

COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES

HEALTH COMMITTEE

STATE CAPITOL
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THURSDAY, MARCH 15, 2012
9:30 A.M.

HEARING ON
HOUSE BILL 1991 (CUTLER)

BEFORE:

HONORABLE MATTHEW BAKER, MAJORITY CHAIRMAN
HONORABLE JOHN MYERS, MINORITY CHAIRMAN
HONORABLE RYAN AUMENT
HONORABLE BRYAN CUTLER
HONORABLE JOHN LAWRENCE
HONORABLE VANESSA BROWN
HONORABLE PAMELA DeLISSIO
HONORABLE RONALD WATERS

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CHAIRMAN BAKER: Good morning, everyone. The hour of 9:30 having arrived, the Health Committee will come to order. We're very, very pleased to have with us this morning the Auditor General, but before we entertain his remarks and, and listen to his office's expertise about this issue, and I know it's rather extensive, I would like to recognize the, the maker of the bill, House Bill 1991, which is the subject of the hearing. Representative Bryan Cutler. I know he's worked in a bipartisan spirit with Representative Waters and others, and Bryan, would you like to say a few opening remarks?

REPRESENTATIVE CUTLER: Yes, thank you, Mr. Chairman. Thank you for holding the committee hearing this morning as well as the Members' attendance. I greatly appreciate it. This has been an issue of interest for me since the Auditor General's first report back in 2007. I don't want to steal any of his thunder regarding some of his suggestions, but just look forward to the, the testimony that everybody is, is going to offer and appreciate your time, so thank you.

CHAIRMAN BAKER: Great. As most of the Members know, this bill involves the LIHEAP program, the Weatherization Program, and it is an effort to make sure that the monies allocated to those programs go where they're intended to go and that to the degree possible that fraud, waste, and abuse is eliminated, mitigated, alleviated as much as possible, so that is the thrust, I believe, of the, the genesis of the, the legislation. Chairman Myers, do you have a few remarks you'd like to make?

CHAIRMAN MYERS: Yes, thank you, Mr. Chairman. I, too, want to, you know, commend the, the amount of work here that has went into putting together this legislative policy, and I would like to thank the makers of the bill, and I'm quite interested in hearing our testifiers today. The Auditor General always has something that's paramount to, to what we're trying to get done, and I was glad to hear our counterpart say he hopes there's some money available.

You know, I came in here with that idea. You know, let's don't cut no money. Let's spend some money, you know, so I, I'm absolutely glad, glad to hear you say that, and I'm glad to see Cutler and, and Waters working together. You know, this, this young generation has taken over the House, and it's good. That's all.

CHAIRMAN BAKER: Thank you, Chairman Myers. Representative Waters.

REPRESENTATIVE WATERS: Thank you, Mr. Chairman, and I also want to thank the Minority Chair for including me in the young group. Thank you, Representative Myers. Well, I, too, want to thank the Chairman and thank this committee for moving on this legislation, and I want to thank the testifiers who are coming here today to share information with us so that we make sure at the end of this day that we have good legislation that will make sure that money is going to where it should be going and make sure that money is not going where it should not be going, but, but we appreciate the Auditor General's report about what he had discovered with his intensive research in this – in his investigation. I want to thank the co-sponsor of the legislation, Representative Cutler. This – I believe we started working together on this when I had to introduce a resolution petitioning Congress to increase funding for the program. Of course, this, this – I want to say this summer. This winter has been a pretty gentle winter, you know, relatively speaking, but, but at the time we introduced it, we had some real cold winters, and people really needed help, and so we want to make sure the people get the help who need the help, so I thank you, Mr. Chairman, and thank you, Representative Cutler, for – and I look forward to the testimony. Thank you.

CHAIRMAN BAKER: Thank you very much, Representative Waters. We, we are on a tight schedule today, and in fact, one of our testifiers, I believe, has a, has a doctor's appointment, so if, if brevity is the soul of wit, then I would encourage the testifiers to, if they

can, sum up their remarks instead of reading verbatim, but that, that's your choice. We would like to, to move the hearing along as quickly as we can, but we don't want to shortchange anyone, as well. Without further ado, we're very pleased and honored to have the Auditor General with us, and we appreciate your very important service to our Commonwealth and especially the good work you've done on this issue, and we welcome your comments, Auditor General.

AUDITOR GENERAL WAGNER: Thank you, Chairman Baker and Chairman Myers and members of the committee. It's an honor to be here with all of you today. Thank you for the opportunity to discuss House Bill 1991, which would require the Department of Auditor General to conduct audits of the Low-Income Home Energy Assistance Program, more commonly referred to as LIHEAP, and the state's Weatherization Assistance Program. Within one year of the enactment of the law and once every five years thereafter, both programs are funded by Federal tax dollars paid for by Pennsylvania taxpayers with the operation and oversight of state government.

As Pennsylvania's independent fiscal watchdog, the Department of Auditor General is responsible for making sure that tax dollars of hard-working Pennsylvanians are spent efficiently, effectively, and for their intended purposes. The Department audits government agencies and programs at the state and local level that receive state funds and Federal funds that are passed through state government. That's just not the 27 billion dollar budget, but it's the 27 billion dollar budget plus another 33 billion, in excess of 60 billion dollars we are responsible for auditing.

The Department of Auditor General issues thousands of audits each year, many of them mandated by state law. The 500 school districts, the new 165 charter – cyber charter schools,

650 liquor stores, 24 correctional facilities, 14 state universities, and thousands of municipal fuel and pension funds, volunteer fire relief associations that receive state taxpayer dollars, local government offices, and, and county government row offices, and magisterial district justice that collect funds on behalf of state government.

That includes the Department of Welfare, Public Welfare, which administers the Low-Income Home Energy Assistance Program, LIHEAP, and the Department of Community and Economic Development, which administers and oversees the Weatherization Assistance Program, which also – it's important to note that the WAP program receives a portion, approximately 15 percent of the monies from LIHEAP on an annual basis.

LIHEAP is a Federally-funded program that provides grants to low-income households that meet the eligibility limits of 150 percent of the Federal poverty and income guidelines. LIHEAP consists of cash benefits to help pay for home heating, fuel crisis payments to resolve emergencies, also, for energy conservation and the weatherization measures to address long-range solutions. In 2011 fiscal year, 294.5 million was spent on LIHEAP, which benefitted approximately 458,000 families in Pennsylvania.

I would like to commend House Bill 1991 sponsor, Representative Cutler, for his interest in ensuring that taxpayer dollars is properly used to benefit the people who most need these valuable programs. I have made accountability in LIHEAP and the Weatherization Assistance Program an important issue during my seven years as Auditor General, which is why we have conducted follow-up audits on both programs since the release of our initial audits five years ago.

Our first audit of the LIHEAP program, released in June 2007, found serious deficiencies in the Department of Public Welfare's administration of the program. Inadequate policies and

procedures, insufficient supervision, which incidentally we still believe exists today, and inadequate oversight resulted in potential applicant and employee fraud and abuse in six counties that we investigated. Those counties were Philadelphia, Allegheny, Lancaster, Lehigh, Perry, and York. We forward our findings to the Office of Inspector General for investigation because it was our belief that we had discovered instances of potential fraud in those audits in all six counties, not just in one, and we believe that this problem existed in all sixty-seven counties, just not in those six.

In Philadelphia County, auditors found twenty-three situations that LIHEAP representatives validated as potential fraud. Auditors also found other instances that warranted further investigation, including 429 applicants who collectively received more than 162,000 dollars in benefits using Social Security numbers belonging to dead people, and 549 applicants who collectively received more than \$162,000 of questionable, very questionable, water and sewer bills.

Our suspicions of potential fraud were confirmed when the Philadelphia District Attorney, at that time Lynne Abraham, relying in part on information contained in our audit charged sixteen state and city employees with stealing more than 500,000 dollars of LIHEAP funds and related crimes. Seven state employees and six other individuals either pleaded guilty or were convicted and received sentences that included prison time or probation and restitution.

The systemic problems, and I repeat, systemic problems uncovered in our initial audit, coupled with the Department of Public Welfare's refusal to address our concerns and implementation of our recommendations which caused us to issue a follow-up report of the original 2007 report. The follow-up report was August 2011. The follow-up report concluded not only were the deficiencies highlighted in our first audit still prevalent, but DPW [Department

of Public Works] had paid more than 800,000 dollars to a Philadelphia law firm to help fix the problem that could have been resolved with in-house staff.

Our 2011 follow-up report questioned DPW's management, the hiring of the Philadelphia law firm through a no-bid contract for administrative assistance. Our auditors noted that the law firm was not required, as evidenced by the fact that the law firm later subcontracted the work with an accounting agency to perform the work they should have done. We also observed that DPW relied on a sole-source vendor instead of seeking competitive bids, potentially inflating contract cost. We were convinced at the time that the law firm was a complete waste of public money. It should have been done in-house.

Pennsylvania is a state with many senior citizens in a high percentage of older housing stock. All of you are well aware of that. LIHEAP is a vital, and I repeat, vital and necessary program that helps thousands of elderly and low-income residents stay warm, and in fact, in some instances, stay alive during the winter months. As I have been saying for the past five years, DPW must do a better job of administering this program and eliminate any waste, fraud, and abuse so that more financial assistance is available to those who are on the LIHEAP waiting list.

House Bill 1991 also calls on the Department of Auditor General to conduct an audit of the Weatherization Assistance Program every five years. The Weatherization Assistance Program helps low-income families increase the energy efficiency of their homes. DCED [Department of Community and Economic Development] provides funds to local public and private non-profit agencies, which in turn hire subcontractors to prepare homes. DCED spent 104 million, including 17.1 million from LIHEAP, on weatherization assistance projects during the fiscal year ended June 30, 2011. To qualify, a family of four must earn no more than 44,700

dollars. According to a DCED report, approximately 41,000 people received benefits in the year 2010.

Common repairs under the Weatherization Assistance Program include caulking and weather stripping windows and doors to reduce drafts, insulating walls, repairing foundations and roof, and installing new water heaters. Some projects include installing low-flow shower heads and replacing lights and even refrigerators that are high energy use refrigerators. Benefits include lowering heat and, and electric bills as well as saving energy.

Again, like LIHEAP, this is a program that we looked at twice in the last five years. Our special performance audit released in August 2007 found that the deficient administration of the Federally-funded Weatherization Assistance Program failed to prioritize the needs of low-income Pennsylvanians, placing some Pennsylvanians – some of Pennsylvania’s most vulnerable citizens at higher risk. The audit found that DCED was not adequately monitoring the Weatherization Assistance Program. Among the common weaknesses we found was DCED’s failure to develop a priority list of the neediest applicants. In addition, failure to make sure local agencies responded to crisis within the Federally-mandated period of forty-eight hours and failure to conduct follow-up inspections to make sure that repairs were delivering the promised energy savings that were necessary.

