



SPECIAL PRESENTATION

**“BABY IT'S COLD INSIDE:
LOW-INCOME FAMILIES, WINTER HEATING,
AND FEDERAL ASSISTANCE PROGRAMS”**

MODERATED BY:

**JOY MOSES, POLICY ANALYST, POVERTY PROGRAM,
CENTER FOR AMERICAN PROGRESS**

FEATURED PANELISTS:

**WARREN GUNNELS, SENIOR POLICY ADVISOR TO SEN.
BERNIE SANDERS (I-VT)**

**MEG POWER, PRESIDENT AND EXECUTIVE DIRECTOR,
ECONOMIC OPPORTUNITY STUDIES; CONSULTANT,
NATIONAL COMMUNITY ACTION FOUNDATION**

**MARK WOLFE, EXECUTIVE DIRECTOR, NATIONAL ENERGY
ASSISTANCE DIRECTORS' ASSOCIATION**

**10:00 AM – 11:15 AM
WEDNESDAY, SEPTEMBER 17, 2008**

**TRANSCRIPT PROVIDED BY
DC TRANSCRIPTION – WWW.DCTMR.COM**

MS. JOY MOSES: (In progress) that is of course the home energy crisis and its significance as we approach the winter heating season.

I'm going to go ahead and introduce our panelists for today. To my right is Meg Power, who works with Economic Opportunities Studies. She focuses her work on the Weatherization Assistance Program. She has completed significant research around that program while also consulting with local agencies that administer it.

To her right is Warren Gunnels, an advisor to Senator Sanders who has been working to ensure that the nation's primary energy assistance program is receiving additional supplemental funds this year, as well as in previous years.

And at the end of the table – last but not least – is Mark Wolfe, who is the executive director of the National Energy Assistance Directors' Association, which is the primary organizing entity for state LIHEAP directors, State Energy Assistance directors.

So I'm going to start the conversation with Warren, who is going to fill us in about where we are in Congress, and then he's going to have to leave shortly thereafter, but we want to make sure we fit him in, and hopefully, we get a chance to ask him some questions before we move on with the discussion.

MR. WARREN GUNNELS: Thanks a lot. Well, thank you very much, Joy, for inviting me to this event. I think it's one of the most important issues, if not the most important issue, that Congress can address before we get out of the session for the campaign season in November and we've got a very short time period. The Congress could adjourn as soon as the end of next week, so we have very, very little time and we have a lot to do.

The senator, of course, has long been active on the Low-Income Home Energy Assistance Program, LIHEAP, and the Weatherization Assistance Program since he first was elected to Congress in 1991. As many of you know, it gets very cold in Vermont in the wintertime, where it's not uncommon and very likely to see temperatures 20 below zero, 30 below zero, for an extended period of time. And that makes LIHEAP – it makes the Weatherization Program very critical for our state, for the entire Northeast and New England.

We are especially dependant on home heating oil, which is a very major concern with the price of heating oil spiking. It's gone down some since July, but it's still extremely expensive. I know that when I first started working for then Congressman Sanders, the average heating oil price was less than \$1 a gallon. This past winter, it got up to close to \$4 – this last winter, it got up to close to \$4 a gallon, and in the

summertime, it was approaching \$5 a gallon before going down some. Now, we've heard that the average prices are about \$3.60 or \$3.70 a gallon.

So it's an extremely critical issue. We've heard from Vermonters that they'll have to pay – many of them, when they were entering into contracts with their heating oil dealers, were paying anywhere from \$1,500 to \$1,700 more for this upcoming winter than they paid last winter. So it's an extremely important issue, and it's something that when the senator got elected into the Senate in this Congress, it was one of his top priorities, to increase funding for LIHEAP.

We started off in November of last year with a bill to increase LIHEAP funding after receiving letters from our constituents that they could not afford the price of heating oil. So they had to burn their furniture to stay warm, that they couldn't afford to pay for diapers for their babies because they had to heat their homes and others had babies that had pneumonia because they couldn't afford to heat their home.

So what's going on in the Senate right now? The last vote that we had was on legislation that Senator Sanders introduced. It was the Warm in Winter, Cool in Summer Act to double-fund LIHEAP, to provide an additional \$2.5 billion in fiscal year 2008. We were able to get 53 co-sponsors on that legislation. We had 13 Republican senators that co-sponsored it and the rest were Democrats. And Senator Sanders is an independent and Senator Lieberman is an independent as well.

