



DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

KODY H. KINSLEY
SECRETARY
MARJORIE C. DONALDSON
CHIEF FINANCIAL OFFICER

July 10, 2024

SENT VIA ELECTRONIC MAIL

The Honorable Joyce Krawiec, Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 308, Legislative Office Building
Raleigh, NC 27603

The Honorable Larry Potts, Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 307B1, Legislative Office Building
Raleigh, NC 27603

Dear Chairmen:

Pursuant to Session Law 2023-134, Section 9M.1.(t) the Department of Health and Human Services (DHHS) submits the attached Low-Income Home Energy Assistance Program (LIHEAP) block grant plan for consultation with the Joint Legislative Oversight Committee on Health and Human Services due to reduced federal funding which necessitates changes to the plan and the amounts appropriated in Session Law 2023-134 for SFY 2024-2025.

Prior consultation is required before implementation of certain activities other than assistance payments within this plan. DHHS appreciates your prompt attention to this matter.

If you have questions or concerns, please contact me by email at Marjorie.Donaldson@dhhs.nc.gov.

Sincerely,

DocuSigned by:


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Marjorie C. Donaldson
Chief Financial Officer

cc: Brian Matteson, Director, Fiscal Research Division
Mark Collins, Fiscal Analyst
Francisco Celis Villagrana, Fiscal Analyst
Jennifer Street, Director, Division of Budget & Analysis
Carla West, Division Director, Human Services- Child Support, Economic Services, Aging, and Operations

Darryl Childers, Assistant State Budget Officer, OSBM
Melissa Roark, Budget Analyst- OSBM

NC DEPARTMENT OF HEALTH AND HUMAN SERVICES

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AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

Low Income Home Energy Assistance Program (LIHEAP)

Goal or Purpose of Block Grant

The purpose of the LIHEAP Block Grant is to provide federally funded benefits to meet immediate energy needs by providing funds to help low income families to cope with cost increases of heating fuel, to provide emergency assistance, and to weatherize homes. The goal is to help families stay warm in the winter and cool in the summer. Energy assistance is especially important if someone in the home is elderly, disabled or a young child under 6 years old. This population is at risk of a life threatening illness or even death if their home is too cold or too hot.

Federal Block Grant Financial Requirements

Up to 10 percent of these funds may be used for State and local planning and administration. Up to 15 percent may be used for low-cost residential weatherization.

Financial Audit Standards Assurance Statement

A state agency that receives state and federal funds and then disburses those funds to a grantee:

- Must notify each grantee, at the time the grant is made, of the purpose of the grant and of the reporting requirements established in N.C.G.S. 143C-6.14 and 09 NCAC 03M.0102-.0802. This notification is to be made annually and in writing. (This is accomplished through the contract process.)
- Is not authorized to disburse funds to grantees that are not in compliance with the reporting requirements for funds received during the prior fiscal year.
- Must also provide each grantee with the accounting forms and other reporting formats that have been prescribed by the Office of the State Auditor (OSA) and/or mandated by legislation. The OSA forms and instructions can be downloaded at <http://www.ncauditor.net/NonProfitSite/forms.aspx>

Projected Federal Block Grant Funds Availability

Block Grant Fund Carry Forward - SFY 23-24

\$ 13,481,187

Federal Funds Available, 4th Qtr FFY 24 (July 2024 - September 2024)

\$ 24,993,232

Federal Funds Available, First 3 Quarters FFY 25 (October 2024 - June 2025)

