



NATIONAL ENERGY ASSISTANCE DIRECTORS' ASSOCIATION

Press Release

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Statement in Response to the Administration's FY 2021 Budget Proposal to Eliminate the Low Income Home Energy Assistance Program

The National Energy Assistance Directors' Association (NEADA), representing the state directors of the Low Income Home Energy Assistance Program (LIHEAP) strongly opposes the Administration's proposal to eliminate funding for LIHEAP.

Mark Wolfe, Executive Director of NEADA, stated, "this is the fourth year in a row that the Administration has proposed to zero out funding for LIHEAP. If the Administration had succeeded in its objective in eliminating funding last year, the 5.9 million poor families receiving LIHEAP would have literally been left out in the cold this winter, with many having to choose between paying for food or their energy bill. There is absolutely no evidence to support the Administration's position that *LIHEAP is no longer necessary*."

The Administration's Rationale for Eliminating LIHEAP is Misleading. The Administration's elimination of LIHEAP funding is based on two arguments: first, the administration points to a ten-year old GAO (Government Accountability Office) report that found isolated cases of fraud. Second, the administration argues that states have enacted shut-off provisions during winter heating and summer cooling cycles, which eliminates the need for LIHEAP.

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) since the GAO report was published to implement a comprehensive performance measures program. As part of this program, states submit annual data on the degree to which the program serves 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, shut-off protections are designed to prevent families from having their heat turned off when the temperature drops to unsafe levels. They do not eliminate the necessity of a poor family paying their energy bill. The family will still be responsible for the full bill once the shut-off moratorium expires. Furthermore, shut-off protections only apply to electric and natural gas heat houses. Families using unregulated delivered fuels – heating oil and propane – are not included in shut-off protections.

In addition, 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 in the cold 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.

According to Barb Klug, Chair of NEADA, "*eliminating federal funding for LIHEAP will shift the burden of helping poor families pay their energy bills to states and local utilities who are not prepared to take on this*

responsibility. The end result will be more low income families falling behind on their bills and having their heating or cooling source shut off.”

How Important is LIHEAP? The 2018 National Energy Assistance Survey¹ published by NEADA found that one third of low-income American households who received LIHEAP help last year to pay utility bills received shut-off notices that caused many families to go without food or medicines to pay them, and 15 percent had their heat and light shut off before receiving LIHEAP assistance. 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 poor family 25 percent of its income.

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.

NEADA strongly urges the Congress to reject the Administration’s proposal and instead maintain funding for this vital program to ensure the country’s most vulnerable families can heat and cool their homes in the coming year.

NEADA is the primary educational and policy organization for the state LIHEAP directors. LIHEAP is a federal program providing formula grants to help low-income families pay their heating and cooling bills.

¹ The NEADA survey, <http://neada.org/program-policy-reports/liheapsurvey/> underlines the agonizing choices faced by low-income households that struggle to pay their utility bills.