

**Congresswoman Betty McCollum's State of the Union Listening Session
January 30, 2006
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Energy Assistance Program Manager**

Thank you, Congresswoman McCollum for asking me to speak with you today. My name is Catherine Fair, I am the Energy Assistance Program Manager at Community Action Partnership of Ramsey and Washington Counties. Our program service area includes over 12% of the Low Income Home Energy Assistance eligible households in the state. (Over 50,000 LIHEAP eligible households)

- We are the largest Energy Assistance provider in Minnesota, serving almost 14,000 households in 2005 in Ramsey and Washington Counties. (this is only 27% of eligible HH)
- The eligible income for a family of three is roughly \$32,000/year, our average income last year for Energy Assistance recipients was \$9888 in Ramsey and Washington Counties, the average family size was 3.(The equivalent of 60% of the poverty line.) The statewide average income for energy assistance recipients was just under \$15,000.
- One in three households had at least one member who was over 60 years old.
- At our agency- 40% of energy assistance households reported wages, and 50% of individuals receiving assistance last year were under age 18.
- In Ramsey and Washington Counties almost 2/3 of the energy assistance households were renters. Statewide over 50% of energy assistance recipients owned their homes. In our counties most of these renters lived in houses, townhouse or duplexes and were responsible for both their heat and electric utilities but do not have access to loans to weatherize them. The only option to reduce their natural gas consumption is to turn down their thermostat.
- Almost 90% of our energy assistance population pay for natural gas heating in our two counties.
- With a 152% increase for this fuel type in the last four years, we need to address unaffordable energy over the long term. It is always unaffordable for low-income people, just extremely unaffordable this year.

The purchasing power of a LIHEAP grant is lower this year than any year between 1982 and 2005. So, just how far does an energy assistance or LIHEAP grant go?

A young mother of 3 school-aged children works full-time and goes to college. She owns a home on St. Paul's eastside. She has had new windows installed and weatherization work done a few years ago. Her November 2004 utility bill

was \$304. This year her November bill was \$649. She had been careful to keep the thermostat low this year. Her \$633 LIHEAP grant was used up in less than one month! Her only alternative to avoid being disconnected when Minnesota's Cold Weather Rule expires in April is to use her Earned Income Tax Credit to pay down her past due utility bill.

A 75-year-old St. Paul woman was recently widowed this past October. Her income dropped to \$433 per month. She was left with a \$402 home equity loan that had been borrowed to pay for plumbing repairs in her home. After her LIHEAP grant she will still be responsible for over \$2000 in gas and electric costs this year. She is forced to get a reverse mortgage on her home in order to continue to live there.

A 67-year-old Arden Hills woman has a social security income of \$467 per month. She told me she closes off most of the rooms in the house during the winter and spends her time between her bedroom and her kitchen. She says she spends her time baking because it keeps her warm. Her energy assistance grant will only cover about 30% of her utility costs this year when we figure her projected natural gas costs with the price increases.

So far this year:

- **We know the projected average increase in cost of home heat with natural gas will be about \$700 for all of us. Even after their LIHEAP grant, the out of pocket increase will be an average of \$400 for our participants.**
- **We have received over 13,000 applications, a 22% increase over last year. We have also had a 20% increase in the number of crisis grants to households to avert disconnections**

Low-Income people in Minnesota are going to need additional LIHEAP funding.

- **First to insure Energy Assistance dollars reach more eligible households AND**
- **Second, to supplement current grants that have already been used up by the sharp increase in fuel prices this winter to insure low-income households do not suffer an undue burden.**

To hold households harmless meaning no more money out of pocket this year than last and assuming 146,000 households receive grants (a 25% increase) Minnesota requires an additional 21 million.

If Minnesota's program reached 1/2 of the income eligible households, and additional 39.5 million is required.

Low Income Home Energy Assistance Program Overview

Minnesota income-eligible population	450,000
Projected LIHEAP population	146,000 (25% increase over last year)
Projected grant average	\$500
Projected natural gas heating costs	\$1,200
Average annual income	\$15,168
Average energy burden (heat and electric costs)	12.4% (income devoted to energy costs)
2006 funding increase (with TANF)	11.8% increase
Increase in applications this year (to date)	28%
Increase in denied applications	81%
Natural gas heating cost increase over last 4 years	152%
Fuel oil heating cost increase over last 4 years	143%
Propane heating cost increase over last 4 years	80%

LIHEAP recipients in Minnesota report

(2004 National Energy Assistance Directors' survey found of the LIHEAP population)

Did not pay full rent or mortgage payment	17%
Reduced expenses for other household necessities	60%
Went at least one day without food	17%
Went without medical or dental care	25%
Did not fill prescriptions/took smaller dose	19%
Without LIHEAP, utilities would be shut off	44%

LIHEAP Funding

\$2.161 billion federal appropriation

	2005	2006
Minnesota allocation	\$84 million	\$85.2 million/\$98 million with TANF

To hold households harmless (no more money spent out of pocket for energy costs this year than last) and assuming 146,000 households, Minnesota requires an additional \$21 million. If Minnesota's program reached one-half of the income-eligible population, an additional \$39.5 million is required.

**Average Costs for Heat by Fuel Type
Minnesota Households**

	2004-2005 Heating Cost	2005-2006 Projected Cost (January 10—EIA)	
Oil	\$913	\$1,123	\$210
LP	\$1,120	\$1,310	\$190
Natural Gas	\$903	\$1,220	\$317

Increase in average LIHEAP grant (2006 vs. 2005) \$96

Average per family heating cost increase since 2001 \$711

Average LIHEAP grant

2000-2001	\$534
2001-2002	\$420
2002-2003	\$408
2003-2004	\$445
2004-2005	\$404
2005-2006	\$500(projected)

Purchasing power of LIHEAP grant is lower this year than any year between 1982 and 2005

Average Minnesota LIHEAP grant will cover 41% of an average winter heating bill but ***only 23.5% of total average energy costs.***

End Use	Average Annual Bill (2004)
Electric	\$638
Hot water	\$224
Space heating	\$1,218 (average for this winter)
Space cooling	\$48
Total annual bill	\$2,128