We had a vote on that just before the August recess on a motion to proceed. While we received a majority vote on that – 50 votes in favor, 35 against on the motion to proceed to that bill – unfortunately, we were not able to overcome a filibuster on that, and we failed to get 60 votes on that.

During that time, and into this period as well, the debate over LIHEAP got wrapped into the drilling debate. So senators, many of whom supported LIHEAP, were still insistent that we go on to legislation that offered more drilling. So that's where we are today.

The House, just yesterday evening, passed legislation, 236 to 189, on what could be considered to be one of the major comprehensive energy packages. It did open up the OCS to more drilling, but it also included more funding for LIHEAP, more funding for weatherization, more funding for renewable energy and renewable energy tax credits, a number of other measures.

The president has threatened to veto that legislation. He also threatened to veto the Warm in Winter, Cool in Summer Act to provide additional funding, but we are certainly not giving up, and I think that there is still a very good chance that we will increase LIHEAP. We have to increase LIHEAP before Congress adjourns.

Just this morning, the majority leader in the Senate, Senator Harry Reid, said that after we complete the energy bill in the Senate, the top item on his to-do list is to

significantly increase funding for LIHEAP. That could take place as a standalone bill in the Warm in Winter, Cool in Summer Act. It could also be a part of the Continuing Resolution.

Right now, the only must-pass bill that has to get to the president's desk before Congress adjourns this year is the Continuing Resolution to keep the government open. If we don't pass that, the government shuts down. So we have to do that, and as a part of that, we are certainly fighting for a large increase. We would like to see LIHEAP doubled to get an additional \$2.5 billion out there.

There was a letter that was signed just this last week by 48 senators – of course, including Senator Sanders – that was initiated by Senator Jack Reed of Rhode Island and Senator Susan Collins of Maine to make sure that we increase funding for LIHEAP within the Continuing Resolution – nothing is a done deal – and also, to include more funds for weatherization. That's extremely important as well. We need to make sure our homes are more energy efficient, and that we're not wasting enormous amounts of energy. And that's both short-term, medium-term and long-term solution to this problem.

So the bottom line is there are absolutely no guarantees. If you support LIHEAP, if you think it's critical, if you think that we need more LIHEAP funding, more weatherization funding, speak loud, speak now, or we will be in serious, serious trouble. So I'd be pleased to answer any of your questions, and we're going to do everything that we can to do that.

One of the interesting statistics, just on a final point, we've seen what's happened with Hurricane Ike. We've seen a little bit what's happened with Hurricane Gustav and Hurricane Hannah wasn't as severe. But CNN, as the senator will say, and the major media will pay major attention, as they should, to major hurricanes and major natural disasters – but according to the Centers for Disease Control, from 1979 to 2003, more people died in this country from the extreme heat and the extreme cold than died from any natural disaster in this country, including hurricanes, earthquakes, tornadoes, floods, you name it.

So CNN may not go into a home with an elderly citizen that can't afford to pay for heat and watch that elderly citizen die in their own home, but it's no less important. In fact, in many cases, it's certainly just as important. It can be argued that it's more important that we increase funding for LIHEAP so that no senior citizen, no person with disabilities, no low-income family with children go cold this winter, or die from the extreme heat over the summertime.

So thank you very much for coming, and I look forward to answering any of your questions.

Q: Sir, what was the date of that CDC report – the numbers covered, from when to when?

MR. GUNNELS: It was 1979 to 2003, and if you look at that, they'll have a very large number for people that have died of hypothermia and hyperthermia.

Q: Thank you.

MR. GUNNELS: And if you break it out – they also break it out for the extreme cold in their own homes and over 1,000 people, I think from 1998 to 2003, died in their own homes due to the extreme heat. I think that's actually from 1979 to 2003. They also broke it out from '98 to 2003. So that's an extreme problem over – now, from '98 to 2003, 3,400 people died of the extreme heat according to the CDC.

So it's an extremely important issue and something that we have to address. The best thing that you can do, the CDC has said, to prevent those deaths is to have air conditioning in your homes during the summertime, making sure that you're in an air-conditioned environment, and in the wintertime, making sure that you're in a home or in an environment with heat. And that's what LIHEAP does, makes sure that people can pay those bills.

Q: So Warren, you indicated that you're confident in the support of the program. Is there some contingency that's opposed to increasing this LIHEAP funding, and what would be their reasons for doing that?