During visits to four agencies in Philadelphia County and to York, Pennsylvania, Dauphin County, and Lancaster Counties, auditors found 178 errors in 100 client files that we inspected. We also found in Philadelphia \$94,000 in weatherization repairs that had been made to the same 30 buildings because 2 local agencies failed to coordinate their efforts between each other. In other words, two agencies serviced the same thirty buildings. In another case, auditors found that an applicant had received more than 8,700 dollars’ worth of weatherization assistance

services even though the applicant was ineligible based on their income. These violations could jeopardize future Federal funding for needy Pennsylvanians if these problems are not corrected.

Our 2000 audit determined that because of poor administration, inadequate funding, and insufficient manpower, it could take up to nine years to clear the statewide backlog of over 9,000 applicants that were seeking weatherization assistance as of June 30, 2006 according to the records supplied by DCED. In its response, dissimilar to DPW, DCED agreed to virtually all of our findings and said it would take corrective action.

In an attempt to ensure that DCED had actually made improvements to the program, we took a second look at the program and released our special report just last month. This recent report found that even with more funds from the Federal stimulus program, the waiting list nearly doubled in the past five years for the Weatherization Assistance Program.

In fact, while the state received an extra \$252 million in Federal stimulus money, the waiting list for home repairs actually grew from approximately 9,000 to 14,000 families, which we attributed to more people seeking help throughout Pennsylvania. However, we did find flaws in the weatherization program, such as a lack of trained labor, too few vendors, and the lack of uniform policies and procedures.

Before 2009, approximately 8,400 homes were rehabbed each year. Once the stimulus package was eliminated, local agencies were able to hire more workers and subcontractors, increasing the number of homes rehabbed in that year. Based on the faster repair rate, DCED estimated it would take now six years rather than nine years to clear up the backlog.

Our special report also determined that problems identified in the 2007 still exist today, including ineligible clients and unsupported costs. Auditors also found new problems, including misuse of deceased individuals' Social Security numbers, questionable transactions between

landlords and tenants, inflated subcontractor prices, and purchases of high-end refrigerators instead of economy models.

Lastly, we found that DCED does not have a “conflict-of-interest policy” regarding landlords and local agencies. Local agencies should not approve tenant applications for weatherizations assistance services while being the landlord of the rental property. It is imperative that DCED develop appropriate conflict-of-interest policy to prevent this from happening.

Our special report contained thirteen recommendations, but the most important one was that DCED should take immediate action to reduce and eliminate the waiting list because it is unacceptable to keep our most vulnerable Pennsylvanians on a waiting list, sometimes for years, and no help – and, and in the process having to cope with severe winter conditions.

Under current law, the Department of Auditor General already has the authority to audit LIHEAP and the Weatherization Assistance Program, and as you can see, we have been proactive in auditing these two programs without a legislative mandate. In addition, I feel that the requirement in House Bill 1991 that my Department conduct audits of the programs within a year and then every five years after that is unnecessary while I’m in office because we recently completed these, these audits. It takes a lot of manpower to conduct each of these audits, and with the repeated budget cuts to my Department, which has been approximately 20 percent the last three years, it is extremely difficult to complete mandated audits and selected audits as suggested unless they are properly funded along the way. If this committee decides to adopt this bill and require the Department of Auditor General to complete these audits, I would urge that it is imperative that we receive additional resources for our work in performing these mandated audits. I would end by simply saying these two programs are vitally important programs that

serve the neediest of Pennsylvanians, and I am convinced sitting in front of you as Auditor General, they can be better managed, far better managed, to make sure that public taxpayer dollars are properly spent. We have received far better cooperation in the implementation of our findings and recommendations from DCED with oversight of the Weatherization Assistance Program than we have received from the Department of Public Welfare in regard to oversight of the LIHEAP program, so we really feel a special emphasis from this committee and the General Assembly to require DPW to do their job better is vitally important.

CHAIRMAN BAKER: Thank you very much, Auditor General Wagner. I, I really appreciate hearing your testimony this morning, and it is indeed reflective of a scathing indictment, if you will, about using your term “systemic problems” that, that seemed to have lasted many, many years, and notwithstanding your recommendations, it, it seems that perhaps little has been done to correct some of these problems. I’m, I’m curious about the LIHEAP waiting list. Do you have any numbers on how extensive that is?

AUDITOR GENERAL WAGNER: Well, the waiting list, Mr. Chairman, is more severe under the Weatherization Assistance Program.

CHAIRMAN BAKER: Over 9,000 in the weatherization.

AUDITOR GENERAL WAGNER: Yes.

CHAIRMAN BAKER: And, and the reason I ask that is obviously if we could eliminate the fraud, waste, and abuse, and quantify how much that is, then we could obviously use that to help eliminate the waiting list, and if we can make systemic changes that are positive and, and clean up this, this mess that you’ve referenced in your, in your report. Thirteen recommendations that you’ve made, and of course, the, the most important one is to reduce the waiting list. Has there been any action on those recommendations by DPW or DCED?

AUDITOR GENERAL WAGNER: We, we believe that progress has been made within DCED, especially with the additional Federal monies that have come under the Weatherization Assistance Program. Keeping in mind, the stimulus at the Federal level injected hundreds of millions of more dollars into the Weatherization Assistance Program, and in theory, is the proper way to spend these public dollars because if in fact you can better insulate a home, if you can put in a more efficient heating system, more efficient water heater, your energy costs should go down, and there sure there should – therefore there should be less dependability on the LIHEAP allocation of funding going forward, so we think this waiting list, this long waiting list on the Weatherization Assistance Program really is critical in terms of addressing that issue and putting greater efficient energy devices, including refrigerators, where possible, with those who qualify to take the load off of the LIHEAP program going forward.

CHAIRMAN BAKER: I, I lost track of how many times you'd mentioned the refusal to address concerns or failure to act on this matter or that, but what, what really troubles me is you've made a lot of recommendations to the Inspector General and to try to crack down on some of these – this fraud, waste, and abuse. Social Security numbers, I mean, there's multiple charges, potentially, here with identity theft using Social Security numbers that were fraudulent, let alone the, the receipt of taxpayer money that, that should not have been received. Are you satisfied with the action by the Inspector General of the past administration? Were they current?

AUDITOR GENERAL WAGNER: Mr. Chairman, yes, I'm – I, I believe that the present Inspector General is looking into these issues, and, and I have to believe that the previous Inspector General was doing the same. You're never sure with an Inspector General because you don't know precisely what they're doing, but where I'm not happy is the response that we have received continually from Secretaries of DPW through our first audit and our most recent audit.

Our first audit, here was one, one response from the Secretary: “While even one case of fraud is unacceptable to me, I am concerned that the Auditor General’s publicity materials overstate the true extent of the problem.” That’s the previous Secretary of DPW. The present Secretary of DPW and the most recent LIHEAP audit states, and let me get back to the start of the sentence, “In our very report, the Auditor General’s assertion that these identified deficiencies significantly heighten the potential for waste, fraud, and abuse within a worthwhile program intended to assist some of the most vulnerable segments of our society is a misrepresentation and does not reflect the professional and responsible manner in which DPW administers the program.” I am offended when I see a Secretary of this Commonwealth reject our findings and recommendations in audits when in fact fraud has been identified by District Attorneys, and we continue to find invalid Social Security numbers, invalid addresses, and invalid – and the lack of proper oversight, and so I continue to stand by these audits. We were attacked when these audits were originally released in 2007 from many directions. Those attacks stopped when a, when a District Attorney filed charges for fraud, waste, and abuse, so I, I think there needs to be an awakening administratively, certainly within DPW, of the importance of this program so that there is not waste and abuse and in some instances fraud so that more people in need can benefit from the program, and that has been the intent of these audits from the very start. I was a State Senator with Representative John Taylor. I’ll go back fifteen years ago when he and I cosponsored legislation in the House and Senate for the state to ante up dollars into the LIHEAP program, so I am a supporter of these programs, and I don’t want anyone, anyone to doubt that, but at the same time, I want to make sure taxpayer dollars are properly spent.

CHAIRMAN BAKER: Thank you, General Wagner. I know we're compressed for time, but my last question, and then I'll ask Representative Cutler if he has a question or two. Do you support his legislation?

AUDITOR GENERAL WAGNER: Yes, I support the legislation, and keep in mind, the Department of Auditor General is one that I think is a critical Department to this government. Pennsylvania got it right by having an independent elected Auditor General, and, and while I have been Auditor General and understanding these programs, we are committed to doing what we can to improve them, so I don't think there needs to be a mandate, Representative, and all due respect, presently, but who knows what the future holds and whether or not there will be a continued commitment to audit these programs, especially with the decrease in funding that has existed over the last four years? When I came into office, we had 755 employees. Today, we have 600 employees, and we have less and less resources to do these audits, so you may need to mandate them going forward, but again, I would strongly recommend that if you do so, that there be an, an additional allocation with that mandate to make sure the audits can be done.

CHAIRMAN BAKER: Thank you, General. The chair recognizes Representative Cutler.

REPRESENTATIVE CUTLER: Thank you, Mr. Chairman, and thank you, Auditor General Jack Wagner. I certainly appreciate your leadership on this issue. I can say that from the very first report that I read and, and the very first hearing that we held, I've always appreciated your work on this and your support, and I guess my question or, or point, rather, would be I assure you the, the mandate was not meant for you because I think you've done a great, great job thus far in holding, you know, reviewing and holding these two programs accountable, but going forward, my fear was is that perhaps the audits wouldn't be done with

such regularity. Specific to the bill, do you have any other suggestions or concerns? I know that that the last hearing we had – last Session specifically involved the, the potential reduction of LIHEAP benefits if – after Weatherization Project was done because the assumption is, obviously, that if your house has been weatherized, you hopefully will utilize less resources. Do you have one, an opinion or two, any concerns about such an offset?

AUDITOR GENERAL WAGNER: Well, I, I have a couple concerns and how you legislate it, I'm not certain. I have always said there should be a singular person within DPW that has 100 percent responsibility for, and the only responsibility of, managing and overseeing LIHEAP that you can bring to this committee in front of this committee and hold that person accountable rather than a Deputy to the Secretary that has multiple responsibilities and, and divvies that responsibility to four or five other people. There needs to be internal, constant monitoring of this program. That's how you make sure public dollars are properly spent all the time, and I'm convinced that that doesn't – has not existed, still doesn't exist, and incidentally, we all know this is Federal dollars. You could take those Federal dollars and use a portion, just like it was used to hire a, a law firm, and employ the proper people within DPW only for this reason to oversee and manage LIHEAP, so I think that's one area that would be critical to put a focus on. Secondly, I really believe that these dollars are used for a lot of reasons. They go to landlords. They go to utility companies, mostly, get the payments, and there is an interaction here through PUC [Public Utility Commission] and signing people up so the utility companies can get the payments. Replace the inefficient furnaces and boilers that exist in these homes, and, and if you really want to save some monies on heating, and we all know that – if anyone that owns a home knows that if you have a, a furnace that's twenty or thirty years old, even though it may still be operating, it's not operating efficiently, so having a – some kind of a mandate to

have more energy efficient equipment, especially where we know there's a history of LIHEAP funding, that would be the best investment of taxpayer dollars.

