

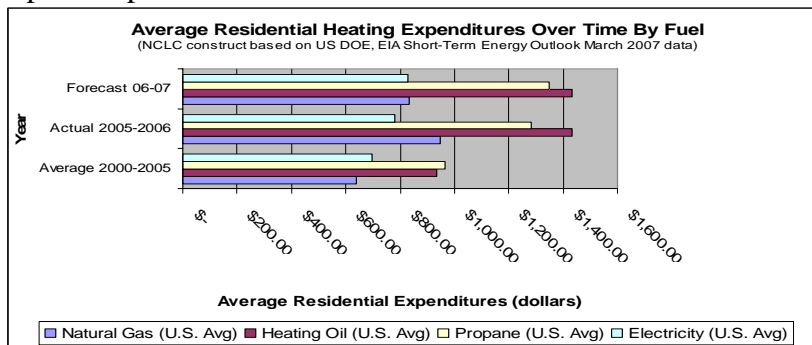
**Testimony of the National Consumer Law Center on Behalf of Our Low-Income Clients<sup>1</sup>  
 Before the House Committee on Appropriations  
 Subcommittee on Labor, Health & Human Service, Education, and Related Agencies**

**FY 2008 Appropriations for the Low Income Home Energy Assistance Program**  
 Prepared by Olivia Wein, Staff Attorney, National Consumer Law Center

The federal Low Income Home Energy Assistance Program (LIHEAP)<sup>2</sup> is the cornerstone of government efforts to help needy seniors and families avoid hypothermia in the winter and heat stress (even death) in the summer. We are in a sustained period of much higher household energy prices and expenditures and the demand for this program is growing as increases in energy prices far outstrip the ability of low income households to pay. 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 2008 and that advance funding of \$5.1 billion be provided for the program in FY 2009.

**The Cost of Home Energy Remains at Record High Levels**

Residential heating expenditures remain at record high levels. The average residential heating expenditures are projected to be 53% higher for heating oil, 29.6% higher for natural gas, 39.4% higher for propane, and 18.6% higher for electricity than the averaged expenditures for 2000-2005. The current U.S. Department of Energy short-term forecast of residential heating expenditures predicts that, on average, residential bills are still among the highest on record. The cost of electricity, used for both heating and cooling, has been increasing rapidly due, in part, to increases in the price of natural gas used to generate electricity in many power plants and the lifting of price caps in states that restructured their electric markets.

