

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

FY 2023 Appropriations for the HHS Low Income Home Energy Assistance Program
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Thank you for your strong and continued support of the Health and Human Services Low Income Home Energy Assistance Program (LIHEAP).² LIHEAP is the cornerstone of government efforts to help needy seniors and families stay warm and avoid hypothermia in the winter, as well as stay cool and avoid heat-related illness and fatality in the summer. LIHEAP is an important safety net program for low-income unemployed and underemployed families. LIHEAP helped approximately 5.2 million households afford their energy bills in FY 2020.³ *This crucial safety net program protects the health and well-being of low-income seniors, consumers with disabilities, and families with very young children. We respectfully request that LIHEAP be funded at no less than \$5.1 billion⁴ for FY 2023 and an additional \$500 million in emergency contingency funding⁵.*

The Urgent Need for Adequate LIHEAP Appropriations

Funding LIHEAP at no less than \$5.1 billion for the regular program in FY 2023 and an additional \$500 million in emergency contingency funding is imperative to address the record increases in energy prices⁶ coupled with the record increases in the cost of other essential

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² LIHEAP is authorized by 42 U.S.C. §§8621 *et seq.*

³ HHS, “LIHEAP Fact Sheet”, <https://www.acf.hhs.gov/ocs/fact-sheet/liheap-fact-sheet>.

⁴ 42 U.S.C. §8621(b).

⁵ 42 U.S.C. §8621(e).

⁶ See U.S. Bureau of Labor Statistics, News Release, Consumer Price Index – April 2022 (May 11, 2022), available at <https://www.bls.gov/news.release/cpi.nr0.htm> (hereafter, “May 11, 2022 CPI Release”); Ivan Penn, “Get Ready

necessities such as food and shelter⁷ – price increases that hurt lower wealth households the most. The U.S. Bureau of Labor Statistics Consumer Price Index for April 2022 shows a 12-month increase of 80.5% in the cost of fuel oil, an 11% increase for electricity service and a 22.7% increase in natural gas prices. These 12-month increases in energy costs have been among the highest increases in decades.⁸ Similarly recent 12-month increases in the cost of food and shelter are also the highest increases in decades. Low-income households cannot escape these price increases, which drive untenable choices between basic necessities.⁹

Moreover, since utility disconnections are at record high levels in many parts of the country, the need for substantial LIHEAP funding is greater than ever. One market analysis conservatively estimates that while utility sector bad debt had declined to an average annual rate of 2.9% (\$2.5 billion total) between 2000 – 2019, in 2020 utility bad debt jumped to \$5.2 billion.¹⁰ LIHEAP helps households at risk of energy disconnections due to non-payment remain connected to essential home energy and avoid choosing between energy bills and rent or food.¹¹ For very poor, struggling households, LIHEAP helps bring the cost of these essential heating and

for Another Energy Price Spike: High Electric Bills”(rates have jumped because of a surge in natural gas prices and could rise rapidly for years) (May 3, 2022), available at <https://www.nytimes.com/2022/05/03/business/energy-environment/high-electric-bills-summer.html>.

⁷ Fn. 5, May 11, 2022 CPI Release.

⁸ Fn. 5, May 11, 2022 CPI Release; NEADA, “Energy Inflation Hits Lowest Income Families Hardest” (April 12, 2022), available at <https://neada.org/energyinflationpr/>.

⁹ See e.g., Christine Stephenson, “Duke Energy, CenterPoint bills are spiking in Bloomington,” The Herald Times (Feb.22, 2022), available at <https://www.heraldtimesonline.com/story/news/local/2022/02/22/duke-energy-bills-spiking-bloomington-monroe-county/6882306001/>.

¹⁰ Kaulkin Ginsburg, “The Kaulkin Report 2022 Ed.” Kaulkin Ginsburg Co. at page 36; NEADA Press Release, “Families are Drowning in Utility Debt: NEADA Calls for Additional Funding for Energy Assistance” (April 26, 2022)(estimated utility arrearages increased to \$23 billion at the end of 2019; 20.1 million households had utility debt), available at <https://neada.org/wp-content/uploads/2022/04/utilitydebtpr4-26.pdf>.

¹¹ See e.g., Tami Luhby, “Utility Shutoffs loom as energy prices soar and moratoriums end. But help is available” (April 24, 2022), available at https://www.abc12.com/news/national/utility-shutoffs-loom-as-energy-prices-soar-and-moratoriums-end-but-help-is-available/article_85b1942f-1f6d-5799-8278-cbf8bf303f79.html; Mark Wolfe, “Opinion: Struggling US Families face a wave of power shutoffs if Congress doesn’t act” (updated April 28, 2022), available at <https://www.cnn.com/2022/04/28/perspectives/utility-bills-power-shutoffs/index.html>.

cooling services within reach for an estimated 5 million low-income households and helps them stay connected.