\$ 74,979,695

Additional Funds to be Transferred in from other Block Grants

\$ 113,454,114

Total Projected Block Grant Funds Available SFY 24-25

Historical and Proposed Use of Funding

Funded Services/Activities	Description of Service/Activity	Agency Recipients of Funding	Administrating Division	SFY 22-23 Expenditures	SFY 23-24 Appropriated	SFY 24-25 Appropriated Per SL 2023-134	Year-end Projected Expenditures SFY 23-24	Remaining Balance Projected for SFY 23-24	Requested SFY 24-25	Difference SFY 24-25	Explanation of Changes from SFY 24-25 Appropriated Allocations
Local Services Funding											
Low-Income Energy Assistance Program (LIHEAP)	LIHEAP is a one-time vendor payment to help eligible households pay heating bills. The amount of the benefit is dependent on household size and income. Applications are taken December 1st through March 31st of every year through county departments of social services; however, priority in eligibility is given to households containing an elderly person age 60 and above or a disabled person receiving services through the Division of Aging and Adult Services (DAAS) from December 1st through January 1st or until funds are exhausted. Disabled persons are defined as receiving SSI, SSA, or VA disability. Net income must be at or below 130% of the Federal Poverty Level.	County DSSs	DSS	\$ 48,903,413	\$ 67,836,069	\$ 67,836,069	\$ 50,000,000	\$ 17,836,069	\$ 48,840,163	\$ (18,995,906)	Amount adjusted to reflect reduction in funding to pre-Covid levels.
Crisis Intervention Program (CIP)	The Crisis Intervention Program (CIP) is a Federally-funded program that provides assistance to eligible households that are in a heating or cooling related emergency. The goal of the CIP program is to help families stay warm in the winter and cool in the summer. By doing so, this reduces the risk of health and safety problems such as illness, fire, or eviction.	County DSSs	DSS	\$ 32,987,217	\$ 45,214,330	\$ 45,214,330	\$ 31,990,000	\$ 13,224,330	\$ 38,699,719	\$ (6,514,611)	
Local Administration Funding											
County DSS Administration	County Administration of LIHEAP Services	County DSSs	DSS	\$ 6,489,451	\$ 8,789,246	\$ 8,789,246	\$ 8,789,246	\$ -	\$ 6,989,469	\$ (1,799,777)	
DHHS Services Support Funding											
NCFAST Development	These costs are for Project 3 of NCFAST which will allow counties to do integrated case management, eliminating the dependence on the current Legacy System.	DHHS-ITD-NC Fast	Central (ITD)	\$ 548,992	\$ 627,869	\$ 627,869	\$ 627,869	\$ -	\$ 627,869	\$ -	
NCFAST O&M	This item is for the ongoing costs for the Operations and Maintenance of NCFAST cost allocated to LIHEAP grant funds.	DHHS-ITD-NC Fast	Central (ITD)	\$ 1,090,891	\$ 1,330,323	\$ 1,330,323	\$ 1,330,323	\$ -	\$ 1,830,000	\$ 499,677	Funding increased as a result of federal review - requiring system modification to report PI
DHHS Administration Funding											
Division of Social Services	DSS Administration of LIHEAP Services	DHHS DSS	DSS	\$ 4,500	\$ 10,000	\$ 10,000	\$ 10,000	\$ -	\$ 6,500	\$ (3,500)	Amount adjusted to reflect reduction in funding to pre-Covid levels.
Division of Social Services- Outreach	LIHEAP Outreach to conduct seasonal statewide outreach activities to increase awareness and participation in North Carolina's winter heating program.	DHHS DSS	DSS					\$ -		\$ -	
Energy Portal (FIS Transaction Fees)		DHHS DSS	DSS		\$ 25,000	\$ 25,000	\$ 25,000	\$ -	\$ 25,000		

