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

Regarding FY2021 Appropriation for the Health and Human Services’
Low Income Home Energy Assistance Program (LIHEAP)

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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 record number 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. We respectfully request that the subcommittee fund LIHEAP at the full authorized amount of $5.1 billion and note the need is likely to be greater.

The United States is the midst of unprecedented times as the world addresses a novel coronavirus pandemic (COVID-19). Public health directives in most states led to the closure of non-essential businesses to slow the spread of COVID-19, hitting lower-wage service economy workers, low-income families and black and Hispanic workers particularly hard. The CBO predicts unemployment in Q3 2020 could reach 15.8%. 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. Federal Reserve Chairman Powell warns that an economic recovery could take more than a year and that a full recovery might not be possible without a vaccine. This caution is echoed by the CBO and the former director of the Centers for Disease Control and Prevention (CDC).

In most states, governors, state public utility commissions and private utility companies have implemented consumer protections from utility disconnections during the crisis. These disconnection moratoria have been vital to protecting the health and safety of households, helping to slow the transmission of the virus by facilitating physical distancing by allowing people to safely stay at home. However, 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. While the shut-off moratoria allow households to continue to receive utility service, they will also continue to receive utility bills and we anticipate that, due to the high unemployment rate, unpaid utility arrearages will climb during the crisis. These utility arrearages, combined with other financial hardships, will likely drive a surge in demand for LIHEAP benefits in FY 2021.

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. Conservative estimates of residential electricity customers in arrears during the COVID-19 disconnection moratoria range from $6 billion to $14 billion.
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 $4.64 billion ($3.74 billion through the FY2020 appropriation along with an additional $900 million through the CARES Act).

FY 2019 funding for LIHEAP at $3.74 billion was estimated to help 6 million households maintain essential home energy service. 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. 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. Thus, pre-COVID, too many households experienced economic fragility and energy insecurity. Now, with the economic devastation of COVID-19, a bold governmental response is necessary to keep struggling families connected to essential home energy service.

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.

For the reasons discussed in this testimony, we anticipate an unprecedented need for FY2021 LIHEAP funding. We respectfully request that the subcommittee fund LIHEAP at $5.1 billion for FY2021 and note that the need is likely to be even greater.

i 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.
ii 42 U.S.C. §§8621 et seq.
iii Stories about the value of LIHEAP:

“Justine of Missouri: I work for a nonprofit that helps keep low-income, medically vulnerable St. Louisans safe in their own homes from extreme temperatures. So many of the people we serve rely on LIHEAP to keep their utilities on and their homes habitable. We consider ourselves, in part, a homelessness prevention organization. Without the ability to heat their homes in winter, our clients will not be able to age in place but will have to move in with family (if they even have any). Our donors are incredible and we’re able to do so much, but we can’t do it alone. Our community, like many others, needs LIHEAP.”

“Raylene from California: I am living again in my central California hometown because of the relatively low cost of living here. I rent a low cost senior apartment and have minimal insurance for my
13 year old car. I have the lowest cost medicare supplemental insurance I can find and all my other expenses are as low as I can keep them. I had to drop my renter’s insurance and the newspaper because I just can’t afford them. My $1103 in Social Security has stretched as far as I can manage. Without the HEAP program I would not be able to run the air conditioner during the 3 months of summer when temperatures are close to 100. We have a lot of seniors with the same concerns; please envision yourself in our shoes and keep this program for us. Thank you.” For more stories, see LIHEAP Stories available at https://neuac.org/advocacy/save-liheap/liheap-stories.

See e.g., Sarah Hansen, 2.4 Million Workers Filed For Unemployment, Bringing Total to More Than 38 Million, Forbes (May 21, 2020), available at: https://www.forbes.com/sites/sarahhansen/2020/05/21/24-million-workers-filed-for-unemployment-last-week-bringing-total-to-more-than-38-million/#56c4ada9eb91.


See Dr. Tom Frieden, Former CDC director: There’s a long war ahead and our Covid-19 response must adapt, CNN Health (Updated 9:33 AM, Mar.21, 2020). Available at: https://www.cnn.com/2020/03/20/health/coronavirus-response-must-adapt-frieden-analysis/index.html (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).


Further Consolidated Appropriations Act, 2020 (Public Law 116-94).


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