REPRESENTATIVE CUTLER: Thank you very much. Thank you for your leadership on the issue and certainly look forward to working with you going forward on it. I appreciate your suggestions.

AUDITOR GENERAL WAGNER: Thank you, Representative.

CHAIRMAN BAKER: Chairman Myers.

CHAIRMAN MYERS: Thank you, Mr. Chairman. Mr. General, I'm going to make sure I understand what you just said, and that is, is that you think that internal regulations is the best way to go, as opposed to a new law. I mean....

AUDITOR GENERAL WAGNER: I, I think, Representative, better internal management and oversight, yes.

CHAIRMAN MYERS: Okay, and when you was talking about the weatherization, I, I don't know if you can see the big smile on my face, but I wanted to ask you a couple of things about the weatherization, but I think the weatherization issue that we have is much larger than just what's happening internally in DCED because I remember when the money showed up, and this is the analogy that I use, you know, that the state was used to two million dollars to do weatherization. Here's \$200 million. Now, the capacity and infrastructure's not set up to drop 200 million dollars. I mean, you know, what you were saying was based on the two million dollars that the weatherization program had, and I don't know if this really ties in, into the audit, but I'm, but I'm kind of asking you, like, do you have any views on how that part of the equation could be better remedied? I mean, it's one thing for the government to give us 200 million dollars, and you only got five contractors that are ready to go, and I clearly remember that the,

that the labor's union in Philadelphia was having a big fight with Williamsport about the training center, you know, about who's going to do the training, you know, the play golf on the Marcellus Shale training to the Feds who weatherization program. You have any feelings about how that whole thing unrolled, and if it happens again, are we going to be in the same predicament? All this money and don't have the capacity to spend it.

AUDITOR GENERAL WAGNER: Well, again, a good question. The, the LIHEAP funding, traditionally, 15 percent of the LIHEAP funding, which is approximately 300 million dollars a year. Fifteen percent of that would go to the Weatherization Assistance Program, so on average in the past, that's been about 40 million dollars a year. Then came along the stimulus, and the stimulus injected over 200 million dollars overnight, almost, into the Weatherization Assistance Program. As a matter of fact, the, the administration, the president of the administration is applying for an extension for the additional – to be able to spend the additional money so the Weatherization Assistance – and again, in theory, this is a – this was the right way to go to improve these buildings and make them more energy-efficient. There's no doubt there was difficulty ramping up to serve the, the long waiting list of 8 to 9,000 homes for weatherization assistance. There was one county in Pennsylvania, Fayette County, that we identified in our 2007 audit had an eight- to nine-year waiting list to service the needs of the Weatherization Assistance Program, so, Representative, I think, number one, I don't see an additional stimulus program, but there still needs to be good management in place to manage the 15 percent of the LIHEAP \$300 million that goes to Weatherization Assistance Program continually into the future, so I hope we've learned a lot over the last two years to make sure that the – we have proper people trained, and ideally, you'd want to get people who are unemployed

into these training programs and, and to do the work, so I think we've learned a lot. I hope we've learned a lot, and I hope we're better prepared to address this waiting list going forward.

CHAIRMAN MYERS: Okay, and then my last question is, and I guess this – it's not really a rhetorical question. I mean, you know, if you choose, you can, you know, certainly respond, but it seems like what I heard was, was that the questions that were prepared for me to ask you, most of them had to do with your relationship with the Department, and I think you answered all that that it's not good. I don't mean on a, you know, "I'll take you to lunch, kind of 'not good,'" but, like, in terms of, like, "Now, I've been asking you for this information for four years and, like, where's it at?" You know, not good, you know, so I think you absolutely have answered all of those questions, and as you just heard, I still have some concern. I hope that I'm right and you're not about the reemergence of more weatherization program money with this new proposal that the Federal government is talking about the new stimulus, you know. I'm hoping maybe we'll be having this conversation later. Maybe we can put our heads together and figure out how this money can get spent, and some people that need jobs can be put to work, and folks that need these services, in fact, do get them, and nobody walks to the bank or to the casino with a pocket full of money because they burnt somebody. I certainly support you in all that, Auditor General.

AUDITOR GENERAL WAGNER: Thank you. Thank you, sir.

CHAIRMAN BAKER: Thank you, Chairman Myers. I, I apologize to the Members. If, if the Members have additional questions of the Auditor General, I'm sure his office would be glad to entertain them. The next testifier, actually, is the one that had a doctor's appointment, and we're already fifteen minutes over, and so if you don't mind, I apologize, but because we're

compressed for time, Auditor General Wagner, thank you very much for your valuable time and your testimony. We appreciate you being here this morning.

AUDITOR GENERAL WAGNER: Thank you, Mr. Chairman.

CHAIRMAN BAKER: Thank you.

AUDITOR GENERAL WAGNER: Members of the committee, thank you.

CHAIRMAN BAKER: Next testifier will be J. Michael Love, Vice President Governmental Affairs for UGI Utilities Incorporated. Sorry we're running a little late, Michael.

MR. LOVE: Not, not an experience. Not a problem. I want to first thank you for honoring my, my difficulty that I have to meet, and so thank you for that courtesy. You know, it's quite an honor for me to be sandwiched, if you will, between two of the finest advocates on the LIHEAP issue. You just heard from the Auditor General. What you may not know is that his findings – sadly, what he found in Pennsylvania were used as an example why there should be audits nationwide, and they found similar even worse problems in other states, in ten other states, and that's because our Auditor General took the time to point them out, and then after me, you're going to hear from a true consumer advocate who I have had the privilege of serving with on the council that advises the Department of Public Welfare on LIHEAP, Harry Geller, so again, I want you to hear Harry, and I – you just heard the Chairman, but there's some points that I want to say because I need to give you some of my background.

I was initially in my life a consumer advocate. Then, I was the Public Utilities Commission Chairman and subsequently, a president of a utility, and I sit as Vice President of Government Affairs for UGI, and I was with the Energy Association for a number of years. The point of that story is to talk about the fact that I've dealt with LIHEAP for the last thirty years, and I want to say how much I commend Representative Cutler and Representative Waters and

Representative Baker and all the others of you that are on this bill because I think this is truly a step forward because I personally, being in the energy field for some thirty years, think there's nothing more important than LIHEAP because it is the last line of defense.

Now, in saying that, I think that it does make sense to have strict reviews of this program that's now, as, Representative, you talked about, in the hundreds of millions of dollars, and I'm just going to relay two experiences from – for you that I have served on the Advisory Council of DPW. Going to, “Oh, geez, what happened?” from all of a sudden, we're going to have to spend a couple hundred million dollars, Representative. I can remember sitting in committees where we got a sheet of paper that had one number on it, which was the number they supposedly spent on weatherization for whenever – since the last time we had a meeting. There was no breakdown by county. There was no breakdown by who was getting helped, what type of fuel service they had. There was nothing on that. Now, knowing all of you as I do, if some Department walked into a budget hearing or Appropriations hearing with a sheet of paper and said, “I want one hundred, two hundred million dollars,” I think you'd laugh them out of the room. I know you would, and that's why what you're proposing, Representative, Representative, is so important because that just can't be tolerated. That can't give you a warm, comfortable feeling, especially when Harry's clients outnumber the number of funds that are available.

The other story I'm going to tell you is between 2007 when the Auditor General did his audit and 2009 when I left serving on that advisory council we found out that all of a sudden, LIHEAP funds were being used to pay for vehicles and social agencies, and there was, like, twenty, thirty, forty vehicles being purchased with LIHEAP funds. Now, I got to say, there's many compelling reasons why a social agency may need a vehicle, but at the expense of funds being used for poor people, no. That is just unacceptable, so what I'm trying to illustrate to you

is number one, what the Auditor General found actually occurs in other states that they haven't taken any action. Two, there are other examples of mismanagement of these funds, and I think that – and I paraphrase what the Representative said, that it's important – while this Auditor General certainly has his mind and his focus in the right place, it is important to have something in place going forward.

Now, some of the semantics and some of the other issues that are in the, in the bill, I'm not going to get into, but what I wanted to convey to you was my own personal experience having served on the advisory council of DPW and also having been dealing with this, this program for thirty-some odd years. It's tons of money, and unfortunately, it's where society has chosen to start cutting back money, and that means, as we often get involved with, and Harry and I have had more than enough tussles over this, is which funds go where. And, you know, all of a sudden, you've got four very qualified people or sets of people, and they're fighting over the funds, and that's always gets into a very bad situation. But that does mean that every dollar is valuable, and if you decide that you want to pass this bill, which I so hope that you will, that if the point about the Auditor General made that he needs additional funding, then I'd be happy to work with Harry and the Auditor General to figure out a way to maybe do that. But I think the important thing is to consider this bill. Thank you for honoring my, my commitments, and thank you for sponsoring this bill, Representatives. It's a big step forward.

CHAIRMAN BAKER: Thank you, Mr. Love. Do we have time for one or two questions?

MR. LOVE: Yes, yes.

CHAIRMAN BAKER: Before your doctor's appointment? Great. I am shocked to hear that vehicles were purchased with LIHEAP money. Is that still going on to your knowledge?

MR. LOVE: I do not believe it is, and I think that's because people like Harry Geller and others behind the scenes and verbally, you know, voiced some opposition.

CHAIRMAN BAKER: Okay, great, and, you know, 300 million dollars is a significant amount of money in the last fiscal year for this program and of which 15 percent goes to weatherization, and in an era of increased accountability and transparency, it just seems to me there ought to be more of that with respect to this. And even though it's Federal funding, it does not diminish the need for greater accountability to be able to be used to address that waiting list of people that are regularly in need, and I'm, I'm certainly hoping that that will be the result of, of this hearing and of this legislation. We are very, very hard-pressed with our, our budgets, and this is very, very disturbing to hear about this fraud, waste, and abuse within these programs, so thank you for your testimony. Chairman Myers.

CHAIRMAN MYERS: Yes, I just have one question. Since they stopped using the money to buy cars, are they using it – still using it for some kind of slush fund?

MR. LOVE: I don't, I don't know that I could answer that question. What I'm saying is my experience was from a couple years ago, but the fact is I wanted to use it to be illustrative.

CHAIRMAN MYERS: Okay, thank you.

MR. LOVE: Thank you.

CHAIRMAN BAKER: Representative Waters.

REPRESENTATIVE WATERS: Yes, thank you. Thank you for being here. Thank you for your testimony. The, the car – following up on Representative Myers's cars. That was in Pennsylvania? I know you said a lot of states. That was in Pennsylvania that people were using – getting cars with the LIHEAP money?

MR. LOVE: Yes.

