

**Testimony of the National Consumer Law Center, on Behalf of Our Low-Income Clients
Before the House Committee on Appropriations
Subcommittee on Labor, Health & Human Services, Education, and Related Agencies**

FY 2011 Appropriations for the HHS Low Income Home Energy Assistance Program

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The federal Low Income Home Energy Assistance Program (LIHEAP)¹ is the cornerstone of government efforts to help needy seniors and families avoid hypothermia in the winter and heat stress (even death) in the summer. LIHEAP is an important safety net program for low-income, unemployed and underemployed families struggling in this economy. The demand for LIHEAP assistance remains at record high levels. In FY 2010, the program is expected to help a record 9 million low-income households afford their energy bills, a 15% increase from the prior fiscal year. *In light of the crucial safety net function of this program in protecting the health and well-being of low-income seniors, the disabled, and families with very young children, we respectfully request that LIHEAP be fully funded at its authorized level of \$5.1 billion for FY 2011 and that advance funding of \$5.1 billion be provided for the program in FY 2012.*

Home Energy Bills Remain High at a Time When Unemployment and Underemployment is at Record High Levels

Residential heating expenditures remain at high levels. US average residential heating expenditures this winter are expected to be around the same for natural gas, about 24% higher for heating oil, 21% higher for propane, and 23% higher for electricity when compared to the five-year average for 2003-2008.² The years of steady, high energy bills are hitting low-income households struggling in this serious economic downturn. Low-income residential consumers, on average, pay a substantial amount of their income on residential energy, especially when compared to non-low-income households, 13.5 percent versus 3.6 percent, respectively.³ Because LIHEAP is targeted to the most vulnerable low-income households, LIHEAP recipient households have an average energy burden of 16 percent.⁴

The number of households that are struggling to make ends meet remains very high. According a Pew Economic Policy Group report, in March 2010 over 44 percent of the 15 million unemployed Americans had been unemployed for 6 months or longer.⁵ This is the highest rate of long-term unemployment since World War II. The “underemployment” rate in March 2010 is

¹ 42 U.S.C. §§ 8621 et seq.

² Derived from data in the Energy Information Agency, Short-Term Energy Outlook (March 2010), Table WF01.

³ US HHS, ACF, OCS, *LIHEAP Home Energy Notebook For Fiscal Year 2007*, June 2009 at Table A-3b. *Residential energy: Average annual expenditure, by amount (dollars) and mean individual burden (percent of income), for all, non low income, low income, and LIHEAP recipient households, by Census region and main heating fuel, FY 2007.*

⁴ *Id.*

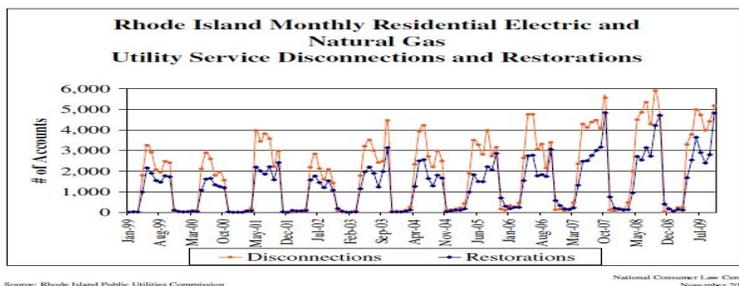
⁵ Pew Economic Policy Group Fiscal Analysis Initiative, *A Year or More: The High Cost of Long-Term Unemployment*, April 2010, Executive Summary.

16.9 percent.⁶ CBO's budget and economic outlook report projects that unemployment will average 9.5 percent in FY 2011.⁷ The hardship low-income households face is also apparent in the data below on the number of households falling behind.

