

March 30, 2006

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 2007 appropriations for the Low Income Home Energy Assistance Program (LIHEAP). The Governors appreciate the Subcommittee's consistent support for the LIHEAP program. We also welcome the additional FY 2006 funds recently provided by the Congress, even as we recognize the difficult challenges 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 the full authorized amount of \$5.1 billion in regular FY 2007 LIHEAP funding – to restore the purchasing power of the LIHEAP program. In addition, we request that the Subcommittee provide contingency funds to address energy emergency situations.

Increased federal funding is vital for LIHEAP to assist the nation's vulnerable, low-income households faced with unaffordable home energy bills. An increase in the regular LIHEAP appropriation to the full authorized level of \$5.1 billion for FY 2007 will allow states to provide assistance to more households in need, offer benefit levels that can make a meaningful reduction in their home energy burden, lessen the need for emergency crisis, plan and operate a more efficient program, and again make optimal use of leveraging and other cost-effective programs.

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.

Sincerely,

/s./
Donald L. Carcieri
Chairman
Governor of Rhode Island

/s./
John Lynch
Lead Governor for LIHEAP
Governor of New Hampshire

Attachment

Identical testimony was also provided to the Senate Labor/HHS Subcommittee.

**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 2007 Appropriations for
the Low Income Home Energy Assistance Program
March 30, 2006**

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 2007 appropriations for the Low Income Home Energy Assistance Program (LIHEAP). The Governors appreciate the Subcommittee's consistent support for the LIHEAP program. We also welcome the additional FY 2006 funds recently provided by the Congress, even as we recognize the difficult challenges 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 the full authorized amount of \$5.1 billion in regular FY 2007 LIHEAP funding – to restore the purchasing power of the LIHEAP program. In addition, we request that the Subcommittee provide contingency funds to address energy emergency situations.

The continuing trend in rising prices for natural gas and home heating fuels is creating a growing home energy crisis for low-income citizens across the nation. Low-income households, whose percentage of income spent on energy may be four times that of average households, can amass significant home energy debt that makes it difficult to purchase heating fuels or pay outstanding utility bills. High levels of accumulated arrearages owed by low-income households raise the prospect of hundreds of thousands of households cut off from utility service this spring.

Particularly in the Northeast, which is heavily dependent on deliverable home heating fuels such as home heating oil, kerosene, and propane, price volatility has an especially perverse impact. These low-income households, without the disposable income to purchase fuels off-season, typically enter the market when both the demand for and price of fuels are high. Without access to LIHEAP assistance during the heating season, they may not be able to obtain any fuel at all, due to the collect-on-delivery business policy commonly used by fuel dealers. If LIHEAP benefit levels are too low, these households may not be able to afford the cost of the required minimum delivery.

LIHEAP is a vital tool in making home energy more affordable for almost 5 million of the nation's very low-income households faced with high energy burden – the elderly and disabled on fixed incomes and families with young children. Over the past five years, as the average price of home heating oil and natural gas more than doubled, the purchasing power of the LIHEAP grant has plummeted – undercutting the ability of the program to serve adequately these vulnerable households. States across the country in recent years have seen significant increases

in their regular LIHEAP caseloads, as well as in requests for emergency crisis from those households in imminent danger of a utility or fuel service cut-off. The number of requests for LIHEAP assistance has reached its highest level in more than a decade. In response to the continually rising home energy costs and the growing crisis in this recent heating season, states across the country have stepped in to provide more than \$450 million for low-income energy programs. In addition to regulatory actions, such as extending shut-off moratoria periods and limiting deposit and reconnection fees, many state public utility commissions have provided more than \$100 million in assistance from funding sources such as public benefit funds or universal service funds.

The LIHEAP program delivers maximum program dollars to households in need – the consequence of its administrative costs being among the lowest of human service programs. In the Northeast, states have incorporated various administrative strategies designed to minimize the amount of program funds used to operate the program. Innovative administrative strategies include the use of uniform application forms to determine program eligibility, establishment of a one-stop shopping approach for the delivery of LIHEAP and related programs, sharing administrative costs with other programs, and the use of mail recertification.

The recent action by Congress to increase LIHEAP funding in FY 2006 is a welcome and important step to begin restoring some of the lost LIHEAP purchasing power. However, the prospect of continued high and potentially volatile prices for home energy means that the projected need continues to outweigh available federal and state funding. Even with these additional federal and state funds, the value of the LIHEAP grant has been significantly reduced, defraying only a modest amount of a low-income household's total heating bill; and it reaches only a small percentage of the households that need assistance.

Increased federal funding is vital for LIHEAP to assist the nation's vulnerable, low-income households faced with unaffordable home energy bills. An increase in the regular LIHEAP appropriation to the full authorized level of \$5.1 billion for FY 2007 in addition to contingency funds, will enable our states to help mitigate the potential life-threatening emergencies and economic hardship that confront the nation's most vulnerable citizens. With these additional funds, states can provide assistance to more households in need, offer benefit levels that can make a meaningful reduction in their home energy burden, lessen the need for emergency crisis, plan and operate a more efficient program, and again make optimal use of leveraging and other cost-effective programs.

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.