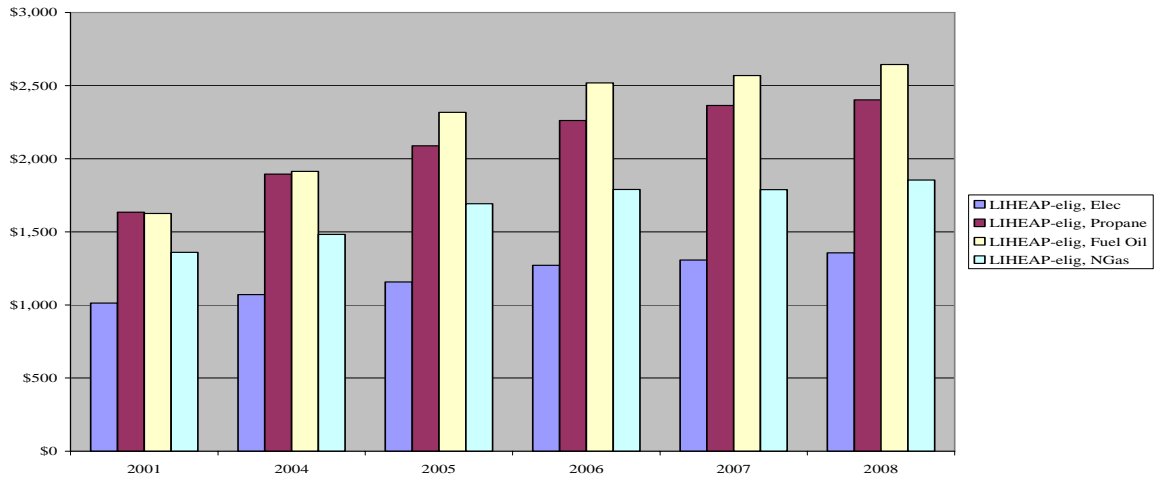


In a brief span of time, energy bills have walloped low-income households. In 2008, LIHEAP eligible households are predicted to spend, depending on the type of heating fuel used, 63% more on their total residential energy bills than in 2001 if they used heating oil, 36% more if they used natural gas, 47% more if they used propane and 34% more if they use electricity. The effect of these continually rising prices on low-income households is devastating.

<sup>1</sup> Mass Union of Public Housing Tenants and Pennsylvania Utility Law Project.

<sup>2</sup> 42 U.S.C. §§ 8621 et seq.

**Total Residential Energy Expenditures by Heating Fuel:  
LIHEAP Eligible Households**

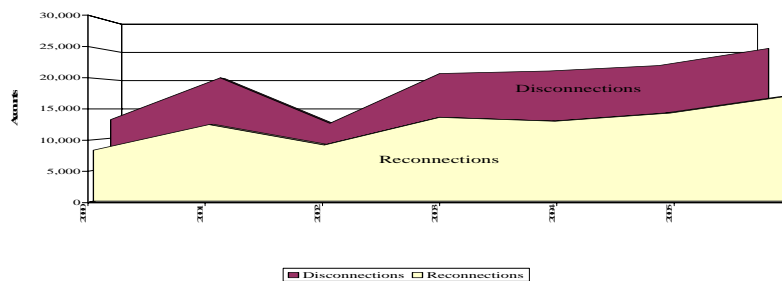


NCLC Construct based on February 2007 Short-term Energy Outlook (DOE-EIA), 2001 - 2007 Population-Weighted Heating and Cooling Degree Day Data (National Oceanic and Atmospheric Administration), and 2001 Residential Energy Consumption Survey (DOE-EIA)

### States' Data On Electric And Natural Gas Disconnections And Arrearages Show That More Households Are Falling Behind

Not surprisingly, the steady and dramatic rise in residential energy costs has resulted in increases in electric and natural gas arrearages and disconnections. For example, utility service disconnections in **Rhode Island** increased by over 92 % between the years 2000 and 2006. Similarly, the gap between service disconnections and reconnections increased, suggesting increased durations of service loss and greater numbers of households that do not regain access to service under their own accounts.<sup>3</sup>

**Rhode Island Natural Gas and Electric Utility Service Disconnections and Reconnections: 2000 - 2006**



Although there are winter utility shut-off moratoria in place for many states, not every home is protected against energy shut-offs in the middle of winter. As we approach the lifting of winter shut-off moratoria, we expect to see a wave of disconnections as households are unable to afford the cost of the energy bills.

<sup>3</sup> Calculated from data provided by the Rhode Island Public Utilities Commission.

**Iowa:** Despite milder winter temperatures this winter, the continued high cost of natural gas has set back a record number of low-income households in Iowa. In February 2007, 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. As an indication of the effect of long term effect of rising home energy prices, the total number of LIHEAP households in arrears in February 2007 was 80% higher than five years ago at this point in time and 151% higher than in February 1999. The total amount of arrearages of LIHEAP households has also grown sharply due to the increase in prices. By February 2007, the total amount of LIHEAP household arrears had increased 42% from the same period five years ago and 163% compared to arrears in February 1999. The total number of LIHEAP households served in FY 2007 is expected to remain at the record high level of FY 2006, yet the program received \$16 million less under the FY 2007 appropriations. In order to serve the increased demand for LIHEAP this heating season the program reduced benefits by 30% and redirected LIHEAP funds normally dedicated to the summer pre-purchase of deliverable fuels (a program component that maximizes purchasing power).<sup>4</sup>

