

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. SENATE
FY 2016 APPROPRIATIONS REQUEST FOR
THE LOW INCOME HOME ENERGY ASSISTANCE PROGRAM

April 3, 2015

National Energy Assistance Directors' Association
1228 31st NW
Washington, DC 20007
202-237-5199
www.neada.org

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 2016.

LIHEAP is the primary source of heating and cooling assistance for some of the poorest families in the United States. In FY 2015, 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, 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 2014.

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 from 8 million to the current level of 6.7 million. Program cuts have had a severe impact on the ability of states to help some of the nation's poorest households pay their home energy bills.

For FY 2016 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 by 1.3 million to 8 million and the percentage of households served from about 19 percent in FY 2015 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 2017.

LIHEAP in the President's Budget

The President's Budget would maintain the overall funding level for LIHEAP at 2015 levels but would add two new provisions that would reduce state flexibility and grant amounts by requiring a minimum set-aside of 10 percent of each state's grant for weatherization and set-aside \$200 million from the overall state grant to implement a new competitive grant program that would test "innovative strategies to serve LIHEAP households, including reducing energy use, supporting fuel switching, reducing energy bills, and smoothing energy costs to avoid large spikes during some parts of the year."

Our concern is the negative impact these provisions would have on state grants and state flexibility in administering LIHEAP.

Weatherization. Current law allows states to set aside up to 15% of their allocation for Weatherization and up to 25% with a waiver. The Administration's proposal would require a minimum set-aside of 10% and allow states to set-aside up to 40% without a waiver.

We are recommending that the Committee reject both proposals. 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.

Competitive Grant Program. The proposed program would be funded by reducing the formula grant program by \$200 million. The funding level for the block grant has been cut significantly in the last few years from \$5.1 billion in FY 2010 to the current level of \$3.4 billion. We do not believe the program has any flexibility to absorb additional cuts without corresponding cuts to program services. If approved, the states would have no choice but to reduce the number of grants by about 47,000 households to pay for this initiative.

The Administration has also proposed to establish a contingency fund providing additional funds to respond to increases in the number of low-income households, spikes in the price of natural gas, electricity, or oil, and extreme cold at the beginning of winter. We support this additional program authority. It would help to address state concern about winter heating and cooling conditions that we have no control over and have the potential to undermine the effectiveness of the program's purchasing power at very short notice. The need for such a contingency fund was made abundantly clear during the winter of 2014 as propane prices nearly doubled, forcing state LIHEAP offices to increase propane benefits in order to keep poor families alive during the harsh winter months.

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 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 are seniors

Many LIHEAP recipients were unable to pay their energy bills:

- 49% skipped paying or paid less than their entire home energy bill,
- 37% received a notice or threat to disconnect or discontinue their electricity or home heating fuel,
- 11% had their electric or natural gas service shut off in the past year due to nonpayment, 24% 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, and
- 17% 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. 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 2016 and advance funding for FY 2017. We appreciate your interest and continued support for LIHEAP. Please feel free to call upon us if we can provide you with additional information.