

## NATIONAL ENERGY ASSISTANCE DIRECTORS' ASSOCIATION (NEADA)

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### STATES PLAN FOR DEEP CUTS IN LOW-INCOME ENERGY ASSISTANCE

State officials are making plans to cut approximately 532,000 families in the Low-Income Home Energy Assistance Program (LIHEAP) if the Administration insists on cutting the program below the amount of the funds approved by the Continuing Resolution. The number of households receiving program assistance is projected to decrease by 11.5% from about 4.6 million in FY 2002 to 4.1 million in FY 2003. In addition, 21 states are also planning to reduce benefit levels (see Table 1).

The Administration's proposal would reduce state LIHEAP allocations \$300 million or 18% below the FY 2002 level of \$1.7 billion (see Table 2). Even though the CR provides for programs to receive spending authority at their FY 2002 level, the Administration is insisting on limiting spending to the President's request of \$1.4 billion.

The net impact of the Administration's proposal will be a significant reduction in program benefits, during a period when energy prices are projected by the Energy Information Administration (EIA) to increase \$100 to \$300 per household.

According to EIA's recently released *October Short Term Energy Outlook*, household energy expenditures were forecast to be 19 percent higher for natural gas, 45 percent for heating oil, and 22 percent for propane. As shown in the following table, based on EIA's projections, it would take an additional \$344 million in FY 2003 to just maintain the purchasing power to the FY 2002 appropriation of \$1.7 billion.

Impact on LIHEAP Purchasing Power -- Projected Price and Weather				
Change Conditions (\$ in millions)				
	% of Total Use	LIHEAP \$ by Fuel 1/	EIA Proj. Price Change	EIA Proj. 2/ Winter Temp
Heating oil	8.6%	\$146.2	\$179.4	\$212.6
Propane	4.2%	71.4	77.9	87.5
Natural Gas	51.3%	872.1	937.5	1,052.9
Electricity	29.4%	499.8	499.8	565.9
Other	6.5%	110.5	110.5	125.1
Total	100.0%	\$1,700.0	\$1,805.2	\$2,044.0

1/ Based on the FY 2002 appropriation level.

2/ Includes projected price changes.

The following provides a snapshot of actions being considered by all 50 states and the District of Columbia in the event the proposed cut is approved by the Congress. Table 1 at the end of this narrative provides a state-by-state listing of the Administration's proposed cut in funding; Table 2 provides a state-by-state summary comparison of the number of households served in FY 2002 as compared to the number that would be served under the Administration's proposal.

- Alabama does not expect to change their program this year.
- Alaska will reduce average benefit levels from \$689 to \$603 per household and will reduce the number served from by 1,602 (from 8,700 to 7,098).
- Arizona will reduce the number of households served by 4,500 (from 25,000 to 20,500).
- Arkansas will reduce the number of households served by 10,500 (from 70,000 to 59,500).
- California will reduce the number of households served by 17,271 from 129,045 to 111,774 and the average benefit from \$203 to \$193.
- Colorado is reducing benefits by 5% at the start of the program. Benefits will be reduced further if the Administration's proposal is enacted and/or if the caseload increases. Colorado pays its benefits in two installments. If cuts are necessary, the final benefit payments will be reduced and the total number served reduced by 32,559 households (from 155,559 to 123,000).
- Connecticut will reduce eligibility levels from 60% State Median Income to 150% of poverty and 200% of poverty for households with an elderly and/or disabled member. Benefit levels would be reduced from \$550 to \$535 and the number of households served would be reduced by 10,734 (from 75,934 to 65,200).
- Delaware will maintain funding and eligibility levels.
- District of Columbia will reduce the number of households served by 3,166 (from 17,591 to 14,425).
- Florida will reduce the number of households served by 13,000 (from 68,000 to 55,000).
- Georgia will reduce the number of households served by 20,332 (from 76,332 to 56,000).
- Hawaii will reduce the average heating assistance benefit from \$245 to \$225.
- Idaho will reduce average benefit levels from \$282 to \$226.
- Illinois will reduce the number of households served by 34,709 (from 286,709 to 252,000).
- Indiana will serve 20,350 fewer households (from 113,054 to 92,704).
- Iowa will reduce benefit levels.

