

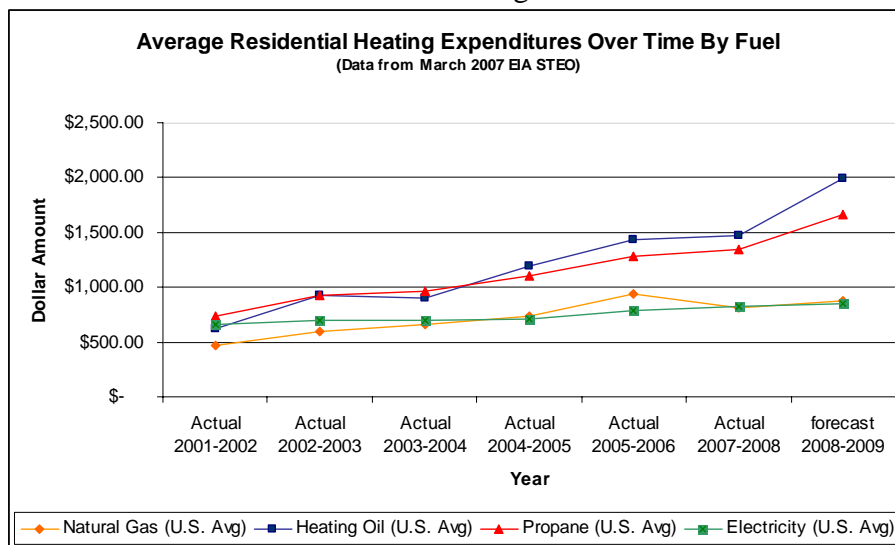
**Testimony of the National Consumer Law Center on Behalf of Our Low-Income Clients<sup>1</sup>  
 Before the House Committee on Appropriations  
 Subcommittee on Labor, Health & Human Services, Education, and Related Agencies**

**FY 2009 Appropriations for the Low Income Home Energy Assistance Program**  
 Prepared by Olivia Wein, Staff Attorney, National Consumer Law Center

The federal Low Income Home Energy Assistance Program (LIHEAP)<sup>2</sup> 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. We are in a sustained period of much higher household energy prices and expenditures and the demand for this program is growing as increases in energy prices far outstrip the ability of low-income households to pay. 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 2009 and that advance funding of \$5.1 billion be provided for the program in FY 2010.

**The Cost of Home Energy Remains at Record High Levels**

Residential heating expenditures remain at record high levels. The average residential heating expenditures are projected to be 95% higher for heating oil, 28% higher for natural gas, 66% higher for propane, and 18.5% higher for electricity than the averaged expenditures for 2001-2006. The current U.S. Department of Energy short-term forecast of residential heating expenditures predicts that, on average, residential bills are still among the highest on record. The cost of electricity, used for both heating and cooling, has been increasing rapidly due, in part, to increases in the price of natural gas used to generate electricity in many power plants and the lifting of price caps in states that restructured their electric markets. In a brief span of time, energy bills have walloped low-income households. The effect of these continually rising prices on low-income households is devastating.



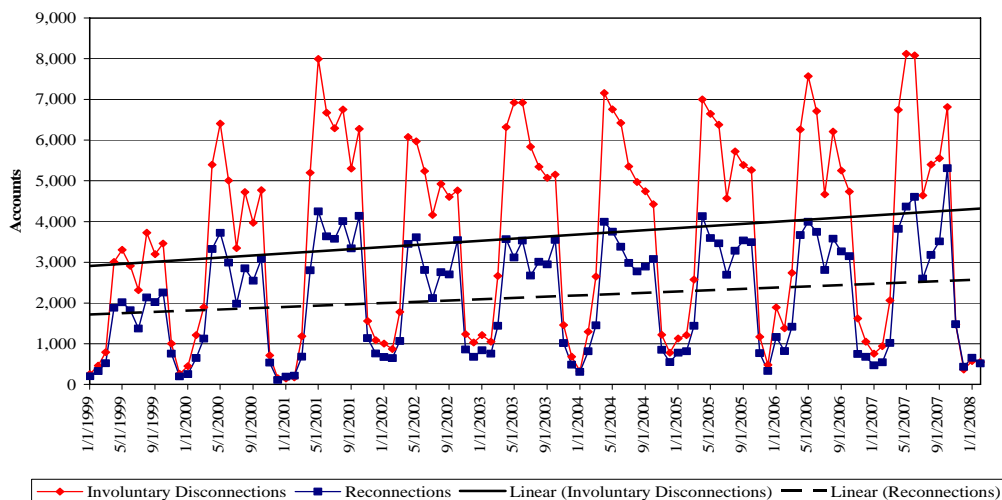
<sup>1</sup> Pennsylvania Utility Law Project (PULP) on behalf of its low-income clients, Esparanza Community Housing Corporation (CA), Community Housing Development Corporation of North Richmond (CA).

