

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

**FY 2023 Appropriations for the HHS Low Income Home Energy Assistance Program**

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The Low Income Home Energy Assistance Program authorized by 42 U.S.C. §§8621 *et seq.* (LIHEAP) is the cornerstone of government efforts to help needy seniors and families stay warm and avoid hypothermia in the winter, as well as stay cool and avoid 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. LIHEAP helped approximately 6 million households afford their energy bills in FY 2019.<sup>2</sup> *This crucial safety net program protects the health and well-being of low-income seniors, consumers with disabilities, and families with very young children., We respectfully request that LIHEAP be funded at no less than \$5.1 billion<sup>3</sup> for FY 2023 and an additional \$500 million in emergency contingency funding<sup>4</sup>.*

**The Urgent Need for Adequate LIHEAP Appropriations**

Funding LIHEAP at no less than \$5.1 billion for the regular program in FY 2023 and an additional \$500 million in emergency contingency funding is imperative to address the record increases in energy prices<sup>5</sup> coupled with the record increases in the cost of other essential necessities such as food and shelter<sup>6</sup> – price increases that hit the lower wealth households the hardest. The U.S. Bureau of Labor Statistics Consumer Price Index for April 2022 shows an 80.5% 12-month increase in the cost of fuel oil, an 11% increase for electricity service and an 22.7% increase for natural gas. These 12-month increases in energy costs have been amongst the highest increases in decades.<sup>7</sup> Similarly the 12-month increase in the cost of food and shelter are also the highest increases in decades. Low-income households cannot escape these price increases. They are driving untenable choices between basic necessities.<sup>8</sup>

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<sup>2</sup> Testimony of the National Energy Assistance Directors' Association, House Subcommittee on Labor, Health and Human Services and Education and Related Agencies (April 8, 2019).

<sup>3</sup> 42 U.S.C. §8621(b).

<sup>4</sup> 42 U.S.C. §8621(e).

<sup>5</sup> See U.S. Bureau of Labor Statistics, News Release, Consumer Price Index – April 2022 (May 11, 2022), available at <https://www.bls.gov/news.release/cpi.nr0.htm> (hereafter, “May 11, 2022 CPI Release”); Ivan Penn, “Get Ready for Another Energy Price Spike: High Electric Bills”(rates have jumped because of a surge in natural gas prices and could rise rapidly for years) (May 3, 2022), available at <https://www.nytimes.com/2022/05/03/business/energy-environment/high-electric-bills-summer.html>.

<sup>6</sup> Fn. 5, May 11, 2022 CPI Release.

<sup>7</sup> Fn. 5, May 11, 2022 CPI Release; NEADA, “Energy Inflation Hits Lowest Income Families Hardest” (April 12, 2022), available at <https://neada.org/energyinflationpr/>.

<sup>8</sup> See e.g., Christine Stephenson, “Duke Energy, CenterPoint bills are spiking in Bloomington. ,” The Herald Times (Feb.22, 2022), available at <https://www.heraldtimesonline.com/story/news/local/2022/02/22/duke-energy-bills-spiking-bloomington-monroe-county/6882306001/>

Moreover, as moratoriums on disconnections of utility service during COVID have ended, utility disconnections are at record high levels in many parts of the country. The need for substantial LIHEAP funding is greater than ever. One market analysis conservatively estimates that while utility sector bad debt had declined to an average annual rate of 2.9% (\$2.5 billion total) between 2000 – 2019, in 2020 utility bad debt jumped to \$5.2 billion.<sup>9</sup> LIHEAP helps households at risk of energy disconnections due to non-payment remain connected to essential home energy and avoid choosing between energy bills and rent or food.<sup>10</sup> For very poor, struggling households, LIHEAP helps bring the cost of these essential heating and cooling services within reach for an estimated 6 million low-income households and helps them stay connected.