REPRESENTATIVE WATERS: It was in Pennsylvania, and this is a – I think that we all should be appalled because as Legislators we have people who come to us and need help, and, and it hurts me when people come to me who are – with tears in their eyes who want to energize their home or they have huge cracks, and they, and they can't afford to, to insulate their homes, and they're on a waiting list. And the waiting list is so long, and by the time they finally get around to them, they, they'll tell them what kind of condition their home is in or the person living there is in, so I, I think that we really have to find a way to get rid of and go after people who abuse the system like that, the agencies who abuse the system, let alone the, the individuals out in the community who take advantage of a program because they can, so I just want to thank you, and, and you just give me more energy towards fighting for to make sure that we get justice in our community.

MR. LOVE: And please understand that the efforts that the next speaker you're going to listen to and also the gas industry has been to increase what's called the CAP [customer assistance program] programs to provide assistance to more people. In fact, in this date, the gas utilities, even though they have half the customers, are now almost parallel with the electric utilities on the amount of dollars that are put into CAP program, so the gas industry is very sensitive as to why this is important, and we have been increasing, if you will, the programs that we offer to try to assist people. And we've also been increasing, again, because of the utilities and because of people like Harry Geller, the weatherization program, so we have programs ourselves that try to assist people, so when everybody's chipping in, if you will, to try to get to the table so there's more people at the table. It's sad that there's still this misuse, which is why I think you folks put this bill in, so thank you.

REPRESENTATIVE WATERS: Thank you.

CHAIRMAN BAKER: Thank you. Representative Cutler.

REPRESENTATIVE CUTLER: Thank you, Mr. Chairman, and thank you, Mr. Love, for coming to testify. Certainly appreciate your insight. I know you've shared some of your personal experiences with me before, and I, I share Representative Waters's concerns about the way the program used to be administered because I think it's fair to say that every, every year, the need far outstrips the resources that we have available for this – for both programs, so my question is this, and you – it was a good segue in regarding your private program with the, the utility companies. What is your current mix between weatherization funds and LIHEAP funds there, and do you have any other advice or ideas that you think that have worked well in the private industry that maybe the government should take a look at?

MR. LOVE: We spend significant larger sums on our CAP programs than we do on our weatherization programs. You know, at some point in time, it would be nice to have some coordination between the weatherization programs that the utilities have and those sponsored by DCED. That's coming, and in all honesty, it's come a lot further in the last couple years, but you know, those are opportunities for us, etc. I don't know that you can legislate cooperation, so I think, you know, Representative, you were nice enough to listen to me rant and rave in your office. I appreciate the fact that you've put this bill together and again, if you folks want more ideas, I'm more than willing to sit down with Harry and others to try to give you some, but I think the importance here is you're trying to get accountability.

REPRESENTATIVE CUTLER: Thank you.

CHAIRMAN BAKER: Thank you very much. I know you have a doctor's appointment. We appreciate your, your time, sir.

MR. LOVE: Thank you very much, again.

CHAIRMAN BAKER: Thank you. Next, we have Harry Geller, Executive Director of Pennsylvania Utility Law Project, described by Mr. Love as a true conserve – consumer advocate. Thank you, sir, for your testimony.

MR. GELLER: Thank you, Chairman Myers and Baker and members of the committee. I thank Mr. Love for his comments. I certainly appreciate them. As, as Mr. Love said, in regard to support of the benefits of LIHEAP, we are often of the same mind. On other issues, we don't always see eye to eye in terms of how resources are to spend and to have – to maintain service for low-income individuals. I have for – at the Chairman's request abbreviated my written comments today and...

CHAIRMAN BAKER: Thank you very much.

MR. GELLER: ...attempt to go through them. I apologize. I want to clarify. Bill 1991 is the focus of my attention today, and I will discuss and try to focus on the issues of integration, coordination, and particularly, Section 5.1(c), which proposes the reduction of an individual's LIHEAP grant subsequent to the receipt of weatherization services. Certainly, the goal to provide greater coordination, integration, and efficiencies in deliveration – deliverate of weatherization in LIHEAP is commendable, and PULP has consistently and actively fostered the promotion of this concept whenever we have the opportunity. I have actively participated in the universal service coordination workshop at the PUC. I presently serve as Chairperson of the Weatherization Advisory Panel, Policy Council Subcommittee on Coordination of Services, and I actively promote and testify on the need for a more fully-integrated delivery system of services to low-income energy and utility consumers.

As you are all aware, in Pennsylvania we have weatherization administered by DCED under regulations from the Department of Energy. LIHEAP administered by DPW under

regulations from Health and Human Services, and the utility programs administered by each district utility company under the auspices of the PUC under different rules and regulations for either. This is a tangled web for consumers to navigate, and so any coordination and integration in efficiency is appreciated.

However, as to 5.1(c) of House Bill 1991, we don't perceive that this is going to result in any actual integration of services, nor in economic or administrative efficiencies. Frankly, it's impractical, if not impossible, to implement, and it will, ultimately, result in a hardship to innocent consumers who are in need of the maximum LIHEAP grants. As Mr. Love, as the Auditor General, testified, and I think everyone will acknowledge, LIHEAP funding has been under tremendous pressure from the Federal government in terms of the budget. The grants that it can provide when it provides it to the 400,000 participants who get it are woefully inadequate, not what anyone would desire to provide in terms of full amounts. The average grant has declined over the years. It has not increased in terms of inflation. As my comments point out, I'm a consumer of oil. LIHEAP recipients are consumers of oil, besides regulated utilities. Average of \$3.50 a gallon in Pennsylvania. I personally paid significantly higher. How can an individual who's dependent on LIHEAP and the average LIHEAP grant – now, I just looked at last week's figures. The average LIHEAP cash grant is about 228 dollars. Afford the cost of oil and still have a diminishment of that grant in terms of weatherization.

We do certainly acknowledge that weatherization is critical and support it, and it will, on average, reduce everybody's need for, for energy usage, but it doesn't reduce that household's need for LIHEAP or the amount of LIHEAP. We support weatherization. We support its use to reduce the usage among low-income individuals in every way possible, but the programs are complementary to each other. They're not meant to take grants from one and reduce the need for

the other. Obviously, weatherization reduces some of the crisis effects, and for those of you who are familiar with the way that the programs work, LIHEAP has a cash program, a crisis program, and an excellent program that we would hope increases, and that's the crisis interface between DPW and DCED. The crisis interface is how LIHEAP money is transferred to weatherization to DCED, and DCED uses that money for home repairs of heating systems that are out that are not functioning properly or just need to be replaced. This is one of the most effective coordinations between the two agencies that I've witnessed.

DPW takes when – in the middle of winter when there's somebody whose home heating system breaks down or is not functioning, takes an immediate crisis application for that individual, meaning it's processed within forty-eight hours, takes that application, refers it to DCED, which has a weatherization provider on a priority basis go to that home, do an evaluation, determine if a repair or a replacement is needed, and initiate that. That's how LIHEAP funds to DCED are used, and we support that, and we think that that is just absolutely the right way to avoid that crisis of any household going through the winter without a heating system that's functioning, and it's, it's an example of coordination, and it's an example of use.

The third program is crisis. Those folks who are in any type of crisis situation without service facing immediate or imminent threat of loss of service are eligible for crisis funds. The Department of Welfare uses a much smaller percentage of its funds for crisis than it does for the cash program, but it's available and available only up to a maximum of three hundred dollars, and it's available only if that money is going to alleviate the crisis, and there's no mandate on an oil provider or a regulated utility to accept that money to alleviate the crisis, so quite often, that three hundred dollars isn't even available, but frankly, weatherization reduces, in some cases, the need of that crisis. It alleviates, in some cases, the crisis, or it alleviates the dollar amount of that

crisis, and that's an appropriate way that weatherization can be used to reduce the amount of LIHEAP funds that go into the program, so I would maintain that the balance, in terms of a cash program and a crisis program, is appropriate, but that weatherization, which is intended to benefit a low-income individual without a cost – because, essentially, the section that we're talking about puts a cost on the LIHEAP recipients for the fact that they receive weatherization. Their cash grant would be reduced. That we don't think is appropriate. However, to the extent they receive weatherization, they are not undergoing crises in the future and therefore, will not be able to apply for or receive that crisis grant, as is the case that's certainly appropriate.

In, in addition, as my testimony points out, there are some significant, practical problems we see in implementation. First of all, the LIHEAP statute and the regulations indicate that the benefits are to go to those individuals with the greatest need, lowest income levels. The fact that somebody receives weatherization will, in fact, reduce their energy needs but doesn't necessarily mean that they're still not a household with the greatest needs. They may have been the highest needs, and now they're still a little less but still a great need, and this would create problems.

Finally, weatherization is addressed to the home, to the physical plant. LIHEAP is to the individual. Physical plants change from time to time in terms of the heating system getting older, breaking down, the housing structure getting older, having difficulties. As far as I'm aware, we can determine the average weatherization efficiency benefit on an average recipient or an average home over an average period of time, but we can't determine the exact weatherization energy efficiency benefit to a particular household, particularly – excuse me – when we have LIHEAP where individuals apply each and every year again, often from different household locations or different household compositions. We are particularly concerned that receipt of weatherization, one, cannot be quantified as to reduction in the LIHEAP grant, besides the policy

issue of reducing the LIHEAP grant, and secondly, would it be just for that period of time of that LIHEAP year? By the time DCED does any analysis, whether it be an accurate one or not, it's just not going to apply to that household situation where people move, have new children, divorce. We've seen many more intergenerational households these days. People are just simply moving in together to make ends meet, and the household composition changes, therefore the LIHEAP grant changes, therefore the energy needs of that household change, so we have some significant concerns in that regard.

I've hit my main points that I wanted to present to the committee. My testimony is available, and I'm certainly prepared to supplement or ask any questions.

CHAIRMAN BAKER: Mr. Geller, it's my understanding that about a half a million people utilize, currently, the LIHEAP program, and it's difficult for me to hear yet what waiting list is out there, and you have to hear the, the actual numbers or see those numbers yet, but in, in terms of the utilization of, of the LIHEAP grant, whether it's crisis or, or cash, how is it broken down? Are, are the lion's share of recipients receiving that for natural gas heating, electricity, oil? I know that arguably if someone heats their home with wood, that that could even apply. I presume it's natural gas is, is the largest portion of that?

MR. GELLER: Well, I thank you. I have before me what's known as the Energy Assistance Summary. This came out as of last week, and so it's always a changing number until the program is completed, but based on this if we were looking at the cash grants, approximately 20 percent of the cash grants were designated for electric, 24 percent to fuel oil, 46 percent natural gas. Of the remaining, we're, we're in the single digits of other types of fuel sources. That's in cash. Now, crisis, 60 – this year, and that's surprising based on my testimony, and I hadn't really reviewed it for that. Sixty-three percent of the crisis grants have gone to fuel oil

because that's where people are certainly in the crisis mode. Six percent of the crisis grants have gone to electric, and eleven percent in terms of natural gas. Kerosene is at 10 percent. Again, reflecting the increase in that, so to the extent, again, that the crisis grants float to where the crisis is, I think that's appropriate. To the extent, again, in which weatherization can reduce those figures, that's appropriate. Mr. Chairman, I think, essentially, the numbers of people participating in LIHEAP on both cash and crisis would be closer to the \$400,000 than the, the \$500,000 level, and they're declining as the funding declines. Unfortunately, as I said, the grant levels have not increased. They've decreased from past years, and the need certainly has increased. We're concerned that obviously this program with the \$400,000 is critical. As you've heard everybody, and I think we all agree, but still it reaches fewer than 50 percent, certainly, of the, of the potential eligible population.