<sup>2</sup> 42 U.S.C. §§ 8621 et seq.

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

The steady and dramatic rise in residential energy costs has resulted in increases in electric and natural gas arrearages and disconnections. For example, in **Rhode Island** there were over 30,000 residential service disconnections in 2007, over 5,000 more than in any previous year. Of those 30,000 shutoffs, over 5,200 were not restored. Similarly, the gap between service disconnections and reconnections has been increasing over time, suggesting increased durations of service loss and greater numbers of households that do not regain access to service under their own accounts as demonstrated by data from **Iowa**.<sup>3</sup>

**Iowa Electric and Natural Gas Utilities:  
Residential Service Disconnections and Reconnections**



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. The chart illustrating Iowa's shut-off and reconnection data shows the typical sharp increase in disconnections in the spring once the winter moratorium ends in a state. 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.

**Iowa:** While the basic LIHEAP block grant for Iowa is at last year's levels, this winter has been colder than in the past several years and natural gas prices remain high and propane prices are around a third higher this year than the same point last year. In February 2008, the number of low-income households with past due energy accounts and the total amount of the low-income arrears were the second highest on record for this time of year since these data have been

<sup>3</sup> Chart provided by the Iowa Bureau of Energy Assistance.

tracked. As an indication of the effect of long term effect of rising home energy prices, the total number of LIHEAP households in arrears in February 2008 was 67% higher than five years ago at this point in time and 159% higher than in February 1999. The total amount of arrearages of LIHEAP households has also grown sharply due to the increase in prices. By February 2008, the total amount of LIHEAP household arrears had increased 58% from the same period five years ago and 176% compared to arrears in February 1999. The total number of LIHEAP households served in FY 2009 is expected to exceed the number of households served last year.<sup>4</sup>

**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 7% from January 2007 to January 2008. The increase is an even more dramatic 75% between January 2002 and January 2008. The total dollar amount owed (arrearage) by low-income PIPP customers increased 14% from January 2007 to January 2008 and 84% when comparing PIPP customer arrears from January 2002 to January 2008. The growing demand is also apparent from the frontlines. One community action agency in Ohio reports that: "We have been busy with HEAP this winter...as always.. but this year even busier than last. There are still many people in the lobby every day seeking this assistance, and many we have never seen before. It is an indication of how serious the struggle is for Ohioans this year." Ohio has experienced an increase in enrollment for the regular LIHEAP block grant program (HEAP) from 2005 to 2007 with 262,561 total households in 2005; 354,371 in 2006; 360,656 in 2007 and expects to see an increase in enrollment by the end of this program year as well."<sup>5</sup>

**Pennsylvania:** 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 16,857 households entered the current heating season without heat-related utility service – this number includes about 3,095 households who are heating with potentially unsafe heating sources such as kerosene or electric space heaters and kitchen ovens. In mid-December 2007, an additional 11,468 residences where electric service was previously terminated were vacant and over 5,826 residences where natural gas service was terminated were vacant. In 2007, the number of terminations increased 44% compared with terminations in 2004. As of December 2007, 19.2% of residential electric customers and 16.9% of natural gas customers were overdue on their energy bills.<sup>6</sup>

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

Preliminary estimates by the National Energy Assistance Directors' Association are that FY 2008 participation rates will remain near the same levels as in FY 2007, reaching an estimated

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<sup>4</sup> Conversations with the Director of the Iowa Bureau of Energy Assistance (March 19, 2008).

<sup>5</sup>Public Utilities Commission of Ohio and correspondence with staff at the Ohio Community Development Division (March 11, 2008).

<sup>6</sup> Pennsylvania Public Utility Commission Bureau of Consumer Services.