MR. GUNNELS: Well, that's a good question. Of course, we could not get 60 votes for our bill to overcome the filibuster. During that time, like I said before, it was caught up in the debate over drill, drill, drill. That was the only message from the other side and that's the only issue that they wanted to address. So unfortunately, we were not able to do that.

The other thing is the president, after saying in 2000 he supported fully funding LIHEAP, and in 2008, right now, he threatened to veto a bill that would fully fund LIHEAP. They say that there are several arguments. It's the drilling, and then the other argument is that it's too much money. Well, we're paying right now \$10 billion for the war in Iraq. We have a \$10 trillion national debt and the major reason why the debt and the federal deficits have skyrocketed – the two major issues for that is tax breaks that have mainly flowed to the wealthiest in this country, and the war in Iraq, and our other security needs. Those are the two biggest things.

So if we can spend \$10 billion a month in Iraq, if we can provide hundreds of billions of dollars in tax breaks to the wealthiest 1 percent who have never seen it so good since 1928, we certainly should be able to provide more funding to make sure that the most vulnerable in this society do not have to make unacceptable choices between heating and eating, paying for their prescription drugs, and in fact, freezing to death because they just cannot afford to heat their homes.

Q: What's the amount that Senator Sander's bill asks for?

MR. GUNNELS: It asks for an addition \$2.5 billion over FY '08, which is just about to end. The important thing there is those funds would be all available – that would remain available until expended. And so right now, in fiscal year 2008, we're spending \$2.57 billion for LIHEAP. The authorized funding level is \$5.1 billion.

It's split – I don't know how much you want to go into this, but it's split 50 percent/50 percent. There's a formula funding that would go directly to the states and then there's an emergency funding program called the contingency LIHEAP funds and 50 percent would be designated to that. And the reason why we did that is it's a northern-southern compromise. When you increase the formula funds above \$2 billion, it benefits many of the warmer weather states, but when you increase the contingency funds and they actually get released, those typically end up benefiting northern states, colder weather states.

Q: Yes. One question I had, given your level of interaction with consumers in New England, and Vermont in particular, have you had any interaction with energy companies or other consumers about alternatives? You mentioned the furniture. But I wonder, instead of filling up your oil tank, if folks are going out and buying space heaters room by room, wherever they're spending most of their time; or as you saw last year, if folks, instead are buying their heating oil in the summertime when the prices have been traditionally higher, they're waiting until September, October, even November, sort of holding off to that last minute when the prices may or may not fall. Are you seeing any of that? Do you have any interaction with the energy companies?

MR. GUNNELS: Well, we do. We certainly do with the heating oil dealers who we directly deal with and the energy companies, many of them, Energy – we've worked with the American Gas Association, Exelon. A number of the companies support increased funding for LIHEAP. So there are two things – there's a short-term crisis right now. We couldn't spend enough money – we couldn't get it into people to get them off of heating oil next winter. We couldn't get them off of other fossil fuels next winter, this upcoming winter. We have to get them the assistance they need to keep warm.

Over the long term, we definitely need to wean ourselves off of fossil fuels, dirty fuels in general, move aggressively to renewable sources of energy to serve our energy needs, so that we're not so dependant on heating oil. And I know that Vermont, I think if you look at heating oil, propane and kerosene, that's about 70 percent – close to 70 percent of our consumers heat with those fuels. And so when you see the price spike – it has gone down since July, but we're still looking at very, very high prices for this winter. So we've got to get LIHEAP; then we've got to get weatherization; then we've got to move to renewable fuels.

Q: But no interaction as to – or no evidence as to sort of alternative behavior this year as opposed to the years before?

MR. GUNNELS: Well, yes, I think you are seeing that people in New England, people in Vermont, are trying to switch to wood-burning stoves, wood chips, and they're

getting those installed in their house. The space heaters are, of course, extremely dangerous and you've seen homes catch on fire because of the dangers of space heaters. So that's a very dangerous thing to do, but when people don't have enough money for heating oil, they're going to resort to that. They're going to resort to their stoves in general and hover around them to stay warm when the temperature goes to 20 below zero, 30 below zero.

So I think, unfortunately, right now, with companies, they're still looking at their bottom line. They're looking to maximize their profits as much as possible, and Exxon Mobil has done very well over the past two or three years. They've made more profits than any company in the history of the world. I think if we really want to move aggressively towards renewable energy and getting people off of fossil fuels, the government is going to have to take action.

Q: Thanks.

