

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

FY 2012 Appropriations for the HHS Low Income Home Energy Assistance Program

Prepared by Olivia Wein, Staff Attorney, National Consumer Law Center
(202-452-6252, owein@nclc.org)

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 for a third year in a row. In FY 2011, the program is expected to help an estimated 9 million low-income households afford their energy bills. The unemployment and poverty forecasts for FY 2012 indicate that the number of struggling households will also remain at these 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 2012 and that advance funding of \$5.1 billion be provided for the program in 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 2011 is essential in light of the sharp increase in poverty and unemployment and the steady climb in home energy prices in recent years.² One indicator of the growing need for energy assistance is the growing number of disconnections. In states like Ohio that track utility disconnections, the disconnection numbers for gas and electric residential customers have increased by 23.9% over five years. For the year ending December 2010, there were 452,221 disconnections. For the year ending December 2006, there were 364,912 gas and electric disconnections. For the years ending December 2009,

¹ 42 U.S.C. §§ 8621 et seq.

² See, Chad Stone, Arloc Sherman and Hannah Shaw, *Administration's Rational For Severe Cut in Low-Income Home Energy Assistance is Weak*, Figure 2 (CBPP calculation of winter fuel price index from EIA) Center on Budget and Policy Priorities, February 18, 2011.

2008, and 2007, there were 476,490, 424,952, and 424,411 gas and electric disconnections respectively. LIHEAP helps bring the cost of essential heating and cooling within reach for an estimated 9 million low-income households and helps keep these struggling households connected to essential utility service.

The demand for LIHEAP increases when residential home energy prices increase, such as the fly up in home heating oil and propane in the winter of FY 2011.³ Since the winter of 2005-2006, energy costs have increased from \$1,337 to \$2,291 for households heating with home heating oil; \$1,275 to \$2,040 for households heating with propane, and \$723 to \$947 for households heating with electricity. Households heating with natural gas have experience more moderate increases from \$813 to \$990. Home energy is also more expensive during prolonged periods of extreme temperatures because households use more fuel to keep the home at safe temperatures. For example, a colder than normal winter can result in higher heating bills than in years past. The third variable that drives up the demand for LIHEAP is the number of households that are struggling with unemployment, underemployment and the number of households in poverty.

Unfortunately, the number of households that are struggling to make ends meet remains very high. According a Pew Fiscal Analysis Initiative report, as of December 2010, thirty (30) percent of the 14 million unemployed have been unemployed for a year or longer.⁴ While long-term unemployment has affected all age groups, older workers have been hit particularly hard by this downturn.⁵ CBO's budget and economic outlook report projects that unemployment will be 8.2 percent by the fourth quarter in FY 2012, far from the 5.3 percent that CBO estimates is the natural rate of unemployment.⁶ A recent Brookings Center on Children & Families analysis looks at the correlation between unemployment rates and poverty rates and estimates that the poverty rate will increase to over 15 percent in 2012.⁷ Thus indications are that the demand for LIHEAP in FY 2012 will remain very strong as this program helps struggling households in a

³ *Id.*

⁴ Pew Economic Policy Group Fiscal Analysis Initiative, *Addendum: A Year or More: The High Cost of Long-Term Unemployment*, January 27, 2011.

⁵ *Id.* ("More than 40 percent of unemployed workers older than 55 have been out of work for at least a year")

⁶ CBO, *The Budget and Economic Outlook: Fiscal Years 2011 to 2021*, Summary (January 2011 at Summary Table 2).

⁷ Emily Monea and Isabel Sawhill, *An Update to "Simulating the Effect of the 'Great Recession' on Poverty"*, Brookings Center on children and Families (September 16, 2010).

number of ways. LIHEAP protects the health and safety of the frail elderly, the very young and those with chronic health conditions, such as 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.⁸ 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.⁹ 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.¹⁰ 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.¹¹

⁸ 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>.

⁹ 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.

¹⁰ 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).

¹¹ 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).

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.¹² 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 1999-2003.¹³ The CDC also notes that air-conditioning is the number one protective factor against heat-related illness and death.¹⁴ 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 2012 in light of unaffordable, but essential heating and cooling needs of millions of struggling households due to the record high unemployment levels.**

In addition, FY 2013 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 better plan the components of their program year (e.g., amounts set aside for heating, cooling and emergency assistance, weatherization, self-sufficiency and leveraging activities) if there is forward funding. Forward funding is critical to LIHEAP running smoothly.

¹² 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.

¹³ CDC, "Heat-Related Deaths – United States, 1999-2003" MMWR Weekly, July 28, 2006.

¹⁴ CDC, "Extreme Heat: A Prevention Guide to Promote Your Personal Health and Safety" available at http://emergency.cdc.gov/disasters/extremeheat/heat_guide.asp.