

TESTIMONY
OF
THE NATIONAL ENERGY ASSISTANCE DIRECTORS' ASSOCIATION
BEFORE THE SUBCOMMITTEE ON
LABOR, HEALTH AND HUMAN SERVICES, EDUCATION,
AND RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
U.S. SENATE
FY 2014 APPROPRIATIONS REQUEST FOR
THE LOW INCOME HOME ENERGY ASSISTANCE PROGRAM

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National Energy Assistance Directors' Association
1232 31st NW
Washington, DC 20007
202-237-5199
www.neada.org

The members of National Energy Assistance Directors' Association (NEADA), representing the state directors of the Low Income Home Energy Assistance Program (LIHEAP) would like to first take this opportunity to thank the members of the Subcommittee for considering our funding request for FY 2014 and advance funding for FY 2015. The program is facing key challenges

this year as we address the continued high level of demand for program services as a result of slow recovery in the nation’s economy and high unemployment rates among lower skilled workers.

LIHEAP is the primary source of heating and cooling assistance for some of the poorest families in the United States. Due to the continuing cutbacks in LIHEAP funding, the number of households receiving LIHEAP assistance has declined from about 8.1 million in FY 2010 to 6.7 million in FY 2013. The average grant during this period has also declined from \$513 to about \$401. Similarly, the purchasing power of the average grant has declined from 51.8 percent of the cost of home heating in FY 2010 to about 41 percent in FY 2013.

The decline in the number of households served and the average size grant is directly related to cutback in program funds from \$5.1 billion in FY 2010 to \$3.3 billion in FY 2013. The decline in purchasing power in FY 2013 is also related to the colder than normal temperatures during the winter of 2012-13 experienced in many parts of the country.

President’s FY 2014 Budget

Of additional concern is the President’s FY 2014 Budget request for LIHEAP. It calls for deep cuts to LIHEAP. The budget would cut the appropriation from \$3.317 billion (prior to the sequester) to \$2.97 billion. The number of households served would decline by about one million from 6.7 million during the current year to 5.7 million. A dramatic drop during a period of continued high rates of poverty and need for programs services to avert shut-offs and payment arrearages.

FY 2014 Funding Request and FY 2015 Advanced Funding Request

For FY 2014 we are requesting that the Subcommittee provide \$4.7 billion for LIHEAP to allow states to provide heating and cooling assistance to about eight million households and cover about 50 percent of the cost of home heating and cooling. We are also requesting \$600 million in emergency fund authority to provide the Administration with flexibility to address unexpected price and weather and related emergency conditions. The additional funds would allow states to restore the average benefit to about 50 percent of home heating and cooling costs plus provide sufficient flexibility in the event that heating oil prices remain at high levels and other fuel prices increase as a result of the continuing recovery in the nation’s economy.

In addition, to these funding requests, we are concerned that states will be hampered in their ability to administer their programs efficiently due to the lack of advanced funding. The lack of a final program appropriation prior to the beginning of the fiscal year creates significant administrative problems for states in setting their program eligibility guidelines. In order to address this concern, we are requesting advance appropriations of \$4.7 billion for FY 2015 and \$600 million in emergency contingency fund authority.

The following tables illustrate the impact of the cutback in program funds between FY 2010 and FY 2013 on the number of households served and the decline in the percent of home heating costs covered by LIHEAP. Of particular concern, as noted before would be the deep cut in the number of households served that would be required by the President’s FY 2014 budget.

Est. Households Served & Average Grant (FY 10- FY 14)

	Appropriation	Households	Average
Fiscal Year	(in thousands)	(in thousands)	Grant
2010	\$5,100,000	8,047	\$513
2011	\$4,700,000	8,013	\$475
2012	\$3,471,672	6,937	\$405

2013	\$3,317,000	6,700	\$401
FY 14 Adm.	\$2,919,000	5,700	\$405

Est. Average % of Home Heating Purchased with LIHEAP (FY 10- FY 13)

Fiscal Year	Heating Oil	Natural Gas	Propane	Electricity	All Fuels
2010	22.3%	70.8%	24.7%	54.2%	51.8%
2011	20.7%	65.5%	22.9%	50.2%	47.9%
2012	19.4%	66.6%	22.8%	44.9%	46.0%
2013	16.4%	61.0%	24.2%	42.7%	40.9%

Est. Home Heating Costs (2010-11 to 2012-13)

Winter Heating Season	Heating Oil	Natural Gas	Propane	Electricity	All Fuels
2010-11	\$2,298	\$724	\$2,074	\$946	\$990
2011-12	\$2,087	\$608	\$1,775	\$902	\$880
2012-13	\$2,442	\$657	\$1,654	\$939	\$979

Source: Energy Information Administration, Winter Fuels Outlook and state LIHEAP surveys.

LIHEAP families are among the nation’s poorest and most vulnerable.

In order to obtain a comprehensive demographic picture of LIHEAP recipients and the characteristics of those who are helped as well as who would be hurt by the program cuts, NEADA conducted a survey of approximately 1,800 households that received LIHEAP benefits in FY 2011. The results show that LIHEAP households are among the vulnerable in the country.

- 40 percent have someone age 60 or older
- 72 percent have a family member with a serious medical condition
- 26 percent use medical equipment that requires electricity
- 37 percent went without medical or dental care
- 34 percent did not fill a prescription or took less than their full dose of prescribed medication
- 19 percent became sick because the home was too cold
- 85 percent of people with a medical condition are seniors

Many LIHEAP recipients were unable to pay their energy bills:

- 49% skipped paying or paid less than their entire home energy bill,
- 37% received a notice or threat to disconnect or discontinue their electricity or home heating fuel,
- 11% had their electric or natural gas service shut off in the past year due to nonpayment, 24% were unable to use their main source of heat in the past year because their fuel was shut off, they could not pay for fuel delivery, or their heating system was broken and they could not afford to fix it, and

- 17% were unable to use their air conditioner in the past year because their electricity was shut off or their air conditioner was broken and they could not afford to fix it.

LIHEAP's impact in many cases goes beyond providing bill payment assistance by playing a crucial role in maintaining family stability. 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, LIHEAP links these stories by enabling people to cope with difficult circumstances with dignity.

Households of all varieties receive LIHEAP assistance. However, the positive impact on the most vulnerable members of society, including the elderly, disabled, and very young children, is striking. LIHEAP agencies in every state have continued to receive new requests for assistance from families struggling in the most difficult economy we have seen in decades. Finally, as many of these examples demonstrate, LIHEAP is administered in many places by Community Actions Agencies with deep ties to the people that they serve. Through their knowledge and connection to their communities, in many cases they are able to assist people in need at multiple levels, creating backward and forward linkages that enable people to regain their footing and start fresh.

The Need for LIHEAP

Households reported enormous challenges despite the fact that they received LIHEAP. However, they reported that LIHEAP was extremely important. About 64 percent reported that they would have kept their home at unsafe or unhealthy temperatures and/or had their electricity or home heating fuel discontinued if it had not been for LIHEAP. Almost 98 percent said that LIHEAP was very or somewhat important in helping them to meet their needs. In addition, 53 percent of those who did not have their electricity or home heating fuel discontinued said that they would have if it had not been for LIHEAP.

The members of NEADA recognize the difficult budget decisions that you face as you consider funding levels for LIHEAP for FY 2014 and advance funding for FY 2015. We appreciate your interest and continued support for LIHEAP. Please feel free to call upon us if we can provide you with additional information.