



NATIONAL ENERGY ASSISTANCE DIRECTORS' ASSOCIATION

March 23, 2023

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 2024 funding for the Low Income Home Energy Assistance Program and Low Income Household Water Assistance Program.

Chairman Aderholt, Ranking Member DeLauro, 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 2024 (FY24) appropriation for LIHEAP and LIHWAP.

For FY24, we are requesting \$5.1 billion for LIHEAP, the program's fully authorized level and \$1 billion for the program's contingency fund. Contingency funding will provide the Administration with the flexibility to provide additional funding for LIHEAP in the event that prices remain volatile due to the continuing war in the Ukraine and other fuel shortfalls.

Contingency funding would also allow states to help families with unexpected cooling bills in parts of the country that experience higher than normal temperatures due to climate change. LIHEAP is at a crossroads. Currently, 85 percent of grant funds go towards heating assistance. But as temperatures rise, there is also an increased need in summer months to help families avoid the effects of extreme heat. The only way for LIHEAP to expand cooling assistance without cutting critical support for families in the winter is with additional funding.

We are also requesting \$1 billion for LIHWAP in FY 2024 to support continued arrearage and 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 FY 24 budget. In its first year – through September 30, 2022 – LIHWAP helped more than 410,000 households pay their water bills, including restoring or preventing loss of water service for 240,000 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 continued need for water assistance. 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.

Inflation Hit Families Hard

Rising prices on many household staples including home energy, coupled with the expiration of pandemic-related relief efforts, hit low-income households hardest this fall and winter. Despite supplemental funding for LIHEAP, the program was under considerable stress to help families pay their bills as prices rose. Home energy prices are now at their highest level in more than 10 years and are increasing at more than twice the rate of inflation. During the 12-month period ending January 2023, the Consumer Price Index increased by 6.4% while the price for electricity increased by 11.9%, natural gas was up 26.9% and heating oil rose 27.7%.

Access to affordable home energy is essential to provide refrigeration for food and medicine, access to the internet and providing adequate heating in the winter and cooling in the summer. Families face significant hardships when they cannot afford to pay their home energy bills. The most recent US Census Bureau's Household Pulse Survey, for example, reported that close to 46.9% of families earning between \$35,000 and \$50,000 reduced spending on food or medicine at least once in the last year to pay their home energy bills, up from 37.4% the previous year.

Stimulus Bills Provided Sufficient Funds

Thanks to the bold actions by Congress during the pandemic, LIHEAP had sufficient funds in FY 2021 and FY 2022 to prevent unaffordable debt for millions of families. In 2023, Congress again added \$2 billion in supplemental funding to help families weather high prices. But the problems these families face are not temporary. We are concerned that when these supplemental funds are exhausted the regular LIHEAP appropriation will not be sufficient to cover the cost 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 LIHWAP Funding by \$1 Billion

NEADA also supports \$1 billion in additional funding for 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 a percent of their LIHEAP appropriation to fund LIHWAP. We oppose this optional set-aside within LIHEAP for two reasons.

- First, at current funding levels, LIHEAP cannot meet the current need for heating and cooling. The program certainly does not have the capacity to divert funds for water bill assistance. 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 \$1,131, an increase of about \$100 from the prior year's home heating costs. According to the [Energy Information Administration](#), the average home heating expenditures last winter increased for those using propane from \$1,587 to \$1,729, natural gas from \$723 to \$787, and electricity from \$1,232 to \$1,357, and increased for those using heating oil from \$1,861 to \$2,094.

In the past 12 months (through February 2023), the [Bureau of Labor Statistics](#) reported the price for natural gas increased by 14.3%, electricity by 12.9%, fuel oil by 9.2%, and overall energy prices by 5.2%.

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:

- 21.3% 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 \$50k) at 34.9%, households of color at 29.7%, and households with children at 28.4%.

- 33.8% 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 50.6%, households of color at 43.7%, and households with children at 38.7%.
- 22.3% 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 higher for low-income households at 31.7%, households of color at 26.5%, and households with children at 20.0%.

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.