- Kansas will reduce average benefits by 18%.
- Kentucky will reduce the number of households served by 62,859 households (from 155,559 to 92,700).
- Louisiana will serve 16,578 fewer households (from 92,100 to 75,522).
- Maine will reduce average benefits from \$426 to \$350 and reduced emergency funds from \$1 million to \$280,000. Maine is also considering reducing the number of households served.
- Maryland will award lower benefits this year than last and households could face more risk of cut-offs.
- Massachusetts will reduce maximum benefit levels from \$545 to \$445 per household.
- Michigan will reduce the number of households served by 65,160 (from 362,000 to 296,840).
- Minnesota's will reduce the number of households served by 11,785 (from 111,785 to 100,000).
- Missouri will reduce the number of households served by 10,000 (99,562 to 86,562). The cut could be as high as 20,000.
- Montana will reduce benefits from \$419 to \$344 per household.
- Nebraska will maintain current eligibility and benefit levels, but reduce the amount of funding available for crisis assistance.
- Nevada will maintain current eligibility and benefit levels, but reduce the number of households served by 1,174 (from 6,099 to 4,925).
- New Hampshire will reduce average benefit levels from \$525 to \$429 and the number served by 3,011 (from 24,876 to 21,865).
- New Jersey does not anticipate changes in its LIHEAP program in FY 2003.
- New Mexico will reduce the maximum benefit level from \$360 to \$240 per household.
- New York will maintain current eligibility and benefit levels, but reduce the number of households served by 80,000 (from 665,000 to 585,000).
- North Carolina will maintain current eligibility and benefit levels; shortfalls will be made up by reducing or eliminating crisis assistance.

- North Dakota will maintain current program benefit levels but will reduce or eliminate the state's furnace replacement program.
- Ohio will reduce average benefit levels from \$170 to \$140 per household.
- Oklahoma will reduce the number of households served by 9,070 (from 50,392 to 41,322).
- Oregon will reduce the number of households served by 4,000 (from 59,000 to 55,000).
- Pennsylvania will reduce the number of households served by 15,039 (from 369,633 to 354,594), as well as reduce benefit levels.
- Rhode Island will reduce the number of households served by 3,500 (from 24,500 to 21,000) and close their program in January, a month earlier than last year.
- South Carolina has reduced the amount of LIHEAP funds that will be used for weatherization activities – down from 15% to 10% - and may also have to reduce the number of LIHEAP households served.
- South Dakota will reduce the application period from March 15th to January 31<sup>st</sup> in order to limit enrollment.
- Tennessee will reduce benefits from \$575 to \$350 and reduce the number of households served by 13,110 (from 72,831 to 59,721).
- Texas will reduce the number of households served by 4,499 (from 24,997 from 20,498). In addition, the state will reduce the amount used for weatherization by 18% from \$5.9 million to \$4.9 million. The cut would reduce the number of homes weatherized from 3,300 to 2,706.
- Utah will reduce average benefits from \$270 to \$210 and the number of households served by 2,100 (from 32,100 to 30,000).
- Vermont will reduce average benefits from \$525 to \$400.
- Virginia will reduce average benefits from \$323 to \$288.
- Washington will reduce the number of households served by 11,000 (from 56,000 to 45,000).
- Wisconsin will reduce the number of households served by 20,278 (from 112,656 to 92,378).
- West Virginia will reduce the number of households served by 5,000 (53,600 to 48,600) and reduce benefit levels from last year's range of \$80-\$315 to \$60-\$265 this year.
- Wyoming will reduce the number of households served by 2,040 (from 11,331 to 9,291).

**TABLE 1 – LIHEAP # OF HOUSEHOLDS SERVED – FY02 VS. FY03 ADM. BUDGET**

State	FY 02	FY03 Adm.	Difference FY 03Adm - 02	Additional State Actions
Alabama	47,197	47,197	0	
Alaska	8,700	7,098	-1,602	Will reduce average benefits from \$689 to \$603
Arizona	25,000	20,500	-4,500	
Arkansas	70,000	59,500	-10,500	
California	129,045	111,774	-17,271	Will reduce average benefits from \$203 to \$193
Colorado	155,559	123,000	-32,559	Will reduce average benefits by 5%
Connecticut	75,934	65,200	-10,734	Will reduce average benefits from \$550 to \$535
Delaware	11,796	11,796	0	
Dist. of Col.	17,591	14,425	-3,166	
Florida	68,000	55,000	-13,000	
Georgia	76,332	56,000	-20,332	
Hawaii	5,300	5,300	0	Will reduce average benefits from \$245 to \$225
Idaho	29,850	29,850	0	Will reduce average benefits from \$282 to 226
Illinois	286,709	252,000	-34,709	
Indiana	113,054	92,704	-20,350	
Iowa	75,357	75,357	0	Will reduce benefit levels
Kansas	25,456	25,456	0	Will reduce average benefits by 18%
Kentucky	155,559	92,700	-62,859	
Louisiana	92,100	75,722	-16,378	
Maine	46,799	46,799	0	Will reduce average benefits from \$426 to \$350
Maryland	53,100	53,100	0	Will reduce benefits
Massachusetts	123,000	123,000	0	Will reduce the maximum benefit from \$545 to \$445
Michigan	362,000	296,840	-65,160	
Minnesota	111,798	100,000	-11,798	
Mississippi	40,000	32,800	-7,200	
Missouri	99,562	89,562	-10,000	The total reduction could be as high as 20,000
Montana	17,500	17,500	0	Will reduce average benefits from \$419 to \$344
Nebraska	27,500	27,500	0	Will reduce the amount of funds for crisis assistance
Nevada	6,099	4,925	-1,174	
New Hampshire	24,876	21,865	-3,011	Will reduce average benefit levels from \$525 to \$429
New Jersey	124,783	124,783	0	
New Mexico	34,408	34,408	0	Will reduce the maximum benefit from \$360 to \$240
New York	665,000	585,000	-80,000	
North Carolina	151,000	151,000	0	Will reduce crisis assistance
North Dakota	12,887	12,887	0	Will reduce or eliminate furnace replacement program
Ohio	225,000	225,000	0	Will reduce average benefits from \$170 to \$140
Oklahoma	50,392	41,322	-9,070	
Oregon	59,000	55,000	-4,000	
Pennsylvania	369,633	354,594	-15,039	Will also reduce benefit levels
Rhode Island	24,500	21,000	-3,500	Will close program a month earlier than last year
South Carolina	50,539	50,539	0	Will reduce the number served and weatherization
South Dakota	15,078	15,078	0	Will close the program 6 weeks earlier than last year
Tennessee	72,831	59,721	-13,110	Will reduce benefits from \$575 to \$360
Texas	24,997	20,498	-21,891	Will reduce amount used for weatherization by 18%
Utah	32,100	30,000	-2,100	Will reduce average benefits from \$270 to \$210
Vermont	17,727	17,727	0	Will reduce average benefits from \$575 to \$350
Virginia	91,379	91,379	0	Will reduce average benefits from \$323 to \$288
Washington	56,000	45,000	-11,000	
West Virginia	53,600	48,600	-5,000	Will reduce maximum benefit from \$315 to \$265
Wisconsin	112,656	92,378	-20,378	
Wyoming	11,331	9,291	-2,040	
<b>Total</b>	<b>4,635,614</b>	<b>4,103,676</b>	<b>-531,938</b>	

