

**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 2010 Appropriations for
the Low Income Home Energy Assistance Program
May 1, 2009**

The Coalition of Northeastern Governors (CONEG) is pleased to submit this testimony for the record to the House Subcommittee on Labor, Health and Human Services, Education, and Related Agencies regarding FY2010 appropriations for the Low Income Home Energy Assistance Program (LIHEAP).

The Governors appreciate the Subcommittee's continued support for the LIHEAP program, and we thank you for providing the full authorized amount of \$5.1 billion in FY2009 LIHEAP funding. The Governors recognize the considerable fiscal challenges facing the Subcommittee this year. However, we urge you to maintain the \$5.1 billion level in regular FY2010 LIHEAP block grant funding as well as contingency funds to address unforeseen energy emergencies.

LIHEAP is a vital safety net for millions of vulnerable low-income households – the elderly and disabled living on fixed incomes, the working poor, and families with young children. The highest level of LIHEAP assistance is provided to households with the lowest incomes that pay a high proportion of their income (up to 17 percent) for home energy. A December 2007 study by the Oak Ridge National Laboratory found that, in recent years, the increase in the cost of home energy has far outpaced the rate of inflation and the increase in household income. Even with continued belt-tightening, there is just no room in the budget of these low-income households to pay for increasing energy bills.

The current economic crisis exerts additional pressures on these households, making energy assistance more important now than ever before. In 2007, even before the current recession took hold, 8.7 million residential consumers had their electricity or natural gas service terminated for failing to pay their bills, according to a survey by the National Association of Regulatory Utility Commissioners (December 2008). The same survey found at the end of the 2007-2008 winter heating season, the number of electricity and natural gas residential households with past due accounts had jumped to almost 40 million consumers, and represented nearly \$8.7 billion in past due accounts.

According to the National Energy Assistance Directors' Association, the \$5.1 billion in FY2009 LIHEAP funding makes it possible for states to serve approximately 7.3 million households this year. This record number represents a 25 percent increase over last year and reflects the increased unemployment rate and rise in home energy costs. Yet this is only a small portion of the LIHEAP-eligible households in today's economy.

If the \$5.1 billion level of LIHEAP funding is not sustained in FY2010, states nationwide will be forced to eliminate more than 1.5 million families from the program in order to maintain some of the purchasing power of the LIHEAP grant for the program's poorest families, or to reduce benefit levels overall. States in the Northeast already incorporate various administrative strategies that allow them to deliver maximum program dollars to households in need. These include 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. Opportunities to further reduce LIHEAP administrative costs are limited, since they are already among the lowest of the human service programs.

In spite of these state efforts to stretch federal and state LIHEAP dollars, the need for the program is far too great. Increased, predictable and timely federal funding is vital for LIHEAP to assist the nation's vulnerable, low-income households faced with exorbitant home energy bills. The CONEG Governors urge the Subcommittee to provide \$5.1 billion in regular block grant funding for LIHEAP in FY2010 as well as contingency funds to address unforeseen energy emergencies. This sustained level of funding will help states to provide meaningful assistance to households in need as millions of low-income citizen's struggle with simply unaffordable home energy bills. LIHEAP can continue to provide a vital safety net protecting these vulnerable households from the potentially deadly heat and cold.

Identical Testimony was also submitted to the Senate Subcommittee on Labor, HHS.