

September 13, 2007

The Honorable George W. Bush
President
United States of America
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. President,

As states across the country look ahead to the upcoming heating season, the Coalition of Northeastern Governors (CONEG) urges you to immediately release the remaining \$151.5 million in Low Income Home Energy Assistance Program (LIHEAP) contingency funds. If these funds are not released, \$131 million of that balance will expire on September 30. While the recent release of \$50 million in contingency funds was a critical first step in helping several states meet the immediate home energy needs of their low-income citizens, additional funds are desperately needed now to help states nationwide avoid an emergency situation in the coming months.

As noted in recent surveys by the National Energy Assistance Directors= Association (NEADA), the current rise in the cost of home heating fuels, coupled with the recent decrease in LIHEAP funding, has created a "perfect storm" that threatens the nation's most vulnerable citizens with unmanageable arrearages and impending utility service shut-offs. In some states in the Northeast, the number of low-income households at risk for a utility service termination is as high as 60,000. In the Northeast, where the heating season begins in early October, states must begin preparing for the upcoming program year as early as August. Since many states have depleted their FY2007 program resources, they may be forced to delay the opening of the program this Fall.

Low-income households spend as much as 14 percent of annual income on home energy, compared to 3.6 percent for all other households. For many of these low-income households, the basic need of home energy has become simply unaffordable. While LIHEAP funding has decreased over the past year, requests for assistance have remained the same or in many cases have increased. The severely eroded purchasing power of the LIHEAP dollar has forced states to take actions such as reducing benefit levels or the number of households served.

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In spite of state efforts to stretch scarce LIHEAP dollars, the need for the program far exceeds the amount of available funding. Home energy prices for heating oil, natural gas, propane and electricity have dramatically increased in recent years. The Energy Information Administration predicts that the average cost of heating a home will increase from \$550 during the winter of 2001-2002 to a projected \$862 this winter – a 56 percent increase. In some states, the average retail price of a gallon of heating oil has increased by almost 60 percent during the last three fiscal years.

The CONEG Governors thank you for your past support of the Low Income Home Energy Assistance Program, and urge you to immediately release the remaining \$151.5 million in contingency funds.

Allowing the \$131 million in contingency funds to expire would be a loss of urgently needed funds at a critical juncture in the program cycle.

Sincerely,

/o.s./

Jon S. Corzine
CONEG Chair
Governor of New Jersey

/o.s./

Jim Douglas
CONEG Vice-Chair
Governor of Vermont

/o.s./

John Lynch
CONEG Lead Governor for LIHEAP
Governor of New Hampshire