Full Funding of $5.1B for Low-Income Home Energy Assistance Program (LIHEAP) Needed to Protect Seniors and Families with Young Children From Dangers of Extreme Heat and Cold

Record Numbers of Households Received Heating and Cooling Assistance in FY 2006

The federal Low Income Home Energy Assistance Program (LIHEAP)[1] 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. The demand for this program is growing as increases in energy prices far outstrip the ability to pay. *In FY 2006, 5.7 million households received LIHEAP heating assistance, the highest number of households served in 13 years*[2]. The amount of LIHEAP used for cooling assistance has also skyrocketed, with the number of households expected to have received cooling assistance up 53.6% from the prior year. In large part, states were able to increase the number of households served and the size of heating and cooling grants from the prior fiscal year due to an unprecedented supplemental appropriation of $1 billion. Over 565,000 additional households received LIHEAP heating assistance and over 169,000 additional households received cooling assistance with the increased FY 2006 LIHEAP funding from the prior year.

Currently in FY 07, the state agencies that administer LIHEAP are being funded based on Continuing Resolutions that use last year's appropriation level for the regular program, approximately $1.98 billion. It is likely that the final FY 2007 appropriation will be in the range of $2.16 billion (with the addition of $181 million, the amount appropriated in FY 2006 for LIHEAP emergency contingency funding). Thus, states are facing the prospect of an overall 30% cut to the program from last year, and many states have in fact substantially lowered the grants they make to households.

The Cost of Home Heating and Cooling Bills Remains at Record High Levels

No one should be fooled by the current pause in the sharp increases in home heating expenditures that have occurred over the past six years. Residential heating expenditures are still very near all-time record high levels (see Chart 1 below). The average residential heating expenditures are projected to be 47% higher for heating oil, 26% higher for natural gas, 27% higher for propane, and 17% higher for electricity than the averaged expenditures for 2000-2005 (displayed as the first column in Chart 1, below). The current U.S. Department of Energy short-term forecast of residential heating expenditures predicts that, on average, residential bills are still amongst the highest on record. The price 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.

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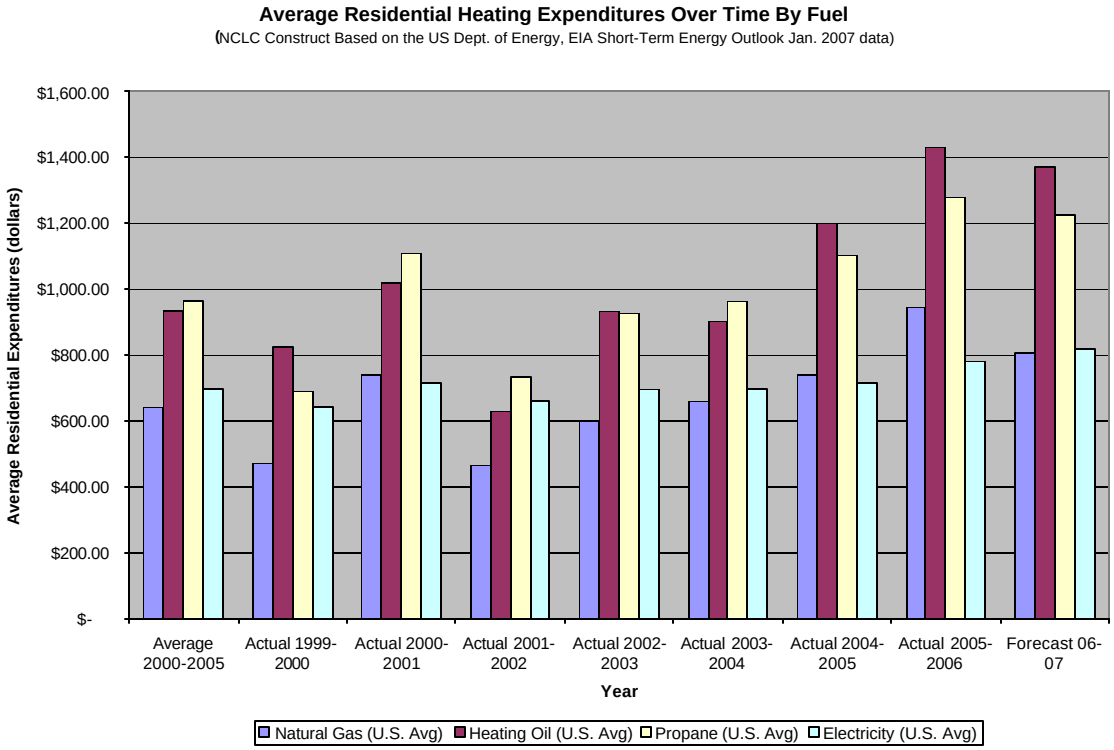
[1] 42 U.S.C. § 821 et seq.

