

National Energy Assistance Directors' Association
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September 21, 2010

Hon. Harry Reid
Senate Majority Leader

Hon. Mitch McConnell
Senate Minority Leader

Hon. Nancy Pelosi
Speaker of the House

Hon. John Boehner
Minority Leader

Hon. Daniel Inouye
Chairman
Senate Appropriations Committee

Hon. Thad Cochran
Vice Chairman
Senate Appropriations Committee

Hon. David Obey
Chairman
House Appropriations Committee

Hon. Jerry Lewis
Ranking Member
House Appropriations Committee

On behalf the National Energy Assistance Directors' Association (NEADA), representing the state directors of the Low Income Home Energy Assistance Program (LIHEAP), we are writing to urge you to maintain program funding at \$5.1 billion for FY 2011, as well as maintain the option for states to provide energy assistance to families with incomes of up to 75% of state median income. This will allow states the flexibility to also address specific energy assistance needs of lower income families who have recently lost their jobs or suffered a reduction in income due to the continuing recession.

We recognize that Congress must make difficult decisions among competing priorities for many worthy programs. However, program evidence indicates the need to at least maintain the current LIHEAP funding level for FY 2011. We are concerned that the funding structure proposed by the Senate would result in a funding cut during a time when record numbers of households require energy assistance. The Senate bill calls for a FY 2011 appropriation level of \$3.3 billion plus a "trigger" provision that could provide additional funding of \$2.1 billion. The trigger provision would require authorizing legislation. At this point there is no indication this legislation will be passed by either the House or Senate this year. As a practical outcome, the Senate proposal would likely result in a cut of \$1.8 billion from the program budget.

NEADA recently surveyed its members to ask what the impact of the Senate recommendation would be on their programs. First, all states reported that they expected the number of applicant households to meet or exceed last year's record level of 8.8 million households. For example, Colorado is projecting the number of applicants to increase by at least 15% based on a number of factors, including the lack of recovery in the state's overall economy, continued high unemployment rates, particularly for the most vulnerable households and the likelihood that many of these jobless households may see an end to their unemployment benefits extension in November 2010. Maryland is projecting an eight percent increase in applicants for this year. Since Maryland accepts applications early in the program year they have already seen a five percent increase over last year. On the first day of applications their Prince Georges County office reported nearly 1,200 applicants.

NEADA is estimating that a cut of the magnitude suggested by the Senate bill could exclude as many as three million households. At best, if the Senate and House "split the difference," up to 1.5 million households will be turned away from the program. The state LIHEAP directors believe that this is not the time to cut the program for the following reasons:

- First, unemployment remains at very high levels with the number of long-term unemployed also at record levels. The Department of Labor reported that the national unemployment rate in August stood at 9.6%, little changed from the rate of 9.7% at the same time last year.
- Second, the U.S. Census Bureau reported last week that the official poverty rate in 2009 was 14.3%, up from 13.2% in 2008. The number of people living in poverty increased from 39.8 million in 2008 to 43.6 million in 2009. The poverty rate in 2009 was the highest since 1994. Of even greater concern, the Census Bureau reported that the number of people in poverty in 2009 was the largest number in the 51 years for which poverty estimates have been published.
- Third, energy prices remain high. The average cost to heat a home last year was 23% higher than the winter heating season of 2005-2006.

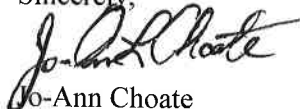
Each year NEADA conducts a survey of LIHEAP recipients at the request of the House Appropriations Committee. The 2010 survey provided clear evidence of the important role LIHEAP plays in helping some of nation's most vulnerable households maintain access to heating and cooling services:

- 60% of LIHEAP recipients reported that the primary reason they had trouble paying their energy bill in 2009 was because they had lost their job or had reduced income (up from 37% in 2008).
- 61% of households reported that LIHEAP assistance was sufficient to prevent shut off of natural gas or electric service (up from 54% in 2008). If LIHEAP had not been available 53% of recipients reported that they would have had their home heating fuel discontinued (up from 48% in FY 2008).
- 93% of households reported that LIHEAP was essential in helping them meet their home heating needs (up from 90% in FY 2008 and 74% in FY 2003).
- Across all income groups, households reported that LIHEAP was essential in helping them meet their home energy needs: the elderly reported 91%, disabled persons reported 96%, and families with young children reported 93%.
- LIHEAP reduced the impact of high energy bills: About 53% of households reported annual energy bills of at least \$1,500. Prior to receiving LIHEAP assistance, 55% of households reported paying more than 11 percent of their income for home energy. With LIHEAP assistance, the percentage dropped to 19 percent— a significant increase in affordability.
- Families receiving LIHEAP assistance include some of the nation's most vulnerable households: 92% have an elderly household member, a disabled household member, or a child in the home. In addition, many suffer from severe medical conditions including chronic bronchitis (21%), heart disease (51%) and asthma (46%).

The members of NEADA recognize the difficult budget decisions that you are facing. We nevertheless urge you to continue funding LIHEAP at \$5.1 billion for FY 2011 and continue to allow states to set their eligibility ceiling at up to 75% of state median income. Maintaining funding levels will enable this essential program to help many of the poorest families in the United States afford heating and cooling in the coming year and avoid the difficult choice between energy needs and purchasing medicine, food and other essentials.

Thank you for considering our request.

Sincerely,



Jo-Ann Choate
Chair, NEADA