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Maryland Senate Finance Committee
Hearing on **SB 719 – Human Services – Office of Home Energy Programs –Uniform
Redetermination Process**

Written Testimony of Olivia Wein, National Consumer Law Center
February 28, 2022

Position -- SUPPORT

Dear Chairwoman Kelley, Vice Chairman Feldman and Members of the Finance Committee:

Thank you for holding this hearing on **SB 719 – Human Services – Office of Home Energy Programs –Uniform Redetermination Process**. My name is Olivia Wein, and I am a longtime resident of Montgomery County, Maryland and an attorney at the National Consumer Law Center, where I focus on energy and utility matters that affect consumers. The National Consumer Law Center (NCLC) is a nonprofit organization that, since 1969, has used its expertise in consumer law and energy policy to work for consumer justice and economic security for low-income and other disadvantaged people. We submit this testimony on behalf of our low-income clients.

NCLC is a member of the Maryland Energy Advocates and has been actively involved in programs and policies that increase energy affordability for low-income Marylanders, particularly fixed-income older adults, individuals with disabilities and households with young children. In Maryland and across the country, NCLC has advocated for greater access to home energy benefits. I am writing in support of this bill, because **SB 719 would make Maryland a**

leader among states when it comes to ensuring that older adults have a more streamlined process for enrolling in life-saving energy assistance. SB 719 would help our eligible older residents to receive vital home energy assistance.

The bill requires the Office of Home Energy Programs (OHEP), which administers the Maryland Energy Assistance Program (MEAP, also known as the federal Low Income Home Energy Assistance Program (LIHEAP)), to develop processes that will lower the administrative barriers to applying for MEAP assistance for vulnerable seniors aged 65 and older, particularly those who are homebound. This will help ensure that eligible seniors can access crucial federal energy assistance that will keep their homes at safe temperatures during frigid winters and sweltering summers.

Around 40 percent of Maryland households that are eligible for energy assistance grants are 60 years of age and older.¹ However, applications for MEAP are complicated and require numerous documents such as social security cards, income documents and utility bills. Data from the FY2021 Maryland MEAP program shows that there were 148,606 applications that year for MEAP, but only 85,454 were approved (less than 60%).

Fixed-income, older Marylanders, particularly homebound seniors, face challenges gathering documentation and arranging transportation to local energy assistance offices. Seniors without broadband, computers, or the technical capability and digital proficiency to upload documents, are literally left in the cold because the process for applying for MEAP is so arduous. They must repeat the process every year even though little is likely to have changed from year-to-year for these fixed-income older adults, except that their home energy bills are likely to have

¹See U.S. Health and Human Services, LIHEAP Performance Management Tool for Maryland, FY 2021 data for State Income Eligible Households – Members 60 or Over and State Income-Eligible Households-Total, available at https://liheappm.acf.hhs.gov/datawarehouse/custom_reports; see also National Energy & Utility Affordability Coalition, FY23 Maryland by the Numbers, attached.

increased. The projected increase in the total home energy bill for Marylanders from FY 2020 to FY 2022 is 15.6%.²

SB 719 will require local MEAP offices to have an accessible location for seniors to submit their energy assistance application, and reasonable accommodations for homebound seniors to assist them with their MEAP applications. Once a senior is determined eligible for energy assistance, annual redetermination of eligibility is streamlined so that fixed-income seniors whose eligibility has not changed from the previous year can re-enroll for MEAP without repeating the arduous application process. The annual notice of redetermination must also include an addressed envelope with prepaid postage to make it easier for low-income seniors to reapply for assistance. This process would lower the administrative hurdles and ensure that vulnerable low-income seniors receive vital federal energy assistance.

In conclusion, NCLC supports SB 719 to protect the health and safety of older Marylanders by lowering the barriers to life-saving federal energy assistance benefits for eligible households. We urge a favorable report on SB 719.

Sincerely,

Olivia Wein, Staff Attorney,
National Consumer Law Center, on behalf of our low-income clients
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² National Energy & Utility Affordability Coalition, Maryland: Projected Impact of Increased Energy Costs During FY 2022 (current as of Jan.28, 2022). *See* attached.



NATIONAL ENERGY & UTILITY AFFORDABILITY COALITION




MAXIMIZE LIHEAP FUNDING IN 2023

Maryland by the Numbers¹

<p>Gross LIHEAP allocation to Maryland in 2021</p> <p>\$97,783,122</p> <p>for utility payment assistance and home weatherization programs²</p>	<p>Only</p> <p>14.05%</p> <p>of the eligible population in Maryland received LIHEAP in 2021</p>
<p>614,032</p> <p># of households eligible for LIHEAP in Maryland³</p>	<p>86,276</p> <p># of low-income households that received LIHEAP in Maryland in 2021</p>



69.85% of LIHEAP recipients in Maryland have at least one vulnerable member:

-  elderly over 60 39.10%
-  disabled 34.11%
-  child under 6 17.29%

Federal home heating/cooling assistance saves Maryland lives. NEUAC urges Congress to maximize LIHEAP funding for FY23.

www.neuac.org

Why Maximize LIHEAP Funding?

The Low Income Home Energy Assistance Program (LIHEAP) is a critical, life-saving program that targets and serves the most vulnerable households, including older Americans, individuals with disabilities, and families with young children. Many rely on fixed monthly incomes, meaning that their pay does not increase when the cost of heating and cooling their homes increases. LIHEAP recipients make heartbreaking choices every day between food, medicine, or utilities.

LIHEAP is not an entitlement.