States' Data On Electric and Natural Gas Disconnections and Arrearages Show That More Households Are Falling Behind

States are Predicting Record LIHEAP Participation: With the downturn in the economy, the states continue to experience record demand for LIHEAP assistance. NEADA reports that for FY 2010, 17 states have projected increases in participation of at least 20 percent, with **Mississippi** estimating a 68 increase, followed by **Washington** (42%), **Michigan** (38%), **Nevada** (34%), **New Jersey** (31%), **West Virginia** (28%), **Colorado** (26%), **Kansas** (25%), **New Hampshire** (25%), **Wisconsin** (25%), **Montana** (21%), **California** (20%), **Oregon** (20%), **South Carolina** (20%), **South Dakota** (20%), **Texas** (20%) and **Rhode Island** (20%).⁸ As jobs lag behind economic recovery, we fully expect the need for fully funded LIHEAP program in the states in FY 2011.

The steady and dramatic rise in residential energy costs has resulted in increases in electric and natural gas arrearages and disconnections. The National Energy Assistance Directors' Association reports that households experiencing natural gas shut offs increased from 4.1 million in 2008 to 4.3 million in 2009.⁹ The chart below of **Rhode Island** data is illustrative of the seasonal cycle of disconnections and restorations. It shows the alarming gap between service disconnections and reconnections has been increasing over time, suggesting increased length of service loss and greater numbers of households that do not regain access to service under their own accounts.



⁶ *Id.* Underemployment captures workers who became discouraged and stopped looking for work, older workers who opted to retire early instead of seeking work, young people delaying entering the work force and those workers who want full-time work, but have been forced to accept part-time work instead.

⁷ CBO, *The Budget and Economic Outlook: Fiscal Years 2010 to 2020*, January 2010 at Summary Table 2.

⁸ NEADA press release, *Record Numbers of Households Seek Assistance: States Call for the Release of Emergency Funds and Supplemental Assistance*, February 22, 2010. (hereinafter, NEADA Feb. 22, 2010 Press Release).

⁹ NEADA press release, *Record Number of Households Receive Energy Assistance: Shut-Offs Exceed 4.3 million Households in 2009*, December 18, 2009. See also Sandra Sloane, Mitchell Miller, Beverly Barker, Lisa Colosimo, "2008 Individual State Report by NARUC Consumer Affairs Subcommittee on Collections Data Gathering" (approved on Nov. 17, 2008 by the NARUC Consumers Affairs Committee). This national survey found that almost 40 million electricity and natural gas residential consumers held nearly \$8.7 billion in past due-accounts at the end of the 2007-2008 Winter heating season. The survey also concluded that in calendar year 2007, 8.7 million residential consumers had their electricity or natural gas service terminated for failing to pay their bills, with 3.6 million who remained disconnected as of May 2008.

Although there are winter utility shut-off moratoria in place in many states, not every home is protected against energy shut-offs in the middle of winter. As we approach the lifting of winter shut-off moratoria, we expect to see a wave of disconnections as households are unable to afford the cost of the energy bills. Low-income families are falling further behind as we endure year after year of rising home energy prices. We expect the disconnection peaks to grow and the gap between disconnections and reconnections to also grow, especially in light of the economic challenges faced by the unemployed and underemployed workers.

California: California has experienced a dramatic increase in LIHEAP participation from FY 2008 to FY 2010, with 166,000 households served in FY 2008; 434,000 in FY 2009 and projects serving 521,000 in FY 2010.¹⁰ The rise in the state's unemployment and foreclosure rates led the state Division of Ratepayer Advocates (DRA) to take a look at whether households are able to maintain access to natural gas and electric service. DRA found that low-income residential customers were experiencing a 19 percent increase in disconnections over the past year and that the disparity between low-income disconnections and non-low-income disconnections is the worst in three years.¹¹ In February 2010, the California Public Utilities Commission opened a docket to address electric and natural gas disconnections.¹²

Iowa: Iowa has experienced a steady increase in enrollment for the regular LIHEAP program from FY 2008 to FY 2010 with 85,000 households served in FY 2008; 95,000 in FY 2009 and 100,000 projected in FY 2010.¹³ The average monthly number of LIHEAP households in arrears in FY 2009 was 12 percent higher than the monthly average over the five-year period from FY 2004 through FY 2008. However, as a testament to the importance of LIHEAP, the average monthly number of all households in arrears in FY 2009 was 14 percent higher than the monthly average for all households in arrears over the previous five-year period.¹⁴

