

**Statement of the Coalition of Northeastern Governors
to the
Subcommittee on Labor, Health and Human Services,
Education, and Related Agencies
Committee on Appropriations
U.S. House of Representatives
Regarding FY2011 Appropriations for
the Low Income Home Energy Assistance Program
April 13, 2010**

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 FY2011 appropriations for the Low-Income Home Energy Assistance Program (LIHEAP).

The Governors appreciate the Subcommittee's continued support for LIHEAP, and we thank you for providing \$5.1 billion in FY2010 funding for the program. The Governors recognize the considerable fiscal challenges facing the Subcommittee this year. However, as the number of households seeking heating and cooling assistance continues to increase nationwide, we urge you to provide FY2011 funding for the core LIHEAP block grant program at least at the most recent authorized level of \$5.1 billion, as well as provide sufficient contingency funds to address unforeseen energy emergencies. Providing this funding level through the block grant program provides the certainty that states need to implement an effective program.

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 newly unemployed, and families with young children. Under this targeted program, the majority of households receiving assistance have incomes of less than \$8,000 a year. These households have the highest energy burden, spending more than 16 percent of their income on home energy compared to 3 percent for non-low-income households.

This disproportionate energy burden experienced by vulnerable low-income families continues. In recent years, the increase in the cost of home energy has far outpaced both the rate of inflation and the increase in household income.¹ The share of income that elderly households spend on housing costs and out-of-pocket health care expenditures has increased substantially in the last two decades.² LIHEAP is an effective tool for helping these households better manage the financial pressures of unaffordable home energy costs, through assistance in paying bills as well as making their homes and heating systems safer and more efficient.

¹ *Short and Long-Term Perspectives: The Impact on Low-Income Consumers of Forecasted Energy Price Increases in 2008 and a Cap-and-Trade Carbon Policy in 2030*, Oak Ridge National Laboratory, December 2007.

² *Reciprocity Targeting Analysis for Elderly and Young Child Households*, prepared for the Office of Community Services' Division of Energy Assistance by APPRISE Incorporated, December 2008.

While some national economic reports are hopeful, the current situation remains challenging for these low-income households as the costs of essential household expenses including home energy and food remain high. This is particularly true in the Northeast where a greater percentage of households use delivered heating fuels, such as home heating oil, propane and kerosene, than in any other region of the country. These households are more vulnerable to price volatility, making it more difficult for families to manage their household budgets. Households using deliverable fuels tend to have an extremely high energy burden, with historically higher energy bills than those using other heating sources. The average annual heating bill for all LIHEAP recipients was \$717 in 2007. However, the average annual heating bill for households using home heating oil was \$1,686, and the average heating bill for propane users was \$1,052.³ This pattern continues. Even as the price of some home energy prices stabilize, the Energy Information Administration finds that home heating oil prices have increased 20 percent over last year.⁴ In addition, households that rely upon delivered fuels do not have the benefit of a program comparable to a utility service shut-off moratorium. If a household cannot afford to purchase the home heating fuel, the delivery truck simply does not come.

The number of households receiving LIHEAP assistance continues to reach record levels. According to the National Energy Assistance Directors' Association (NEADA), 8.3 million households received heating assistance in 2009, compared to 6.1 million in 2008. States expect that number to grow to more than 9.5 million in 2010. Many of these applicants have never requested help before, but are facing extraordinary economic hardship due to increased unemployment and layoffs. Yet, this is only a small portion of the eligible households.

As spring approaches and utility shut-off moratoria end, too many families are in danger of having their utility service terminated for non-payment. According to NEADA, approximately 4.3 million households were shut off from power in FY2009 up from 4.1 million in 2008. In FY2009 approximately 12.5 million households were at least 30 days behind in their utility bills. The effects on these vulnerable households can be deadly. Numerous studies have found that the elderly and very young children are at risk for serious health consequences from prolonged exposure to home temperatures that are either too cold in the winter or too hot in the summer.

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.

³ *LIHEAP Home Energy Notebook for Fiscal Year 2007*, U.S. Department of Health and Human Services, Administration for Children and Families, Office of Community Services, Division of Energy Assistance, June 2009.

⁴ *Short-Term Energy Outlook*, Energy Information Administration, March 2010.

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 at least \$5.1 billion in regular block grant funding for LIHEAP in FY2011 as well as sufficient 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 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.