Unlike entitlement programs, LIHEAP is funded by the annual congressional appropriations process. While states set eligibility rates, federal statute limits household income to a maximum of 150 percent of the federal poverty guideline, or 60 percent of the state median income. For example, 150 percent of the FY22 poverty guideline for a family of three is \$32,940.⁴ Most LIHEAP recipients earn much less than the maximum thresholds: data show that 82 percent of households served by LIHEAP had an annual household income below \$20,000.⁵

The need for LIHEAP remains high.

In 2020, the national poverty rate was 11.4 percent – the first increase in poverty after five years of decline; 37.2 million people lived in poverty.⁶ The Consumer Financial Protection Bureau found that 38 percent of adults had high likelihood of inability to afford food, healthcare, housing, or utilities.⁷

An unprecedented 14 percent of all adults suffered a layoff in 2020.⁷ More than one quarter of utility customers surveyed who lost jobs reported skipping or needing to skip a utility bill payment.⁸

22% of utility customers reported that they had reduced or put off expenses for basic needs like medicine and food in order to pay their utility bills.⁹

LIHEAP prioritizes vulnerable households, many of whom are also high risk for COVID-19.

More than 90 percent of LIHEAP recipient households have at least one vulnerable person – an adult aged 60 or older, a child aged 18 or under, or an individual with a disability.⁵ The Census Bureau estimated that energy assistance lifted 27,000 children out of poverty in 2020.¹⁰

LIHEAP makes the difference.

The Federal Reserve found that 35 percent of Americans would struggle to pay a \$400 emergency expense.⁷ LIHEAP helps address short-term household energy emergencies and stabilizes families.

Maximize LIHEAP Funding in FY23.

Sources

1. FY2021 Data, HHS; Eligible households, households served and vulnerable statistics supplied from state reports and are preliminary for FY2021, pending final data validation.
2. Gross LIHEAP allocation reflects FY2021 appropriations for regular LIHEAP Block Grants and Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136) appropriations released in FY2020.
3. Eligible households calculated using the federal standard for all states.
4. <https://www.acf.hhs.gov/ocs/policy-guidance/liheap-im-2021-02-federal-poverty-guidelines-optional-use-federal-fiscal-year>
5. <https://neuac.org/wp-content/uploads/2019/01/liheapsurvey2018.pdf>
6. <https://www.census.gov/library/publications/2021/demo/p60-273.html>
7. <https://www.federalreserve.gov/publications/files/2020-report-economic-well-being-us-households-202105.pdf>
8. http://mydocs.epri.com/Docs/public/covid19/COVID-19_survey_report.pdf
9. <https://theconversation.com/energy-is-a-basic-need-and-many-americans-are-struggling-to-afford-it-in-the-covid-19-recession-140416>
10. <https://www.census.gov/content/dam/Census/library/publications/2021/demo/p60-275.pdf>

MARYLAND

Projected Impact of Increased Energy Costs During FY 2022

LIHEAP Households by Main Heating Fuel Type

BACKGROUND

EIA has forecasted higher residential energy expenditures this winter due to higher energy prices and increased heating consumption from an anticipated colder winter.

To understand how the increase in energy expenditures will impact LIHEAP recipients, the most recent Performance Measures data for FY 2020 was used to estimate changes in energy bills and burdens for FY 2022 based on the EIA regional fuel forecasts.

Highlights for Maryland

Average Total Annual Energy Bill of LIHEAP Households Projected in FY 2022:
\$1,931

Estimated Average LIHEAP Benefit Amount Needed in FY 2022 to Achieve FY 2020 Post-LIHEAP Energy Burden Level:
\$859 per household

Main Heating Type with the Highest Projected Energy Bills in FY 2022:
Propane Main Heat

FY 2020 (Reported)

	All	Electricity	Natural Gas	Propane	Fuel Oil
LIHEAP Households	86,929	40,986	35,125	3,296	7,522
Average Main Heating Bill	\$1,210	N/A	\$669	\$1,952	\$1,617
Average Total Energy Bill	\$1,671	\$1,541	\$1,489	\$3,044	\$2,334
Energy Burden Before LIHEAP	10.4%	9.7%	9.2%	17.9%	13.8%
Average LIHEAP Benefit Amount	\$599	\$381	\$560	\$1,443	\$1,241
Energy Burden after LIHEAP	6.7%	7.3%	5.7%	9.4%	6.4%

FY 2022 (Projected)

	All	Electricity	Natural Gas	Propane	Fuel Oil
Average Main Heating Bill	\$1,428	N/A	\$890	\$2,558	\$1,985
Average Total Energy Bill	\$1,931	\$1,699	\$1,789	\$3,755	\$2,771
Energy Burden before LIHEAP	12.0%	10.7%	11.1%	22.1%	16.3%

Percent Change in Average Total Energy Bill from FY 2020 to FY 2022:
15.6%

Average Total Energy Bill (All Households):
FY 2020: \$1,671 **FY 2022: \$1,931**
Reported *Projected*

Range of Benefits for Heating Assistance:
FY20: \$120-\$2,213 **FY22: \$500-\$2,213**
Reported *Planned*

Total Expenditures for All LIHEAP Households:
FY 2020: \$145M **FY 2022: \$168M**
Reported *Projected*

Notes: FY 2020 values are those reported in the FY 2020 Performance Data Form – Module 2. FY 2022 projections are based on adjusting FY 2020 annual values using the 2021 EIA fuel expenditure changes and Winter 2021/2022 expenditure forecasts for the region. Other fuels are excluded. *Current as of Jan. 28, 2022*