CHAIRMAN BAKER: It's my understanding that a supplemental appropriation was received by Pennsylvania not too long ago, and was that allocated or designated for a particular purpose, or does it just go into the pool?

MR. GELLER: It goes into the pool. Sometimes there are supplemental emergency contingency funds that come from Federal government that are allocated for particular purposes. Either we've had a significantly harsh winter, or fuel prices have gone up in oil or some other area. This year they haven't been allocated. They go into the pool of, of LIHEAP. We are concerned, as I think everybody is. This is an extraordinarily difficult program to administer. I understand all the concerns that have been stated, but LIHEAP is essentially a five-month program. It starts in November and will end in March in two weeks. The Department of Welfare starts a program having no real basis of knowing what the budget's going to be. It starts it before the Federal budget, and this program is totally Federal funds, has been set. It starts it

with a series of continuing resolutions, and nobody is quite certain what the final funding will be, and in fact, it has to set its guidelines up based on what is usually the lowest figure at the outset of the budget, be it the President's or the House of Representatives or the Senate. It, it takes the position it has to be physic – fiscally conservative. Can't work out a program or grants that will not allow it to function, at least until March 15, which is Federally required, so they start a program not knowing what the budget is over a five-month period, and the ramping up time is significant. Our concern – fully supporting the concept that all available money go to grants for low-income people who desperately need it. Our concern is always that it's just very difficult to administer this program, and I'll say something that I realize is not relevant in terms of this fiscal environment is that LIHEAP needs some state support to stabilize the funding so that each year there's a stable amount that DPW knows will be here and can set the amount. Otherwise, we're dealing with a program that starts and ends where we don't even know the funding, and it's very ca – possible, as had happened in many, many years that the funding comes in in the end of February or the beginning of March, and DPW has a very short time to determine how to do it. Sometimes it sends supplements to folks. Sometimes it extends the program so people can take advantage of it. Sometimes it increases the grants if it can and do that, and sometimes it transfers, if it can, more money to weatherization for purposes of allowing more homes to be weatherized. But I understand all the concerns, and as an advocate, there are battles that we have with each of these administrations and differences of opinion. I, I just am always sympathetic to an administration that never knows what its funding level is to be and has to administer a program within five months.

CHAIRMAN BAKER: Thank you, Mr. Geller. We are running a little behind...

MR. GELLER: I appreciate that.

CHAIRMAN BAKER: ...and I believe we have four or five Members that you've piqued interest have questions, so if we could have, maybe, one question for each of the Members and, and then go to the, the next testifier. Chairman Myers.

CHAIRMAN MYERS: Thank you, Mr. Chairman. Good morning.

MR. GELLER: Good morning, Chairman.

CHAIRMAN MYERS: One question, okay? You said that the 24 percent of the LIHEAP money was for oil, and 46 percent was for gas. Oil right now is 400 dollars for 100 gallons. I know because I get oil, okay? It's a lot of money for a little bit of oil.

MR. GELLER: Amen.

CHAIRMAN MYERS: And it don't seem to be going down, so I don't see how without some additional monetary support how we going to be able to address this? Because this oil thing is really taking off, so the question I have if you can answer. And this is, this is sort of one of those looking glass kind of questions. Do you think that we should be trying to direct people towards a specific energy source that would help with the efficiency of LIHEAP? For example, should we be trying to get everybody to get on gas and get off of oil or, you know, kerosene or, or what? I mean, you have any feelings about that?

MR. GELLER: Well, I, I do to the extent that any individual, particularly a low-income individual, is able to use the most economically-efficient heating source. We support it. I think it's self-evident that the household itself cannot afford to modify its heating system, and in many cases, low-income folks are tenants who are in apartments in which the heating system is the cheapest to install and maybe the most expensive to afford, and they don't have control over – of that in any case. The issues come up in a number of different instances, and we've supported, and let me, let me give you some examples, if I may. In the weatherization program and the

crisis interface program that I've referred to, weatherization providers go out to homes in which the current heating system is either not operable or very inefficient. That's a low-income home. And particularly, in the city of Philadelphia, for example, where you have this choice. The heating folks may be using oil. The oil system has, has broken down, and is it more efficient for the weatherization provider when it goes in to make that crisis repair in terms of fixing the system to simply fix up that oil furnace, or, at that point, install a much more high tech, much more efficient low-cost fuel of natural gas? A natural gas furnace would be far more practical if you were an individual who was faced with that system, situation, and resources. To make the change, you would provide the calculus. If you had the funds, you would do it. Weatherization and, and LIHEAP have taken position, and it's a very reasonable position, that there are limited funds. It's far more expensive to modify that one home and change the heating system completely than simply to repair it, and so in every case in which a repair is needed, it's the repair that will be done. Only when a replacement is needed would, then, the weatherization provider be able to make that switch. It makes sense on limited funds and continuing to use the funds. On a long-term, we would support having that system change. We would support it if it didn't deny benefits to fifty other people who need a LIHEAP grant and to survive, so it's a funding situation. The other situation that occurs most often is what we call "de facto electric heating." Folks can't afford to fill their oil tank. They can't afford to pay for oil, so what are they going to do? Open an electric space heater. It's not efficient. Sometimes it may not even be safe, and it is so costly that that low-income folk who are on the CAP program but fostered by the utility because they have to heat with electricity have used up, have used up all their CAP benefits. No longer on the CAP rate, are paying full electric rates, not a discounted rate, and are in the worst of situations. How do we treat that situation? Every electric company, I think, will

acknowledge they're getting more and more customers who are using de facto heating, particularly low-income customers, and we are concerned that those folks are losing their benefits to CAP as quickly as possible because they can't afford to do what others might do and simply change over their heating system. It's an excellent question, a major problem, and the low-income folks don't have the resources to address it.

CHAIRMAN MYERS: Okay, thank you.

CHAIRMAN BAKER: Representative Cutler.

REPRESENTATIVE CUTLER: Thank you, Mr. Chairman, and thank you, Mr. Geller. I can certainly understand why Mr. Love was so, so praising you previously.

MR. GELLER: Thank you.

REPRESENTATIVE CUTLER: Understanding your concerns with the offset provision, if I was to remove that, modify it, you know, whatever the, the outcome is, how do you feel the database crosschecking provision of the bill as well as the mandatory reporting for, for suspected fraud? Do you view that as being a substantial obstacle, then, going forward for individuals applying for assistance, or do you think that those are workable solutions?

MR. GELLER: I, I think there, there's certainly potential there, Representative, and it's my understanding both Departments have come out in support of the crosschecking, and the other changes is my understanding that, that DPW is, is working with DCED to try to do that. Again, we support all types of integration and, and efficiencies. My statement, even before I heard the Auditor General, was he clearly has the authority to do auditing and, and the responsibilities to do it. It – and while all crosschecking is, is important, it's put in the context of what I said regarding DPW. They are a besieged administration in terms of the LIHEAP program trying to start up a program under five months, not knowing what the funding is, and

it's my understanding that they've been concerned and are continuing to be responsive to the Auditor General. I would not be in favor of additional resources that could be used to provide grants to individuals, process those grants to assist individuals being detracted or deferred from that process. So to the extent that we need to see how the Department responds to the recent audit, see if there's some significant changes, as I believe there have been and I hope there will continue to be, not continue to put a mandatory periodic check on, on what could be a distraction from benefits, and in regard to that, the waiting list is DCED in terms of weatherization. LIHEAP because it's an annual program and only goes five months doesn't carry over with a waiting list from year to year, and what it does is it process and intends to process the applications it receives within that LIHEAP program year, and it should do it within thirty days. There is difficulty at DPW, frankly, in processing the applications within that thirty-day period, so there are pending applications at DPW, and the number was significant this year in part, frankly, because of systems changes to comply with all the auditing and the verification. And therefore, at the beginning of the year, there was a significant backlog. My understanding is that backlog is reduced. It's not satisfactory to consumers in that there continues to be – to work on that, but that's a pending application process as opposed to a waiting list process. I agree with everyone's comments that the six-year waiting list for weatherization is, you know, in – unsatisfactory, and I say with great frustration that each time I looked at the utility programs and their weatherization equivalents, LIURP [Low-Income Usage Reduction Program], and they issue reports. Their analysis sometimes is that the need can stretch out for thirty years or forty years rather than the ones that they reach, so I certainly support the question are the resources in the utility companies that are dedicated to weatherization adequate with the response, "No." And they should be growing at a significant rate to a greater degree than they are now with the caveat

that it cannot come at the expense of the CAP programs which provide affordable rates or try to provide those rates.

REPRESENTATIVE CUTLER: Thank you very much, and I sincerely appreciate your testimony.

MR. GELLER: I appreciate that. Thank you.

CHAIRMAN BAKER: Representative Waters.

REPRESENTATIVE WATERS: Thank you, Mr. Chair. Thank you, too, for being here. Would you consider your – you represent an, an advocacy group. Would you...?

MR. GELLER: Yes, should I...?

REPRESENTATIVE WATERS: Yes, and the – I couldn't help but to think about years ago I was renting a home, and at that home I couldn't figure out when the winter came why my utility costs were they so high, and I had, had to, you know, had the provider come out to give – to look it over and find out what was going – what was wrong. He said that the – my furnace was not properly – not that it wasn't properly sealed. It was not the furnace that it should have in that home that I had, and it should have been in another kind of facility, a bigger facility, so it was driving my costs up high. The – I'm asking you this is that there are some people who live in facilities where they are renters, and they live, and they have landlords who refuse to retrofit the place and make sure that everything is, is the same on the, on their tenants' utility costs, too. Have you been involved with a lot of cases like that, and do you believe that that could have a negative impact on, on utility users?

MR. GELLER: We have, and it can, and I think I alluded to that to the extent that renters are not in control of their heating system, and to the extent that unfortunate – it's advantageous for builders or landlords to create systems that are low-cost to put in and choose not to maintain

them or not adequate. It's the low-income resident or any resident in your situation who was faced with the heating bill who has to confront it, and that's one of the concerns, as I said, with my concern with the, with the section of the offset that individuals don't often have that control.

REPRESENTATIVE WATERS: Thank you. Thank you, sir.

CHAIRMAN BAKER: Thank you. Representative Brown.