5.5 million households.<sup>7</sup> Yet, energy prices have been on a continued upward climb. The high residential energy prices have eroded LIHEAP's purchasing power and the ability of the LIHEAP program to help protect our most vulnerable citizens from extreme weather conditions that cause illness, physical harm and even death.

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. However, poor elderly households use markedly less energy than non-poor elderly households. The disparity in usage between the poor elderly and the non-poor elderly is present in each of the Census regions: with the poor elderly using 37% less in the Northeast Census Region, 40% less in the Midwest Census Region, 20% less in the South Census Region and 54% less in the West Census region. Even worse, 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.<sup>8</sup> In the summer, the inability to keep the home cool can be lethal, especially to seniors. According to the CDC, in 2001 300 deaths were caused by excessive heat exposure, and seniors and young children are particularly vulnerable to heat stress.<sup>9</sup> The CDC also notes that air-conditioning is the number one protective factor against heat-related illness and death.<sup>10</sup> LIHEAP assistance helps these vulnerable seniors keep their homes at safe temperatures during the winter and summer and also funds low-income weatherization work to make homes more energy efficient.

Dire Choices and Dire Consequences: Recent national studies have documented the dire choices low-income households are faced with 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.<sup>11</sup> The U.S. Department of Agriculture recently 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.<sup>12</sup> The US Conference of Mayor's December 2007 *Status Report on Hunger and Homelessness in America's Cities* cites utility assistance programs as one of the most common ways to reduce hunger.<sup>13</sup> A pediatric study in Boston documented

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<sup>7</sup> National Energy Assistance Directors' Association, *Testimony of the National Energy Assistance Directors' Association on the Low Income Home Energy Assistance Program Before the Subcommittee on Health, Education, Labor and Pensions, US Senate (March 5, 2008)*.

<sup>8</sup> NCLC analysis of U.S. Energy Information Administration, 2001 Residential Energy Consumption Survey data on elderly energy consumption and expenditures.

<sup>9</sup> CDC, "Extreme Heat: A Prevention Guide to Promote Your Personal Health and Safety" available at [www.bt.cdc.gov/disasters/extremeheat/heat\\_guide.asp](http://www.bt.cdc.gov/disasters/extremeheat/heat_guide.asp).

<sup>10</sup> *Id.*

<sup>11</sup> See e.g., National Energy Assistance Directors' Association, *2005 National Energy Assistance Survey*, Tables in section IV,G (September 2005)(To pay their energy bills, 20% of LIHEAP recipients went without food, 35% went without medical or dental care, 32% did not fill or took less than the full dose of a prescribed medicine). Available at [http://www.neada.org/comm/surveys/NEADA\\_2005\\_National\\_Energy\\_Assistance\\_Survey.pdf](http://www.neada.org/comm/surveys/NEADA_2005_National_Energy_Assistance_Survey.pdf).

<sup>12</sup> 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.

<sup>13</sup> Exhibit 1.4 shows 60% of cities in the study cited utility assistance programs as a way to reduce hunger.

an increase in the number of extremely low weight children, age 6 to 24 months, in the three months following the coldest months, when compared to the rest of the year.<sup>14</sup> Clearly, families are going without food during the winter to pay their heating bills, and their children fail to thrive and grow.

When people are unable to afford paying their home energy bills, dangerous and even fatal results occur. Families resort to using unsafe heating sources, such as space heaters, ovens and burners, all of which are fire hazards.<sup>15</sup> In the summer, the inability to afford cooling bills can result in heat-related deaths and illness. The loss of essential utility services can be devastating, especially for poor families that can find themselves facing hypothermia in the winter, hyperthermia in the summer, eviction, property damage from frozen pipes and the use of dangerous alternative sources of heat.

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 2009 in light of the steady increase in 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. In addition, FY 2010 advance funding would facilitate the efficient administration of the state LIHEAP programs.** Advanced funding provided 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).

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<sup>14</sup> 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).

<sup>15</sup> John R. Hall, Jr., *Home Fires Involving Heating Equipment: Space Heaters* (In 2005 there were an estimated 19,700 home fires involving space heaters resulting in 490 deaths, 980 injuries and \$518 million in property damage) National Fire Protection Association (Nov. 2007).