Energy bills are not affordable for struggling, low-income households. The average LIHEAP household in 2015 devoted over 8% of total household income just for home energy services, compared to an average of under 4% for all U.S. households. Home energy is also more expensive during prolonged periods of extreme temperatures because households use more fuel to keep the home at safe temperatures. Prolonged colder than normal temperatures, such as the sharp cold wave that resulted in 22 deaths and affected a wide swath of the country January to March 2019<sup>11</sup>, can result in an unexpected, increased use of heating fuels. Likewise, prolonged hot temperatures, which are becoming more common, can result in an increased need for air conditioning, particularly for consumers with certain medical conditions.<sup>12</sup>

Yet, struggling low-income households are at risk of disconnection from essential utilities because they do not have the savings or income on hand to afford their energy bills. The Federal Reserve finds that 4 in 10 households report that they would have difficulty with an unexpected expense of \$400 and that 3 in 10 households are either unable to pay their bills or are a modest financial setback from hardship.<sup>13</sup> A growing body of research is documenting the rise in household income volatility (the dramatic fluctuation of income over time) and the impacts on household well-being.<sup>14</sup> Approximately one-third of households experience income volatility<sup>15</sup>

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<sup>9</sup> Kaulkin Ginsburg, “The Kaulkin Report 2022 Ed.” Kaulkin Ginsburg Co. at page 36; NEADA Press Release, “Families are Drowning in Utility Debt: NEADA Calls for Additional Funding for Energy Assistance” (April 26, 2022)(estimated utility arrearages increased to \$23 billion at the end of 2019; 20.1 million households had utility debt), available at <https://neada.org/wp-content/uploads/2022/04/utilitydebtpr4-26.pdf>.

<sup>10</sup> See e.g., Tami Luhby, “Utility Shutoffs loom as energy prices soar and moratoriums end. But help is available” (April 24, 2022), available at [https://www.abc12.com/news/national/utility-shutoffs-loom-as-energy-prices-soar-and-moratoriums-end-but-help-is-available/article\\_85b1942f-1f6d-5799-8278-cbf8bf303f79.html](https://www.abc12.com/news/national/utility-shutoffs-loom-as-energy-prices-soar-and-moratoriums-end-but-help-is-available/article_85b1942f-1f6d-5799-8278-cbf8bf303f79.html); Mark Wolfe, “Opinion: Struggling US Families face a wave of power shutoffs if Congress doesn’t act” (updated April 28, 2022), available at <https://www.cnn.com/2022/04/28/perspectives/utility-bills-power-shutoffs/index.html>.

<sup>11</sup> See e.g., “Extreme cold in the Midwest led to high power demand and record natural gas demand,” US Energy Information Administration, Today in Energy (Feb. 26, 2019) available at <https://www.eia.gov/todayinenergy/detail.php?id=38472>.

<sup>12</sup> Lynne Page Snyder and Christopher Baker, *Affordable Home Energy and Health: Making the Connections*, AARP Public Policy Institute (June 2010) at pp.10-11, available at <https://www.aarp.org/money/low-income-assistance/info-06-2010/2010-05-consumer.html>.

<sup>13</sup> Board of Governors of the Federal Reserve, *Report on the Economic Well-Being of U.S. Households in 2018* (May 2019) at p.21, available at <https://www.federalreserve.gov/consumerscommunities/files/2018-report-economic-well-being-us-households-201905.pdf>.

<sup>14</sup> See e.g., Federal Reserve *Survey of Household Economics and Decisionmaking* reports available at <https://www.federalreserve.gov/consumerscommunities/shed.htm>; The Aspen Institute Expanding Prosperity Impact Collaborative (EPIC) series on the issue of income volatility available at <http://www.aspenepic.org/epic-issues/income-volatility/>; Pew Charitable Trusts, *How Income Volatility Interacts with American Families*;

and irregular work schedules were the leading cause of volatility.<sup>16</sup> When income is hard to predict, paying for necessities such as utility service can be difficult, if not impossible, without help from programs like LIHEAP. Households experiencing income volatility tend to turn to more expensive alternative financial services products such as payday loans.<sup>17</sup> Low and moderate income consumers who experience income volatility have much higher rates of skipped bills, skipped medical care, skipped housing payments and food insecurity.<sup>18</sup>

LIHEAP protects the health of the frail elderly, the very young and those with chronic health conditions, all of whom are highly susceptible to temperature extremes. LIHEAP also helps keep families together by keeping homes habitable during cold winters and sweltering summers.

### **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 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. According to the US Energy Information Agency (EIA), one in three households face challenges meeting energy needs, with over 20 percent forgoing basic necessities to pay their energy bills, over 10% report keeping their home at unsafe temperatures and almost 15% received a disconnection notice.<sup>19</sup> EIA's analysis is consistent with other studies showing that low-income households faced with unaffordable energy bills cut back on necessities such as food, medicine and medical care.<sup>20</sup> The U.S. Department of Agriculture has documented the connection between low-income

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*Financial Security* (March 9, 2017) available at <https://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2017/03/how-income-volatility-interacts-with-american-families-financial-security>.

