

NEADA

NATIONAL ENERGY ASSISTANCE DIRECTORS' ASSOCIATION

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

October 18, 2021

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

On behalf of the National Energy Assistance Directors Association (NEADA), we are writing to request an additional \$5 billion in the Build Back Better Act for the Low Income Home Energy Assistance Program (LIHEAP) to address rising home energy prices this winter, the resulting increase in utility arrears, and the need to address emergency cooling needs this summer.

We are very concerned that the current federal funding for LIHEAP will not be sufficient to meet the needs of low income families in light of the alarming winter heating forecast released last week by the Energy Information Administration (EIA) as part of Short-Term Energy Outlook.

Winter Heating Costs Expected to Rise by 30%

The report projected that the cost of home heating for households using natural gas will increase from last year's levels of \$573 to \$746, heating oil costs will increase from \$1,210 to \$1,734, electricity from \$1,192 to \$1,268 and propane from \$1,368 to \$2,012. On average, the cost of home heating will increase by at least 30%, with the rising prices hitting already vulnerable households the hardest.

For many struggling families, higher prices can mean being forced to choose between heat, food or medication. About 29% of Americans who were surveyed had to reduce or forego expenses for basic household necessities to pay an energy bill in the last year, according to the U.S. Census Bureau's [Pulse Survey](#). And that was before natural gas prices started to rise.

LIHEAP Purchasing Power Reduced by \$2.5 Billion

The LIHEAP appropriation is not designed to increase when prices rise. When the cost of fuel goes up, the amount of product LIHEAP can purchase decreases. As a result, the purchasing power of the FY 2021 appropriation will effectively be reduced by \$1.14 billion from \$3.8

billion to \$2.7 billion and the \$4.5 billion in remaining stimulus funds will be reduced by \$1.35 billion to \$3.15 billion for a net reduction in purchasing power of about \$2.5 billion.

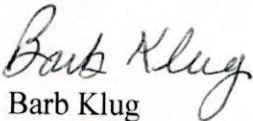
Of even greater concern is that with rising prices we expect arrearages to grow. While outstanding arrearages are not as high as last year's levels, they are still almost double the average of arrearages normally seen at this time year, possibly as high as \$24 billion, as compared to a normal range of about \$12 billion.

Additional Funds Needed to Address Emergency Cooling Needs

Lastly, the Biden Administration recently issued a [statement](#) calling for states to use their LIHEAP funds to help families purchase cooling equipment. Our current funding is not sufficient to fulfill that request. However, we believe that cooling is an important need for struggling families and if we had the resources, we could move quickly to expand the current LIHEAP cooling benefits.

In summary, in order to address the concerns raised in this letter, we are requesting an additional \$5 billion for LIHEAP: \$2.5 billion to address increase in home heating costs, \$1.5 billion to address the expected growth in arrearages and \$1.0 billion to begin moving on the purchase of Energy Star rated air-conditioning equipment and assist with the cost of cooling.

Sincerely,



Barb Klug
Chair