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Testimony of the National Energy Assistance Directors' Association, Prepared for the House 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

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The National Energy Assistance Directors' Association (NEADA), represents the state directors of the Low-Income Home Energy Assistance Program (LIHEAP).

For FY 2020 we are requesting the Subcommittee provide no less than \$4.7 billion for LIHEAP, the same level as requested in a letter signed by 174 members of Congress and sent to the Subcommittee on March 28, 2019. The funding request will allow states to restore program services to the level provided in FY 2011 when LIHEAP was last funded at \$4.7 billion. In that year, LIHEAP was able to help 6.9 million households and cover about 63 percent of the cost of their home heating with an average annual grant of \$560. In contrast, in FY 2019, program funding was about \$3.7 billion, \$1 billion less than the amount of funding provided in FY 2011.

What difference did a cut of \$1 billion in federal funding make to low income families? The reduction in funding between FY 2011 and FY 2019 has had a significant and profound impact on the ability of LIHEAP to help poor families. First, the estimated number of families helped declined by about one million from 6.9 million to 5.9 million. Second, the estimated average annual grant was reduced from about \$560 to \$492. The average purchasing power during this time was also reduced from about 63 percent of the cost of home heating to 55 percent of the cost of home heating.

We understand that there are significant budget pressures this year and we want to emphasize that while \$4.7 billion is the funding level that we believe is needed, there is absolutely no room to cut the current funding level of LIHEAP without harming millions of very vulnerable households.

We would also like to thank the members of the subcommittee for increasing FY 2019 LIHEAP funding by \$50 million to \$3.69 billion. The additional funding has allowed states to help families facing shut-off of utility service and pay off higher heating oil and propane bills as a direct result of higher prices and colder winter conditions. In addition, the funding will help states increase assistance for cooling programs this summer.

Price of Home Heating Remains Unaffordable

The average cost of home heating has remained unaffordable for millions of low-income households this winter across the country with an average annual price of \$918, representing an increase of \$30 more than the comparable cost of home heating last year. According to the US Energy Information Administration, the average home heating cost this winter for those using propane increased from \$1,534 to \$1,604, heating oil from \$1,376 to \$1,520, electricity from \$1,144 to \$1,174 and natural gas from \$565 to \$584.

Reject the Administration's Budget

The Administration's Budget, if enacted, would eliminate all funding for LIHEAP beginning in FY 2020. The practical result would be that millions of low income families would not be able to afford their home energy bills and would face having to choose between heating and cooling their homes and the purchase of other vital necessities including food and medicine.

The Administration's position is based on two points: the first is that the program should be eliminated because of a nine-year old GAO study that reported isolated cases of fraud and the second is that states have enacted shut-off provisions during winter heating and summer cooling cycles.

The state LIHEAP directors strongly disagree with both of the Administration's positions and urge the members of the Subcommittee to reject the Administration's proposal. First, the states have been working in partnership with the Administration for Children and Families (ACF) to implement a comprehensive performance measures program. As part of this program, states submit an annual report containing data on targeting households that pay the highest energy costs in proportion to their income, restoring energy services to families that have been shut-off due to lack of payment, and preventing loss of energy services.

Second, replacing LIHEAP with a patchwork of state, local, and utility assistance would take us back to the days when many poor families used their stoves to heat their homes and suffered the shut-off of energy services when they were unable to pay the bill. Without LIHEAP, energy assistance is unreliable, especially during periods of price spikes due to global events or extreme weather that make home energy unaffordable. State, local, and utility programs are not a substitute for LIHEAP, rather they provide supplementary assistance.

In addition, shut-off protections do not eliminate the necessity of a poor family paying their energy bill--they simply delay the due date. They will still be responsible for the full bill once the shut-off moratorium expires. And for those families using unregulated delivered fuels – heating oil and propane – there are no shut-off protections.

Funding is Sufficient to Serve only a Fraction of the Eligible Population

LIHEAP is the primary source of heating and cooling assistance for some of the poorest families in the United States. In FY 2019, the number of households receiving heating and cooling assistance is expected to remain at about 5.9 million or about 19 percent of eligible households, with an average annual grant size of about \$513. In addition, 70 percent of recipient households have at least one vulnerable and at-risk member who is elderly or disabled, or have a child under the age of six.

Energy Prices and their Impact on Low Income Households

Energy prices fall hardest on lower income households. The average energy burden for low-income households was 10 percent of income, almost four times more than the rate for non-low income households (2.4 percent). Of even greater concern about one-third of lower income households have energy burdens greater than 15 percent of income and one in six have an energy

burden greater than 25 percent of income. Source: FY 2014 Home Energy Notebook, Administration for Children and Families.

How LIHEAP Helps Families

NEADA recently completed a survey of LIHEAP recipients, the 2018 National Energy Assistance Survey, Final Report, completed in December (<http://neada.org/program-policy-reports/liheapsurvey/>). The survey asked recent LIHEAP recipients in seven states selected for national representation how they fared prior to receiving LIHEAP grants. Of 634 respondents:

- 37 percent had closed off part of their home to save utility costs
- 25 percent kept the temperature inside unsafe or unhealthy
- 52 percent of households have a disabled member, many of whom rely on electricity for breathing machines or to refrigerate medicines
- 17 percent had to move in with friends or family and 6 percent went into shelters.

