

March 30, 2007

The Honorable David Obey
Chairman
Subcommittee on Labor, Health and Human Services,
Education and Related Agencies
Committee on Appropriations
United States House of Representatives
B-300 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 2008 appropriations for the Low Income Home Energy Assistance Program (LIHEAP). The Governors appreciate the Subcommittee's continued support for the LIHEAP program and recognize the difficult challenges facing the Subcommittee in this time of severe fiscal constraints. In light of the continuously increasing cost of home energy, the Governors request that Congress provide the authorized level of \$5.1 billion in regular FY 2008 funding as well as contingency funds to address energy emergency situations. Funding at the authorized level will restore some of the program's purchasing power and also provide states across the country with additional resources to help our most vulnerable citizens afford to heat their homes.

In spite of these state efforts to stretch federal and state LIHEAP dollars, the need for the program is far too great. 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 \$5.1 billion for FY 2008 in addition to contingency funds will enable states across the nation 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 provide meaningful assistance, lessen the need for emergency crisis relief, 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,

/o.s./
Jon Corzine
Chair
Governor of New Jersey

/o.s./
Jim Douglas
Vice-chair
Governor of Vermont

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

Identical Testimony was also submitted for the record 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 2008 Appropriations for
the Low Income Home Energy Assistance Program
March 30, 2007**

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 2008 appropriations for the Low Income Home Energy Assistance Program (LIHEAP). The Governors appreciate the Subcommittee's continued support for the LIHEAP program and recognize the difficult challenges facing the Subcommittee in this time of severe fiscal constraints. In light of the continuously increasing cost of home energy, the Governors request that Congress provide the authorized level of \$5.1 billion in regular FY 2008 funding as well as contingency funds to address energy emergency situations. Funding at the authorized level will restore some of the program's purchasing power and also provide states across the country with additional resources to help our most vulnerable citizens afford to heat their homes.

Home energy prices – for heating oil, natural gas, propane and electricity – have dramatically increased in recent years. According to the Energy Information Administration, the average cost for home heating has risen from \$550 during the winter of 2001-02 to a projected \$862 this year – a 56 percent increase. Low-income households, whose growth in income is far below the rise in energy prices, face the prospect of keeping their homes at unhealthy or unsafe temperatures, using unsafe alternative heating options, or accumulating high levels of home energy debt and the possibility of utility service shut-off. LIHEAP is a vital safety net for the most vulnerable of these low-income households – the elderly and disabled living on fixed incomes, and families with small children. A recent survey by the National Energy Assistance Directors' Association (NEADA) found that LIHEAP eligible low-income households spent an average of 14 percent of their annual income on residential energy before LIHEAP assistance, but 11 percent after LIHEAP benefits.

The need for home heating assistance far exceeds available federal and state resources. LIHEAP was able to assist 5.6 million households in FY 2006 – the highest level in over a decade, but more than 80 percent of eligible households received no assistance. 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. At the same time, recent price increases have caused the purchasing power of the LIHEAP dollar to plummet, defraying only a modest amount of a low-income household's total heating bill.

Congress provided much-appreciated additional LIHEAP funds in FY 2006, but most of these funds have already been obligated, will be used for crisis cases this year, or are reserved for cooling assistance for the upcoming summer. As energy prices continue to increase the need for home energy assistance, the reduced LIHEAP federal funding level in FY 2007 is forcing many states across the country to reduce benefits, limit crisis assistance, or consider closing the program early – even as winter moratoriums on utility shut-off expire this spring.

Without additional federal resources, the states have limited options to assist these households in need. A continued reduction in benefits could result in limited assistance if recipient households are unable to purchase the required minimum delivery of home heating oil or make the necessary payment on utility arrearages. Many states have used state resources to supplement available LIHEAP funds. Limited opportunities exist to squeeze more assistance dollars from the program, since LIHEAP administrative costs are already among the lowest of human service programs. In order to deliver maximum program dollars to households in need, states in the Northeast have incorporated various strategies to minimize the program's administrative costs including using uniform application forms to determine program eligibility, establishing a one-stop shopping approach for the delivery of LIHEAP and related programs, sharing administrative costs with other programs, and using mail recertification.

In spite of these state efforts to stretch federal and state LIHEAP dollars, the need for the program is far too great. 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 \$5.1 billion for FY 2008 in addition to contingency funds will enable states across the nation 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 provide meaningful assistance, lessen the need for emergency crisis relief, 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 and the nation.