

National Energy Assistance Directors' Association, Prepared for the Subcommittee on Labor, Health and Human Services and Education and Related Agencies. Addressed to the US Department of Health and Human Services, Administration for Children and Families

The members of National Energy Assistance Directors' Association (NEADA), representing the state directors of the Low Income Home Energy Assistance Program (LIHEAP) would like to first take this opportunity to thank the members of the Subcommittee for considering our funding request for FY 2017. For FY 2017 we are requesting the Committee restore program funding to the FY 2011 level of \$4.7 billion.

The funding request would allow states to increase program services to the level provided in FY 2011 and allow us to increase the number of households served from 6.7 million to 8 million and the percentage of households served from about 19 percent in FY 2016 to about 22 percent and fund about 50 percent of the cost of home heating for eligible households.

In addition, 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. We are concerned that states will be hampered in their ability to administer their programs efficiently due to the lack of advanced funding. In order to address this concern, we are requesting advance appropriations of \$4.7 billion for FY 2018.

LIHEAP is the primary source of heating and cooling assistance for some of the poorest families in the United States. In FY 2016, the number of households receiving heating assistance is expected to remain at about 6.7 million or about 19 percent of eligible households, with an average grant size of about \$425. In addition, the program is expected to reach about 1 million households for cooling assistance, the same level that received assistance in FY 2015.

Program funding for LIHEAP has been significantly cut from \$5.1 billion in FY 2010 to the current level of \$3.3 billion. As a result, states have had to reduce the number of households receiving assistance by 1.3 million, from 8 million to the current level of 6.7 million. Program cuts have hurt the ability of states to help the nation's poorest households pay their energy bills. The average grant has further been reduced from \$520 in FY 2010 to the current level of about \$425.

At the same time, LIHEAP is in a period of transition. Along with the Administration for Children and Families, the Department that oversees the program, LIHEAP offices are working to enhance current program integrity measures including developing modernized web-based intake systems, and instituting external verification of applicant-submitted data. In addition, they are developing nationwide performance measures that will give Congress and the public a clear picture of the effectiveness of LIHEAP in helping low income households. NEADA believes these efforts will lead to a more responsive and more cost-effective program.

LIHEAP in the President's Budget

The Obama Administration released its fiscal year 2017 (FY17) budget on February 9, 2016. This budget would reduce core block grant funding for LIHEAP from \$3.39 billion to \$3.0

billion. This represents a cut of \$390 million or about 12%. The budget did not provide a rationale for the cut. We urge the Committee to reject this proposal.

Weatherization. Current law allows states to set aside up to 15 percent of their allocation for Weatherization and up to 25 percent with a waiver. The Administration's proposal would allow states to set-aside up to 40 percent without a waiver. We are recommending that the Committee reject this proposal. The current law provides states with sufficient flexibility to design their weatherization programs in context of other resource that might be available for this purpose, allowing states to strike the proper balance between bill payment assistance and efficiency. In addition, we believe that increasing the ceiling for Weatherization within the block grant would undermine the primary purpose of LIHEAP which is to help poor families pay their home energy bills.

One aspect of the budget is potentially very positive for LIHEAP. It would add a new contingency fund of \$560 million. We urge the Committee to consider this proposal assuming it would not detract from providing full funding for the base program.

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 have someone age 60 or older
- 72 percent have a family member with a serious medical condition
- 26 percent use medical equipment that requires electricity
- 37 percent went without medical or dental care
- 34 percent did not fill a prescription
- 85 percent of people with a medical condition are seniors

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.

Energy Prices and their Impact on Low Income Households

While energy prices have stabilized in some cases declined from previous year highs they remain unaffordable for millions of low income households. According to the US Energy Information Administration, the cost of home heating this winter with natural gas was \$525, electricity \$903, heating oil, \$1,033, propane \$1,696 in the Northeast and \$1,015 in the Midwest. EIA also reported that the average summer electricity expenditures is expected to remain at an unaffordable \$407, about the same as last year.

Energy prices fall hardest on lower income households. In FY 2014, mean burden for low-income was 10% almost four times the rate for non-low income households (2.4%). Of even

greater concern about one-third of lower income households have energy burden greater than 15% of income and one in six have an energy burden greater than 25% of income.
Source: FY 2014 Home Energy Notebook, Administration for Children and Families.

