



NATIONAL ENERGY ASSISTANCE DIRECTORS' ASSOCIATION

May 26, 2022

Testimony of Mark Wolfe, Executive Director, National Energy Assistance Directors Association, before the House Subcommittee on Labor, Health and Human Services and Education and Related Agencies in support of FY 2023 funding for the Low Income Home Energy Assistance Program and Low Income Household Water Assistance Program.

Chairman DeLauro, Ranking Member Cole, and members of the Subcommittee, I am Mark Wolfe, Executive Director of the National Energy Assistance Directors Association (NEADA), which represents the State Directors of the Low Income Home Energy Assistance Program (LIHEAP) and the Low Income Household Water Assistance Program (LIHWAP). I appreciate the opportunity to submit testimony before the Subcommittee on the funding requirements for federal fiscal year 2023 (FY23) appropriation for LIHEAP and LIHWAP.

For FY23, we are requesting \$5.1 billion for LIHEAP, an increase of \$1.3 billion over comparable FY22 funding. The additional funding would allow states to increase the number of households served from about 5.2 million to 6.2 million households, increase average grants to address rising home energy prices due to continued price inflation, expand access to cooling during the summer and continue to provide support for weatherization and the replacement of broken heating and cooling equipment.

We are also requesting an additional \$1 billion for LIHWAP in FY 2023 to support continued arrearage payment and current bill payment for eligible households. These funds should be appropriated directly to LIHWAP, not as a set-aside within the LIHEAP appropriation as proposed in the Biden Administration's budget. In its first two quarters – through March 30, 2022 – LIHWAP helped more than 150,000 households pay their water bills, including restoring or preventing loss of water service for 91,000 households. Since then, the program has continued to expand as more states roll out their programs and more water providers make it available to their customers. However, states need additional funding in order to meet the need. LIHWAP is authorized through the end of FY 2023, but without additional appropriations, NEADA projects the funds will be fully exhausted well before the program expires.

Families Falling Behind on Their Bills Due to Pandemic-Related Unemployment

As the pandemic continued throughout the year, the state LIHEAP and LIHWAP directors were increasingly concerned that the nation would be facing record levels of utility shut-offs as utility moratoriums expired. In some instances, families who had lost their jobs at the beginning of the pandemic were upwards of \$3,500 behind on their bills. Without the additional stimulus help, these families would be forced to go on payment plans with their utilities, putting them even further behind and keeping them in debt long after the pandemic ends.

Stimulus Bills Provided Sufficient Funds

Thanks to the bold actions by Congress over the past couple years, LIHEAP has sufficient funds in FY 2022 to prevent unaffordable debt for millions of families. These resources include \$4.5 billion in LIHEAP funds along with the \$43 billion in rental assistance and \$9.9 billion in mortgage assistance that can also go towards utility bills. The combined resources are enough to help upwards of 15 million families get back on their feet as the economy recovers.

We are concerned, however, that when these supplemental funds are exhausted, the regular LIHEAP appropriation will not be sufficient to cover the cost for struggling families of increased energy prices and the increased need for cooling due to rising temperatures. We are also concerned that the need for water bill assistance is ongoing, and the expiration of LIHWAP in FY 2023 will return families to the cycle of water bill arrearages and disconnection.

Request to Increase LIHEAP Funding to \$5.1 Billion

As the Subcommittee begins its consideration of FY23 funding, we are requesting the Subcommittee fully fund LIHEAP at \$5.1 billion, up from the FY22 regular appropriation of \$3.8 billion. Between the pandemic, rising arrearages and inflation, we are all even more aware of the vital role that access to utility service plays in keeping our families safe and healthy. LIHEAP offices around the country have been able to ramp up services to process the emergency funding. But that funding is temporary, while for millions of Americans, the struggle to pay their energy bills will not end with the pandemic. We now have the opportunity to take advantage of the newly broadened energy assistance infrastructure to raise the level of regular funding to meet the ongoing need.

What Difference Would an Additional \$1.3 Billion Make to Low-Income Families?

The FY 2022 regular appropriation was sufficient to serve about 5.2 million households, or about 15.6% percent of eligible households. About 70 percent of LIHEAP recipients have at least one vulnerable and at-risk member who is elderly or disabled or have a child under the age of five.

