

# NEADA

NATIONAL ENERGY ASSISTANCE DIRECTORS' ASSOCIATION

January 28, 2021

The Honorable Charles Schumer  
Majority Leader  
United States Senate  
Washington, D.C. 20510

The Honorable Mitch McConnell  
Minority Leader  
United States Senate  
Washington, D.C. 20510

The Honorable Nancy Pelosi  
Speaker  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Kevin McCarthy  
Minority Leader  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Majority Leader Schumer, Minority Leader McConnell, Speaker Pelosi and Minority Leader McCarthy:

Millions of families are falling behind on their electric and gas utility bills as a result of COVID-related unemployment. Many of these families were protected by voluntary and mandatory utility shut-off moratoriums that have been effective in keeping them connected to vital electric and natural gas services. However, the moratoriums do not eliminate the bills – the amount families owe has continued to grow. We are hearing reports of households with arrearages up to \$3,000 and expect the debt to only get worse as the pandemic drags on.

Funding for the Low Income Home Energy Assistance Program (LIHEAP) is sufficient to help only about one out of six eligible households and cannot be stretched to help the newly unemployed with their growing bills, without additional funding. The \$900 million in supplemental funds provided for LIHEAP by the [Coronavirus Aid, Relief, and Economic Security \(CARES\) Act](#) are now fully obligated and have been able to reach only a fraction of those households that need support.

In addition, while the Consolidated Appropriations Act of 2021 provided \$25 billion for rent relief and utility bills, due to the dire need for rental assistance we believe that it is likely that the funds will be used primarily to cover rent assistance. We do not expect a significant portion of these funds to be used for utility bills. Moreover, those funds can only assist renters, even though there are millions of homeowners falling behind on their utility bills as well.

Utilities across the nation are reporting significant increases in the numbers of households falling behind on their utility bills. Electric and natural gas arrearages are expected to reach \$32 billion by the end of 2020, based on an analysis of utility arrearages by NEADA. Reflecting the rapidly changing conditions, we estimate that 20 to 25 percent of residential customers are at least 60 days behind on their electric and natural gas bills.

In response to these arrearages and the need for continued funding, the undersigned organizations are requesting an additional \$10 billion for LIHEAP. The states would use 50 percent (\$5 billion) of the additional funds to help up to 4 million families pay off their growing utility debt. The other \$5 billion would be used to help up to 7 million families pay current bills through the September 30, 2021, when both the winter heating and summer cooling seasons are over and pandemic conditions are expected to improve.

We are confident that Congress providing the full \$10 billion for LIHEAP will be necessary before the pandemic is over. Consider the alternatives: Utilities could offer repayment plans, but many families would need years to repay. In the meantime, it would slow that family's ability to recover. Lastly, we must keep in mind that many smaller, less well-capitalized municipal and cooperative utilities could face serious economic shortfalls. Any of these alternatives – compared to adequately funding LIHEAP – would be a drag on the nation's economy and impede the recovery of both individual families and our country.

We also ask you to consider the following:

- As a result of COVID-19, NEADA projects a significant increase in low-income households eligible for energy assistance. Prior to the pandemic, approximately 26 million households were eligible for energy assistance. NEADA projects that an additional 5 million households will be eligible for energy assistance this year as a direct result of virus-related layoffs.
- The additional funding provided by the CARES Act was a substantial contribution towards addressing the need for energy assistance, due to the depth of the crisis, this funding only covers a portion of what families will need to stay afloat. The Bureau of Labor Statistics reported on January 8, that there were 10.7 million unemployed workers in December. This is in addition to the millions of underemployed, disabled, and elderly Americans who were struggling to make ends meet before the crisis began. These families will rely on LIHEAP to help pay the bills until they get back on their feet. These numbers are nearly twice their pre-pandemic levels in February 2020.

Given the urgency of these needs, it is imperative that Congress include LIHEAP in the next funding bill for coronavirus relief and fund the program at \$10 billion to address the emergency heating and cooling needs of all eligible American families. Thank you for your attention to this important matter. Please contact Mark Wolfe (202-320-9046) at NEADA for more information.

Signed on Behalf of the Following Organizations:

National Energy Assistance Directors Association  
Coalition on Human Needs  
National Association for State Community Service Programs  
National Association of Regulatory Utility Commissioners  
National Association of State Energy Officials  
National Association of State Utility Consumer Advocates  
National Community Action Partnership  
National Consumer Law Center  
National Energy and Utility Affordability Coalition  
National Resources Defense Council