

July 11, 2005

The Honorable Arlen Specter
Chairman
Subcommittee on Labor, Health and Human
Services, Education, and Related Agencies
Committee on Appropriations
United States Senate
184 Senate Dirksen Office Building
Washington, DC 20510-6031

Dear Mr. Chairman,

As you move to mark up the FY2006 Labor, Health and Human Services and Education bill, the Coalition of Northeastern Governors (CONEG) would like to reiterate our strong support for increased funding for the Low Income Home Energy Assistance Program (LIHEAP). The Governors appreciate the Subcommittee's longstanding support of LIHEAP funding, and we recognize the difficult choices facing the Subcommittee this year. However, as we look ahead to significant increases in the price of home heating fuels, we urge you to provide at least \$3.4 billion in FY2006 LIHEAP funding to enable the states to mitigate the effects of these prices on the nation's low income citizens. We also urge the Subcommittee to ensure that the LIHEAP program will be able to address the emergency needs that may arise in the coming months if home heating fuel prices – particularly the volatile home heating oil – continue to rise.

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.

A substantial rise in home heating fuel prices hits these vulnerable citizens especially hard. The current record high prices for crude oil has set the stage for a difficult winter heating season, particularly in the Northeast. More than any other part of the nation, our region's households are heavily dependent on deliverable home heating fuels such as home heating oil. Low-income households who depend upon home heating oil will be especially hard hit. According to the National Energy Assistance Directors' Association (NEADA), households heating with home heating oil this winter are expected to pay 22 percent more than last winter, and 62 percent more than the 2003-2004 winter heating season. Without the disposable income to purchase fuels off-season, they typically enter the market when both the demand for and price of fuels are high. If these households cannot pay for the fuel – and if regular or emergency LIHEAP assistance is not available, they may face a cruel choice among food, heat or other life necessities – or a potentially dangerous alternative to heating the home.

In spite of the welcomed increase in LIHEAP funding last year, only a fraction – approximately 15 percent of eligible households – can be served at current LIHEAP funding levels. Higher energy prices also diminish the purchasing power of available LIHEAP funding assistance. At the same time, 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.

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. While the Governors appreciate the proposed funding increase, an increase in the LIHEAP appropriation to \$3.4 billion in fiscal year 2006 – and provisions to ensure that emergency needs can be met – 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.

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

Sincerely,

/o.s./

John E. Baldacci
CONEG Chairman
Governor of Maine

/o.s./

Donald L. Carcieri
CONEG Vice-Chairman
Governor of Rhode Island

Identical letter was also provided to Labor/HHS Subcommittee Ranking Member Harkin.