

## ALASKA'S CURRENT HEATING ASSISTANCE PROGRAMS

### LOW INCOME HEATING AND ENERGY ASSISTANCE PROGRAM (LIHEAP)

- Serves individuals to 150% of federal poverty level
- Eligibility limit is \$41,355 for family of four
- Current Federal appropriation is \$27.6 million

### ALASKA HEATING ASSISTANCE PROGRAM (AKHAP)

- Serves individuals to 225% of federal poverty level
- Eligibility limit is \$63,032 for a family of four
- Current State appropriation is \$5 million

**Objective:**

To make Alaska's heating assistance programs more responsive to a family's actual heating costs by increasing the amount of assistance.

To make changes to the administration of Alaska's heating programs to emphasize the focus on these individual's costs.

**Principles**

Statewide Approach

Use Existing Administrative Structure

Make the Program Responsive to Fuel Costs

Establish an incentive for weatherization

## **Program Operations**

Individuals apply each year

Applications contain information used to assign appropriate points to each applicant

Department estimates the cumulative number of points they will receive in a given year

Department divides the available appropriations by the total number of points to get a dollar value per point

This dollar value is used to determine initial level of assistance for each applicant

The assistance is credited to a vendor of the applicants choosing and the assistance is applied to the individual account.

## **Points**

Based on the information provided in each application, the number of points is determined for each applicant

Points are based on the following variables:

- Household Income

- Heating Degree Days in the applicant location

- Type of and cost of fuel used for heat

- Type of house in which the applicant lives

- Size of house in which the applicant lives

- If children, elderly or people experiencing a disability are in the home

### Sample Point Calculation

Toksook Bay: Community and Fuel	21 points
2 bedroom house (no adjustment)	0 points
76% to 100% of poverty (.80 *21)	(4.2) POINTS
Household contains children	1 point
<b>Total (Rounded up)</b>	<b>18 Points</b>

Fairbanks: Community and Fuel	10 points
2 bedroom (no adjustment)	0 points
126% to 150% of poverty (.50*10)	(5) points
House hold includes elderly	1 point
<b>Total (Rounded up)</b>	<b>6 Points</b>

### Current Assistance

\$115 per point * 18 points =	\$2070
\$115 per point * 6 points	\$690

**Current Heating Cost (Estimate)**

600 gallons * \$6.08	\$3648
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600 gallons * \$3.07	\$1842
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**Per Cent of Need**

Toksook Bay (\$2070/\$3648)	58%
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Fairbanks (\$690/\$1842)	37%
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## **Amendment Changes**

**Section 21.** Changes the name of the Alaska Heating Assistance Program to the Alaska Affordable Heating Program.

**Section 22.** Establishes the Alaska affordable heating fund in the Department of Revenue. This section allows appropriations from the fund to be used to pay for the affordable heating program.

**Section 23.** Conforms existing law to name change.

**Section 24.** Links the eligibility for the program to the price of a barrel of crude oil. If the price of a barrel of crude oil exceeds \$150 per barrel, the eligibility of the program increases from the current eligibility ceiling of 225 per cent of poverty to 250 percent of poverty. This recognizes the increased cost of fuel that will affect Alaska families at higher costs of oil.

>225% of poverty is \$62,032 (family of four)

>250% of poverty is \$68,925 (family of four)

## **Section 25.**

(1) This section makes changes to the way in which benefits are determined. Currently, benefits are calculated by multiplying families' points by the dollar per point. Remember that the dollar per point is calculated by dividing the appropriation by the estimated number of points. This amendment changes that focus. First a families' assistance is determined from a prescribed level of need.

Then, Federal appropriations are used to fill that need. If they are insufficient or can't be used (depending on a person's income) State funds are used.

(2) Also, this section links the assistance for a family to the price of oil. As the price of a barrel of crude oil increases, so does the dollar value of a point. So we more closely link the amount of assistance to the families heating cost. The relationship between the crude oil price and the dollar per point is:

>\$130 /point when crude is less than \$75/ barrel

>\$140 /point when crude is more than \$75 but not more than \$100/ barrel

>\$150 /point when crude is more than \$100 but not more than \$150/ barrel

>\$165 /point when crude is more than \$150/barrel

(3) Additionally, we move the starting value for a point from the current \$115 to \$130. This recognizes a family's higher assistance need.

(4) This section also provides a one point incentive to families that have applied to the weatherization program

(5) Finally, this section gives authority to the Department of Health and Social Services to pro-rate assistance payments if insufficient appropriations are not available to cover the full program cost.

**Section 26, 27 and 28.** Name changes to current statute.

## **Result of Amendments**

### **Toksook Bay:**

Assistance at \$130 / point *18	\$2340
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Heating cost (600 gal*6.08)	\$3648
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Per cent of actual cost (\$2340/\$3648)	64%
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Assistance at \$140 /point*18	\$2520
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Heating Cost (600*\$6.50)	\$3900
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Per cent of actual cost (\$2540/\$3900)	65%
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### **Fairbanks**

Assistance at \$130 / point *6	\$780
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Heating cost (600 gal*\$3.07)	\$1842
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Per cent of actual cost (\$780/\$1842)	42%
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Assistance at \$140/point*6	\$840
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Heating cost (600 gal*\$3.25)	\$1950
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Per cent of actual cost (\$840/\$1950)	43%
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