**Ohio:** In Ohio, the number of households entering into the state's low-income energy affordability program, the Percentage of Income Payment Program (PIPP), increased 13% from January 2006 to January 2007. The increase is an even more dramatic 64% between January 2002 and January 2007. The total dollar amount owed (arrearage) by low-income PIPP customers increased 8% from January 2006 to January 2007 and 62% when comparing PIPP customer arrears from January 2002 to January 2007. The National Energy Assistance Directors Association estimates that the number of households applying for energy assistance in FY 2007 is likely to remain at FY 2006 levels, for Ohio that would mean an estimated 30% more households when compared to Ohio households that received heating assistance in FY 2002.<sup>5</sup>

**Pennsylvania:** 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 burdens. The PA PUC estimates that more than 19,700 households entered the current heating season without heat-related utility service – this number includes about 3,700 households who are heating with potentially unsafe heating sources such as kerosene or electric space heaters and kitchen ovens. In mid-December 2006 an additional 9,000 residences where electric service was previously terminated were vacant and over 7,500 residences where natural gas service was terminated were vacant. In 2006, the number of terminations increased 32% compared with terminations in 2004. As of February 2007, 18.9% of residential electric customers and 16.3% of natural gas customers were

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<sup>4</sup> Iowa Bureau of Energy Assistance, National Energy Assistance Directors' Association's "LIHEAP Survey Results – Status of FY 07 Program Funding (March 7, 2007) and the National Energy Assistance Directors' Association, "The Low Income Home Energy Assistance Program: Providing Heating and Cooling Assistance to Low-Income Families During a Period of High Energy Prices (February 9, 2007). NEADA documents are available at [www.neada.org](http://www.neada.org).

<sup>5</sup> Public Utilities Commission of Ohio, National Energy Assistance Directors' Association's "LIHEAP Survey Results – Status of FY 07 Program Funding (March 7, 2007) , the National Energy Assistance Directors, "Est. Total Households Receiving LIHEAP Heating Assistance by State – Projected Applications for FY 06 (2/13/06) and "Estimated Total Households Receiving LIHEAP Heating Assistance by State Actuals in 2002, 2003; Projected in 2004." NEADA documents are available at [www.neada.org](http://www.neada.org).

overdue on their energy bills. The National Energy Assistance Directors Association estimates that the number of households applying for energy assistance in FY 2007 is likely to remain at FY 2006 levels, for Pennsylvania that would mean an estimated increase of over 354,065 LIHEAP households from in FY 2005 levels. However, in FY 2007 Pennsylvania is experiencing a 34% reduction in LIHEAP funding compared to levels in FY 2006. This reduction in funding has resulted in a 32% cut to the average LIHEAP crisis benefit from \$422 in FY 06 to \$285 in FY 07 (year to date).<sup>6</sup>

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

In FY 2006, 5.7 million households received LIHEAP heating assistance, the highest number of households served in 13 years. Preliminary estimates by the National Energy Assistance Directors' Association are that FY 2007 participation rates will remain near the same record levels as in FY 2006.<sup>7</sup> Yet, energy prices have been on a continued upward climb. These two trends cut into the ability of the LIHEAP program to help protect our most vulnerable citizens from extreme weather conditions that cause illness, physical harm and even death.

LIHEAP Is Vital To Poor Seniors: Poor seniors are cutting back on energy usage because it is not affordable. In general, elder households use less total household energy than non-elderly households, which is attributable primarily to the smaller dwelling units. However, poor elderly households use markedly less energy than non-poor elderly households. The disparity in usage between the poor elderly and the non-poor elderly is present in each of the Census regions: with the poor elderly using 37% less in the Northeast Census Region, 40% less in the Midwest Census Region, 20% less in the South Census Region and 54% less in the West Census region. Even worse, poor elderly households, on average, consume 12% more energy per square foot of living space (this measurement is also referred to as energy intensity) than non-poor elderly households. This disparity is attributable to the poorly weatherized living spaces and the use of old, inefficient heating equipment and appliances.<sup>8</sup> In the summer, the inability to keep the home cool can be lethal, especially to seniors. According to the CDC, in 2001 300 deaths were caused by excessive heat exposure and seniors and young children are particularly vulnerable to heat stress.<sup>9</sup> The CDC also notes that air-conditioning is the number one protective factor against heat-related illness and death.<sup>10</sup> LIHEAP assistance helps these vulnerable seniors keep their homes at safe temperatures during the winter and summer and also funds low-income weatherization work to make homes more energy efficient.

