

Testimony of Mark Wolfe, Executive Director, National Energy Assistance Directors Association, before the House Subcommittee on Labor, Health and Human Services and Education and Related Agencies in support of FY 2022 funding for the Low Income Home Energy Assistance Program. May 19, 2021

Chairman DeLauro, Ranking Member Cole, and members of the Subcommittee, I am Mark Wolfe, Executive Director of the National Energy Assistance Directors Association, (NEADA), which represents the State Directors of the Low Income Home Energy Assistance Program (LIHEAP) and their Offices. I appreciate the opportunity to testify before the Subcommittee today on the funding requirements for the federal fiscal year 2022 (FY 22) appropriation for LIHEAP. We are requesting an appropriation of \$5.1 billion for LIHEAP, administered by the Administration for Children and Families, US Department of Health and Human Services.

Prior to my discussion of our request for FY 2022 funding for LIHEAP, I would first like to provide the members of the Subcommittee with a status update on the electric and gas utility arrearage rates, which represent the millions of families who have fallen behind on their energy bills due to pandemic-related unemployment and underemployment. We are currently estimating that one out of three low-income families owe approximately \$30 billion on their electric and gas bills as of the end of March 2021.

Families Falling Behind on Their Bills Due to Pandemic-Related Unemployment

As the pandemic continued throughout the year, the state LIHEAP directors were increasingly concerned that the nation would be facing record levels of utility shut-offs as utility moratoriums expired. In some instances, families who had lost their jobs at the beginning of the pandemic were upwards of \$3,500 behind on their bills. Without help, these families would be forced to go

on payment plans with their utilities, putting them even further behind and keeping them in debt long after the pandemic ends.

The families that have been hit the hardest in the past year are the working-class folks that are the backbone of our society. Just last week I got a call from the owner of the family-run business that used to clean the building that housed NEADA's offices. His customers vanished overnight last March when everyone abruptly switched to working from home. A year later, his business is finally starting to come back, but his overdue rent and utility bills threaten to keep him in debt and delay the return to stability for both his family and his business.

Stimulus Bills Provided Sufficient Funds

Thanks to the bold actions by Congress over the past year, we believe LIHEAP has sufficient funds now to prevent unaffordable debt for millions of families.

These resources include \$5.4 billion in LIHEAP funds along with the \$43 billion in rental assistance and \$9.9 billion in mortgage assistance that can also go towards utility bills. The combined resources are enough to help upwards of 15 million families get back on their feet as the economy recovers.

We are concerned however that many eligible families are not aware of the resources that are being made available especially those that have never receive or applied for direct welfare benefits. We are working closely with HHS, HUD and other state associations to develop an outreach plan specifically to help inform working families of the availability of funds.

Request to Increase LIHEAP Funding to \$5.1 Billion

As the Subcommittee begins its consideration of FY 2022 funding, we are requesting the Subcommittee fully fund LIHEAP at \$5.1 billion, up from 2021's regular appropriation of \$3.7 billion. Between the pandemic and the Texas snowstorms that knocked out electricity and gas for millions of households, we are all even more aware of the vital role that access to utility service plays in keeping our families safe and healthy. LIHEAP offices around the country have been able to ramp up services to process the emergency funding. But that funding is temporary, while for millions of Americans, the struggle to pay their energy bills will not end with the pandemic. We now have the opportunity to take advantage of the newly broadened energy assistance infrastructure to raise the level of regular funding to meet the ongoing need.

What difference would an additional \$1.4 billion in federal funding make to low-income families?

The 2021 regular appropriation was sufficient to serve about 5.9 million households or about 16.7 percent of eligible households. About 70 percent of these households have at least one vulnerable and at-risk member who is elderly or disabled or have a child under the age of six. Increasing the appropriation level to \$5.1 billion in FY 2022 would allow us to serve 7.4 million households, about 20 percent of eligible households. It would also allow us to increase the average grant from about \$525 to \$560 and increase the purchasing power from about 55 percent to 60 percent of the cost of home heating.

Even with the additional pandemic-related funds, millions of income-eligible households will not be able to get funding. The 15 million households we are currently helping with emergency

funding, plus the 7.4 million households we could help with a \$5.1 funding level would represent 20 percent of the eligible population.

Price of Home Heating Remains Unaffordable

The average cost of home heating has remained unaffordable for millions of low-income households. Last winter, for example, the average cost of home heating was \$904, an increase of \$53 from the prior year's home heating costs. According to the US Energy Information Administration, the average home heating last winter increased for those using propane from \$1,177 to \$1,345, natural gas from \$540 to \$572, and electricity from \$1,128 to \$1,209 and decreased for those using heating oil from \$1,353 to \$1,221.

Energy Prices and their Impact on Low Income Households

Energy prices fall hardest on lower income households. The average energy burden for low-income households is about 17.3 percent of income, more than five times the rate for non-low-income households (3.0 percent).

How LIHEAP Helps Families

NEADA recently completed a survey of LIHEAP recipients, the 2018 National Energy Assistance Survey, Final Report, completed in December (<http://neada.org/program-policy-reports/liheapsurvey/>). The survey asked recent LIHEAP recipients in seven states selected for national representation how they fared prior to receiving LIHEAP grants. Of 634 respondents:

- 37 percent closed off part of their home to save utility costs
- 25 percent kept the temperature inside unsafe or unhealthy

- 52 percent of households had a disabled member, many of whom rely on electricity for breathing machines or to refrigerate medicines
- 17 percent had to move in with friends or family and 6 percent went into shelters.

Only 26 percent of LIHEAP respondents reported being unemployed part of a year, yet to try to meet their utility costs:

- 36 percent went without food for at least a day
- 41 percent went without medical or dental care
- 31 percent did not fill a prescription or took less than prescribed to stretch the supply.

These responses from LIHEAP recipients underline the agonizing choices faced by low-income households that struggle to pay their utility bills. In 2015 the U.S. Energy Administration reported that nearly one third of American households struggle to pay energy bills, with 25 million foregoing food and medicine to pay for utilities, and 7 million households facing that decision every month.

Playing a Crucial Role in Maintaining Family Stability and Positive Health Outcomes

LIHEAP's impact in many cases goes beyond providing bill payment assistance by playing a crucial role in maintaining family stability and improving health outcomes for vulnerable populations. It enables elderly citizens to live independently and ensures that young children have safe, warm homes to live in. Although the circumstances that lead each client to seek LIHEAP assistance are different, LIHEAP links these stories by enabling people to cope with difficult circumstances with dignity.