



September 16, 2010



The Honorable Tom Harkin
Chairman
Subcommittee on Labor, Health and Human
Services, Education, Related Agencies
Committee on Appropriations
United States Senate
131 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Thad Cochran
Ranking Member
Subcommittee on Labor, Health and Human
Services, Education, Related Agencies
Committee on Appropriations
United States Senate
156 Dirksen Senate Office Building
Washington, DC 20510



The Honorable Daniel Inouye
Chairman
Committee on Appropriations
United States Senate
S-128 Capitol Building
Washington, DC 20510

Dear Chairman Harkin, Chairman Inouye, and Ranking Member Cochran:



As you work to finalize funding levels in the FY2011 Labor, Health and Human Services, Education, and Related Agencies Appropriations bill, we urge you to provide at least the current FY2010 funding level of \$4.5 billion for the core Low-Income Home Energy Assistance Program (LIHEAP) block grant program, as well as sufficient contingency funds to address unforeseen energy emergencies. In addition, as the new federal fiscal year approaches, we urge you to continue LIHEAP funding at the FY2010 level of \$5.1 billion should enactment of a continuing resolution become necessary. We understand the budget challenges facing Congress, and deeply appreciate your longstanding support for LIHEAP. In the current economic situation, this program is more essential than ever in providing a critical lifeline to those vulnerable households struggling to pay home energy bills.



For millions of the nation's most vulnerable low-income households, LIHEAP is a vital safety net for those who, with limited financial resources, have little ability to deal with seasonal and unexpected increases in home energy costs. According to the recent survey conducted by the National Energy Assistance Directors' Association (NEADA), over 60 percent of LIHEAP households have an annual income at or below the federal poverty level which, for the typical two-person LIHEAP household, is less than \$15,000. Over 70 percent of LIHEAP households have an income of \$20,000 or less. Typically at least one member is considered vulnerable – elderly, disabled, or a small child.



These households have limited income as well as some of the highest energy burdens. Without LIHEAP assistance, over one-third of these households would need to spend more than 15 percent of their income on home energy costs; and over 13 percent face household energy bills that would consume over 25 percent of income. By contrast, a typical household can expect to pay about four percent of income for home energy.

LIHEAP provides considerable relief for these low-income households, particularly in the Northeast where winter comes early and stays late. According to the recent Short-Term Energy Outlook prepared by the Energy Information Administration, households in the Northeast face some of the highest energy prices in the nation regardless of fuel source. The NEADA survey concludes that slightly over 40 percent of the region's LIHEAP households have total annual energy costs of \$2,000 or more.

LIHEAP assistance is vital to the very low-income households in the Northeast where a greater percentage of households use delivered heating fuels, such as home heating oil, propane and kerosene, than in any other region of the country. These households do not have the benefit of a program comparable to a utility service shut-off moratorium. If a household cannot afford to purchase home heating fuel, the delivery truck simply does not come. According to the NEADA survey, approximately 31 percent of the region's LIHEAP households were unable to use their heat source during the heating season due to loss of service or broken equipment, and 15 percent of these households were unable to pay for fuel delivery. More than 50 percent of LIHEAP households report that they would have had the heating fuel disconnected or lost electricity if LIHEAP had not been available. The modest LIHEAP assistance, which is \$500 or less for 44 percent of LIHEAP households in the Northeast, can make the difference in preventing the shut-off of utility service; getting the services restored; or ensuring that the fuel delivery truck will come to fill the tank.

Maintaining the current FY2010 level of funding for LIHEAP at the start of the new federal fiscal year is particularly vital for the LIHEAP recipients and state program administrators in the cold weather states. In the Northeast, the winter heating season often begins before the completion of the annual federal appropriations process. The current LIHEAP funding level will provide the certainty that states need to implement an effective program for the entire heating season. Timely, consistent, and reliable funding levels allow the states to effectively and efficiently administer the program and deliver a meaningful benefit to vulnerable households. Traditionally, 70 percent of LIHEAP funds are spent during the first two quarters of the federal fiscal year. States are currently in the process of accepting applications and determining the benefit levels and are preparing to issue benefits to households as early as November 1.

In recent years, states across the country have seen an increase in the number of households requesting assistance. This is not likely to change as the difficult national economic situation lingers, and as EIA projects that residential energy prices will increase in 2011 from between 2-3 percent for electricity and up to six percent for home heating oil and natural gas. A decrease in overall program funding will literally leave many of these applicants out in the cold, and more current LIHEAP households facing potential shut-offs or loss of fuel delivery. For example, a decrease in LIHEAP funding in FY2011 to \$3.3 billion would require some northeast states to cut the number of households served by as much as 17 percent, and decrease the average benefit by 30 percent or more.

State LIHEAP programs have strived to attain some of the lowest administrative costs among human service programs. States in the Northeast already incorporate various administrative strategies that allow them to deliver maximum program dollars to households in need. When faced with the prospect of varying federal funding levels early in the fiscal year, our states are forced to duplicate the issuance of benefits. Such a repetitive administrative process incurs unnecessary costs that further reduce the funds available to help these vulnerable households and low-income working families pay their home energy bills.

In closing, as you finalize the FY2011 funding level for LIHEAP, we strongly urge you to provide at least the current level of \$4.5 billion for the core LIHEAP block grant program and sufficient contingency funds to address unforeseen energy emergencies. In addition, with the heating season fast approaching, we urge you also to continue LIHEAP funding at the FY2010 level of \$5.1 billion should enactment of a continuing resolution become necessary.

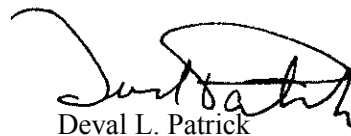
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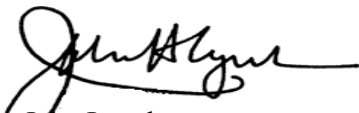
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Governor of Connecticut



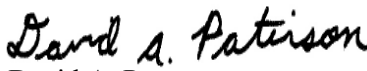
John Baldacci
Governor of Maine



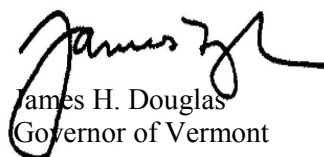
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