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SENATE CUTS LIHEAP FUNDING Despite Claims, There Is No Legitimate Connection Between ANWR and LIHEAP by Jim Horney

On Wednesday, December 21, the Senate voted to strip from the conference report on the defense appropriation bill for fiscal year 2006 (H.R. 2863) legislative language that would have opened the Arctic National Wildlife Refuge (ANWR) to oil drilling. The Senate also voted to strip from the defense appropriation bill an unrelated provision appropriating \$2 billion to the Low-income Home Energy Assistance Program — funds that are badly needed to help low-income families pay heating bills, which are rising dramatically this winter because of sharp increases in energy prices.

The White House and Congressional Republican leaders may try to claim that the LIHEAP funding had to be dropped because it was related to the ANWR provision. Such a claim would be false. The funding provided to LIHEAP to help families pay this winter's heating bills was a straightforward appropriation of general funds ("there is appropriated, out of any funds in the Treasury not otherwise appropriated, an additional \$2,000,000...") completely unrelated to receipts collected in connection with ANWR.

The funds that would have been provided for LIHEAP in the defense appropriation bill are badly needed because the amounts provided for that program in the Labor-HHS appropriation bill cleared by the Senate on December 21 are inadequate. The spike in fuel prices this year means that substantially more LIHEAP funding is needed this year than last.¹ Moreover, as a result of the one-percent across-the-board cut in virtually all discretionary funding for fiscal year 2006 that was not stripped out of the defense appropriation bill, the LIHEAP funding for this year provided by the Labor-HHS appropriation bill (a little less than \$2.2 billion) will be one percent lower than the amount that was provided last year (without any adjustment for inflation).²

¹ Richard Kogan and Aviva Aron-Dine, *Out In The Cold*, Center on Budget and Policy Priorities, December 7, 2005, at <http://www.cbpp.org/10-6-05bud.pdf>.

² The spending cut reconciliation bill now pending in the House includes \$1 billion in funding for LIHEAP, but that funding does not become available until fiscal year 2007. Thus that funding provides no help at all with this year's skyrocketing heating bills (and probably will not help with next year's bills either, since appropriators can simply reduce the 2007 appropriation for LIHEAP by that \$1 billion).

Reportedly, Senate Majority Leader Frist has said that the Senate will consider a supplemental appropriation bill that would include additional LIHEAP funding when the Senate returns from its recess next year. This provides no real assurance that additional LIHEAP funds will be available in time to help hard-pressed families during much of this winter. The Senate is not scheduled to reconvene for business until the middle of January (it will meet on January 3 for a pro forma session and then adjourn immediately until January 18). The House currently does not plan to reconvene until January 31. Even if the Senate and House act expeditiously after returning to pass a supplemental appropriation bill that provides additional funds for LIHEAP (which could be difficult given the number of other controversial issues that could arise in connection with consideration of that bill), much of the funding would be distributed too late to help pay heating bills during the depth of the winter. Furthermore, Senate Majority Leader Frist's assurances do not commit the leadership of the House, which has consistently resisted providing additional LIHEAP funding through the regular process, to go along with the plan to provide supplemental funds for LIHEAP or to do so quickly. Indeed, the House Leadership could decide once again to hold LIHEAP funds hostage to passage of other controversial legislation, as it has done in recent weeks

What the Senate Did – And Why It Did Not Have to Strip LIHEAP Funding

The Senate voted to strip out two parts (Division C and Division D) of the defense appropriation bill. Division C contained the language that would allow exploration and drilling for oil and gas in ANWR. Deleting Division C from the bill was necessary to prevent that from occurring, but it was not necessary to delete Division D, which included the \$2 billion appropriation for LIHEAP.

Confusion about a relationship between LIHEAP and ANWR may have arisen because Division D did include, among other things, authority to spend a portion of the receipts from the sale of drilling rights in ANWR (which, according to the Congressional Budget Office, would not begin to be collected until 2008) that do not go to the state of Alaska (half of the receipts would go to Alaska). A small portion of the receipts anticipated in future years (2.5 percent, or an estimated \$100 million in 2008 and \$25 million in 2010) would be dedicated to LIHEAP. *None of those funds would have been available to help meet heating costs this winter.*

Division D also provided that a larger portion of the anticipated ANWR receipts (80 percent of the federal share of bonus bids and rentals and 20 percent of the federal share of royalties) would go to help Gulf Coast states recover from the hurricanes that devastated that area last fall and to limit damage from future hurricanes. (This represents only a modest portion of hurricane recovery and restoration funds provided in the defense appropriation bill. The bulk of the funding — provided as appropriations from the general fund — are contained in Division B and remain in the bill as passed by the Senate.)

In addition, Division D contained a provision (Section 2) that provides a straightforward fiscal year 2006 appropriation of \$2 billion for LIHEAP. The availability of this funding has nothing to do with ANWR (or spectrum auction) receipts.

While it would be reasonable to delete the provisions of Division D that dedicate some of the receipts from ANWR to Gulf Coast recovery and restoration if ANWR exploration and drilling would not be allowed (although no harm would be done if those provisions were not deleted, since the specified funds simply would not be available), there is absolutely no reason why striking the

Other Important Funding Also Stripped From Bill

In stripping all of Division D from the defense appropriation bill, Senate leaders also eliminated some other high priority funding unrelated to ANWR. Division D provided that up to \$2 billion in receipts from the 2009 auction of rights to a part of the electromagnetic spectrum currently used for analog television transmission would be dedicated to Gulf Coast recovery and reconstruction. Division D also provided that a portion of the receipts from that spectrum auction could be used for certain other purposes such as providing funds to state and local governments to aid their preparations for natural disasters or terrorist attacks. All of these provisions were removed from the bill.

ANWR drilling provisions included in Division C should lead to striking the portions of Division D that are not related to ANWR receipts, such as the LIHEAP funds that would have been directly appropriated from the Treasury.

The LIHEAP funding and other spending not related to ANWR receipts were stripped from the bill for reasons that had nothing to do with ANWR (except, perhaps, pique over having to strike the ANWR provisions from the bill). Perhaps the Congressional leaders responsible for stripping all of Division D from the bill hope to use the prospect of restoring funding for LIHEAP and the Gulf Coast recovery and restoration at some future point to help gain passage of some other unrelated, but highly controversial, legislation.