The study further found that the poor are hit hard by energy bills, which take about 12 percent out of a low-income paycheck, but only 2.7 percent from households with higher wages. In winter the heating bill can cost a low-income family 25 percent of its income. Only 26 percent of LIHEAP respondents reported being unemployed part of a year, yet to try to meet their utility costs:

- 36 percent went without food for at least a day
- 41 percent went without medical or dental care
- 31 percent did not fill a prescription or took less than a prescribed dose to stretch their supply.

These responses from LIHEAP recipients underline the agonizing choices faced by low-income households that struggle to pay their utility bills. In 2015 the U.S. Energy Administration reported that nearly one third of all American households struggle to pay energy bills, with 25 million foregoing food and medicine to pay for utilities, and 7 million households facing that decision every month.

Playing a Crucial Role in Maintaining Family Stability and Positive Health Outcomes

LIHEAP's impact in many cases goes beyond providing bill payment assistance by playing a crucial role in maintaining family stability and improving health outcomes for vulnerable populations. 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 following are several examples of households receiving LIHEAP assistance and how LIHEAP helped the families stay connected to essential energy services:

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.

Colorado: A mother of three is raising her children on her own because her husband had a stroke and is now confined to a care facility. Her car was repossessed so she was no longer able to report to work and lost her job. She received a shutoff notice for her heat and could not allow her children to suffer in the cold. She reached out to the State LIHEAP Office and was able to obtain the assistance she needed to get her heat bill back on track.

An elderly woman's furnace stopped working around Thanksgiving. She had no spare money to repair or replace it. She reached out to the State LIHEAP Office. Her application was approved, making her eligible for the Crisis Intervention Program. Her furnace was repaired and in working order within one day of being approved for LIHEAP.

A man is caring for his elderly mother. Her furnace broke and she had been heating her home with her oven. Neither the man nor the woman could afford a new furnace, so the man helped his mother apply for LIHEAP. Her new furnace was installed within days.

District of Columbia: A 79-year-old lifelong DC resident nearly gave up her home in the historic Anacostia neighborhood when her gas service was disconnected. She received LIHEAP assistance from the DC Department of Energy and Environment (DOEE), as well as an ongoing utility bill discount, a new heating system, and had a major leak in the basement fixed through pro bono work offered by a local company in partnership with a nonprofit organization.

Florida: A father with two children was working to manage his wife's medical care and the household needs. After his wife died, he left work to take care of his daughters, one of whom suffers from epilepsy. He fell behind on his electric bill and was in danger of being disconnected. LIHEAP funds helped keep the power on and pay down his overdue balance.

Georgia: A 77-year-old disabled senior living on Social Security was facing shut-off due to unaffordable winter energy bills. She had to maintain a consistent home temperature due to her frail health. Her gas bill was in danger of disconnection with a balance of \$612 and an additional past due portion of \$355. She found she was eligible for both the LIHEAP maximum benefit of \$350 and Home Energy Assistance Team program funds of \$350, allowing her to bring her home heating bill current so she could heat her home through the rest of the 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 furnace was not working. Based on her income she received the maximum LIHEAP benefit of \$350 and was referred to the Weatherization Assistance Program (WAP) to have her heating source evaluated.

The Weatherization Program Coordinator came out and confirmed that the furnace needed to be replaced thereby increasing the senior's household's well-being, comfort and safety.

Illinois: A 58-year-old terminally ill man was facing electricity shutoff due to a large past-due electric account balance that he could not pay after he covered his rent and medical bills. He did not think he was eligible for LIHEAP because he received a benefit earlier in the year. He applied for the LIHEAP crisis assistance benefit, and LIHEAP assisted him the same day.

A single father recently gained custody of his three children after Department of Children and Family Services removed them from their mother's home. He was offered an apartment through the local housing authority while he looked for work. However, in order to secure the apartment, the housing authority required he put the utility bill in his own name. The father was unable to get utilities in his name because of a debt owed to utility company. LIHEAP funds paid his debt and he was able to have utilities put into his name and secure the apartment.

A single man who had been living in a tent was able to afford an apartment for the first time in years. After moving in, he found 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 up-to-date on his bills.

Indiana: A retired police officer known in the community for helping those less fortunate than himself had been using space heaters to heat his home since his furnace had stopped working two years prior. The space heaters were not keeping the home at a comfortable temperature. His son encouraged him to apply for LIHEAP for help. In addition to receiving a LIHEAP benefit, the retired officer received a new furnace using LIHEAP funds.

Minnesota: An older man, living alone with a disability in rural Minnesota came into the local LIHEAP office. He broke down in tears as he explained that he had always been self-sufficient, but that he now has ALS and reluctantly is seeking help to pay his heating bill. With his medical bills and medication costs, he struggled to keep up and was facing having his heat shut off. In Minnesota, heat is a basic necessity. LIHEAP assistance helped him stay safe and in his home.

An elderly couple in northern Minnesota was assisted by LIHEAP to help pay their heating bill. The LIHEAP assistance allowed them to use their limited funds to pay for other things essential to their health and safety, including prescription medication and food.

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.

NEADA strongly urges the Congress to reject the Administration's proposal and instead increase funding to at least \$4.7 billion for this vital program to ensure the country's most vulnerable families can heat and cool their homes in the coming year. We appreciate the opportunity to submit testimony on behalf of the state directors of the Low-Income Home Energy Assistance Program.