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NEW PRICE DATA SHOW ADDITIONAL LIHEAP FUNDING STILL NEEDED Congressional Delay Endangers Poor Households

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Before departing in December for its winter recess, Congress enacted legislation that appropriated funding for the Low-Income Home Energy Assistance Program at a level one percent *below* last year's level. Congress reduced LIHEAP funding despite the fact that the prices of heating fuels used by LIHEAP beneficiaries have risen sharply since last winter.

At the time, Maine Senators Olympia Snowe and Susan Collins and Minnesota Senator Norm Coleman issued a press release stating they had secured a promise from Senate leadership that the Senate would vote on an additional \$2 billion in LIHEAP funding in January.¹ This week, however, Congress departs for its President's Day recess without having taken any action on LIHEAP. Moreover, when it returns, the Senate seems likely to consider providing only \$1 billion in additional LIHEAP funding for 2006. This would be achieved by shifting \$1 billion in LIHEAP funding already provided for fiscal year 2007 to fiscal year 2006. And it is not clear that the House of Representatives will take any action.

Price estimates recently issued by the Department of Energy confirm that the need for additional LIHEAP funds remains great. Based on the DOE figures, we estimate that the LIHEAP program requires \$4.2 billion in total funding for 2006 in order to hold harmless last year's beneficiaries and accommodate a likely 10 percent increase in caseload.² Meeting this need would require that Congress appropriate an additional \$2 billion in funding to supplement the \$2.2 billion provided so far. Note that our estimate reflects DOE's new February price forecasts, which are lower than its January forecasts in large part because warmer-than-anticipated weather has reduced demand for winter fuels.³ The new price data still show significant unmet need for LIHEAP funds.

¹ "Snowe, Coleman, Collins Forge Separate LIHEAP Agreement with Senate Leadership," December 29, 2005, <http://snowe.senate.gov/news.htm>.

² For the methodology behind our estimates, see Richard Kogan and Aviva Aron-Dine, "Out in the Cold: How Much LIHEAP Funding Will Be Needed to Protect Beneficiaries from Rising Energy Prices?" Center on Budget and Policy Priorities, revised January 18, 2006, <http://www.cbpp.org/10-6-05bud.pdf>. Based on the somewhat higher January DOE forecasts, we estimated that the LIHEAP program required \$4.4 billion in total funding.

³ Department of Energy, "Short-Term Energy Outlook," February 7, 2006.