Ohio: Ohio has experienced a steady and dramatic demand for low-income energy assistance. The number of households entering into the state's low-income energy affordability program, the Percentage of Income Payment Program (PIPP), increased 6% from January 2009 to January 2010. The increase is an even more dramatic 98% between January 2003 and January 2010. The total dollar amount owed (arrearage) by low-income PIPP customers increased 5% from January 2009 to January 2010 and 118% when comparing PIPP customer arrears from January 2003 to January 2010.¹⁵ Ohio has experienced a steady increase in enrollment for the regular LIHEAP program from FY 2008 to FY 2010 with 387,000 households served in FY 2008; 394,000 in FY 2009 and projects 418,000 in FY 2010.¹⁶

¹⁰ NEADA Feb. 22, 2010 Press Release.

¹¹ California Division of Ratepayer Advocates, *Status of Energy Utility Service Disconnections in California*, November 2009, Executive Summary and pages 5 and 10.

¹² CPUC, *Order Instituting Rulemaking To Establish Ways to Improve Customer Notification and Education to Decrease the Number of Gas and Electric Utility Service Disconnections*, R.10-02-005, Issued February 5, 2010.

¹³ NEADA Feb. 22, 2010 Press Release and Iowa Bureau of Energy Assistance.

¹⁴ Based on data provided by the Iowa Bureau of Energy Assistance.

¹⁵ Public Utilities Commission of Ohio.

¹⁶ NEADA Feb. 22, 2010 Press Release.

Pennsylvania: Pennsylvania has also experienced a steady increase in enrollment for the regular LIHEAP program from FY 2008 to FY 2010, with 371,000 households served in 2008; 547,000 in FY 2009, and a projected 602,000 in FY 2010.¹⁷ Utilities in Pennsylvania that are regulated by the Pennsylvania Public Utility Commission (PA PUC) have established universal service programs that assist utility customers in paying bills and reducing energy usage. Even with these programs, electric and natural gas utility customers find it difficult to keep pace with their energy burdens. The PA PUC estimates that more than 21,029 households entered the current heating season without heat-related utility service. This number includes about 3,992 households who are heating with potentially unsafe heating sources such as kerosene or electric space heaters and kitchen ovens. In mid-December 2009, an additional 14,332 residences where electric service was previously terminated were vacant and over 7,438 residences where natural gas service was terminated were vacant. In 2009, the number of terminations increased 65% compared with terminations in 2004. As of December 2009, 18.2% of residential electric customers and 15.8% of natural gas customers were overdue on their energy bills.¹⁸

LIHEAP Is a Critical Safety Net Program for the Elderly, the Disabled and Households With Young Children

LIHEAP Is Vital To Poor Seniors: Poor seniors are cutting back on energy usage because it is not affordable. In general, elder households use less total household energy than non-elderly households, which is attributable primarily to the smaller dwelling units. But poor elderly households, on average, consume 12% more energy per square foot of living space (this measurement is also referred to as energy intensity) than non-poor elderly households. This disparity is attributable to the poorly weatherized living spaces and the use of old, inefficient heating equipment and appliances.¹⁹ LIHEAP is critical for helping low-income seniors maintain safe temperatures in their homes.

Dire Choices and Dire Consequences: Recent national studies have documented the dire choices low-income households face when energy bills are unaffordable. Because adequate heating and cooling are tied to the habitability of the home, low-income families will go to great lengths to pay their energy bills. Low-income households faced with unaffordable energy bills cut back on necessities such as food, medicine and medical care.²⁰ The U.S. Department of Agriculture has released a study that shows the connection between low-income households, especially those with elderly persons, experiencing very low food security and heating and cooling seasons when energy bills are high.²¹ A pediatric study in Boston documented an increase in the number of extremely low weight children, age 6 to 24 months, in the three months following the coldest

¹⁷ *Id.*

¹⁸ Pennsylvania Public Utilities Commission.

