

April 4, 2005

The Honorable Ralph Regula
Chairman
Subcommittee on Labor, Health and Human Services,
Education, and Related Agencies
Committee on Appropriations
United States House of Representatives
2358 Rayburn House Office Building
Washington, DC 20515

Dear Mr. Chairman:

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, Education, and Related Agencies regarding FY 2006 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.

In light of sharply higher home energy prices and the diminished purchasing power of available LIHEAP funding assistance, we request the Subcommittee provide \$3.4 billion in regular FY 2006 LIHEAP funding as well as the authority to release emergency contingency funds for unforeseen circumstances, such as price spikes in home heating fuels, severe weather and other potential emergencies. Your support is urgently needed to enable states to help mitigate the potential life-threatening emergencies and economic hardship that confront the nation's most vulnerable citizens – the elderly and disabled on fixed incomes and families with young children. Current program funding levels, combined with higher home energy prices, confront states with the prospect of serving even fewer eligible households, reducing benefits, or curtailing the duration of the program.

Thank you for your consideration of this request.

Sincerely,

/o.s./
John E. Baldacci
Chairman
Governor of Maine

/o.s./
Donald L. Carcieri
Vice-Chairman
Governor of Rhode Island

**Statement of the Coalition of Northeastern Governors
to the Subcommittee on
Labor, Health and Human Services, Education, and Related Agencies
Committee on Appropriations
United States House of Representatives
Regarding FY 2006 Appropriations for
the Low Income Home Energy Assistance Program
April 4, 2005**

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, Education, and Related Agencies regarding FY 2006 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 provide \$3.4 billion in regular FY 2006 LIHEAP funding as well as the authority to release emergency contingency funds for unforeseen circumstances, such as price spikes in home heating fuels, severe weather and other potential emergencies.

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. 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 substantial rise in home 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. In addition, 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.

The Energy Information Administration predicts that the price of home heating oil, propane, and natural gas will continue to rise this year. Compared with 2001 to 2002, households can expect this winter to pay 55 percent more to heat a home with natural gas, 93 percent more for those heating with home heating oil, and 51 percent more for those heating with propane. However, within this same time period, the annual LIHEAP appropriation has increased modestly. In spite of the welcomed increase in LIHEAP funding, only a fraction – approximately 15 percent of eligible households – can be served at current LIHEAP funding. As a result, states across the country in recent years have seen significant increases in their regular LIHEAP caseloads, as well as in requests for emergency assistance from those households in imminent danger of a

utility or fuel service cut-off. At current funding levels, states may be faced with the prospect of serving even fewer eligible households, reducing benefits, or curtailing the duration of the program. Clearly, the projected need far outweighs the available funding.

Higher energy prices diminish the purchasing power of available LIHEAP funding assistance. 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 would allow states to manage the program resources in a manner to better take advantage of market opportunities.

The current uncertainty of world energy markets underscores the importance of states being able to prepare for rising and potentially volatile energy prices. These preparedness activities, while critical, cannot fully shield our lowest-income citizens from the impacts of higher heating fuel prices. An increase in the regular LIHEAP appropriation to \$3.4 billion in fiscal year 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.

Your support for FY 2006 LIHEAP appropriations at the \$3.4 billion level, as well as the authority to release emergency contingency funds for unforeseen circumstances, is urgently needed to enable our states to help mitigate the potential life-threatening emergencies and economic hardship that confront the nation’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 provided to the Senate Subcommittee on Labor, Health and Human Services, Education, and Related Agencies.