



# STATE OF MINNESOTA

## Office of Governor Mark Dayton

130 State Capitol ♦ 75 Rev. Dr. Martin Luther King Jr. Boulevard ♦ Saint Paul, MN 55155

February 4, 2014

The Honorable Thomas M. Bakk  
Senate Majority Leader  
Room 226, Capitol Building  
75 Rev. Dr. Martin Luther King, Jr. Blvd.  
St. Paul, Minnesota 55155

The Honorable David W. Hann  
Senate Minority Leader  
Room 147, State Office Building  
100 Rev. Dr. Martin Luther King, Jr. Blvd.  
St. Paul, Minnesota 55155

The Honorable Paul Thissen  
Speaker of the House  
Room 463, State Office Building  
100 Rev. Dr. Martin Luther King, Jr. Blvd.  
St. Paul, Minnesota 55155

The Honorable Kurt Daudt  
House Minority Leader  
Room 267, State Office Building  
100 Rev. Dr. Martin Luther King, Jr. Blvd.  
St. Paul, Minnesota 55155

Dear Legislative Leadership:

I know you are aware of the very serious propane crisis, currently afflicting thousands of Minnesotans throughout our state. We began the winter with a lower-than-usual inventory of propane, due to the heavy use of it during the wet fall harvest. The bitterly cold winter has caused those supply shortages to become severe, which, in turn, has caused propane prices to soar. Prices for propane in Minnesota today are as much as three to four times their usual level.

These soaring prices have caused extreme financial hardships for many thousands of low-income Minnesotans, who rely on the federal Low-Income Home Energy Assistance Program (LIHEAP), to pay their heating bills. This winter, however, that program's capacity has been impacted by so many people needing more financial aid to purchase more fuel at significantly higher prices.

That same combination of more fuel needed for survival and its much higher cost has also impacted many middle-income families. In particular, people whose incomes are just above the eligibility for LIHEAP have no other source of financial help; they, too, are becoming desperate.

In the past five days, our State Emergency Services Operations Hotline has received over 1,750 calls from citizens, in need of assistance to find and afford the propane needed to heat their homes, businesses, and farms. Our winter has thus far been the coldest in 30 years. Long-range weather forecasts for February and March are predicting continued below-normal temperatures.

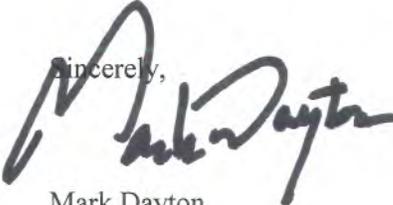
Two weeks ago, the Minnesota Department of Commerce increased the LIHEAP crisis benefits limit from \$500 to \$1,000 for households using propane and heating oil. The trigger for getting crisis benefits was moved from a 20% full propane tank, to 30%.

As an additional step to meet this crisis, yesterday we increased the top income eligible for LIHEAP's assistance from 50% of the State Median Income to 60% of the State Median Income, the highest income level allowed for federal funding. This action means that an estimated 90,000 to 120,000 more Minnesota families will now qualify for LIHEAP assistance. For example, families of four with incomes up to \$52,000 are now eligible. It is estimated an additional 30,000 to 40,000 households will apply for this funding. The cost of this increased eligibility will be \$6 million for this year.

Typically, LIHEAP funding is allocated so that the program can last through May 31<sup>st</sup> of each year. As of today, without any additional federal or state funding, LIHEAP funding for Minnesota is projected to run out of money around March 10<sup>th</sup>. Because of the greatly increased demand, even if the program were kept to the 50% of State Medium Income eligibility level, it would need \$11 million of additional funding to keep operating through May. With the expansion of eligibility to 60% of the State Median Income, another \$6 million would be needed, bringing the total to \$17 million of additional funding.

If the federal government does not provide additional LIHEAP funding for Minnesota, I will include \$17 million in my Supplemental Budget proposal, which I will complete very shortly after the February 28<sup>th</sup> Forecast. Given the possibility that swift action by the Legislature may be necessary in order to keep the program operating past March 10<sup>th</sup>, I want to apprise you now of the situation.

If you, or any member of your Caucus, has concerns about or objections to this plan of action, please contact me.

Sincerely,  


Mark Dayton  
Governor