Energy bills are not affordable for struggling, low-income households. Over one-third of U.S. households report that they struggle with energy affordability.¹² The average LIHEAP household in 2015 devoted over 8% of total household income to home energy services – twice as much as the average U.S. household, which spends about 4% of its income on home energy.

Extreme weather events add to the energy burdens of under-resourced families, since households must use more fuel to keep the home at safe temperatures during prolonged periods of extreme temperatures. Prolonged colder than normal temperatures, such as the sharp cold wave that resulted in 22 deaths and affected a wide swath of the country January to March 2019¹³ can result in an unexpected, increased use of heating fuels. Likewise, prolonged hot temperatures, which are becoming more common, can result in an increased need for air conditioning, particularly for consumers with certain medical conditions.¹⁴

Yet, struggling low-income households are at risk of disconnection from essential utilities because they do not have the savings or income on hand to afford their energy bills. The Federal Reserve finds that one in four households were unable to pay their monthly bills in full or were a

¹² U.S. Energy Information Administration, Residential Energy Consumption Survey 2015, *One in three U.S. households faced challenges in paying energy bills in 2015*, available at <https://www.eia.gov/consumption/residential/reports/2015/energybills/>.

¹³ See e.g., “Extreme cold in the Midwest led to high power demand and record natural gas demand,” US Energy Information Administration, Today in Energy (Feb. 26, 2019) available at <https://www.eia.gov/todayinenergy/detail.php?id=38472>.

¹⁴ Lynne Page Snyder and Christopher Baker, *Affordable Home Energy and Health: Making the Connections*, AARP Public Policy Institute (June 2010) at pp.10-11, available at <https://www.aarp.org/money/low-income-assistance/info-06-2010/2010-05-consumer.html>.

modest setback away from financial hardship. For households with incomes less than \$25,000, one in two households faces such hardship.¹⁵

The Federal Reserve reports that 27% of lower income parents struggle with bill payments because of income variability.¹⁶ When income is hard to predict, paying for necessities such as utility service can be difficult, if not impossible, without help from programs like LIHEAP. A growing body of research documents the rise in household income volatility (the dramatic fluctuation of income over time) and the impacts on household well-being.¹⁷ Households experiencing income volatility tend to turn to more expensive alternative financial services products such as payday loans.¹⁸ Low and moderate income consumers who experience income volatility have much higher rates of unpaid bills including rent and mortgage payments, skipped medical care, and food insecurity.¹⁹

LIHEAP protects the health of the frail elderly, the very young and those with chronic health conditions, all of whom are highly susceptible to temperature extremes. LIHEAP also

¹⁵ Board of Governors of the Federal Reserve, *Report on the Economic Well-Being of U.S. Households in 2021* (May 2022) at p.35, available at <https://www.federalreserve.gov/publications/files/2021-report-economic-well-being-us-households-202205.pdf>.

¹⁶ Board of Governors of the Federal Reserve, *Report on the Economic Well-Being of U.S. Households in 2021* (May 2022) at p.21, available at <https://www.federalreserve.gov/publications/files/2021-report-economic-well-being-us-households-202205.pdf>.

¹⁷ See e.g., Federal Reserve *Survey of Household Economics and Decisionmaking* reports available at <https://www.federalreserve.gov/consumerscommunities/shed.htm>; The Aspen Institute Expanding Prosperity Impact Collaborative (EPIC) series on the issue of income volatility available at <http://www.aspenepic.org/epic-issues/income-volatility/>; Pew Charitable Trusts, *How Income Volatility Interacts with American Families; Financial Security* (March 9, 2017) available at <https://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2017/03/how-income-volatility-interacts-with-american-families-financial-security>.

¹⁸ Daniel Schneider and Kristen Harknett, *supra*, fn. 15, at p. 9, available at <http://www.aspenepic.org/epic-issues/income-volatility/issue-briefs-what-we-know/issue-brief-income-volatility-service-sector/> (almost a quarter of consumers reporting week-to-week volatility report using payday lenders).

¹⁹ Stephen Roll, David S. Mitchell, Krista Holub *et al.*, *Responses to and Repercussions from Income Volatility in Low- and Moderate-Income Households: Results from a National Survey*, Aspen Institute EPIC, Center for Social Development, Intuit Tax & Financial Center (Dec. 2-17) at pp 6-7, available at <https://www.aspeninstitute.org/publications/responses-repercussions-income-volatility-low-moderate-income-households-results-national-survey/>.

helps keep families together by keeping homes habitable during cold winters and sweltering summers.

LIHEAP is an 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. **Thus, we respectfully request that LIHEAP be funded at no less than \$5.1 billion in FY 2023 and an additional \$500 million in emergency contingency funding.**