<sup>15</sup> Daniel Schneider and Kristen Harknett, *Income Volatility in the Service Sector: Contours, Causes, and Consequences* (July 2017) at p.3, available at <http://www.aspenepic.org/epic-issues/income-volatility/issue-briefs-what-we-know/issue-brief-income-volatility-service-sector/>; Board of Governors of the Federal Reserve, *Report on the Economic Well-Being of U.S. Households in 2018* (May 2019) at p.2, available at <https://www.federalreserve.gov/consumerscommunities/files/2018-report-economic-well-being-us-households-201905.pdf>.

<sup>16</sup> *Income Volatility: A Primer* (May 1, 2016) The Aspen Institute Financial Security Program and EPIC at p.5, available at <https://www.aspeninstitute.org/publications/income-volatility-a-primer/>; Daniel Schneider and Kristen Harknett, *Income Volatility in the Service Sector: Contours, Causes and Consequences* (July 2017) at p.3, available at <http://www.aspenepic.org/epic-issues/income-volatility/issue-briefs-what-we-know/issue-brief-income-volatility-service-sector/>.

<sup>17</sup> Daniel Schneider and Kristen Harknett, *supra*, fn. 15, at p. 9, available at <http://www.aspenepic.org/epic-issues/income-volatility/issue-briefs-what-we-know/issue-brief-income-volatility-service-sector/> (almost a quarter of consumers reporting week-to-week volatility report using payday lenders).

<sup>18</sup> Stephen Roll, David S. Mitchell, Krista Holub *et al.*, *Responses to and Repercussions from Income Volatility in Low- and Moderate-Income Households: Results from a National Survey*, Aspen Institute EPIC, Center for Social Development, Intuit Tax & Financial Center (Dec. 2-17) at pp 6-7, available at <https://www.aspeninstitute.org/publications/responses-repercussions-income-volatility-low-moderate-income-households-results-national-survey/>.

<sup>19</sup> "One in three U.S. households faces a challenge in meeting energy needs," US Energy Information Administration, *Today in Energy* (Sept. 19, 2018) available at <https://www.eia.gov/todayinenergy/detail.php?id=37072>.

<sup>20</sup> See *e.g.*, National Energy Assistance Directors' Association, *2018 National Energy Assistance Survey*, Tables in section IV, F and G (Dec. 2018) (to pay their energy bills, 32% of LIHEAP recipients went without food, 41% went

households, especially those with elderly persons, experiencing very low food security and heating and cooling seasons when energy bills are high.<sup>21</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>22</sup> It is shocking that in this wealthy nation, so many face heat-or-eat choices where families go without food during the winter to pay their heating bills, and their children fail to thrive and grow. A 2007 Colorado study found that the second leading cause of homelessness for families with children is the inability to pay for home energy.<sup>23</sup>

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. Space heaters pose 3 to 4 times more risk for fire and 18 to 25 times more risk for death than central heating. In 2007, space heaters accounted for 17 percent of home fires and 20 percent of home fire deaths.<sup>24</sup> 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 persons 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.<sup>25</sup> The CDC also notes that air-conditioning is the number one protective factor against heat-related illness and death.<sup>26</sup> 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 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. **We respectfully request that LIHEAP be funded at no less than \$5.1 billion in FY 2023 and an additional \$500 million in emergency contingency funding.**

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without medical or dental care, 31% did not fill or took less than the full dose of a prescribed medicine, 13% got a payday loan). Available at <http://neada.org/wp-content/uploads/2015/03/liheapsurvey2018.pdf>.

<sup>21</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>22</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>23</sup> 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).

<sup>24</sup> John R. Hall, Jr., *Home Fires Involving Heating Equipment* (Jan. 2010) at ix and 33.

<sup>25</sup> CDC, "Heat-Related Deaths – United States, 1999-2003" *MMWR Weekly*, July 28, 2006.

<sup>26</sup> CDC, "Extreme Heat: A Prevention Guide to Promote Your Personal Health and Safety" available at [http://emergency.cdc.gov/disasters/extremeheat/heat\\_guide.asp](http://emergency.cdc.gov/disasters/extremeheat/heat_guide.asp).