs or needs in relation to income most in need of service.

Raising the LIHEAP eligibility requirement to 150% is an appropriate response to the uncertainty surrounding the economic recession as a result of the COVID-19 pandemic.

The economic well-being for many households in Missouri are being strained by multiple levels of uncertainty. This includes uncertainty about the spread of COVID-19, gainful employment, and future federal stimulus, amongst other things. As such, the level of household income for many families is “in-flux” and subject to wide ranges of volatility. However, essential utility service is a constant. Even if disconnection moratoriums are put in place, the bills will still be due. A modest increase in the eligibility requirements should provide greater comfort for many households and increase the odds of spending down increased federal funding during this unique period that will require everyone to be more flexible.

If there was ever a time to increase the FPG % to be more in line with the “average” threshold employed by most states, now would appear to be an appropriate time. It is highly unlikely that funding dispersal will be widely out-of-synch with the stated goal of reaching those households with the most need with a modest increase and it will be much more likely that funding will be

¹ US Department of Health and Human Services (2020) Percent of Poverty Guidelines for LIHEAP Components. <https://liheapch.acf.hhs.gov/tables/POP.htm>

² Ibid.

allocated in a timely and efficient matter given the recent history of lower than expected applications.

2.) Consider omitting “Low Income” from LIHEAP outreach efforts

To the extent possible, I would recommend that the Missouri Department of Social Services consider rebranding its outreach efforts as the “Home Energy Assistance Program” as opposed to the “Low Income Home Energy Assistance Program.” This recommendation is based purely on anecdotal feedback from recipients that are “surprised” they qualified for assistance because they did not consider themselves “low income.” This is an unfortunate outcome and has no doubt contributed to funding not reaching many families that would otherwise qualify. A seemingly simple fix to the name of this service should produce a more optimal outcome.