

May 3, 2024

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 2025 funding for the Low Income Home Energy 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). I appreciate the opportunity to submit testimony before the Subcommittee on the funding requirements for federal fiscal year 2025 (FY25) appropriation for LIHEAP.

For FY 25, we are requesting \$6.0 billion for LIHEAP, the same level of total funding provided for FY 23, and \$1 billion for the program's contingency fund, for a total of \$7 billion. Contingency funding will allow the Administration to provide additional funding for LIHEAP if 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.

LIHEAP Reaches a Record Number of Households

In FY 2023, Congress added \$2 billion to help states address the increased need for LIHEAP due to pandemic-related unemployment. While the unemployment rate has come down, the need for LIHEAP has remained high, especially due to rising summer temperatures. In fact, we estimate that 7 million households received energy assistance in FY 23, a record level.

The recently passed Labor/HHS bill, however, did not maintain the additional \$2 billion provided for LIHEAP in FY 23. States have told us that without the additional \$2 billion, they will have no choice but to: a) reduce crisis assistance to families to help with remaining winter heating bills; b) cut back on weatherization assistance; and c) either reduce or end cooling programs. This is of special concern because the cost of summer cooling is increasing due to the unprecedented rising of summer temperatures. More frequent extreme heat events place those who are elderly or disabled at the greatest risk of the dangerous medical effects of high heat.

The Administration requested \$4.1 billion for FY 2025, a small increase over this year's funding, but a far cry from the amount the program needs to keep up with rising temperatures and volatile energy prices. We already know that states will not have enough funds this summer to pay for the rising need for air conditioning – without a significant increase in investment, the program will fail our most vulnerable households every summer.

Background: 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, the most recent [Census Household Pulse Survey](#), designed to estimate the economic impact of the pandemic on families, found that:

- The percentage of households that could not pay their energy bill for at least one month in the last year increased from 21.3% to 23.5%. The largest increase was in households with children, which increased from 28.4% to 33.1%.
- The percentage of households reporting that they kept their home at unsafe temperatures also increased during the 12-month period, from 22.3% to 22.9%. The largest increase with this metric was in low-income households, from 31.7% to 34.0%.
- More than one out of three households (34%) reduced or forewent basic household expenses at least once during the previous 12 months to pay their home energy bills. The largest increase was in households with children, from 38.7% to 41.5%.

Price of Home Energy

Winter home heating bills have finally started to return to pre-pandemic levels. The average cost of home heating dropped by 12.1% this winter, from \$951 to \$836. Accounting for inflation, the price of home heating this winter was about the same as it was at the beginning of the pandemic.

Despite more affordable fuel prices, arrearages remain stubbornly high. NEADA estimates that more than one out of six households are behind on their energy bills, at 16% (21.2 million) of all U.S. households. During calendar year 2023, the national arrearage balance increased from \$17.7 billion in January 2023 to \$20.3 billion in December 2023.

While the cost of winter heating is falling back to pre-pandemic levels, cooling costs continue to increase as summer temperatures break national records. NEADA estimated that the cost of cooling last summer rose by 11.1% to an average of \$578, up from \$517 during the summer of 2022. And according to NOAA, this summer is projected to be even hotter than last year.

Extreme heat causes more deaths each year than any other weather event, including floods, hurricanes, and tornadoes, [according to the National Weather Service](#). In Maricopa County, Arizona last year, the County reported 469 heat-related deaths, up from 372 in 2022.

Stimulus Bills Provided Sufficient Funds

Thanks to the bold actions taken 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 LIHEAP to help families weather high prices. But the problems these families face are not temporary. We are concerned that 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.

Need for Additional Administrative Funding

The cost of administering LIHEAP at the local level is increasing due to rising staffing costs. States are reporting that they face staffing shortages because they cannot afford to pay competitive wages. They also report that, in some locations, their LIHEAP intake staff workers are also LIHEAP recipients due to low wages. These staffing issues are a result of the ten percent administrative cost cap in LIHEAP. This cap is severely impacting program operations. Without sufficient staff, local administering agencies are experiencing delays in application processing and limiting hours of operation for intake staff to be available for customer support.

Congress has recently acknowledged the inadequacy of a ten percent cap on administrative funds in similar programs. When the Department of Energy's Weatherization Assistance Program (WAP) was reauthorized in the Consolidated Appropriations Act of 2021 ([P.L.116-260](#)), the administrative cost cap for that program was raised from 10 percent to 15 percent. Similarly, when Congress created the Low-Income Water and Wastewater Assistance Program (LIHWAP) during the pandemic, it allowed states up to 15 percent of the funds for administrative costs.

Therefore, I ask that Congress raise the LIHEAP administrative cost cap to 15 percent in FY 2025. This will give states the flexibility to raise local staff wages to competitive levels, increase staffing at intake offices, and ensure that LIHEAP funds are spent efficiently and effectively.

Administration Request to Allow States to Set-Aside LIHEAP funding for LIHWAP

The Biden Administration proposed allowing states to set aside a percent of their LIHEAP appropriation to fund LIHWAP. We oppose this optional set-aside for two reasons.

- First, at current funding levels, LIHEAP cannot meet the current need for heating and cooling. The program does not have the capacity to divert funds for water bill assistance. States report that they could not continue a water assistance program with so few funds.

- Second, the LIHEAP state funding formula is a poor proxy for water need around the country. LIHEAP funds are distributed based on energy needs. The geographic distribution of the need for water assistance does not match with the need for energy assistance. 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. NEADA supports the creation of a permanent, stand-alone water assistance program that provides both bill assistance and water system repair and replacement.

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. 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's impact 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, their stories are all connected through the programs' ability to enable people to cope with difficult circumstances with dignity.