Historical and Proposed Use of Funding												
Funded Services/Activities	Description of Service/Activity	Agency Recipients of Funding	Administrating Division	SFY 22-23 Expenditures	SFY 23-24 Appropriated	SFY 24-25 Appropriated Per SL 2023-134	Year-end Projected Expenditures SFY 23-24	Remaining Balance Projected for SFY 23-24	Requested SFY 24-25	Difference SFY 24-25	Explanation of Changes from SFY 24-25 Appropriated Allocations	
Office of the Secretary/DIRM (AR4CA Replacement System)	The current software solution, Accountable Results for Community Action (AR4CA), will no longer be supported. This initiative will establish a centralized, state-supported, web-based software solution that would allow the division to collect, track, analyze, monitor and disseminate performance/outputs/outcome data of agencies receiving funding.	DHHS - Central Admin.	Central (ITD)	\$ 1,876	\$ 166,750	\$ 166,750	\$ 166,750	\$ -	\$ 166,750	\$ -		
Office of the Secretary/DIRM	Central (ITD) Administration of LIHEAP Services	DHHS - Central	Central (ITD)	\$ 573,561	\$ 278,954	\$ 278,954	\$ 278,954	\$ -	\$ 278,954	\$ -		
Office of the Secretary/Controller's Office	Central Administration of LIHEAP Services	DHHS - Central Admin (Controller's Office)	Central (CO)	\$ 21,773	\$ 18,378	\$ 18,378	\$ 18,378	\$ -	\$ 18,378	\$ -		
Transfers to Other State Agencies												
Weatherization Program	The Weatherization Assistance Program (Weatherization) is a federal grant program established to help reduce the heating and cooling costs for low income persons, particularly the elderly, disabled, and children, by improving the energy efficiency of their homes, thereby reducing the households' energy bills.	DEQ	DEQ	\$ 10,415,724	\$ 13,220,309	\$ 13,220,309	\$ 10,506,077	\$ 2,714,232	\$ 8,779,039	\$ (4,441,270)	Funding adjusted to reflect reduction in federal funding to pre-covid levels.	
Heating Air Repair and Replacement Program (HARRP)	The Heating and Air Repair and Replacement Program's purpose is to repair and/or replace non-functioning heating and air systems in homes of low-income persons. Allowable costs for HARRP include subgrantee staff labor connected with the oversight of subcontractors, such as soliciting bids, scheduling work, and conducting final inspections on work performed.	DEQ	DEQ	\$ 6,922,233	\$ 8,075,029	\$ 8,075,029	\$ 4,620,718	\$ 3,454,311	\$ 5,362,280	\$ (2,712,749)		
Local Residential Energy Efficiency Service Providers - Weatherization	This item represents the cost of Local Residential Energy Efficiency Service Providers in administering Weatherization program funds.	DEQ	DEQ	\$ 477,746	\$ 787,097	\$ 787,097	\$ 629,413	\$ 157,684	\$ 522,677	\$ (264,420)		
Local Residential Energy Efficiency Service Providers - HARRP	This item represents the cost of Local Residential Energy Efficiency Service Providers in administering HARRP program funds.	DEQ	DEQ	\$ 265,278	\$ 437,276	\$ 437,276	\$ 349,383	\$ 87,893	\$ 290,376	\$ (146,900)		
DEQ Administration - Weatherization	DEQ Administration of the Weatherization Program	DEQ	DEQ	\$ 638,921	\$ 859,976	\$ 859,976	\$ 679,413	\$ 180,563	\$ 571,073	\$ (288,903)		
DEQ Administration - HARRP	DEQ Administration of the HARRP Program	DEQ	DEQ	\$ 129,137	\$ 539,307	\$ 539,307	\$ 424,383	\$ 114,924	\$ 358,131	\$ (181,176)		
N.C. Commission on Indian Affairs	Funds are provided to the Department of Administration, Commission on Indian Affairs for outreach and application taking activities for LIÉAP performed by the Coharie Intra-Tribal council, the Haliwa-Saponi Indian Tribe and the Waccamaw-Siouan Development Association. This item is considered administration and is part of the 10% cap on LIHEAP admin calculation.	DEQ	DEQ	\$ 84,244	\$ 87,736	\$ 87,736	\$ 87,736	\$ -	\$ 87,736	\$ -		
LIHEAP Totals				\$ 109,554,955	\$ 148,303,649	\$ 148,303,649	\$ 110,533,643	\$ 37,770,006	\$ 113,454,114	\$ (34,849,535)		

Summary of Block Grant Adjustments Due to Change in Federal Funding Availability:

NC received a cut in the overall LIHEAP Block Grant reducing us back to pre-pandemic levels requiring us to make an adjustment in year two of the biennium budget. Although the block grant was reduced overall by over \$50 million dollars, due to carry forward funds, the cut was minimized to \$34,849,535 for SFY24-25.

The following factors were taken into account:

- a. LIHEAP allocation rules
 - i. 10% allowable use for administrative funds
 - ii. 15% allowable use for weatherization
- b. Impact on citizens
 - i. Increased cost in heating and cooling
 - ii. Increased number of applicants for crisis intervention
- c. Projected spending
 - i. LIÉAP had a projected spend rate of 74%
 - ii. Weatherization had a projected spend rate of 72%
 - iii. County admin had a projected spend rate of 100%

The following programs received cuts:

- a. LIÉAP – reduction of \$18,995,906 or 16.74% of their total budget.
- b. CIP – reduction of \$6,514,611 or 5.74% of their total budget
- c. County Administration – reduction of \$1,799,777 or 1.59% of their total budget
- d. DEQ – total reduction of \$8,035,418 or 14% of their total budget.

In summary, \$34,849,535 was cut from the overall LIHEAP Budget:

- e. 54.51% of that cut came from LIÉAP
- f. 18.69% of that cut came from CIP
- g. 5.16% of that cut came from county administration
- h. 23.06% of that cut came from weatherization