REPRESENTATIVE BROWN: Thank you. Mr. Chairman. Mr. Geller, I'd like to also thank you for your comments today. They have really given a good picture of what our citizens are facing when they have to ask for a LIHEAP grant, and particularly, you touched my heart because I've received several, as a single mom trying to keep heat in my home, and some of the stories you told. I actually had to turn my heater off at one time and put in the electric heater in just one room, the bedroom where my son and I occupied because we couldn't afford to keep the heat on, and also with Representative Waters talking about the inappropriate heating system. Now, as a homeowner, myself, and a single mom, I had a heater installed many years ago, about five years ago, and it's no longer working, and I went to replace the heater, and the repairman told me, "You have an apartment heater in your house. That's why you could not afford to keep warm in the winter and have to use the electric instead of a heater." And I paid good money for that heater, but that repairman or that heater installer took advantage of me being a single woman, a mother, and not having an understanding of what type of heater he was placing. So I see that there's a lot of areas that you have brought out that I would love to work with Representative Cutler and Representative Waters to come up with a series of legislation – legislative packages that will help our citizens who are experiencing these challenges just to keep warm in the winter, and I think that thank goodness we've had such a mild winter because had we not, we would really be in a crisis in this conversation. It would be a lot more heated because

we probably would have lost lives due to the cuts that we have experienced to LIHEAP, and it – I’m just grateful that we’re not having that particular dialogue today. One other experience I just wanted to share. I really don’t have a question. I just wanted to share my experiences because it is very personal to me. When LIHEAP first was integrated into Department of DPW where they cut out the NAC’s, the neighborhood action committees that were administering the LIHEAP grants. When they centralized everything to one location, there were a lot of concerns that were happening. There was – because of the five-month time span, there was not enough education. There was not enough money to train the intake workers, and a lot of things that appear to be fraud from my experience were people not entering things appropriately, so they were coming up and presenting themselves as fraud when they really were technical errors, and I don’t know if in that Attorney General report if it even talked about errors because I didn’t hear anything in that, in that statement about it, and I don’t know if you in your experiences have experienced that, but it was so many errors that my constituents asked me to take a visit to the --- location in Philadelphia, and I went there twice, and while there, I noticed quite a few things, also, the pending applications. There was a wall of about a dozen file cabinets six feet high, and I asked, “What, what in the world is, you know, going on here?” And they said, “Oh, those are all of our pending applications.” I said, “Pending?” so I asked the question, “Well, why would they be pending?” Well, people didn’t – something was incorreced – incorrectly entered, they didn’t have their verification, and they were kicked out of the system. Maybe their birth certificate – I mean, their photo ID wasn’t presented or Social Security number. Something was wrong with the applications, and I said, “Well, how do you handle those pending applications?” “Well, we send a letter that says if you don’t respond within a certain amount of time, then you’ll be kicked out of the system, and you have to start all over.” With all of the errors that were occurring, I

said, “How do you know that it’s the person’s problem and not the clerical error here in the office?” So at that time they decided to send a letter out to everyone asking them to resubmit everything, and no one would be disqualified if they could still get that information and regardless of a time limit, so even myself, I have experienced a lot of issues with LIHEAP, weatherization, and crisis, and they are always not the consumers’ problem. Sometimes it’s internal, and it’s, it’s the administrative problems.

MR. GELLER: And I appreciate that insight. Again, putting it in context, we do see significant administrative errors. We have seen it in the past. The input systems have changed, have changed from year to year. LIHEAP, being a seasonal program, has historically been run through temporary employees, contract employees, folks who are not there from year to year. The LIHEAP program state plan, which articulates the rules for LIHEAP, changes each and every year, and it changes based on the anticipated budget, the anticipated costs, and the anticipated needs, so the rules for LIHEAP are confusing, not only, as I said, for the applicants, but frankly, the training for new workers to get up to speed just when the, the demand is greatest, when all the applications are coming in in the end of October, beginning of November, is very difficult. So we have seen this tremendous number of pending applications, and we have seen errors. I, I do share the, the view that there is fraud and, and error and abuse in all systems, but in the LIHEAP system and grant system, I think, even reading the Attorney General’s auditing reports, we’re talking about some potential opportunities that not the recipients themselves for the most part, and some others who may have taken advantage of some of the weaknesses in the system. That being said, we support all changes that can make the program more efficient, but this, this is a tough one for applicants, and applicants are, are trying to do all they can to, to participate in it. And, and we see, frankly, with the utility programs, as well, when people die,

the counselor sometimes, and the, and the names of the spouse, not the individual, and it was the spouse who was the customer or the spouse the person of record. And it takes all households some time to, to modify those records, and that's part of some of the issues with Social Securities and names and, and supposedly dead folks. And that's, that's recognized, I think, in the industry where sometimes the change of the utility account doesn't take place immediately.

CHAIRMAN BAKER: Representative Aument.

REPRESENTATIVE AUMENT: Thank you, Mr. Geller. I'd like to follow up that discussion if I may. I was very, very much interested in the complexity in the coordination of services, and pages 2 and 3 of your testimony, it seems to me, cries out for a flow chart of some kind. If I could ask you for some specific recommendations that you might have in regards to how to better coordinate the delivery of services.

MR. GELLER: I thank you. A flow chart and some administration, or – we don't have control over the fact that these programs are administered and funded by different Federal regulations, and DOE has particular rules and HHS has particular rules, and the PUC has particular rules. One of the things I'm concerned about most often is within the utility programs there's statutory requirements that the PUC oversee and ensure that utility inverse service programs are appropriately funded and administered. What we have here in Pennsylvania is different universal service programs based on each distribution company's service territory, gas and electric, so each of those companies has a different CAP program with different names, sometimes called OnTrack here in PPL territory or CAP rate in PECO territory or LIPURP [Low-Income Payment and Usage Reduction Program] in another area. Not only are they have different names, but they have different procedures, different rules, different administrative processes, so we have just for one administrative agency twelve to thirteen different programs

for CAP, different programs for what their weatherization or LIURP program is, different hardship funds. To the extent that we could provide some standardization in terms of the way that everybody can apply, and, and this has been discussed, coordination of applications, coordination of standards, administration rules. When the PUC first indicated that universal service programs would be necessary when we went into the era of competition. Frankly, the PUC recommended there be one standard state funding for the program. What developed was individual funding based on residential ratepayers paying the cost. That creates one of those dilemmas where we have residential ratepayer consumers who are paying the cost for low-income, and therefore, there's some potential conflict. The Office of Consumer Advocate and we have worked together to the extent that we could provide some standardized state funding or mechanism, I think, that would alleviate some of the internal utility program coordination. There are other things in terms of LIHEAP and weatherization I think that we've started to address but certainly a greater emphasis on the crisis interface program and the repair program and getting the rules set that we discussed today about at what point is it appropriate to put in a more efficient heating system and what terms is it not appropriate. That's certainly one area of coordination, and reporting between the two agencies would be helpful. The Attorney General put a novel point in. There's nobody at DPW who is singly responsible for LIHEAP, and, and we appreciate that concern.

CHAIRMAN BAKER: Thank you very much, Mr. Geller. We're running about thirty minutes behind, and we appreciate your testimony, your advocacy, and your passion and all the good work you do for those that, that need help. We appreciate your testimony.

MR. GELLER: I thank you, Chairman and members, and certainly we're available for any follow up discussion on some of these important issues. Thank you.

CHAIRMAN BAKER: Thank you, and our last presenter is – will be Lynette Praster, Director of Conservation and Weatherization, Department of Community and Economic Development, and Neal Leshner from the Department of Public Welfare. Welcome, and please proceed when you're ready.

MS. PRASTER: Good morning. Thank you for the opportunity to provide testimony regarding House Bill 1991 amending Act 122 of 1986, the Energy Conservation and Assistance Act. Thank you, also, to Representative Cutler for raising the important issues addressed in House Bill 1991 and for always approaching these issues with concern and a willingness to listen to all the perspectives of the issues.

My name is Lynette Praster. I'm the Director of the Office of Energy Conservation and Weatherization at the Department of Community and Economic Development. Our purpose is to administer the Department of Energy's Weatherization Assistance Program in Pennsylvania. We also complete LIHEAP crisis interface work, and when funds are available, weatherization work through the LIHEAP program.

The Weatherization Assistance Program in Pennsylvania began in 1976 with a small appropriation to conduct minor weatherization measures in low-income houses. Since then, the program has greatly expanded to include a network of forty-three sub-grantees, has increased the amount of money spent in each home to save even more energy, and has weatherized nearly 500,000 Pennsylvania homes over the last thirty-six years.

In the past few years, we have redefined our mission to reduce energy consumption and cost in low-income households throughout Pennsylvania. In the last three years alone, with the infusion of a quarter billion dollars of funds from the stimulus American Recovery and Reinvestment Act (ARRA), we have weatherized over 35,000 homes, creating healthier living

environments and saving millions of dollars in energy bills for Pennsylvania's most vulnerable citizens. Along the way, we have trained over 1,000 workers to occupy hundreds of new jobs, and our work has supported the expansion of dozens of small businesses and their company labor force.

Our ARRA funding level has allowed us to take a scientific approach to all aspects of our program from the insulation we install in attics to our detailed reporting policies, our strict adherence to all compliance standards, and our streamlined communications. We are evaluating energy savings. We have examined consumer satisfaction. We have established a statewide energy education approach, and we have worked tirelessly through our monitoring process to perfect the quality of our labor. We have utilized business models and performance-based funding to increase production while eliminating waste.

We have done all this and worked towards this end because we want to be the best stewards of – best stewards possible of taxpayer money, and so far, we are reaching our goals, but we realize there will always be ways to improve our efforts.

We're now in a time of transition. For the last three years, the Department of Energy has awarded approximately ninety million dollars a year to run the program. However, beginning in July of this year, our funding from the Department of Energy will be less than four million dollars. We will continue weatherizing homes, but unfortunately, the scale with which we do this will be greatly reduced. We anticipate focusing our limited funding on reducing energy usage for families in need, sustaining as many jobs as possible, and maintaining the reporting, compliance, and communications infrastructure we have created across the state.

We recognize that House Bill 1991 strives to make our program more effective through coordination with the Department of Public Welfare to streamline our eligibility verification

system. We also value the bill's intention to break through the silos of state government, and the bill's desire to invite more engaged inter-departmental conversation on how best to need – meet the needs of, of Pennsylvanians.

Moreover, the bill takes the goal of reducing families' reliance on government funding and greatly expands it. Under House Bill 1991, those families whose energy bills have been reduced through the Weatherization Assistance Program would receive proportionately fewer dollars of LIHEAP assistance. We are concerned that this well-intentioned legislation may potentially violate aspects of the Low Income Home Energy Assistance Act of 1981. We defer to DPW for the spith – specifics on this, but we look forward to working with the bill's sponsor and DPW on ways to mitigate this concern.

Additionally, House Bill 1991 seeks to amend Act 122 of 1986, enacted to govern oil overcharge funds in Pennsylvania. Unfortunately, there have not been any oil overcharge funds available to the Weatherization Assistance Program in over twenty years. Without these additional funds, many provisions of the existing act are moot, and we strongly recommend that House Bill 1991 be amended accordingly. DCED will work with Representative Cutler and DPW to provide this mend – amendatory language.

