

**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 2013 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 stay warm and avoid hypothermia in the winter, as well as stay cool and avoid 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 2011, the program helped an estimated 9 million low-income households afford their energy bills.

One of the fastest growing segments of LIHEAP recipients is veterans. The number of LIHEAP recipient households with a veteran increased from 12% of all households served in FY 2008 to 20% of all LIHEAP households in FY 2011.²

Unemployment and poverty forecasts for 2013 indicate that the number of struggling households will remain at record high levels. *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 2013.*

LIHEAP Provides Critical Help With Home Energy Bills for The Large Number of Low-Income Households Struggling to Move Forward in These Difficult Economic Times

Funding LIHEAP at \$5.1 billion for the regular program in FY 2013 is essential in light of the sharp increase in poverty and unemployment. It is telling that even with unusually warm winter temperatures, the size of home heating bills still remains beyond the ability to pay for struggling

¹ 42 U.S.C. §§ 8621 et seq.

² *LIHEAP Recipients by Veteran Status*, NEADA (Dec. 8, 2011). Available at www.neada.org.

households.³ **Ohio** was hard hit by the great recession, losing 430,500 jobs.⁴ In that state, the total number of disconnections for gas and electric service for the year ending December 31, 2011 was 454,445. While the number of disconnections in 2011 represents a modest increase over 2010 disconnections, this growth is cause for concern. Ohio strengthened its Percentage of Income Payment Program (PIPP) and other payment plans designed to help struggling low-income households afford their energy bills,⁵ yet the state faced a 30% reduction in LIHEAP funding from FY 2011. LIHEAP assistance is critical for helping these struggling families afford their heating bills.

Despite milder winter temperatures this winter and lower natural gas bills in **Iowa**, a record number of low-income households have fallen behind on their energy bills. In February 2012, the number of low-income households with past due energy accounts was the second highest on record for this time of year since these data have been tracked. The Iowa LIHEAP program estimates that demand for assistance will remain strong and that it will be serving close to last year's number of applicants, about 95,000 households. However, the size of the energy assistance has been cut back 25% due to the substantial cuts to the LIHEAP funding in FY 2012. Thus, as the data shows, the need for LIHEAP remains strong in this sluggish economy despite the milder temperatures and the mitigation in natural gas prices.⁶

Data from **Pennsylvania** also demonstrate that an unusually mild winter cannot make up for cuts to vital energy assistance. Pennsylvania 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 587,000 in FY 2010. However, due to the decreased LIHEAP funds, the projection for FY 2012 is down to 425,000. 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

³ See e.g., Steve Gravelle, *Thousands of Iowans Facing Utility Shutoff Despite Mild Winter*, The Gazette, Mar. 22, 2012. Available at <http://thegazette.com/2012/03/22/thousands-of-iowans-facing-utility-shutoff-despite-mild-winter/>

⁴ *The State of Poverty in Ohio: A Path to Recovery*, Ohio Association of Community Action Agencies (May 2011) at p.iv.

⁵ Office of the Ohio Consumers' Counsel.

⁶ Iowa Bureau of Energy Assistance.

burdens. The PA PUC estimates that more than 20,034 households entered the current heating season without heat-related utility service. This number includes about 2,559 households who are heating with potentially unsafe heating sources such as kerosene or electric space heaters and kitchen ovens. One harmful impact of unaffordable home energy is the abandonment of property that is no longer habitable. In mid-December 2011, an additional 13,136 residences where electric service was previously terminated were vacant and over 5,977 residences where natural gas service was terminated were vacant. In 2011, the number of terminations increased 60% compared with terminations in 2004. As of December 2011, preliminary data shows that 19.4% of residential electric customers and 15.8% of natural gas customers were overdue on their energy bills.⁷

Unfortunately, the number of households around the country that are struggling to make ends meet remains very high due to the slow recovery from the great recession. According a Pew Fiscal Analysis Initiative report, as of December 2011, 4 million jobless workers (which is more than the population of Oregon) have been unemployed for a year or longer.⁸ While long-term unemployment has affected all age groups, older workers have been hit particularly hard by this downturn.⁹ CBO's budget and economic outlook report projects that unemployment will average 9.1 percent in 2013,¹⁰ far from the 5.3 percent that CBO estimates is the natural rate of unemployment.¹¹ The U.S. Census reports the largest number in poverty in 52 years, 46.2 million people in 2010.¹²

Thus indications are that the demand for LIHEAP in FY 2013 will remain very strong as this program helps struggling households in a number of ways. LIHEAP protects the health and safety of the frail elderly, the very young and those with chronic health conditions, such as

⁷ Pennsylvania Public Utilities Commission.

⁸ Pew Economic Policy Group Fiscal Analysis Initiative, *Five Long-Term Unemployment Questions*, February 1, 2012 at Question 1.

⁹ *Id* at Question 3. ("However, among people without jobs, unemployed older workers were the most likely to have been jobless for a year or more. For example, in the fourth quarter of 2011, more than 42 percent of unemployed workers older than 55 had been out of work for at least a year, a higher percentage than any other age category.")

¹⁰ CBO, *The Budget and Economic Outlook: Fiscal Years 2012 to 2022*, Chpt. 2 The Economic Outlook Table 2-1. CBO's Economic Projections for Calendar Years 2012 to 2022 (Jan. 2012) at p.27.

¹¹ CBO, *The Budget and Economic Outlook: Fiscal Years 2011 to 2021*, Summary (Jan. 2011) at Summary Table 2.

¹² U.S. Census, *Income, Poverty, and Health Insurance Coverage in the United States:2010* (Sept. 2011) at p.14.

diabetes, that increase susceptibility to temperature extremes. LIHEAP assistance also helps keep families together by keeping homes habitable during the bitter cold winter and sweltering summers.

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

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.¹³ The U.S. Department of Agriculture has released a study that shows that low-income households, especially those with elderly persons, experience very low food security during heating and cooling seasons when energy bills are high.¹⁴ 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 months, when compared to the rest of the year.¹⁵ 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.¹⁶

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

¹³ See e.g., National Energy Assistance Directors' Association, *2011 National Energy Assistance Survey* (Nov. 2011)(to pay their energy bills, 24% of LIHEAP recipients went without food, 37% went without medical or dental care, 34% did not fill or took less than the full dose of a prescribed medicine). Available at <http://www.neada.org/news/nov012011.html>.

¹⁴ 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.

¹⁵ 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).

¹⁶ 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).

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.¹⁷ 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 1999-2003.¹⁸ The CDC also notes that air-conditioning is the number one protective factor against heat-related illness and death.¹⁹ 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 efficient²⁰ 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 2013 in light of unaffordable, but essential heating and cooling needs of millions of struggling households due to the record high unemployment levels during the slow recovery from the great recession.**²¹

¹⁷ 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.

¹⁸ CDC, "Heat-Related Deaths – United States, 1999-2003" MMWR Weekly, July 28, 2006.

¹⁹ CDC, "Extreme Heat: A Prevention Guide to Promote Your Personal Health and Safety" available at http://emergency.cdc.gov/disasters/extremeheat/heat_guide.asp.

²⁰ States can only spend 10% or less of their LIHEAP grant in administrative and planning costs. 42 U.S.C. § 8624 (b)(9).

²¹ "A large portion of the economic and human costs of the recession and slow recovery remain ahead. . . . Those costs fall disproportionately on people who lose their jobs, who are displaced from their homes, or who own businesses that fail." CBO, *The Budget and Economic Outlook: Fiscal Years 2012 to 2022*, Chpt. 2 The Economic Outlook at p.26.