

National Energy Assistance Directors' Association
1228 31st NW
Washington, DC 20007

January 28, 2014

The Honorable Kathleen Sebelius
Secretary
U.S. Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Secretary Sebelius:

On behalf of the state directors of the Low Income Home Energy Assistance Program (LIHEAP), I am writing to urge you to release as soon as possible all remaining FY 2014 appropriated funds for LIHEAP. The recently passed FY 2014 Consolidated Appropriations Spending Act provided \$3.424 billion for LIHEAP. Of this amount, \$2.9 billion was released on November 4, 2013, leaving approximately \$488.9 million that has not been released to help poor families pay their rapidly rising home heating bills, which have been made worse by the recent and prolonged cold snap hitting almost all parts of the country.

As shown in the attached table, the Short Term Energy Outlook recently released by the Energy Information Administration presents an alarming situation for families heating their homes this winter. On average, the cost of home heating is estimated to increase by 6.1% from \$847 to \$899. For those using propane, costs will increase by 19% from last year's level of \$1,503 to \$1,788, and for those using heating oil, costs are estimated to stay at last year's high level of about \$2,100.

Recent developments since the release of the January Short-Term Outlook suggest that these high prices could go significantly higher as a result of continued and in some cases extreme cold weather. Propane shortages in the Midwest, for example, are resulting in prices almost doubling in the last two weeks. The impact on low-income families is staggering. Reports from state LIHEAP directors in the Midwest have indicated that the cost to fill a 250 gallon propane tank has increased from \$347 last year to almost \$1,100, a staggering 315% increase.

In my state of Illinois, for example, the propane shortage has led to widespread rationing by dealers and some areas of the state have seen prices double in the last 48 hours. Despite recent increases to propane benefits, the buying power of LIHEAP Crisis funds is rapidly dwindling to the point where a fuel delivery for some households can no longer be guaranteed. In an effort to help people stretch their LIHEAP benefits, the state LIHEAP Office and our local community action agencies have been counseling clients to conserve and limit their propane usage as much as possible. Fuel conservation alone, however, cannot overcome a record string of subzero days and the harsh reality that more than half of this brutal winter season has yet to come.

The following are additional examples from other states:

- In Iowa, for example, the director of a local agency reported that, “Some people will just let their tanks run dry and resort to space heaters if they can. People are just devastated. They can’t afford those prices.” Iowa’s Governor, Terry Branstad, stated that “Prices are changing daily and going through the roof.” As a result, the state has increased emergency assistance to help poor families afford the cost of home energy.
- Counties and tribes in the State of Wisconsin are nearing or have already fully expended their LIHEAP Crisis Allocations. In order to respond to the increasing need, the Division of Energy Services has collaborated with local non-profits and other state agencies to attempt to meet the need. With that said, all of our best efforts and collaborations cannot possibly assist this situation more without release of additional funds. The counties and tribes in Wisconsin do not expect to see a reprieve in this situation in the near future, and additional funds are becoming increasingly more necessary by the day.
- For those using heating oil, the situation is comparable. While prices have not increased, they remain at very high levels. More than 40,000 oil heat households in Massachusetts have used up their benefits. The current price for heating oil is around \$3.70 per gallon. Most families will need at least 700 gallons to get through the winter, which will cost them upwards of \$2,600. The maximum oil benefit this year is \$950, or 35% of what is needed to get through the winter.

We appreciate your consideration of our request.

Sincerely,

A handwritten signature in blue ink that reads "Larry Dawson". The signature is fluid and cursive, with a large loop at the end.

Larry Dawson
Chair, NEADA

cc: Sylvia Mathews Burwell, Director, OMB