We also have significant concerns with the potential administrative cost of the cha – of the changes that would be required from this bill, especially since this year's funding for us will be less than 5 percent of the previous year's allocation. Under the current language of the bill, the State will be expending unreimbursed administrative funds to more deeply monitor this program. Unless amended to give the Department more flexibility in restructuring its program to meet the goals of the legislation, we may be unable to satisfy the administrative goals of the legislation. We would need additional resources or greater administrative flexibility to establish

the electronic database system to centralize intake, to coordinate energy reduction with DPW, and to perform follow-up operations in high energy use households.

In addition to this, we are concerned with the means of determining grantee funding listed on page 8 of the bill. DCED has already established due process in reallocating funds based on performance metrics, and we believe this method more fully represents the goals of the program and the achievements of individual sub-grantees. Similarly, DCED is working to establish dates for reallocation of funds that would more accurately reflect the needs of the program. May 15th would be particularly difficult because of its proximity to the June 30th end fiscal year.

We are also concerned with the bill's method of establishing an eligibility verification process. While we agree with the policy behind this, we are concerned with its implementation. We would like to centralize our intake process through an electronic database system, yet we believe determining the method by which this should be done may require further consideration and study. House Bill 1991 proposes that we centralize intake by using a system defined in Section 432.23 of the Public Welfare Code, yet we are concerned that this system may not meet the specific requirements of the Weatherization Assistance Program. Although we have these concerns, we believe the bill's concepts would be feasible except that, as with many of the other issues addressed here, it could require additional administrative resources.

In closing, we are pleased with the consideration paid to our program in House Bill 1991. However, we respectfully need meaningful amendments to the bill and pledge to working with Representative Cutler and the committee to develop amendatory language. Further, the potential long-term savings in Federal dollars, tax dollars that could be achieved from this bill will need to be balanced with the short-term fiscal impact of this legislation to the Commonwealth. This will

need to be considered within the confines of the fiscal crisis the Commonwealth is currently experiencing.

Thank you again for the opportunity to speak before this committee, and we look forward to working with you.

CHAIRMAN BAKER: Thank you for your testimony. Neal, would you like to go, and then we can get questions all at one time?

MR. LESHER: Sure. Thank you, Mr. Chairman.

CHAIRMAN BAKER: Neal Leshner from the Department of Public Welfare.

MR. LESHER: Thank you, Mr. Chairman. Thank you for the opportunity to testify today. My name is Neal Leshner. I'm the Deputy Director of Legislative Affairs for the Public – for the Department of Public Welfare.

House Bill 1991 proposes reforms in four areas to the LIHEAP program and weatherization services administered by the DPW and DCED agencies. First, the bill requires that income eligibility of applicants for both LIHEAP and weatherization be verified using the income eligibility verification system as provided for in the Public Welfare Code. Second, the bill proposes that DPW reduce an individual's LIHEAP grant based upon the increased efficiency the individual gains from weatherization services. Third, the bill proposes guidelines for fraud reporting directly to the Office of Inspector General, my employees, contractors, applicants, and recipients. Lastly, the bill provides for periodic performance audits to be conducted by the Auditor General.

As you know, DPW currently uses the IEVS [Income Eligibility Verification System] system to verify eligibility for applicants and recipients of all forms of public assistance administered by the Department of Public Welfare, including the LIHEAP program. We are

open to finding a solution that allows DCED to leverage the systems that are already in place to provide income verification for weatherization recipients in the most cost effective and efficient way possible. We are currently working with DCED to develop a plan that would accomplish just that.

DPW does have concerns with Section 5.1(c) of the bill, which requires a reduction of the individual's LIHEAP grant based upon the increased efficiency gained when an individual receives weatherization services. This provision could potentially violate Federal Low Income Home Energy Assistance Act of 1981, which says that each state shall, shall certify that it agrees to "provide, in a timely manner, that the highest level of assistance will be furnished to those households that have the lowest incomes and the highest energy costs or needs in relation to income, taking into account family size." While we appreciate the goals of Section 5.1(c) of House Bill 1991, we do want to ensure that the design remains within the confines of the Federal statute and that it still provides the greatest level of assistance to those with the lowest income, and we look forward to discussing possible solutions with the prime sponsor of the legislation.

DPW supports enacting a duty to report fraud to the OIG [Office of Inspector General] as a part – on the part of employees and contractors, applicants and recipients. While DPW currently has procedures in place for employees or contractors to reverse suspected fraud cases to the OIG, we believe that codifying this expectation in statute will further support this effort. As you know, the Corbett Administration takes the responsibility to eliminate fraud, waste, and abuse from our programs very seriously, and we've taken several positive steps towards improving the working relationship between DPW and the OIG since coming into office a little over a year ago.

DPW is also supportive of the provisions requiring periodic performance audits of energy assistance programs to be completed by the Auditor General. As you know, the Auditor General has already completed several audits of the LIHEAP program. We welcome any input into the ways that we can improve efficiencies, reduce waste, and ultimately, improve service delivery in the LIHEAP program, as well as other DPW-administered public assistance programs, and I would add that we have expressed that desire to the Auditor General on several occasions.

We are mindful of potential costs and systems work associated with this proposal and are currently undertaking a thorough analysis to determine what those would be, and that analysis includes staff from both DPW and DCED. Again, I appreciate the opportunity to testify. We look forward to working with the prime sponsor and DCED, as well as the committee, to, to refine this bill as we move forward, and I guess we'll take any questions that you have.

CHAIRMAN BAKER: Thank you very much for your, your testimony, and apologize for running so late. I did talk with the prime sponsor of the legislation, Representative Cutler, and I – the recurring theme I'm hearing from a lot of folks is Section 5.1(c), the, the offset language, and I, I think he is amenable to, to making some changes with that, improving the bill and is, is very much looking forward to working on some of these concerns. Without further ado, I'll, I'll recognize Representative Cutler.

REPRESENTATIVE CUTLER: Thank you, Mr. Chairman, and thank you for everyone's late here – late attention. I certainly appreciate it. I appreciate both of your inputs. Look forward to working on a possible amendment or two, however many's needed, and as well as the other Legislators who'd expressed some interest in both this bill and, and others as well and certainly look forward to working with you going forward. Thank you.

CHAIRMAN BAKER: Representative Lawrence.

REPRESENTATIVE LAWRENCE: Thank you, Mr. Chairman. Lynette, I appreciate your testimony very much. I noted in here it said that over the past – in your testimony, over the past three years that approximately 270 million dollars has been appropriated and spent to weatherize 35,000 homes in the Commonwealth. That works out with some quick and rough math to about 7,700 dollars on average per home, which is not insignificant. That's a – I mean, that would be enough to replace a heater or, or I mean, it's substantial money we're talking about. My question is assuming that some of the repairs that are performed would be on the, maybe, just a couple hundred dollars, even. What's the number on the higher side? You know, do you have any facts or figures with regard to some of the more expensive repairs that have been performed with regard to weatherize – weatherizing these homes?

MS. PRASTER: Well, first off, we have a requirement to follow by the Department of Energy, which is that our average costs must be at 6,500 dollars, so that's what we have to hold our, our agencies to an average cost of \$6,500. The cost can range from about 3,000 dollars sometimes up to 10,000, but we also monitor those high-cost jobs very closely because the weatherization work is based on an energy audit, so, you know, perhaps in the past if there was a tendency to go ahead and throw those windows in, those new windows, we, we have to follow a priority list, and we have to look at the home and the science of the home to figure out what exactly needs to be done for – to do in order to conserve energy.

REPRESENTATIVE LAWRENCE: So if the, if the target goal, then, is 6,500 dollars on average but the numbers, again, just working them out, is, is closer to 7,700. What's the 12 – where's that 12,000 dollar difference come in?

MS. PRASTER: Okay, well, actually, those figures are – our ARRA grant was 252 million dollars. There was an additional four million dollars that was used for us – it was called

a CERT grant to do only water – hybrid water heaters and the EID appliances in the home, so that was a separate project. We have – actually, we have three strains of funding in the program, and that’s what makes it rather confusing. We’ve had the ARRA funds that have come in over the last three years. We have a regular DOE [Department of Energy] allocation, and then we have a LIHEAP allocation. So when you look at our total, it’s very difficult to just kind of divide that and come up with that, that average cost because our LIHEAP funds are only used right now for the crisis interface, which Mr. Geller talked about in terms of either repairing or replacing the, the furnaces and the heating systems. So if you take that money off of there and you take the special project off of there, you come down to the 252 million dollars over a three-year period at 35,000 homes, so we – again, it can go higher than 6,500. What we go agency by agency, monitor the quality of the work, monitor the energy audit, assure that the work that’s being done is supposed to be done, and most normally, our average works out.

REPRESENTATIVE LAWRENCE: I appreciate that explanation. Just to – finally, would there be a way to find out specifically, and I understand if you don’t have the data with you today, but would there be a way to, perhaps with some follow up, to get an outline of let’s say the one hundred or two hundred most expensive projects that were performed?

MS. PRASTER: Sure. We can provide that.

REPRESENTATIVE LAWRENCE: I’d like to see that.

MS. PRASTER: We can provide that.

REPRESENTATIVE LAWRENCE: Thank you.

CHAIRMAN BAKER: Just one point of clarification in your, your testimony. You indicated in the second paragraph of your, your first page that when funds are available...

MS. PRASTER: Okay.

CHAIRMAN BAKER: ...weatherization work through the Low Income Home – LIHEAP. We had heard earlier that 15 percent of that is used for – so it kind of suggests that you don't have funds available at times. Would you clarify that for me?

MS. PRASTER: Since – yes, we absolutely – we can. Since ARRA began, there was a change in the budget code that DCED would receive up to 15 percent of the LIHEAP allocation for crisis interface and weatherization, but also with the stipulation that the money had to be spent first on crisis interface. Because we had the large infusion of funds, we agreed to that during the stimulus period because we need to spend our ARRA funds. Prior to that, the code said DCED would receive 15 percent of the LIHEAP funds, so in all of the years past, there was an agreed-upon amount that part of the allocation would be for the crisis interface during the months that were required, and then the balance was weatherization work. So in the past, from what I'm understanding, we were able to – when a LIHEAP crisis interface client came to us, we could not only take care of their heating problem, but we could then look at the whole picture, do an energy audit, and actually do the weatherization work with the LIHEAP funds and/ or perhaps use additional DOE funds to help finish that work for the LIHEAP client. But during the ARRA period, that was changed, so there have been conversations about restoring that 15 percent for us as we're facing the budget – budget cuts from the Department of Energy.

CHAIRMAN BAKER: Thank you for that clarification. That, that's the answer when I saw that wording.

MS. PRASTER: Great.

CHAIRMAN BAKER: You think the – that's getting all worked out then?