Faces of LIHEAP

Alabama: A single mother in Alabama supporting three children on minimum wage was often forced to decide whether to pay utility bills or rent. She received LIHEAP to help pay her bill and was enrolled in an energy education class to help manage her energy usage. In addition to the LIHEAP benefit, she was able to bring down her energy bill from about \$570 a month to \$495 month, a savings of \$75, as a result of the class.

California: A young mother of three lived in an older all-electric home and had their electricity shut off due to a past-due bill of about \$800. She worked full time making minimum wage and her husband worked as a seasonal laborer. With no electricity, the family could not heat their home, access hot water, or operate appliances. LIHEAP was able to assist the family by paying their past due bill to get the electricity turned back on. She was also referred to the County's Weatherization Program, which assists families in making their homes more energy efficient.

Connecticut: A single mother of two facing the challenges of being homeless came to the state for help. Through Connecticut's connected services, she received a housing subsidy, \$505 in LIHEAP funds, and was enrolled in the utility company's Matching Payment Program.

Georgia: A 77 year-old disabled senior living on SSI was facing shut-off due to unaffordable winter energy bills. During the winter months every year her heating bills peaked as the result of having to maintain a consistence home heating temperature due to her disability and other illnesses. Her gas bill was in danger of disconnection with a balance of \$612 and an additional past due portion of \$355. With the senior meeting the eligibility requirement for both the LIHEAP maximum benefit \$350 and Home Energy Assistance Team (H.E.A.T) program funds of \$350 the program was able to successfully assist this senior to bring her home heating bill current which resulted in the senior maintaining home heating throughout the remainder of winter.

While visiting the home of a senior citizen to take a LIHEAP application, the Program Coordinator noticed the oven and top burners of her stove were on, as well as that she was wearing a heavy over wrap. During the intake process it was discovered that her home heating furnace was not working. Based on the her income she received the maximum LIHEAP benefit of \$350 and was referred to the Weatherization Assistance Program (WAP) to have her heating season evaluated. The Weatherization Program Coordinator came out and confirmed that the furnace needed to be replaced. A WAP team was dispatched to the senior home to install a new furnace, the senior could immediately feel the difference in the heating of the home and was extremely grateful.

Idaho: A 90 year-old woman in rural Idaho was referred by LIHEAP to Weatherization after she indicated that she had a broken furnace. Weatherization staff found that she was using a coffee can to carry wood pellets from an outdoor shed to a pellet stove in her living room, because she was not able to carry an entire bag. With no other backup heat source, she would have to leave

her home if the unreliable stove broke. Because of the referral from LIHEAP, the Weatherization program was able to install a new high efficiency furnace and weatherize her home. This saved her money on her monthly heating bill and allowed her to stay in her home.

Illinois: A single man who had been living in a tent was able to afford an apartment for the first time in years when he discovered he had an old bill with the utility and would not be able to get utilities in his new home. LIHEAP was able to get him connected and help him get up-to-date on his bills.

Oklahoma: A young single woman with medical issues was working part time as a cashier and taking care of her elderly grandmother. She was able to use LIHEAP to maintain service while she was between jobs, preventing her and her mother from entering a shelter. She was also able to use LIHEAP emergency assistance to prevent disconnect of her electricity when her new salary was not enough to cover the bill.

Pennsylvania: A disabled cancer patient lost her home through foreclosure but was still in the residence pending eviction. Her furnace was shut down for safety reasons after the state weatherization team discovered it was leaking carbon monoxide. The property was acquired by an out-of-state corporation that refused to allow the weatherization team to repair the furnace. The state LIHEAP office was able to use LIHEAP weatherization funds to provide space heaters for the woman until she was able to make other living arrangements, saving her from making the choice of living in a house made hazardous from carbon monoxide or in freezing temperatures.

Tennessee: A woman who is bed ridden and paralyzed from the waist down had to cut back on other necessities to pay her medical bills. At the beginning of last winter, she saved energy by only turning on the lights when her nurse came to visit. She also kept her thermostat on 60 degrees and asked her nurse to layer her clothing and put extra blankets on her before she left. Since receiving LIHEAP, she has been able to leave a light on at night to make her feel more secure and to keep the home a comfortable temperature.

Wyoming: An elderly woman was facing eviction because she got behind on her utility bills. She was having trouble stretching her social security check to cover her utilities, her cancer treatments, and the cost of travel to receive treatment. LIHEAP helped her out with her bill, ensuring she could stay in her home. “We might not be able to eat very well or pay for medicines, but at least we can be warm in our own homes with the help of LIHEAP”.