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

FY 2010 Appropriations for the Low Income Home Energy Assistance Program

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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. LIHEAP is an important safety net program for low-income, unemployed and underemployed families struggling in this economy. In FY 2009, the program is expected to assist 7.3 million low-income households afford their energy bills. Residential consumers continue to pay much higher heating bills than in the past, and depending on the region of the country and the heating fuel, the increase in expenditures for heating fuel have been substantial over time. *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 2010 and that advance funding of $5.1 billion be provided for the program in FY 2011.*

Home Energy Bills Remain High at a Time When Unemployment and Underemployment is Growing

Residential heating expenditures remain at high levels. Average residential heating expenditures this winter are expected to be about 38% higher for heating oil, 16% higher for natural gas, 42% higher for propane, and 24% higher for electricity when compared to the five-year average for 2002-2007.[2] The steady, high energy bills are hitting low-income households struggling in this economic downturn. According to the Bureau of Labor Statistics, in March 2009, the number of unemployed workers was 13.2 million, with half the increase in the number of unemployed occurring within the past four months.[3] According the Economic Policy Institute, the number of involuntary part-time workers nearly doubled to over 8 million in the past year, largely due to full-time workers accepting reduced hours.[4] The hardship low-income households face is also apparent in the data below on the number of households falling behind.

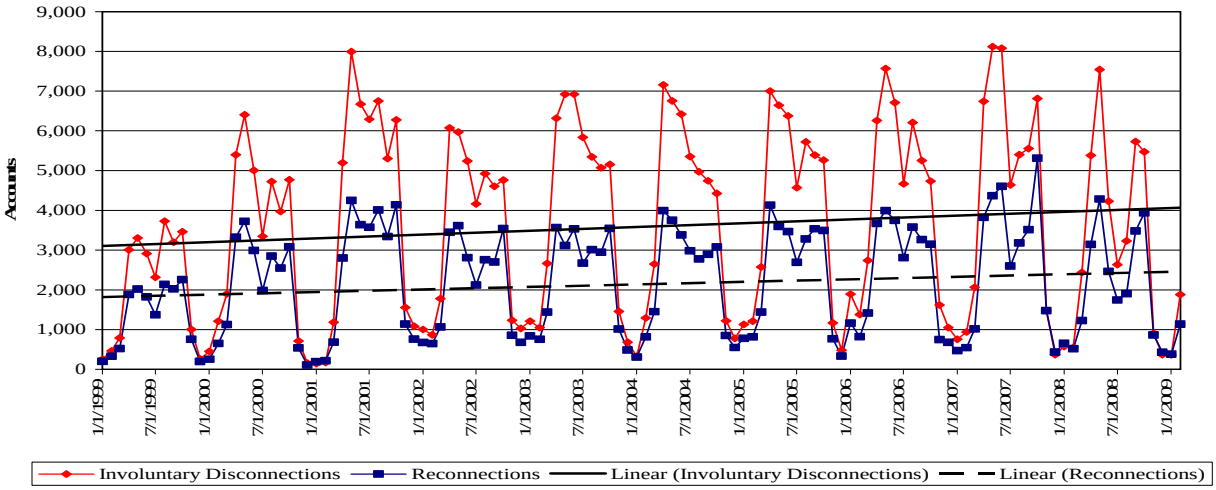
States' Data On Electric and Natural Gas Disconnections and Arrearages Show That More Households Are Falling Behind

The steady and dramatic rise in residential energy costs has resulted in increases in electric and natural gas arrearages and disconnections. For example, in **Rhode Island** in 2008 there were 8% more service disconnections for non-payment than in any other year on record, and 21% of those

[1] 42 U.S.C. §§ 8621 et seq.
[2] Derived from data in the Energy Information Agency, Short-Term Energy Outlook (Feb. 2009), Table WF01.
[3] US, DOL, Bureau of Labor Statistics, *The Employment Situation: March 2009* (rel. April 3, 2009).
[4] See Ross Eisenbrey and Kathryn Edwards, *Downtime: Workers forced to settle for fewer hours*, Economic Policy Institute (Jan. 14, 2009).

accounts were not restored.[5] A recent national survey by the National Association of Regulatory Utility Commissioners found that almost 40 million electricity and natural gas residential consumers held nearly $8.7 billion in past due-accounts at the end of the 2007-2008 Winter heating season. The survey also concluded that in calendar year 2007, 8.7 million residential consumers had their electricity or natural gas service terminated for failing to pay their bills, with 3.6 million who remained disconnected as of this past May 2008.[6] The chart below of data from **Iowa**[7] is illustrative of the seasonal cycle of disconnections and restorations. It shows the alarming gap between service disconnections and reconnections has been increasing over time, suggesting increased durations of service loss and greater numbers of households that do not regain access to service under their own accounts.

Iowa Electric and Natural Gas Utilities:
Residential Service Disconnections and Reconnections



Although there are winter utility shut-off moratoria in place in 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. Low-income families are falling further behind as we endure year after year of rising home energy prices. We expect the disconnection peaks to grow and the gap between disconnections and reconnections to also grow, especially in light of the economic challenges faced by the unemployed and underemployed workers.

