

LOW INCOME HOME ENERGY  
ASSISTANCE PROGRAM

A periodic snapshot on issues important to the region's economic development agenda.

Winter 2005/2006

**Interview: U.S. Senator Susan Collins (R-ME)**

**What is the LIHEAP program, how does it work?**

The Low Income Home Energy Assistance Program is a federally-funded program that helps low-income households with their home energy bills. It is especially important for providing heating assistance to low-income households in cold weather states, although it also provides cooling assistance to those in warm weather states.

**LIHEAP is Important to New England**

Given that the Department of Energy's Energy Information Administration (EIA) is predicting significant increases in the cost of home heating this winter, the debate is well underway on Capitol Hill relative to the funding level for the Low Income Home Energy Assistance Program (LIHEAP).

LIHEAP provides money to help low income households afford home heating. Assistance goes to the neediest members of our community, including families with children, people with disabilities and the elderly. The program offers critical assistance so those in need will not have to choose between paying for heat or paying for rent, food or medicine.

In its short-term winter fuels outlook, the EIA is projecting that the residential per-household expenditure for fuels this winter will increase 48 percent for natural gas, five percent for electricity, 32 percent for heating oil and 30 percent for propane compared to last winter. Damage caused by hurricane Katrina is cited as one of the factors driving up costs, along with regional and worldwide supply and demand issues.

The outlook is particularly important to New England, which has more cold winter days than most of the country and experiences higher than average prices because without natural energy supplies, the region relies heavily on imports. New England and the rest of the Northeast consume about 75 percent of the nation's home heating oil.

Historically, New England has received almost 10 percent of formula funding through LIHEAP. An estimated 349,600 households in New England received assistance through the FY 2005 heating program, reflecting a 29 percent increase over FY 2004, according to the National Energy Assistance Directors' Association. In Connecticut, it is estimated that more than 66,000 households received assistance in FY 2005; 55,000 households in Maine; more

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LIHEAP operates in the 50 states, the District of Columbia, with Indian tribes or tribal organizations, and in the U.S. territories.

Local LIHEAP programs in a community determine household income qualifications for their specific program. LIHEAP assistance is not guaranteed. The availability of funds depends both upon how local programs distribute their funding and the total share of funding available. Often, most of the federal LIHEAP funds are spent during the winter and there is not enough assistance available for all of the households which qualify.

Depending on the LIHEAP program in an individual's local community, qualifying households may be able to receive one or more of the following types of assistance:

- Bill payment assistance.
- Energy crisis assistance.
- Weatherization and energy-related home repairs.

In Maine, most people receiving LIHEAP assistance are able to use the program to help pay for the cost of home heating oil.

**Why is this such an important issue in New England? In Maine?**

In Maine, 78 percent of households use home heating oil to heat their homes. The record-high prices greatly increase the need for assistance, and at least 3,000 additional Mainers are expected to apply for LIHEAP funding this year.

While high energy prices have been challenging for almost all Americans, they impose an especially difficult burden on low-income families and on the elderly living on limited incomes. Low-income families spend a greater percentage of their incomes on energy and have fewer options available when energy prices soar. High energy prices can even cause families to choose between keeping the heat on, putting food on the table, or paying for much-needed prescription medicine. These are choices that no American family should ever have to make.

**Why is the need for additional funding particularly significant this year?**

Even before Hurricanes Katrina and Rita, fuel prices were increasing rapidly. Following the two hurricanes and their effects

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U.S. Senator Susan Collins

# • Senator Collins on LIHEAP

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on distribution in the Gulf Region, the situation worsened.

According to the Department of Energy's most recent Short-Term Energy Outlook (released November 8), energy costs for the average family using heating oil are estimated to hit \$1,500 this winter, an increase of almost \$325 over last winter's heating season. For families using propane, prices are projected to hit \$1,300, an increase of \$230.

### **What will be the impact on Maine residents if the purchasing power of LIHEAP funds is diminished?**

With more people in need of assistance, the benefit is expected to fall, and the average low-income household can

expect a benefit of \$440 this year, compared to \$480 last year. Unfortunately, at today's high prices, \$440 is only enough to purchase 173 gallons of oil — far below last year's equivalent benefit of 251 gallons. In order to purchase the same amount of oil this year as last year, Maine would need an additional \$10.8 million in LIHEAP funds.

### **Why is seeking funding for LIHEAP an annual struggle? What amendments or initiatives have you proposed to help fund LIHEAP? What is the status of those amendments or initiatives?**

Due to budget constraints, LIHEAP has not been funded to its fully authorized level in recent appropriations bills. Senator Jack Reed (D-RI) and I have worked closely together on efforts to add funds to the LIHEAP program. This year, we offered amendments to multiple appropriations bills to provide emergency funds to fully fund LIHEAP at \$5.1 billion — the fully authorized level. While we received over 50 votes on each amendment, we were unable to reach the required 60 votes to overturn a point of order and add emergency spending to an appropriations bill.

On the tax reconciliation bill, however, I tried a new approach. I introduced an amendment expressing the Sense of the Senate that any revenues generated by the bill, above the budget reconciliation number, should first be used to pay for the LIHEAP program, up to the program's fully authorized level of \$5.1 billion, which is more than twice the current funding level. My amendment was accepted by unanimous consent. While we do not yet know for sure the amount of additional revenues that could be generated by this bill, I'm hopeful that the amendment will yield additional dollars for LIHEAP.

## • LIHEAP in New England

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than 146,000 households in Massachusetts; 33,000 households in New Hampshire; 28,000 households in Rhode Island; and more than 21,000 in Vermont.

The National Energy Assistance Directors' Association (NEADA) reports that the number of U.S. households receiving LIHEAP assistance has increased from 4.2 million in 2002 to an estimated 5.1 million in FY 2005 — the highest level in 10 years. The average LIHEAP recipient in 2005 received \$318 in assistance. And only 14.6 percent of the 32 million Americans eligible for the program actually receive assistance.

In FY 2005, Congress appropriated \$2.186 billion for LIHEAP.

Advocates note that program funding has not kept pace with the increase in energy prices. The EIA projects that since the winter of 2001/2002, home heating costs will have increased by 98 percent for heating oil; 55 percent for propane; and 58 percent for natural gas. During this same time period, LIHEAP funding increased only 21 percent.

### Residential Heating Energy Prices From 2001-2005

Winter Heating Season	Heating Oil	Natural Gas	Propane
2001-2002	\$637	\$602	\$888
2002-2003	\$995	\$797	\$1,124
2003-2004	\$953	\$870	\$1,147
2004-2005	\$1,262	\$954	\$1,377
Percent Change 2002-2005	98.0%	58.5%	55.1%

Source: *Rising Energy Prices Chart, National Energy Assistance Directors' Association, April 2005.*

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