

TESTIMONY
OF
THE NATIONAL ENERGY ASSISTANCE DIRECTORS' ASSOCIATION
BEFORE THE HOUSE SUBCOMMITTEE ON
LABOR, HEALTH AND HUMAN SERVICES, EDUCATION,
AND RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
FY 2015 APPROPRIATIONS REQUEST FOR
THE LOW INCOME HOME ENERGY ASSISTANCE PROGRAM

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The members of the National Energy Assistance Directors' Association (NEADA), representing the state directors of the Low Income Home Energy Assistance Program (LIHEAP) would first like to take this opportunity to thank the members of the Subcommittee for considering our funding request for FY 2015 and advance funding for FY 2016.

We would also like to thank the members of the Committee for increasing the funding for FY 2014. These additional funds allowed states to increase grants for low income families to help them pay a portion of their higher home heating costs during this year's bitterly cold winter. The additional funds will also allow states to maintain at least a minimal level of support for cooling programs this summer.

Purchasing Power of LIHEAP Continues to Decline

The increase in program funding in FY 2014, however, was not sufficient to stem the continuing decline in the purchasing power of the average LIHEAP grant. Since FY 2010, the purchasing power of the average grant has declined from 60.2 percent of the cost of home heating to 44.7 percent. In other words, in FY 2010, the average grant could purchase approximately 72 days of home heating, whereas in FY 2014, the average grant could only purchase 54 days of home heating.

The program's purchasing power is declining for two reasons:

- First and foremost is the decline in the program's appropriation. Between FY 2010 and FY 2013, LIHEAP's annual appropriation declined from \$5.1 billion to \$3.25 billion. As a result, during this time states were forced to reduce the average grant from \$520 to \$398 and the number of households served from 8.1 million to 6.7 million. The increase in funding in FY 2014 to \$3.4 billion allowed states to increase the average grant by \$21 to \$419, still almost \$100 less than the average grant awarded in FY 2010.
- Second, average home heating costs increased from \$796 during the winter heating season of 2011–12 (FY 2012) to \$936 during this recent winter heating season. During this period, the average increase for those using natural gas went from \$567 to \$663; for electricity, from \$840 to \$934; for heating oil, from \$1,735 to \$2,243; and for propane, from \$1,563 to \$2,269.

LIHEAP is the primary source of heating and cooling assistance for some of the poorest families in the United States. In FY 2014, the number of households receiving heating assistance is expected to remain at about 6.7 million households, or about 19 percent of those eligible to receive assistance. In addition, the program is expected to reach about 600,000 households for cooling assistance, the same level that received assistance in FY 2013.

President's Budget Would Severely Reduce the Number of Households Served

The President's FY 2015 Budget request for LIHEAP would result in even greater cuts to the program's effectiveness by reducing the amount available for program grants to \$2.7 billion. In order to maintain the program's purchasing power, states would have no choice but to reduce the number of households served from about 6.7 million to 5.3 million, or about 15 percent of eligible households.

FY 2015 Funding Request and FY 2016 Advanced Funding Request

For FY 2015 we are requesting that the Subcommittee restore funding for LIHEAP to the authorized level of \$5.1 billion. The additional funds would allow states to increase the number of households served to 8.1 million, raise the average grant to at least 50 percent of the cost of home heating, and expand the number of households served by home cooling.

In addition, we are 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. To address this concern, we are requesting advance appropriations of \$5.1 billion for FY 2016.

What Is the Impact of Declining Federal Funds?

Surveys of families receiving federal assistance have been consistent over the years. Poor families struggle to pay their home energy bills. When they fall behind, they risk shut-off of energy services or they are not able to afford the purchase of delivered fuels. In FY 2011, NEADA conducted a survey of approximately 1,800 households that received LIHEAP benefits. The results show that LIHEAP households are among the most vulnerable in the country:

- 40 percent had someone age 60 or older.
- 72 percent had a family member with a serious medical condition.
- 26 percent used medical equipment that requires electricity.
- 37 percent went without medical or dental care.
- 34 percent did not fill a prescription or took less than their full dose of prescribed medication.
- 19 percent became sick because the home was too cold.
- 85 percent of people with a medical condition were seniors.

Many LIHEAP recipients were unable to pay their energy bills:

- 49 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.
- 11 percent had their electric or natural gas service shut off in the past year due to nonpayment.
- 24 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 or their air conditioner was broken and they could not afford to fix it.

LIHEAP's impact in many cases goes beyond providing bill payment assistance by playing a crucial role in maintaining family stability. It enables elderly citizens to live independently and

ensures that young children have safe, warm homes to live in. Although the circumstances that lead each client to seek LIHEAP assistance are different, LIHEAP links these stories by enabling people to cope with difficult circumstances with dignity.

The Need for LIHEAP

Households reported enormous challenges despite the fact that they received LIHEAP assistance. However, they reported that LIHEAP was extremely important. About 64 percent reported that they would have kept their home at unsafe or unhealthy temperatures and/or had their electricity or home heating fuel discontinued if it had not been for LIHEAP. Almost 98 percent said that LIHEAP was very or somewhat important in helping them to meet their needs. In addition, 53 percent of those who did not have their electricity or home heating fuel discontinued said that they would have if it had not been for LIHEAP.

The members of NEADA recognize the difficult budget decisions that you face as you consider funding levels for LIHEAP for FY 2015 and advance funding for FY 2016. We appreciate your interest and continued support for LIHEAP. Please feel free to call upon us if we can provide you with additional information.