Q: If the Weatherization Assistance Program appropriation was roughly tripled, how many homes could you do with that money? How much is it – to the extent you can generalize, how much does it cost to do a home?

MR. GUNNELS: I would leave that to Meg. (Laughs.)

MS. MEG POWER: It costs technically \$3,000 because that's the average that DOE allows, but there's –

MS. MOSES (?): (Off mike.)

MS. POWER: I'm going to talk about this afterwards, but a quick answer – the DOE allows about \$3,000 on average. There are other funding sources that get added to it and a LIHEAP increase will also help weatherization do what really needs to get done to save the 30 or 40 percent that we need to save and can save in these cold climate homes.

Q: And Meg, if we could just ask one more question, which I'm sure you'll have it. How quickly –

MS. POWER: We'll talk about it.

MS. MOSES: And I'm going to now thank Warren for being here with us. As you know, this is a very short session, and there's a lot of things on the agenda, so he will have to depart, but thank you so much for coming.

MR. GUNNELS: Thank you very much. Thank you. (Applause.)

MS. MOSES: And I'm going to turn the floor over now to Mark Wolfe, who's going to give us a greater sense about LIHEAP and what it's doing and the thoughts of the energy assistance directors on these issues. Mark?

MR. MARK WOLFE: Okay. Thank you. I represent the state directors of Low-Income Home Energy Assistance Program. We work closely with the weatherization directors. They're really companion programs. One thing that's important is that even though LIHEAP gets a lot of attention, I think – can you hear me – almost as much as food stamps, LIHEAP is a discretionary grant program, not an entitlement, like food stamps. So when the money runs out and the appropriation is spent, no more money is approved. So where in food stamps, for every person that applies, if they're eligible under the eligibility rules, Congress keeps providing additional funds. The Treasury is authorized to do that. So there is a real big difference.

LIHEAP serves about six million households in the United States. Food stamps serve about 12 million, but the budgets are quite different. LIHEAP is about \$2.5 billion. Food stamps, I believe, is about \$25 billion, so they're very different programs in terms of their size, also the distributions of funds. The discretionary grant is primarily targeted towards cold weather states, so that about 60 percent of the funds go to Northeast and Midwest states. The first \$2 billion, essentially, is based on a complex hold-harmless agreement – excuse me – hold-harmless provision, so the outcome is you have much stronger programs in the cold weather states than in the warm weather states.

After \$2 billion, though – and this is the important part, which is what we're working on this month – funds start to shift towards southern and western states, and starts to give equal weighting towards cooling, which is important for two reasons. One, we know a lot more about the problems of cooling now than we knew 20 years ago when the program was first started. We now know what happens if a person is in a house that's not appropriately cooled and they have vulnerable health conditions.

Second is that air conditioning, of course, runs on electricity and up to recently, electricity prices were quite cheap in the United States. We had very, very stable electric prices for a long time. Electric prices have been going up quite dramatically for two reasons. One, about half of the electricity is generated from coal, and coal has almost doubled in price in the last year. And utilities buy coal in these long-term contracts, and as these contracts expire, you have to buy coal at much higher prices. Natural gas has gone up as well.

And then I think the other point is that many states did utility restructuring, this great idea of saying let's decouple generation from distribution. Part of the deal, the utilities have fixed prices for sometimes a period of five to six years. As these contracts or agreements now expire, electric prices are shooting up to account for the underlying increase in the cost of generation. That's what we saw in Maryland recently. It's going to happen in Pennsylvania in 2010. So the cost of electricity is becoming much more expensive, and as that gets more expensive, the cost to provide air conditioning becomes more expensive.

The other piece that sort of segues into that, how do we know that LIHEAP is not adequately funded? What are the signs? It's not an entitlement. States set their own eligibility criteria. The way we know LIHEAP is not adequately funded is this. We're only serving about 16 percent of the eligible population right now. LIHEAP is different than food stamps in that it can go to 150 percent of the federal poverty level or 60 percent of state median. What that means in practice, especially the higher cost states, 60 percent of state median can take you, in some cases, up to 250 percent of the federal poverty level.

But in practice, what happens is most states set their eligibility ceiling at about 150 percent of poverty or about 35,000 – I'm thinking about \$32,000 a year for a family of four. And the majority of the LIHEAP funds are received by families making less than 100 percent of the federal poverty level or less than \$20,000 a year, because states have to target funds on those who need the money the most. If you have absolutely no money at all, and you have to pay the heating oil dealer, those families need help first before families who at least have some resources. So what you see is funds tend to be targeted toward the poorest families.

