

TESTIMONY
OF
THE NATIONAL ENERGY ASSISTANCE DIRECTORS' ASSOCIATION
BEFORE THE SUBCOMMITTEE ON
LABOR, HEALTH AND HUMAN SERVICES, EDUCATION,
AND RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES
FY 2010 APPROPRIATIONS REQUEST FOR
THE LOW INCOME HOME ENERGY ASSISTANCE PROGRAM

May 5, 2009

National Energy Assistance Directors' Association
1232 31st NW
Washington, DC 20007
202-237-5199
www.neada.org

The members of the National Energy Assistance Directors' Association (NEADA) would like to first take this opportunity to thank the members of the Subcommittee for its continued program support. For FY 2010, funding was increased from \$2.57 billion to \$5.1 billion, the fully authorized funding level for the program. As a result, states were able to increase benefit levels and the number of households served to the highest level on record. Additional program funding has made a significant difference in the lives of millions of the nation's poorest families, especially for the newly unemployed and those who are suffering from reduced work hours as a result of the continuing recession.

For FY 2010 we are requesting the Subcommittee maintain full funding for LIHEAP in order to maintain services for the 7.2 million households expected to receive assistance in FY 2009 and provide \$600 million in emergency funding authority. In addition, we are also concerned that states will be hampered in their ability to administer their programs efficiently due to the lack of advanced funding. The lack of a final program appropriation prior to the beginning of the fiscal year creates significant administrative problems for states in setting their program eligibility guidelines. In order to address this concern, we are requesting advance appropriations of \$5.1 billion for FY 2011 and \$600 million in emergency contingency fund authority.

The President's 2010 Budget for LIHEAP would reduce funding to \$3.2 billion, assuming all emergency funds were released. At this lower level of funding, states would have little choice but to reduce the number of households served by more than 1.5 million and reduce the average grant by about \$70.

The Administration's proposal for an automatic adjustment or "trigger" in the event of rising prices for home energy offers the promise of providing additional stability for protecting the purchasing power of energy assistance appropriations. We do not believe that the provision provides an adequate substitute for fully funding LIHEAP. Rather we believe that this type of provision, including an adjustment for extreme weather conditions should be considered as a complement to a fully funded program at \$5.1 billion.

The Impact of the FY 2009 Appropriation

The increase in funding provided by the FY 2009 appropriation allowed states to increase the number of households served by 25 percent from 5.8 million to 7.3 million households, a record number. It also allowed states to increase the average benefit from \$332 to \$489, enough to cover about 50 percent of the cost of home heating. We are currently preparing to conduct the 2009 Home Energy Survey and the additional funding is expected to show improved outcomes, including reduced shut-off and arrearage rates for those receiving energy assistance.

Additional funding provided by the FY 2010 appropriation allowed states to reach out to the newly unemployed as well those continuing to struggle with higher energy bills. Twelve states reported increases of at least 25 percent, including two that increased by 200 percent: Texas 201 percent, Florida 200 percent, Tennessee 60 percent, Arkansas 50 percent, Vermont

27 percent, New Mexico 26 percent, and 25 percent for Alabama, California, Massachusetts, New Hampshire and Oregon.

Reports from the field clearly indicate that this is not the time to cut LIHEAP. Massachusetts, for example, reported that new applications for assistance are up by 55 percent from last year. The State of Wisconsin has reported that they are receiving calls from their local agencies that fuel oil and propane vendors will not deliver without arrears being paid in full even though the customer is receiving an energy assistance benefit.

Florida has reported major layoffs in industries supporting high ages of low-income workers - agriculture, building, and tourism – and that the agencies serving these families are being overwhelmed with record numbers of requests for assistance and applicants with shut-off notices and arrearages. Local LIHEAP providers are describing the need for additional assistance as "staggering" and "desperate."

Energy Prices Remain High

The recent decline in home heating oil and natural gas prices has helped to slow the rate of increase in home energy prices. However, prices remain high and for many low income Americans – unaffordable. As shown in the following table, average home heating costs have increased by 24 percent from \$793 during the winter of 2004-05 to \$990 during the recently completed winter heating season of 2008-09.

Winter Heating Season	Heating Oil	Natural Gas	Propane	Electricity	All Fuels
2004-05	\$1,176	\$738	\$1,103	\$722	\$793
2005-06	\$1,409	\$943	\$1,277	\$787	\$948
2006-07	\$1,445	\$815	\$1,347	\$828	\$900
2007-08	\$1,953	\$858	\$1,681	\$861	\$990
2008-09	\$1,622	\$866	\$1,642	\$925	\$986
% Change 2005-09	37.9 %	17.3%	48.9%	28.1%	24.3%
% Change 2008-09	-16.9%	0.9%	-2.3%	7.4%	2.0%

Source: Energy Information Administration, Short Term Energy Outlook, March 2009

National Energy Assistance Survey

Low income families struggle to pay their home energy bills and LIHEAP is the one way that many manage to do so. We recently completed the 2008 National Energy Assistance Survey (NEA). This survey documented changes in the affordability of energy bills, the need for LIHEAP, and the choices that low-income households make when faced with unaffordable energy bills. The survey confirmed many of the families receiving LIHEAP assistance are struggling to pay their home energy bills and that without LIHEAP many more would be facing shut-off of home energy service. Among the findings of the survey:

- Record numbers of households reported sacrificing to pay their home energy bills. As compared to 2003 survey, 32 percent vs. 22 percent went without food for at least a day; 42 percent vs. 38 percent went without medical or dental care and 38 percent vs. 30 percent did not fill prescription or took less than the full dose of medicine.
- Households reported that they took actions to reduce their energy bill that could be dangerous to their health or living situation: 44 percent closed off part of their home; 28 percent kept their home at a temperature that was unsafe or unhealthy; 23 percent left their home for part of the day and 33 percent used their kitchen stove or oven to provide heat.
- Many were shut-off from power because they were unable to pay their energy bills: 47 percent skipped paying or paid less than their entire home energy bill; 37 percent received a notice or threat to disconnect or discontinue their electricity or home heating fuel; 12 percent had their electric or natural gas service shut off in the past year due to nonpayment; 28 percent were unable to use their main source of heat in the past year because their fuel was shut off, they could not pay for fuel delivery, or their heating system was broken and they could not afford to fix it; 17 percent were unable to use their air conditioner in the past year because their electricity was shut off.
- High energy bills contributed to the high mortgage foreclosure rate: 28 percent did not make their full mortgage or rent payment; 4 percent were evicted from their home or apartment; 4 percent had a foreclosure on their mortgage; 11 percent moved in with friends or family and 3 percent moved into a shelter or were homeless.
- Payday lenders played provided loans to many families to pay their energy bills: 15 percent received a payday loan. Of particular concern, 26 percent of those with children under 18 reported taking out a payday loan as compared to 8 percent for seniors.
- Many of the LIHEAP recipients faced significant medical and health problems in the past five years, partly as a result of high energy costs. 32 percent went without food for at least one day; 42 percent went without medical or dental care; 38 percent did not fill a prescription or took less than the full dose of a prescribed medication; and 24 percent had someone in the home become sick because the home was too cold.

The members of NEADA recognize the difficult budget decisions that you face as you consider the funding levels for LIHEAP for FY 2010 and advance funding for FY 2011. We appreciate your interest and continued support for LIHEAP. Please feel free to call upon us if we can provide you with additional information.

National Energy Assistance Directors' Association
 1232 31 St. NW
 Washington, DC 20007
 202-237-5199
www.neda.org