Iowa: Iowa has experienced a steady increase in enrollment for the regular LIHEAP program from FY 2007 to FY 2009 with 86,000 households in 2007; 87,000 in 2008 and projects 95,700 in FY 2009.[8] As a testament to the difference LIHEAP can make for low-income households, in February 2009, the number of Iowa low-income households with past due energy accounts and the total amount of the low-income arrears were lower than for the past three years at this

[5] Analysis of John Howat, senior policy analyst at National Consumer Law Center (April 2009).
[6] Sandra Sloane, Mitchell Miller, Beverly Barker, Lisa Colosimo, "2008 Individual State Report by NARUC Consumer Affairs Subcommittee on Collections Data Gathering." (Approved on Nov. 17, 2008 by the NARUC Consumers Affairs Committee).
[7] Chart provided by the Iowa Bureau of Energy Assistance.
[8] NEADA press releases from April 25, 2008 and January 12, 2009.

point in time (e.g., February 2006, February 2007 and February 2008). Comparatively, when looking at the arrearage data for February over time for the total residential gas and electric accounts in arrears and the amount of those arrears, those numbers are at historic highs.[9]

Ohio: Ohio has experienced a steady and dramatic demand for low-income energy assistance. The number of households entering into the state's low-income energy affordability program, the Percentage of Income Payment Program (PIPP), increased 9% from January 2008 to January 2009. The increase is an even more dramatic 86% between January 2003 and January 2009. The total dollar amount owed (arrearage) by low-income PIPP customers increased 11% from January 2008 to January 2009 and 52% when comparing PIPP customer arrears from January 2003 to January 2009. [10] Ohio has experienced a steady increase in enrollment for the regular LIHEAP program (HEAP) from FY 2007 to FY 2009 with 360,000 households in 2007; 370,000 in 2008 and projects 400,000 in FY 2009.[11]

Pennsylvania: Pennsylvania has also experienced a steady increase in enrollment for the regular LIHEAP program from FY 2007 to FY 2009 with 367,000 households in 2007; 398,000 in 2008 and projects 490,000 in FY 2009. [12] 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 17,745 households entered the current heating season without heat-related utility service -- this number includes about 3,373 households who are heating with potentially unsafe heating sources such as kerosene or electric space heaters and kitchen ovens. In mid-December 2008, an additional 13,595 residences where electric service was previously terminated were vacant and over 6,442 residences where natural gas service was terminated were vacant. In 2008, the number of terminations increased 73% compared with terminations in 2004. As of December 2008, 18.3% of residential electric customers and 16.9% of natural gas customers were overdue on their energy bills. These 2008 overdue utility bills have increased 9.57 % over 2007. In addition, in recognition of the increases in media reports of deaths of terminated customers the PA PUC implemented a new reporting requirement. Utilities in Pennsylvania are now required to file reports regarding any incidents involving death at locations where residential utility service has been terminated.[13] The economic downturn is putting additional pressures on local human service agencies as well. A report on the effect of economy on Pittsburgh, Pennsylvania shows a 73.3 % increase in "first time" applicants for a range of basic needs assistance, including energy assistance.[14]

States are Predicting Record LIHEAP Participation: NEADA reports that for FY 2009, 15 states have projected increases in participation of at least 21%, with **Texas** estimating a 201% increase, **Florida** 200%, **California** 162%, **Tennessee** 60%, **Arkansas** 50%, **Arizona** 35%, **Alaska** 34%, **New Mexico** 26%, **Oregon** 26%, **Alabama** 25%, **Massachusetts** 25%, **New**

[9] Based on data provided by the Iowa Bureau of Energy Assistance.
[10] Public Utilities Commission of Ohio.
[11] NEADA press releases from April 25, 2008 and January 12, 2009.
[12] NEADA press releases from April 25, 2008 and January 12, 2009.
[13] Pennsylvania Public Utility Commission Bureau of Consumer Services.
[14] Vivien Luk and Stacy Kehoe,*Understanding the Impact of the Economic Downturn on Pittsburgh Residents and Human Service Agencies*, the Forbes Funds (November 2008).

Hampshire 25%, **Pennsylvania** 23%, **Connecticut** 23% and **Delaware** 21%.[15] In **Arkansas**, many of the community action agencies are estimating that about 40% of the people contacting them for services over the past eight to ten months are new applicants; overwhelmingly, these new applicants are seeking utility assistance.[16] Thus there is great need for a fully funded LIHEAP program in the states.

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

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. 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.[17] LIHEAP is critical for helping low-income seniors maintain safe temperatures in their homes.

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.[18] 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.[19] 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.[20] Clearly, families are going without food during the winter to pay their heating bills, and their children fail to thrive and grow. The loss of essential utility services can be devastating, especially for poor families that can find themselves

[15] NEADA press release, *Applications for Low Income Energy Assistance Reach Record Levels: States Call on Congress to Increase Funding for LIHEAP* (January 12, 2009).
[16] Estimates provided by Arkansas Community Action Agencies Association, Inc.
[17] NCLC analysis of U.S. Energy Information Administration, 2001 Residential Energy Consumption Survey data on elderly energy consumption and expenditures.
[18] *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.
[19] 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.
[20] 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).

facing eviction. A 2007 Colorado study found that the second leading cause of homelessness for families with children is the inability to pay for home energy.[21]

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. In 2006, 73% of home heating fire deaths, 43% of home heating fire injuries and 51% of property damage from home heating fires involved stationary or portable space heaters.[22] 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 person 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.[23] The CDC also notes that air-conditioning is the number one protective factor against heat-related illness and death.[24] 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 2010 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 during this economic downturn. In addition, FY 2011 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).

[21] 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).
[22] John R. Hall, Jr., *Home Fires Involving Heating Equipment: Space Heaters* (In 2006 there were an estimated 64,100 home fires involving space heaters resulting in 540 deaths, 1,400 injuries and $943 million in property damage) National Fire Protection Association (Jan. 2009).
[23] CDC, "Heat-Related Deaths – United States, 1999-2003" MMWR Weekly, July 28, 2006.
[24] CDC, "Extreme Heat: A Prevention Guide to Promote Your Personal Health and Safety" available at http://emergency.cdc.gov/disasters/extremeheat/heat_guide.asp.