[2] 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*.



The effect of these continually rising prices on low-income households is devastating.

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

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.[3] 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.[4] 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.[5] Clearly, families are going without food during the winter to pay their heating bills, and their children fail to thrive and grow.

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[3] *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).

[4] 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.

[5] Deborah A. Frank, John T. Cook, Suzette Levenson, Timothy Heeren and Maureen M. Black, *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*, Jayanta Bhattacharya, Thomas DeLeire, Steven Haider, Janet Currie, Heat or Eat? Cold Weather Shocks and Nutrition in Poor American Families, American Journal of Public Health, v.93, no.7 (July 2003), p.1149-1154.

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 huge fire hazards. Numerous deaths due to fires started by space heaters have occured every year. According to the U.S. Department of Energy, about 25,000 fires in homes are caused by space heaters and 300 people are killed because of them every year in the U.S.[6] Other dangerous practices include illegal gas hookups that create dangerous gas leaks, keeping the thermostat at unhealthy settings that lead to hypothermia in the winter and hyperthermia in the summer). 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,[7] eviction, property damage from frozen pipes, the use of dangerous alternative sources of heat,[8] and the potential threat of the intervention of child welfare agencies.[9]

LIHEAP is a targeted health and safety program that works to bring fuel costs within a manageable range for vulnerable low-income households.

FY 2008 LIHEAP Needs to be Fully Funded at $5.1 Billion

We are in a sustained period of much higher energy prices and expenditures and the number of LIHEAP households has grown. 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.

Energy bills have always consumed a greater percentage of a low-income household's income than for non-low income households, but those numbers have only grown worse. In FY 2004, when energy bills were not as high as they are now, annual energy bills for a LIHEAP household averaged 18.9% of the household's annual income compared to 3.0% for non-low-income households.[10] Recent analysis of the gap between total actual low-income energy bills and *affordable* energy bills, defined at 6% of household income, found that the difference, the "affordability gap," had grown from $18 billion in 2002 to over $23 billion in 2005.[11] However, LIHEAP is currently authorized at $5.1 billion.

In order for LIHEAP to help make affordable the heating and cooling bills of struggling low-income families, LIHEAP must be funded at its fully authorized level of $5.1 billion for FY 2008. It is an effective and administratively efficient safety net program that targets assistance to the most vulnerable households.

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[6] U.S. Department of Energy: A Consumer's Guide to Energy Efficiency and Renewable Energy. http://www.eere.energy.gov/consumer/your_home/space_heating_cooling/index.cfm/mytopic=12600

[7] From 2000 to 2003, approximately 50% - 68% of heat-related deaths were 60 years old or older. Office of Climate, Water and Weather Services, *Heat Related Fatalities by Age and Gender*, reports for 2000 - 2003.

[8] In 1998 there were over 49,000 heating-equipment related home fires resulting in 388 deaths and 1,445 injuries and $515 million in property damage. National Fire Protection Association Fact Sheets on Home Heating, *in U.S. Home Heating Fire Patterns and Trends*, John H. Hall, Jr., NFPA, June 2001

[9] Robert B. Swift, *Rising Costs for Home Heating Fuel Could Spawn More Problems*, Sunbury (PA) Item, Jan. 29, 2000.

[10] U.S. HHS, LIHEAP Home Energy Notebook For FY 2004 (June 2006), Table A-2b.

[11] See Roger Colton, *On the Brink*: 2005 posted on the Fisher Sheehan & Colton Home Energy Affordability Gap webpage at http://www.fsconline.com/work/heag/heag_2005.htm.