

National Energy Assistance Directors' Association
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January 17, 2007

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives

The Honorable John A. Boehner
House Minority Leader
U.S. House of Representatives

The Honorable Harry Reid
Senate Majority Leader
U.S. Senate

The Honorable Mitch McConnell
Senate Minority Leader
U.S. Senate

Dear Congressional Leaders:

On behalf of the National Energy Assistance Directors' Association (NEADA), representing the state directors of the Low Income Home Energy Assistance Program (LIHEAP), I am writing to urge you to maintain funding at the FY 2006 level of \$3.2 billion as part of the final program appropriations bill for FY 2007. The state program directors have reported that the number of households receiving assistance increased by 11 percent in FY 2006 to 5.6 million households and by 53 percent for cooling to 485,098 and are expected to remain at that level in FY 2007, the highest level in more than a decade.

LIHEAP provides heating and cooling assistance to low-income households. Benefits are targeted to the elderly, disabled and families with young children and those with low incomes and high energy costs. Without LIHEAP, many of these households would have to make the difficult choice between paying for heating or cooling bills and food, medicine and other essential needs. Families eligible for LIHEAP pay on average about 16 percent of their income on home energy bills. During the peak heating season energy bills can frequently reach up to 25 percent of the income for these same low-income households. Other families pay on average about 4 percent of their income.

The cost of home heating is still significantly higher than even a few years ago, the average price for the period between the winter heating seasons of 2000-01 and 2005-06 for home heating was \$697, in comparison to \$948 last year and a projected \$873 this year. In other words, if this was an average year, households would be spending about \$176 less.

The funding level contained in the FY 2007 Continuing Resolution would result in a significant decline in the purchasing power of the average LIHEAP grant. The share of home heating costs would decline from 31.3% to 22.6% for heating oil, 47.4% to 38.3% for natural gas, 35% to 25.3% for propane and 57.3% to 37.8% for electricity. This is because the decline in energy prices would not offset the impact of the proposed reduction in program appropriations.

By maintaining funding at the FY 2006 level of \$3.2 billion, states will have sufficient funds to provide adequate assistance to millions of households that are expected to request assistance this year.

Sincerely,

Jo-Ann Choate
Chair, NEADA