

July 16, 2008

The Honorable Harry Reid
Majority Leader
United States Senate
528 Hart Senate Office Building
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
361 A Russell Senate Office Building
Washington, DC 20510

The Honorable Robert Byrd
Chairman
Committee on Appropriations
United States Senate
S-128, The Capitol
Washington, DC 20510-6025

The Honorable Thad Cochran
Ranking Member
Committee on Appropriations
United States Senate
S-112, The Capitol
Washington, DC 20510-6025

The Honorable Tom Harkin
Chairman
Subcommittee on Labor, Health and Human
Services, Education and Related Agencies
Committee on Appropriations
United States Senate, SD-131
Washington, DC 20510

The Honorable Arlen Specter
Ranking Member
Subcommittee on Labor, Health and Human
Services, Education and Related Agencies
Committee on Appropriations
United States Senate, SD-131
Washington, DC 20510

Dear Majority Leader Reid, Minority Leader McConnell, Chairman Byrd, Ranking Member Cochran, Chairman Harkin and Ranking Member Specter:

As home energy prices continue to soar, the Coalition of Northeastern Governors (CONEG) urges you to increase significantly FY2008 funding for the Low Income Home Energy Assistance Program (LIHEAP), and to ensure that such funds are provided in a timely manner to address the needs of the nation's most vulnerable low-income households in both the 2008 heating and cooling seasons. At the current funding level, LIHEAP serves a small percentage of eligible households, and provides a modest portion of the total heating and cooling costs incurred. Therefore, we strongly support efforts in the Senate to provide the \$2.5 billion (roughly double the current level) needed to enable the LIHEAP program to serve the same number of households as last year with a comparable heating benefit. We also strongly support House-led efforts to increase funding by \$3.12 billion, which would fund the program at its fully authorized level and is an important step toward addressing the substantially increased demand for LIHEAP assistance.

Without a substantial increase in FY2008 LIHEAP funding, most Northeast states confront a tough choice in the face of increased demand as households are squeezed by rising home heating, food and gasoline prices: serve the same number of households as last year with a much reduced benefit, or reduce the number of households served in order to provide a meaningful benefit. With soaring energy costs severely eroding this modest assistance, reducing the benefit level is no longer an option for states. To provide a comparable home heating benefit to the same number of households as last year, the federal LIHEAP funding level would need to approximately double.

The estimated 2008-2009 average annual home heating cost in the Northeast ranges from \$2,400 to \$4,300, while the region’s median LIHEAP benefit is approximately \$700 or 15-30 percent of annual heating costs. In order to provide these households with a meaningful level of assistance (60 percent of annual heating cost), the average benefit would need to be increased to \$2,000-\$2,500.

The number of households who have fallen behind in energy bills is staggering. According to the National Energy Assistance Directors’ Association, 15.6 million households are in arrears to utilities – an increase of 9.5 percent over last year. Additional LIHEAP funding is urgently needed to minimize disconnects during the summer cooling season and to ensure that households already disconnected will be able to restore utility service before the winter heating season begins. However, at current LIHEAP funding levels, households may exhaust their benefit just to pay down arrearages or to be reconnected, leaving them vulnerable to future arrearages and service disconnection.

Record high home energy prices are placing a tremendous strain on households in the Northeast who depend upon delivered fuels such as home heating oil, propane and kerosene. In some areas of the region, the price of home heating oil is quickly approaching \$5 per gallon. At these prices, a single tank of heating oil would cost more than \$1,200. However, at current funding levels, the typical LIHEAP benefit will cover the cost of only half a tank of home heating oil. In many cases, that is not even the required minimum delivery amount.

Additional LIHEAP funds are urgently needed now to help avoid the crisis confronting our low-income households struggling with the soaring cost of the basic necessity of home energy. The Governors strongly support the Senate effort to provide an increase of \$2.5 billion to enable the LIHEAP program to serve the same number of households as last year with a comparable heating benefit. We also strongly support House-led efforts to increase funding by \$3.12 billion, which would fund the program at its fully authorized level and is an important step toward addressing the substantially increased demand for LIHEAP assistance.

Sincerely,

/o.s./
Jim Douglas
Chair
Governor of Vermont

/o.s./
David A. Paterson
Vice-Chair
Governor of New York

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

Identical letters were also sent to the House Leadership.