

**Statement of the Coalition of Northeastern Governors
to the Subcommittee on
Labor, Health and Human Services, and Education
Committee on Appropriations
U.S. House of Representatives
Regarding FY 2005 Appropriations for
the Low Income Home Energy Assistance Program
April 8, 2004**

The Coalition of Northeastern Governors (CONEG) is pleased to provide this testimony for the record to the House Subcommittee on Labor, Health and Human Services, and Education regarding FY 2005 appropriations for the Low Income Home Energy Assistance Program (LIHEAP). The Governors appreciate the Subcommittee's consistent support for the LIHEAP program, and we recognize the difficult decisions facing the Subcommittee in this time of severe fiscal constraints. However, in light of sharply higher home energy prices, we request the Subcommittee to provide \$3 billion for LIHEAP in regular FY 2005 funding and \$3 billion in advance appropriations for FY 2006.

LIHEAP is a vital tool in making home energy more affordable for almost 5 million of the nation's very low-income households – the elderly and disabled on fixed incomes and families with young children. Recent survey data compiled by the National Energy Assistance Directors' Association (NEADA) provide a glimpse of the difficult choices made by low-income households and the strong, ongoing need for LIHEAP assistance. The percentage of income spent on total home energy by these low-income households can be four times higher than average households. For many of these households, annual income is simply not sufficient to pay high winter heating bills, even in periods of economic growth. Even after taking constructive actions to reduce their home energy use, too many low-income residents are forced to make dangerous choices between heating their homes, paying the full rent or mortgage, seeking medical attention, or purchasing food or vital medications. The NEADA survey found that an estimated 38 percent of LIHEAP recipients went without medical or dental care; approximately 28 percent did not make a rent or mortgage obligation; 30 percent did not fill a prescription or take the full dosage; and 21 percent became sick because the home was too cold.

The rise in winter heating fuel prices hits these vulnerable citizens especially hard. The Northeast is heavily dependent on deliverable home heating fuels such as home heating oil, kerosene, and propane. Price volatility in these fuels adversely affects the low-income households who, without the disposable income to purchase fuels off-season, typically enter the market when both the demand for and price of fuels are high.

Rapidly rising energy prices, the very cold winter conditions in many parts of the country, and the continued high unemployment among low-wage workers continue to put heightened demand on the states' already stretched LIHEAP programs. In FY 2004, states expect to serve an estimated 4.8 million low-income households with LIHEAP assistance, an increase of six percent over the 2002-2003 period. However, the number of low-income households eligible for LIHEAP assistance increased by a similar six percent – to approximately 34.6 million households. In short, in spite of the welcomed increase in LIHEAP funding, only a fraction – approximately 15 percent of eligible households – continue to be served at current LIHEAP funding.

An increase in the regular LIHEAP appropriation to \$3 billion for fiscal years 2005 and 2006 will enable states across the nation to reach more of those vulnerable citizens in need of assistance and more fully implement cost-effective measures to meet their continuing energy needs. Today, most winter heating programs have exhausted their program resources at the end of the heating season, leaving little or no resources for cooling programs this summer; or they have limited ability to assist families who, in arrears on heating bills, face the prospect of having their home heating source cut off. In addition, without funds to carryforward to the new heating season, state LIHEAP programs lack the capability to undertake the “pre-buy” programs that help stabilize heating fuel prices for low-income households and expand the reach of limited program funds. An increased federal appropriation, and advance funding, would allow states to manage the program resources in a manner to better take advantage of market opportunities.

Enactment of advance funding is vital to the states' program planning activities for the coming heating season. In the Northeast, where the heating season begins in early October, states generally spend up to 70 percent of the LIHEAP funds during the first two quarters of the fiscal year. Therefore, states must begin to plan and do program outreach in the spring and summer if they are to begin their LIHEAP program as soon as the new fiscal year starts. Advance funding helps ensure that states have the necessary funds to open their programs and provide timely assistance to low-income families who lack the financial resources to bear the initial costs of deliverable home heating fuels.

The current uncertainty of world energy markets underscores the importance of states being able to prepare for the potential of volatile energy prices. These preparedness activities, while critical, cannot fully shield our lowest-income citizens from the impacts of higher heating fuel prices. Your support for FY 2005 LIHEAP appropriations at the \$3 billion level and the enactment of advance FY 2006 appropriations is urgently needed to enable our states to help mitigate the potential life-threatening emergencies and economic hardship that confront the region's most vulnerable citizens.

We thank the Subcommittee for this opportunity to share the views of the Coalition of Northeastern Governors, and we stand ready to provide you with any additional information on the importance of the Low Income Home Energy Assistance Program to the Northeast.

Identical testimony was also submitted to the Senate Subcommittee on Labor, Health and Human Services, and Education.