

September 29, 2005

The Honorable Thad Cochran
Chairman
Committee on Appropriations
United States Senate
S-128 Capitol Building
Washington, DC 20510-6025

Dear Mr. Chairman:

As you prepare for further action on both an emergency supplemental appropriations request and the FY2006 Labor/HHS appropriations bill, the Coalition of Northeastern Governors (CONEG) urges you to provide additional funding for the Low Income Home Energy Assistance Program (LIHEAP). In light of record high energy prices and the diminished purchasing power of LIHEAP program funds, we ask that you provide \$1.276 billion in emergency funds as part of an upcoming supplemental appropriations bill. We also urge the Congress to appropriate at least \$3.4 billion in regular funding for LIHEAP as well as \$300 million in emergency contingency funding as provided in the Senate Labor/HHS and Education Appropriations bill. This increased funding – for emergency and regular LIHEAP funds – is urgently needed to help the nation's most vulnerable citizens afford to heat their homes this winter – and to ensure that adequate funds will also be available in the coming year to address heating and cooling needs across the nation.

Record high and persistent energy prices for home energy fuels – aggravated by the disruption and lingering effects of the recent Gulf Coast hurricanes – threaten to create a home energy crisis for millions of Americans this winter. These record prices occur as many citizens still struggle to pay off high energy bills from last winter and from this summer's heat wave. The Energy Information Administration has forecasted that households heating with home heating oil are expected to see a 31 percent increase in costs this winter over last winter. Heating costs for the average family using heating oil this upcoming winter are projected to hit \$1,666 – an increase of \$403 over last year's prices and \$714 over the winter heating season of 2003-2004. For families using natural gas, prices are projected to hit \$1,568 – representing an increase of \$611 over last year's prices and \$643 over 2003-2004.

An emergency LIHEAP appropriation of \$1.276 billion is urgently needed to restore the purchasing power of LIHEAP funds eaten away by the double digit rise in energy prices over the past year. As the heating season begins, a low income household in some Northeast states would exhaust its entire benefit on just one delivery of heating oil. LIHEAP programs across the Northeast states are receiving increased requests from low-income households with significant arrears.

Some households are already experiencing a utility service shut-off, and others will exhaust their regular and crisis LIHEAP benefits just paying down their arrears enough to get their utility service reconnected. They then face an entire winter heating season of even higher energy costs as they struggle to balance the basic needs of home heating, transportation fuels, housing, food and medicine.

The CONEG Governors appreciate the increased appropriation for LIHEAP last year, and we urge the Congress to again help meet the needs of the nation's most vulnerable households by providing in FY2006 at least \$3.4 billion in regular program funds and \$300 million in emergency contingency funds for future energy emergencies. Today, only a fraction – approximately 15 percent – of eligible households can be served at current LIHEAP funding levels. With energy prices expected to remain high throughout 2006 and beyond, states face the prospect of serving even fewer eligible households, reducing benefits, or curtailing the duration of the program. Many states have taken proactive steps to stretch scarce LIHEAP funds – such as pre-buy agreements with vendors, requiring margin-over-rack pricing, and sharing administrative costs with other programs. Even with these cost-saving measures, the available LIHEAP funds are just not adequate to meet the needs of the nation's low-income citizens struggling to afford the staggering costs of home energy.

The CONEG Governors strongly urge the Congress to provide \$1.276 billion in emergency LIHEAP funds promptly to maintain the program's purchasing power as the winter season begins, and to provide at least \$3.4 billion in regular funding and \$300 million in contingency funding for FY2006. This urgently needed increased funding will enable the states to help mitigate the effects of soaring home energy costs on the nation's low-income citizens. The CONEG Governors thank you for your attention to this request and stand ready to provide you with any additional information on the importance of this vital program to the Northeast and the nation.

Sincerely,



John E. Baldacci
CONEG Chair
Governor of Maine



Donald L. Carcieri
CONEG Vice-Chair
Governor of Rhode Island