¹⁹ NCLC analysis of U.S. Energy Information Administration, 2001 Residential Energy Consumption Survey data on elderly energy consumption and expenditures.

²⁰ See e.g., National Energy Assistance Directors' Association, *2008 National Energy Assistance Survey*, Tables in section IV, G and H (April 2009)(to pay their energy bills, 32% of LIHEAP recipients went without food, 42% went without medical or dental care, 38% did not fill or took less than the full dose of a prescribed medicine, 15% got a payday loan). Available at <http://www.neada.org/communications/press/2009-04-28.htm>.

²¹ Mark Nord and Linda S. Kantor, *Seasonal Variation in Food Insecurity Is Associated with Heating and Cooling Costs Among Low-Income Elderly Americans*, *The Journal of Nutrition*, 136 (Nov. 2006) 2939-2944.

months, when compared to the rest of the year.²² Clearly, families are going without food during the winter to pay their heating bills, and their children fail to thrive and grow. A 2007 Colorado study found that the second leading cause of homelessness for families with children is the inability to pay for home energy.²³

When people are unable to afford paying their home energy bills, dangerous and even fatal results occur. In the winter, families resort to using unsafe heating sources, such as space heaters, ovens and burners, all of which are fire hazards. Space heaters pose 3 to 4 times more risk for fire and 18 to 25 times more risk for death than central heating. In 2007, space heaters accounted for 17 percent of home fires and 20 percent of home fire deaths.²⁴ In the summer, the inability to keep the home cool can be lethal, especially to seniors. According to the CDC, older adults, young children and persons with chronic medical conditions are particularly susceptible to heat-related illness and are at a high risk of heat-related death. The CDC reports that 3,442 deaths resulted from exposure to extreme heat during 1999-2003.²⁵ The CDC also notes that air-conditioning is the number one protective factor against heat-related illness and death.²⁶ LIHEAP assistance helps these vulnerable seniors, young children and medically vulnerable persons keep their homes at safe temperatures during the winter and summer and also funds low-income weatherization work to make homes more energy efficient.

LIHEAP is an administratively efficient and effective targeted health and safety program that works to bring fuel costs within a manageable range for vulnerable low-income seniors, the disabled and families with young children. **LIHEAP must be fully funded at its authorized level of \$5.1 billion in FY 2011 in light of high home energy costs and the increased need for assistance to protect the health and safety of low-income families by making their energy bills more affordable during this economic downturn. In addition, FY 2012 advance funding would facilitate the efficient administration of the state LIHEAP programs.** Advance funding provides certainty of funding levels to states to set income guidelines and benefit levels before the start of the heating season. States can also plan the components of their program year (e.g., amounts set aside for heating, cooling and emergency assistance, weatherization, self-sufficiency and leveraging activities).

²² Deborah A. Frank, MD *et al.*, *Heat or Eat: The Low Income Home Energy Assistance Program and Nutritional and Health Risks Among Children Less Than 3 years of Age*, AAP Pediatrics v.118, no.5 (Nov. 2006) e1293-e1302. See also, Child Health Impact Working Group, *Unhealthy Consequences: Energy Costs and Child Health: A Child Health Impact Assessment Of Energy Costs And The Low Income Home Energy Assistance Program* (Boston: Nov. 2006) and the *Testimony of Dr. Frank Before the Senate Committee on Health, Education, Labor and Pensions Subcommittee on Children and Families* (March 5, 2008).

²³ Colorado Interagency Council on Homelessness, *Colorado Statewide Homeless Count Summer, 2006*, research conducted by University of Colorado at Denver and Health Sciences Center (Feb. 2007).

²⁴ John R. Hall, Jr., *Home Fires Involving Heating Equipment* (Jan. 2010) at ix and 33. Also, 40% of home space heater fires involve devices coded as stoves.

²⁵ CDC, "Heat-Related Deaths – United States, 1999-2003" MMWR Weekly, July 28, 2006.

²⁶ CDC, "Extreme Heat: A Prevention Guide to Promote Your Personal Health and Safety" available at http://emergency.cdc.gov/disasters/extremeheat/heat_guide.asp.