

**Statement of the Coalition of Northeastern Governors to the
Subcommittee on Labor, Health and Human Services, Education,
and Related Agencies
Committee on Appropriations
United States House of Representatives
Regarding FY2016 Appropriations for the
Low Income Home Energy Assistance Program (LIHEAP)
Department of Health and Human Services
April 6, 2015**

The Coalition of Northeastern Governors (CONEG) is pleased to share with the Subcommittee on Labor, Health and Human Services, Education and Related agencies its views regarding the FY2016 appropriations for the Low-Income Home Energy Assistance Program (LIHEAP).

The CONEG Governors appreciate the Subcommittee's long-standing support for this vital program, and recognize the difficult budgetary decisions that face the Subcommittee. In these challenging economic times, the nation's low-income households also face difficult budget choices as they struggle to afford the basic necessity of home energy.

The Governors urge the Subcommittee to fund the LIHEAP program in FY2016 at no less than \$4.7 billion provided as block grants to the states. Adequate, predictable and timely federal funding is essential for LIHEAP to provide a vital lifeline to those households faced with unaffordable home energy bills. The governors also urge the Subcommittee to provide these funds in a manner consistent with the LIHEAP statutory objective of addressing the energy burden: "assist low-income households, particularly those with the lowest incomes that pay a high proportion of household income for home energy, primarily in meeting their immediate home energy needs."

In the Northeast and across the nation, LIHEAP assistance is targeted to households with the lowest income and high energy burden. The majority of LIHEAP recipients have incomes far below the eligibility criteria of 150 percent of the federal poverty level (\$23,595 for a two-person household in 2015). More than ninety percent of LIHEAP households have at least one vulnerable member – the elderly or disabled and young children – for whom temperature extremes could have serious health and safety consequences. These low-income households, particularly low-income senior households, spend a disproportionate amount of their income on home energy, often over three times more than non-low-income households. The American Association for Retired Persons (AARP) estimates that twenty-seven percent of older households have family incomes of less than \$20,000.

The energy burden of keeping warm and safe is particularly challenging for low-income households in the Northeast which has some of the country's oldest homes and coldest climate. More than any other region of the country, Northeast households are dependent upon delivered

fuels – heating oil, propane and kerosene. In the winter heating season that is just now coming to an end, senior households with incomes of less than \$10,000 heating with fuel oil will spend 14 percent of their income on heating costs. Those heating with other fuels (natural gas, electricity, and propane) can expect to spend between six and nine percent of household income on heating costs.

Although the price of many home heating fuels has remained relatively stable or declined this winter from recent peak prices, the need for the program remains strong. For example, due to this winter's brutal deadly temperatures, low-income families still incurred increased home energy bills. At the end of the heating season, home heating oil prices in the Northeast averaged \$3.00 per gallon according to the Energy Information Administration (EIA). While the need remains great, average LIHEAP benefit levels nationwide have been reduced by almost \$100 since 2010, and the number of households served has declined from 8.1 million in FY2010 to 6.6 million in FY2014.

Reducing home energy costs presents unique challenges to northeast states. Thirty percent of Northeast households rely upon delivered fuels which are also the most expensive and volatile in price. In addition, compared to homes heating with natural gas or electricity, these "delivered fuel" households are less likely to have the option of payment plans, access to utility assistance programs, and the protection of utility service shut-off moratoria during the heating season. If LIHEAP funds are not available to these households, the fuel delivery truck simply does not come.

State LIHEAP programs continue to seek innovative and efficient ways to "do more with less" and stretch scarce LIHEAP dollars to ensure that meaningful assistance can be provided to those households with the greatest needs, and as such, benefit from flexibility in the use of block grant funds. State LIHEAP programs, often working with their Weatherization Assistance Programs, help low-income households take steps to reduce their energy use and lower their energy bills. Programs to provide repair or replace inefficient, unsafe and non-working home heating systems improve the safety and reduce the energy use of low-income households. LIHEAP funds are frequently leveraged by utility assistance programs for low-income households. States in the Northeast have worked with utilities to develop payment plans to reduce arrearages and lessen the prospect of utility shut-offs after the heating season ends. They have negotiated with fuel dealers to receive discounts on deliverable fuels, and have entered into agreements to purchase fuel in the summer when prices are lowest. States working to meet the heating and cooling needs of low income households need continued flexibility so that they may allocate limited LIHEAP funding in a manner that best suits their needs.

Even with these programs, many of the lowest income families that benefit from LIHEAP have limited options to reduce their energy bills. There is simply no room in their household budget for energy upgrades. Some older homes and many manufactured homes have structural issues that make them ineligible for weatherization assistance. Low-income families are more likely to rent than to own a home and therefore have less ability or incentive to make significant energy efficiency upgrades to their homes. For many of these households, switching to less expensive heating fuels is simply not possible. Homes in rural and metropolitan areas throughout the

Northeast are not served by natural gas infrastructure. In addition, the New England Fuel Institute estimates that converting a complete home heating system from oil to natural gas can cost as much as \$10,000.

In summary, LIHEAP is targeted to meet the immediate home heating needs of some of the nation's most vulnerable households who face a high energy burden. It is one of the most efficiently run programs with low overhead costs. Even with significant cost-cutting steps, states have had to take actions such as tightening program eligibility, closing the program early, and reducing benefit levels.

Therefore, the CONEG Governors appreciate the Subcommittee's continued support for LIHEAP, and urge you to fund the core block grant at the level of no less than \$4.7 billion in FY2016.