The federal Health & Human Services’ **Low Income Home Energy Assistance** Program (LIHEAP) is the cornerstone of government efforts to help low-income seniors and families afford essential home energy services. LIHEAP is a particularly important safety net program for the growing numbers of unemployed and underemployed households struggling with lost jobs and diminished wages in the wake of the devastating economic disruption due to the COVID-19 pandemic.

Currently, most states have directed or advised utility companies to refrain from shutting off utility services during the state of emergency, to protect the public health. These disconnection moratoria are vital to protecting the health and safety of households, and are likely to continue until the state of emergency ends. Once the state of emergency is over, we estimate that many millions of low-income and newly low-income households will face the start of the FY2021 heating season already disconnected or in danger of utility disconnection as a result of reduction of income and overdue bills that households accumulate during the COVID-19 state of emergency. The longer the shut-off moratoria are in place, the larger the arrearages for these households, for multiple essential utility services and other debt obligations. Coupled with a weakened economy, we estimate the need for heating assistance will require the full authorized amount for the LIHEAP program, and could be larger. Thus at this time, we respectfully request that the subcommittee fund LIHEAP at $5.1 billion. It is hard to predict the scope of the need, given how early we are in the crisis, so we request the ability to supplement this testimony when the hearing on this appropriations bill is rescheduled.
The former director of the Centers for Disease Control and Prevention (CDC) cautions the American public that this is going to be a long crisis, and because COVID-19 is so contagious we may need to maintain social distancing for an extended period of time.\textsuperscript{v} Public health directives to in most states have led to the closure of non-essential business to slow the spread of COVID-19, hitting lower-wage service economy workers particularly hard. The Treasury Secretary has warned that without adequate economic stimulus, unemployment could hit 20%.\textsuperscript{vi} Economists predict the United States could experience an economic downturn as severe as, or worse than the Great Recession caused by the housing market collapse\textsuperscript{vii}. 

As described above, governors, state public utility commissions and private utility companies have implemented consumer protections from utility disconnections during the crisis.\textsuperscript{viii} However, even though households will continue to receive utility service, they will also continue to receive utility bills and we anticipate that unpaid utility arrearages will climb during the crisis. Households will still be financially obligated to pay for utility service, and once those shut-off moratoria are lifted, struggling households will be at risk for disconnection if they cannot pay off these large arrearages. These utility arrearages, combined with other financial hardships, will likely drive a surge in demand for LIHEAP benefits in FY 2021.

For decades, LIHEAP has been a reliable safety net program specifically tailored to help low-income households stay warm and avoid hypothermia in the winter, as well as stay cool and avoid heat stress (even death) in the summer. The program is currently funded at $3.74 billion and in FY 2019 was estimated to help 6 million households maintain essential home energy service.\textsuperscript{ix} Yet, at a time when the US economy was far more robust, only an estimated one in five eligible households was served by LIHEAP in FY 2019.\textsuperscript{x} Before COVID-19, there was already a large percentage of the population living on the edge of financial hardship. According to the U.S. Department of Energy’s data, about one-third of U.S. households report struggling with energy
affordability. In 2019, the Federal Reserve reported that 4 in 10 households would have difficulty with an unexpected expense of $400 and that 3 in 10 households would be unable to pay their bills. A growing body of research has documented the rise in household income volatility (the dramatic fluctuation of income over time) and the impacts on household well-being. Pre-COVID-19, approximately one-third of households experienced income volatility with irregular work schedules as the leading cause of volatility. Analysis of material hardship for low and moderate income consumers experiencing income volatility found much higher rates of inability to afford bills, medical care, housing payments and food, and a higher likelihood to resort to expensive payday loans to pay for basic living expenses. The sudden loss in employment and wages due to COVID-19 requires a bold governmental response. In addition to our request for full funding in FY2021, we recently urged appropriators to secure an additional $1.4 billion to help an additional 4 million households maintain their essential home energy service for the current fiscal year.

LIHEAP protects the health and safety of the frail elderly, the very young, and those with chronic health conditions that increase susceptibility to temperature extremes. LIHEAP is an administratively efficient and effective targeted health and safety program that works to bring fuel costs within a manageable range for vulnerable households.

As noted at the start of this testimony, we anticipate a possibly unprecedented need for FY2021 LIHEAP funding. Thus at this time, we respectfully request that the subcommittee fund LIHEAP at $5.1 billion for FY2021. Since it is hard to predict the true extent of the need and the crisis is in its early days, we therefore request the ability to supplement this testimony when the hearing on this appropriations bill is rescheduled.
Since 1969, the nonprofit National Consumer Law Center® (NCLC®) has worked for consumer justice and economic security for low-income and other disadvantaged people in the U.S. through its expertise in policy analysis and advocacy, publications, litigation, expert witness services, and training.

42 U.S.C. §§8621 et seq.


Testimony of the National Energy Assistance Directors’ Association, House Subcommittee on Labor, Health and Human Services and Education and Related Agencies (April 8, 2019).