Source: National Energy Assistance Directors' Association Contact: Mark Wolfe, 202-237-5199 12/13/2002

**TABLE 2 –FY 02 VS. ADMINISTRATION'S BUDGET (\$'s in 000's)**

<b>State</b>	<b>FY 2002 1/ Appropriation</b>	<b>FY 2003 2/ Administration</b>	<b>Difference FY 03Adm-FY 02</b>
Alabama	\$14,364	\$11,786	-\$2,578
Alaska	9,168	7,523	-1,645
Arizona	6,947	5,700	-1,247
Arkansas	10,960	8,993	-1,967
California	77,054	63,226	-13,828
Colorado	26,866	22,045	-4,821
Connecticut	35,047	28,758	-6,289
Delaware	4,652	3,817	-835
Dist. of Col.	5,443	4,466	-977
Florida	22,726	18,648	-4,078
Georgia	17,969	14,744	-3,225
Hawaii	1,810	1,485	-325
Idaho	10,480	8,599	-1,881
Illinois	97,006	79,598	-17,408
Indiana	43,922	36,040	-7,882
Iowa	31,128	25,542	-5,586
Kansas	14,295	11,730	-2,565
Kentucky	22,857	18,755	-4,102
Louisiana	14,684	12,049	-2,635
Maine	22,706	18,631	-4,075
Maryland	26,836	22,020	-4,816
Massachusetts	70,107	57,526	-12,581
Michigan	92,100	75,572	-16,528
Minnesota	66,352	54,445	-11,907
Mississippi	12,314	10,104	-2,210
Missouri	38,749	31,795	-6,954
Montana	12,292	10,086	-2,206
Nebraska	15,393	12,631	-2,762
Nevada	3,262	2,677	-585
New Hampshire	13,270	10,889	-2,381
New Jersey	65,083	53,404	-11,679
New Mexico	8,697	7,136	-1,561
New York	212,508	174,373	-38,135
North Carolina	31,670	25,987	-5,683
North Dakota	13,353	10,957	-2,396
Ohio	85,817	70,417	-15,400
Oklahoma	13,202	10,833	-2,369
Oregon	20,823	17,086	-3,737
Pennsylvania	114,148	93,664	-20,484
Rhode Island	11,540	9,469	-2,071
South Carolina	11,407	9,360	-2,047
South Dakota	10,845	8,899	-1,946
Tennessee	23,153	18,998	-4,155
Texas	37,810	31,025	-6,785
Utah	12,484	10,244	-2,240
Vermont	9,946	8,161	-1,785
Virginia	32,689	26,823	-5,866
Washington	34,250	28,104	-6,146
West Virginia	15,127	12,412	-2,715
Wisconsin	59,726	49,008	-10,718
Wyoming	4,999	4,102	-897
Other 2/	2,553	2158	-395
Leveraging	27,500	27,500	27,500
<b>Total</b>	<b>\$1,700,000</b>	<b>\$1,400,000</b>	<b>-\$300,000</b>

1/ Includes \$300 million in authorized emergency funds. 2/ Adm. Budget also requests \$300 million in emergency funds.

2/ Includes payments to Territories and HHS training and technical assistance funds.

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