But the reasons that LIHEAP is under-funded now – because there are lots of good programs out there. If you look across the board, there's Head Start. There are plenty of programs in Labor and Health and Human Services Committee that you can look at it and go, well, if we have extra money, why should LIHEAP get money over some other programs? And the kinds of things that we're worried about – and many of the state agencies represent fund or operate many programs. So LIHEAP is not the only one they look at.

So why is LIHEAP important? Six years ago, you could heat a home in Maine for \$600, and probably the same thing in Vermont. This coming winter, we're looking at prices of up to \$3,000. So for many families that were low-income who could afford to heat a home in Maine or Vermont or in the United States overall, they can't do it now. The prices have just gone up so fast. For example, the average cost to heat a home in 2005 was \$793. This year, it's \$1,152, and that's the average – the average in heating oil, natural gas and propane, electricity. Prices have increased by 45 percent in just four years.

This year at EIA – the Energy Information Administration is projecting another increase of about 16.8 percent and prices are volatile. You know – (unintelligible) – it could be 10 percent by the time oil levels out, (where the?) natural gas is where it is, but at the end of the day, what's going on is that prices have been moving up relentlessly. Every time they go up, when they go back down, the bottom is always higher. Now, I mean, there's press stories now saying, gee, if gasoline could level out at \$3 a gallon, that would be terrific. Well, it was \$2.50 last year. Now we're saying \$3 would be great. So for a low-income family, imagine that – 50 cents extra a gallon for gasoline. That's an extra \$400 a year they don't have.

So LIHEAP is really kind of our only program to help people with energy bills. It's not a gasoline program. It's only a home energy bill. There is no gasoline program in the United States.

The other kinds of indicators – why we know the program isn't working or doesn't have enough funding in it, arrearages are going up. Those are basically past due bills to utilities. We did a survey in the spring, and it showed arrearages are up by 16 percent from last year. We're seeing that shutoffs are going up, and they're alarming, these numbers. In the past, when there was data available, we'd see numbers like 1 to 2 percent of the total population who got shut off from utility services some time during the year. Those are primarily poor families. So maybe 5 to 10 percent of poor families could be in a shutoff situation at some point during the year.

The numbers now have doubled. We're seeing more and more reports – and utilities are reluctant to share this. Frankly, you can't just call and say, how many people are you shutting off today? But when you do see the numbers, and you take it across an entire rate base, the numbers are very, very high and that's a sign, again, of affordability. It's also, of course, a sign of higher gasoline prices and other things impacting poor families, but at the end of the day, you're seeing numbers at utilities that are very scary.

When we did have – when we looked at the data in the spring – and part of the deal with the utilities is they wouldn't publish them by name, but we did see many utilities showing 30 percent of their rate base behind on their bills. Those are extremely high numbers.

Why do we need \$5.1 billion? That's the sort of the number we've been using. That's the number that Senator Sanders is talking about. That's the number that's showing up in both House and Senate bills. It would basically double the appropriation. In 2006, funding had a peak at \$3.1 billion, and of course, energy prices were lower.

On a kind of a rough calculation, we have about 5.7 million families getting energy assistance, and if you apply that to just heating costs, that would have covered about half the cost of home energy for those families for that year. And what it seemed like – and there was no real good systematic study done – but it seemed like at 3.1 billion, with lower prices, we were able to negotiate better deals with utilities. The shutoff rates weren't quite as bad. It seemed like that was maybe the magic number to help the families get through.

Now, we're looking at much higher costs, and 5.1 billion seems like, in a sense, I think the magic number this year, because families are getting hit by two things. It's sort of a combination of things. One, it's not just high home energy costs; it's high gasoline cost. And I think that's really squeezing a lot of families across the country, and it's not just the very poor. One of the advantages of LIHEAP is that states can go to 60 percent of state median, so it can allow you to reach both the poor and working class families as well.

I think that's underlying concern that we have this coming winter, especially in states where delivered fuels are important, like New England. Fifty percent of families in New England use delivered fuels. And so what's going to happen – it's not rocket science – the cost to fill a tank of oil was about \$1,250 back in July. Now it's about \$950 to \$1,000. That's still not affordable. It was about \$600 last winter and a family in New England often needs about three tanks of oil to get through the whole sort of winter heating season.