MS. PRASTER: We've been working together with DPW on that.

MR. LESHER: Mr. Chairman, if I could just add to that, I think that, you know, it's the LIHEAP program is a block grant that comes from the Federal government, and I appreciated Mr. Geller's comments regarding the challenges that we have when we have to put out a draft State plan in the middle of the summer when most people aren't thinking about heating assistance yet because we're more or less thinking about the air conditioner being on. But we have to come up with a dollar amount for what we think we're going to get from the Federal government while we wait for the Federal government to get their act together in Washington and hopefully pass a budget on time. And when we, when we do that allocation, it's – you know, I think she – what she said was, you know, previously it had always been a 15 percent allocation. When the stimulus funds came in, it moved to an up to 15 percent, and there was a – there was kind of a balancing act that, that tried to occur recognizing the stimulus funds were there, as well, and you know, over the last several years, we've seen the LIHEAP grant kind of come, come down from the Federal government, too. So it's, it's a matter of prioritization and, and putting the pots of money where you think that they're going to do the best, the best service, and, you know, we're happy to have that conversation with the Legislature, with the Governor's Office, with DCED to determine, you know, what that appropriate balance is with those limited dollars that come in.

CHAIRMAN BAKER: Terrific. Thank you very much. Representative DeLissio.

REPRESENTATIVE DeLISSIO: Thank you, Mr. Chairman. The testimony's been very helpful today. A couple of platitudes. The devil's in the details always, so this has been terribly helpful. I'm always focused on process, and I'm always concerned that it's going to cost us ten cents to pick up a penny, and you know, always on the alert for those types of – in our, you know, well-meaning efforts to streamline and try to tighten up programs that, you know, were

driving costs up because we're not looking at the root cause of an issue. So I guess with that being said, it's put me, perhaps, more of a comment than a question at this point. I know that last year in the fiscal code, part of the budget, Act 22, provided DPW pretty much unfettered, unfettered opportunity to make program changes, and my concern would be that what I'm hearing today about process and oversight, etc., is, you know, the Legislature doesn't have some of this oversight, currently, and that was a concern to me last year. It remains a concern, and this, I think, testimony today just reinforces that concern because the Legislator – the legislative branch has a responsibility in this process in terms of programs, and I would want to ensure that we are doing our jobs as effectively and as responsibly as we are supposed to. A lot of my questions had to do with the Attorney General's – the Auditor General's testimony, and I will send those in to him. Do you happen to know, either of you, what the – if there is a – I don't know how to put this. I've actually helped a few constituents along the way with their LIHEAP grants and have been fascinated by the process. Do – are some of these grants also applied for online?

MR. LESHER: They believe that's probably a question better suited for me. Yes, individuals can apply for LIHEAP benefits using the COMPASS program application that, that serves all of our other programs.

REPRESENTATIVE DeLISSIO: COMPASS program. Okay, I guess from your perspective, I'm always interested in hearing this, and this would be to each of you. If there was one thing that you could change that you'd say, "Oh, my goodness, we would definitely tidy this up in a great way." If there's one thing that you could change, and given that it's would be an ideal situation, it might be very problematic to do actually because of parameters. What would that be, Neal, that you would say in your esteemed opinion?

MR. LESHER: I'll give you two things.

REPRESENTATIVE DeLISSIO: Okay.

MR. LESHER: And I'll give you the first one because you mentioned the COMPASS application. I think generally speaking, not just in the LIHEAP program but in all of our programs, we would encourage people to apply using the COMPASS application because of the benefits that that has for DPW in terms of reducing administrative procedures. Right now, if you submit a paper application to DPW, then somebody in the county assistance office has to do the data entry to put that in the computer system, whereas the COMPASS application, it's automatic, so if you're going to have to put your information in something already, whether you write it on a form or if you input it, you know, in a computer, and I think that this is probably an "Oh, we hear from a lot of you on constituent issues." You know, if you have your staff helping a constituent filling out an application, it might be easier just to open up the COMPASS application and help them fill it out there. It's usually a quicker process, and the benefits can get approved quicker.

REPRESENTATIVE DeLISSIO: Great, great suggestion. I'm....

MR. LESHER: I think, I think that that's something that we're looking at is to try to – and we have – honestly, COMPASS is a great application, and other states are looking to copy it. You know, other states have looked at that and said, "Well, that's a great thing. We want that here, you know, in our state." I think that's the one thing, but then I would say just broadly DPW is interested in having this broader conversation about the, the interplay between all these different energy assistance programs that exist. I know Mr. Geller mentioned the programs that exist at the utility level. They're not even state programs, and, and there's a lot of programs that are out there, I think. You know, we, we – we're looking forward to having kind of a broader

conversation about how all these work together and what's the most efficient way to deliver energy assistance services to Pennsylvanians.

REPRESENTATIVE DeLISSIO: Thank you, and I will translate your COMPASS thing back to my staff and see if we can't help with, help with that and make recommendations to have constituents to bring it in who don't have computers.

MR. LESHER: Yeah, and, and, you know, right now we have a number of community partners, community action agencies and groups like that that – we have staff that can actually provide training as to how to assist somebody in using COMPASS, and I, I think just from an administrative perspective that really is a good model that reduces some of the paperwork that's in the CAO's that we hear about.

REPRESENTATIVE DeLISSIO: Thank you.

CHAIRMAN BAKER: Representative Cutler.

REPRESENTATIVE CUTLER: Thank you, Mr. Chairman. I just wanted to thank you for bringing up the “up to 15 percent” versus 15 percent because I think that's a, that's a huge difference, and I know we've had private discussions regarding the, the makeup of both programs, both the LIHEAP program as well as weatherization program. And as a policymaker, when I look at the weatherization program, I look at it as an investment because, you know, you're making long-term investments to reduce energy use over time versus the LIHEAP program, and I know some of the prior testifiers had brought this out that there are some individuals who end up coming in year after year after year because their structure's not sound, you know, and there's other issues that are contributing to that, so whatever I can do. I know that's kind of outside the scope of this bill. I'm happy to, to help wherever I can to support that effort, and I also – I do want to just close with thanking Representative Waters again. He's been

great to work with on this. It's an issue that we're both very interested in, particularly when you get into the, the mechanics of the program and ensuring that the people that need assistance are actually the ones who are getting it, but more importantly, they're also getting the assistance that's going to have the, the biggest long-term payback. I just think that's huge, and appreciate his work, appreciate the Chairman's generosity with the committee hearing and the time. Thank you.

CHAIRMAN BAKER: Thank you. Representative Waters.

REPRESENTATIVE WATERS: Thank you. I'd like to echo my colleague's, Representative Cutler's, comments. He's been, he's been great working with him, and he's very concerned about this because we really want to help people who really need these programs that are – that could really benefit from it. It makes sure that they get it, and if this program can be tailored in a way where it would cut down on the waiting list and make sure that, that the people who, who really in dire need of these programs move up in the line and get it, and I would, I would think that we've accomplished something that we can achieve that. So, Mr. Chairman, I just want to thank you for entertaining this, this hearing today, and I want to thank all the testifiers that came here to provide us with very good information. Thank you.

CHAIRMAN BAKER: I want to thank the members for their bipartisan spirit. The prime sponsor is going to be doing some additional work on this legislation. We hope to have a very good product in place for the committee to pass and want to thank everyone. I, I can't help but ask this question, and you can punt. You can, you can say no, which, which is okay. It's within your right, but the Auditor General made a lot of comments, and a lot of constructive criticism, a lot of very serious comments with respect to needed changes and improvements in, in this, in these programs, weatherization program, and, and the LIHEAP program pursuant to his

various audits, and I wanted to give you an opportunity to respond perhaps later. That would be fine, as well, but we're all concerned about accountability, transparency, the efficacy of these programs that, that the dollars that are appropriated go to help those that, that most need them, and I think we're all on board with that. We, we all see the value in the weatherization program and LIHEAP program. We want to see those dollars go to help people, so if there is waste, fraud, and abuse, we obviously would like to, you know, reduce that as much as possible. Just wanted to throw that out to you. Last comment and then we're done here today. We thank everyone, but if you'd rather respond later to that because there was a lot of information in there. We, we....

MR. LESHER: Mr. Chairman, I'm actually glad that you asked that question. There's probably some people who prefer that I punt, but I'm going to go ahead and answer it. I don't get to do this very often, so I might as well. I would say, I mean, as I sat here and listened to some of the things that the Auditor General was saying about the Department of Public Welfare, I don't know that it's fair to say that Secretary Alexander is anything but committed to rooting out fraud, waste, and abuse, and I think that when you look at some of the things that we've done. In just the first year that we've been here, he's created an Office of Program Integrity that's at the executive level and reports directly to him, and the goal of that office is to work Department-wide through all of our programs to look at policies and procedures and regulations and everything that's in place, the systems that we have, the technology that we have, anything that we can do to further reduce the amount of fraud, waste, and abuse. And I know sometimes there was this, there was this level of fraud that, that is very hard to, you know, obtain. And there's very, there's very little fraud out there that rises to the, to the point of being prosecuted, but, but we certainly feel that we can do a good job of limiting the waste and maybe some of the

abuse, and I think that that Office of Program Integrity, which has never existed before in that function in the Department, that's certainly something new that Secretary Alexander's done. We've worked very hard to rebuild the relationship with the Office of Inspector General for those cases that do rise to the level of fraud to make sure that they're referred and prosecuted accordingly. Because these are limited taxpayer dollars or they're Federal dollars or they're state dollars, and every dollar that's either stolen or misused is taking it away from somebody that really needs it, and, you know, just – the last point that I would, that I would make is I, you know, I think Secretary Alexander has, has made it clear, too, with the Auditor General that we want to work with him because I think we have mutual goals in ensuring that there's efficiencies, that there's no waste, and like I said, ultimately, that we have a good service delivery model that, that serves the people of Pennsylvania well, so, you know, Secretary Alexander is always a phone call away. I know he would love to take the Auditor General's phone calls and talk about these things, and I hope that happens.

MS. PRASTER: We – I must say, we – I have to add in that we have really been working hard to address findings and concerns, especially throughout this last three years of the, the ARRA stimulus project. It has helped us meet challenges. It has helped us to streamline processes. It has helped us take a very close look at everything that's going on in the community, and I think as related back to what you were saying, Pamela, about the, about the focus. Actually, I interpret it as the focus on the client, that if we can focus on the client, I think that we can work together through Departments and through many programs, many other programs out there in the community that can bring things together, so we will continue to improve. I can guarantee you that.

CHAIRMAN BAKER: Thank you very much. Appreciate that commitment, and that concludes our hearing. Health Committee is adjourned.

MS. PRASTER: Thank you.

CHAIRMAN BAKER: Thank you very much, everyone.

Meeting is adjourned.

(Whereupon, the meeting adjourned at 11:45 a.m.)

The above is a full and accurate transcript of proceedings produced by the Chief Clerk's Office of the Pennsylvania House of Representatives.

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