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<sup>6</sup> Pennsylvania Public Utility Commission Bureau of Consumer Services, National Energy Assistance Directors' Association's "LIHEAP Survey Results – Status of FY 07 Program Funding (March 7, 2007) and National Energy Assistance Directors' Association, "The Low Income Home Energy Assistance Program: Providing Heating and Cooling Assistance to Low-Income Families During a Period of High Energy Prices (February 9, 2007). NEADA documents are available at <http://www.neada.org>.

<sup>7</sup> National Energy Assistance Directors' Association, *Talking Points in Support of Additional Federal and State Grant Funding for Energy Assistance (Jan. 19, 2007)* available at [www.NEADA.org](http://www.NEADA.org).

<sup>8</sup> NCLC analysis of U.S. Energy Information Administration, 2001 Residential Energy Consumption Survey data on elderly energy consumption and expenditures.

<sup>9</sup> CDC, "Extreme Heat: A Prevention Guide to Promote Your Personal Health and Safety" available at [www.bt.cdc.gov/disasters/extremeheat/heat\\_guide.asp](http://www.bt.cdc.gov/disasters/extremeheat/heat_guide.asp).

<sup>10</sup> *Id.*

Recent national studies have documented the dire choices low-income households are faced with 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.<sup>11</sup> The U.S. Department of Agriculture recently 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.<sup>12</sup> 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.<sup>13</sup> Clearly, families are going without food during the winter to pay their heating bills, and their children fail to thrive and grow.

When people are unable to afford paying their home energy bills, dangerous and even fatal results occur. Families resort to using unsafe heating sources, such as space heaters, ovens and burners, all of which are fire hazards.<sup>14</sup> In the summer, the inability to afford cooling bills can result in heat-related deaths and illness. The loss of essential utility services can be devastating, especially for poor families that can find themselves facing hypothermia in the winter, hyperthermia in the summer, eviction, property damage from frozen pipes, the use of dangerous alternative sources of heat.

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 2008 in light of the steady increase in home energy costs and the increased need for assistance to protect the health and safety of low income families by making their energy bills more affordable. In addition, FY 2009 advance funding would facilitate the efficient administration of the state LIHEAP programs.** Advanced funding provided certainty of funding levels to states to set income guidelines and benefit levels before the start of the heating season. States can also plan the components of their program year (e.g., amounts set aside for heating, cooling and emergency assistance, weatherization, self-sufficiency and leveraging activities).

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<sup>11</sup> See e.g., National Energy Assistance Directors' Association, *2005 National Energy Assistance Survey*, Tables in section IV,G (September 2005)(To pay their energy bills, 20% of LIHEAP recipients went without food, 35% went without medical or dental care, 32% did not fill or took less than the full dose of a prescribed medicine). Available at [http://www.neada.org/comm/surveys/NEADA\\_2005\\_National\\_Energy\\_Assistance\\_Survey.pdf](http://www.neada.org/comm/surveys/NEADA_2005_National_Energy_Assistance_Survey.pdf).

<sup>12</sup> 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.

<sup>13</sup> 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).

<sup>14</sup> John R. Hall, Jr., *Home Heating Fire Patterns and Trends* (In 2003 there were over 53,000 heating-equipment related home fires resulting in 260 deaths (73% of the deaths involved portable space heaters) and 1,260 injuries and \$494 million in property damage), *National Fire Protection Association* (Nov. 2006).