



N A R U C
National Association of Regulatory Utility Commissioners

March 4, 2011

The Hon. Harry Reid
Majority Leader
U.S. Senate

The Hon. Mitch McConnell
Minority Leader
U.S. Senate

The Hon. Daniel Inouye
Chairman
Committee on Appropriations
U.S. Senate

The Hon. Thad Cochran
Vice Chairman
Committee on Appropriations
U.S. Senate

Re: LIHEAP Funding

Dear Majority Leader Reid, Minority Leader McConnell, Chairman Inouye and Vice Chairman Cochran:

On the behalf of the National Association of Regulatory Utility Commissioners (NARUC), I am writing to express our reservations over the proposed cuts to the FY 2012 budget that would halve the Low-Income Home Energy Assistance Program's (LIHEAP) funding from the authorized 2009 level of \$5.1 billion to 2008 levels of approximately \$2.57 billion. Such a drastic cutback is troubling at a time of record applications for assistance, extreme weather, and continued economic struggles for the nation's most vulnerable.

On February 16, 2011, NARUC passed a resolution on LIHEAP funding (attached), urging Congress to maintain the current level of LIHEAP funding by appropriating for Fiscal Year 2011 and FY 2012 no less than \$5.1 billion and to provide an advance LIHEAP appropriation for Fiscal Year 2013 of no less than \$5.1 billion.

During a time when States face severe budget constraints and the country's poverty rate continues to rise, the nationwide support system of non-profit, faith-based, and other community organizations finds itself strained and underfunded. As the need for energy assistance grows at an alarming pace, we ask that funding be maintained for the vital heating and cooling assistance that LIHEAP provides. Even when LIHEAP is funded at the \$5.1 billion level, the program still only serves one in five eligible households—families at or below 150 percent of the federal poverty level—underscoring the increasing need for assistance by so many in our communities.

To reiterate, this cut of several billion dollars would disrupt a critical program that keeps vulnerable families and individuals from falling further behind. If States are forced to operate at the \$3.3 billion level, it would equate to a roughly forty percent cut to their budgets at a time when America's poverty level is at 14.3%. We urge you to maintain LIHEAP funding at the \$5.1 level.

Sincerely,

Charles D. Gray
Executive Director

Cc: All Members U.S. Senate
Attachment

Resolution on LIHEAP Funding

WHEREAS, The National Association of Regulatory Utility Commissioners (NARUC) recognizes adequate utility service to be a vital key to the health and safety of American households; *and*

WHEREAS, The need for energy assistance is growing rapidly during the current recession, at the same time that severe constraints on State budgets and the increased strain on the nation's support system provided by non-profit, faith-based, and other community organizations have limited the resources available for energy assistance; *and*

WHEREAS, The Low-Income Home Energy Assistance Program (LIHEAP) provides vital heating and cooling assistance to low-income families, including households with working poor, senior citizens, very young children, and persons with disabilities; *and*

WHEREAS, The U.S. Census recently reported that 43.6 million people were defined as "in poverty" in the United States, or one in seven Americans, the third consecutive annual increase and the largest number in the measure's 50-year recorded history;¹ *and*

WHEREAS, The increasing poverty rate, coupled with underfunding of energy assistance programs, could increase arrearages and service disconnections causing electric and gas utilities to write off increasing levels of revenue due to consumers being unable to pay bills and leave families to resort to unsafe and life-threatening measures in lieu of utility services; *and*

WHEREAS, In Fiscal Year 2009, LIHEAP received a record level of funding at \$5.1 billion and this level of funding was continued in Fiscal Year 2010; *and*

WHEREAS, The aggregate \$5.1 billion funding level in Fiscal Year 2010 has allowed assistance to go to an estimated 8.8 million households, an increase of 1.2 million households, the highest number on record as well as provide a basic grant of about \$456 per household, enough to cover about 47 percent of the cost of home heating; *and*

WHEREAS, The \$5.1 billion provided by Congress has been extremely important as the nation suffers through the worst recession and economic crisis in a generation; *and*

WHEREAS, Certain members of Congress have expressed intentions to reduce funding for LIHEAP. Recognizing concerns regarding the level of federal spending, NARUC believes that economic conditions warrant support of this vital program to the ratepayers we serve; *and*

WHEREAS, Should Congress not maintain this level of LIHEAP funding it will undermine and threaten the continuation of a number of State initiatives that have relied on the LIHEAP program to be the foundation for providing a modest amount of energy security for low-income Americans; *now, therefore be it*

RESOLVED, That the Board of Directors of the National Association of Regulatory Utility Commissioners, convened at its 2011 Winter Committee Meetings in Washington, D.C., urges Congress to maintain the current level of LIHEAP funding by appropriating for FY 2011 and FY 2012 no less than \$5.1 billion dollars, including release of the FY 2011 contingency funds, and to provide an advance LIHEAP appropriation for FY 2013 of no less than \$5.1 billion.

Sponsored by the Committee on Consumer Affairs

Adopted by the NARUC Board of Directors February 16, 2011

¹ http://www.census.gov/newsroom/releases/archives/income_wealth/cb10-144.html