Increasing the appropriation level to \$5.1 billion in FY 2023, along with the \$100 million allocated for FY 2023 from the Infrastructure, Investment and Jobs Act, would allow us to serve 6.2 million households, or 18 percent of eligible households, while increasing benefits relative to the FY 2022 regular appropriation from \$505 to \$562 in benefits per assisted household. A \$562 benefit can cover 64.5% of home heating costs.

Request to Increase LIHWAP Funding by \$1 Billion

NEADA also supports \$1 billion in additional funding for the Low Income Household Water Assistance Program (LIHWAP), which was created as a temporary program to help low income households pay their water bills during the pandemic.

The Biden Administration proposed allowing states to set aside 2.7 percent of their LIHEAP appropriation to fund LIHWAP. We oppose this optional set-aside within LIHEAP for two reasons. First, 2.7 percent of a state's LIHEAP allocation is not sufficient to run a water assistance program. States have reported that they could not justify continuing to provide water assistance with such a low allocation.

Second, the LIHEAP state funding formula is a poor proxy for water need around the country. The LIHEAP formula provides more funding to cold-weather states that need funds to pay heating bills during the winter months. The need for water assistance is concentrated in warm-weather states where arid climates and little rainfall result in reduced water supply. Any additional funding for LIHWAP should be appropriated through the original program as created in the Consolidated Appropriations Act of 2021 and the American Rescue Plan.

Furthermore, the need for water assistance does not end with the pandemic. A [2020 report](#) by the Guardian found that home water and wastewater costs rose 80 percent between 2010 and 2018. As water costs continue to rise it will become even more unaffordable for low income households. States and HHS have done an admirable job standing up LIHWAP to provide water bill assistance to struggling American families. NEADA supports the creation of a permanent, stand-alone water assistance program that provides both bill assistance and water system repair and replacement.

Rising Energy Prices Reduce LIHEAP Purchasing Power

The average cost of home heating has remained unaffordable for millions of low-income households. This past winter, for example, the average cost of home heating was \$1,025, an increase of \$137 from the prior year's home heating costs. According to the [U.S. Energy Information Administration](#), the average home heating expenditures last winter increased for those using propane from \$1,158 to \$1,587, natural gas from \$573 to \$709, and electricity from \$1,191 to \$1,242 and increased for those using heating oil from \$1,212 to \$1,876.

In the past 12 months (through April 2022), the [Bureau of Labor Statistics Consumer Price Index](#) reported the price for natural gas increased by 22.7%, electricity by 11%, fuel oil by 80.5%, gasoline by 43.6%, and overall energy prices by 30.3%.

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 is about 8.6 percent of income, almost three times the rate for non-low-income households (3.0 percent). Of even more concern is that the most recent Census Household Pulse Survey, which was designed to estimate the economic impact of the pandemic on families found that:

- 20.5% of all households reported that they were unable to pay an energy bill or unable to pay the full bill amount, at least one month in the last year. These numbers were even higher for low-income households (making less than \$35k) at 37.8%, moderate-income households (making between \$35k and \$50k) at 27.2%, households of color at 30.6%, and households with children at 29%.
- 30.9% of all households reported that they reduced or forewent expenses for basic household necessities, such as medicine or food, in order to pay an energy bill, at least one month in the last year. These numbers were even higher for low-income households at 51.9%, moderate-income households at 39.7%, households of color at 42.4%, and households with children at 38.7%.

- 19.9% of all households reported that they kept their home at a temperature that felt unsafe or unhealthy, at least one month in the last year. These numbers were even higher for low-income households at 32.1%, moderate-income households at 25.3%, households of color at 25.5%, and households with children at 20.4%.

How LIHEAP Helps Families

In 2018, NEADA completed a survey of LIHEAP recipients through the [National Energy Assistance Survey](#). The survey asked recent LIHEAP recipients in seven states selected for national representation how they fared prior to receiving LIHEAP grants. Of 624 respondents:

- 37 percent closed off part of their home to save utility costs
- 25 percent kept the temperature inside unsafe or unhealthy
- 52 percent of households had 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.

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 prescribed to stretch the supply.

These responses from LIHEAP recipients underline the agonizing choices faced by low-income households that struggle to pay their utility bills. The [U.S. Energy Information Administration](#) reported that 34 million U.S. households (27% of all households) had difficulty meeting their energy needs in 2020, with 25 million (20% of all households) foregoing food and medicine to pay for utilities.

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

LIHEAP and LIHWAP have an impact that 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 and LIHWAP assistance are different, their stories are all connected through the programs' ability to enable people to cope with difficult circumstances with dignity.