So what we're looking at is what happens this winter if a family who can't pay the bill? For electric and natural gas, you can have shutoff protections, but for delivered fuels, you have to pay the bill. And as Warren was saying, we're seeing the – (unintelligible) – people sell their furniture, real desperate kinds of things because these bills have gotten so expensive.

Just the last sort of factoid I'll throw out, the cost to – the average single Social Security recipient in the United States receives about \$1,027. Well, that's about the cost of a full tank of oil. So you're looking at, basically, the entire Social Security check for an elderly person to fill up their tank of oil that month when they need fuel.

So we're looking at, as I see it, sort of a crisis coming. Last year, it was really bad. This winter is going to be worse and we have some time to address it, rather than wait until it actually hits.

What I'd like to do is spend maybe three minutes. Is that okay, two or three minutes?

We surveyed families across the country about two months ago at all income groups to ask them how they were coping with high home energy and gasoline costs because you basically wanted to say, well, what does it mean to families? How do we try to put some numbers to it, put some faces to it? But is it just poor families?

And what I'd like to do, and all these charts and – I'm sorry – and tables are on our website, which is www.Neada.org, or if you have trouble downloading it, I'd be glad to send you a copy of it. We surveyed families across the country to ask them how they're coping with high energy bills.

MS. MOSES: Can you speak up?

MR. WOLFE: Oh, we surveyed families across the country to find out how they're coping with both high home energy and gasoline bills, because the average family uses about 800 gallons of gasoline a year. And gasoline was running about \$1 a gallon higher, and home energy bills were also higher last winter as well. So how were they paying for it?

But what was really interesting about this, less than 150 – the first column – that's really your basic LIHEAP population and what you see is that, basically, the charts are

pretty similar. They keep going down. As families' income go up – as a family's income goes up, the impact of high energy bills goes down. And clearly, here we asked families, who said it was more difficult to pay the energy bill than last year, 60 percent for those were the LIHEAP population.

But the 151 to 250, that's really, in a sense, the working class, the blue-collar population. These are families that really aren't covered by LIHEAP. Unless, of course, the state has a very large program, they tend to sometimes go into this group, but the core premise of our program is that the very poor need help, that the next group up really doesn't. And that really doesn't match, in a sense, when you see the polls.

The presidential election – why do people suddenly want to drill across all incomes is they're very upset about these prices. And when they talk about the blue-collar being very upset, well, the blue-collar population doesn't have a lot of money either. Just because you're not eligible for LIHEAP doesn't mean that you can afford the cost of home energy. Do we have to leave?

MS. MOSES (?): Yes. Apparently, there's a fire alarm.

MR. WOLFE: Okay.

MS. MOSES (?): (Off mike.)

(Break.)

MS. MOSES: So why don't we go ahead and get started again? Thank you all for coming back. I know this has been quite a disruption to the event. This typically doesn't happen with our – (unintelligible). We've had a little trouble with our fire system and our roof this summer and – (inaudible) – a little bit in September. So I do apologize, but I'm glad you were able to come back. We're going to continue with the presentations and I'm going to turn the floor over to Mark.

MR. MARK WOLFE: I'll quickly summarize the entire study in about 30 seconds and we can skip the tables. What we found in the study was this, that nobody likes paying higher energy bills, not just low-income people but high-income people as well. Everyone's looking at conservation. Everyone's getting hit pretty hard.

What was striking, though, was that we generally say that families have to choose – we don't want families have to choose between heating and eating, and we're thinking about the poorest families, those under 100 percent of poverty, even 150, which is the ceiling for most state programs. This is about 32,000 per family of four.

What we found in the survey, though, that was different was that – or at least I wasn't expecting to see quite as much – the families between 150 and 250 percent of the federal poverty level going up to about 55,000 a year – we saw a lot of families at that second group saying the same kinds of things that the poorest families were saying. They

had to close off rooms to make it through the winter. They were cutting back on discretionary purchases. Some of the families in that next level also said they were cutting back on food and medicine and other dire kinds of things.

So what we were seeing was that affordability is no longer just for the poorest families. Energy has gotten so expensive in this last year that we're starting to see the next group up saying that they're struggling with it as well. So this coming winter, what we expect to see is more families at the higher end of eligibility coming in for assistance than we've seen before and LIHEAP isn't set up to deal with those families. On paper, it might be because we've even got a 60 percent of state median, but there's not enough money in that box to do that.

So if Congress did increase funding to \$5.1 billion, what that would do is provide the flexibility to negotiate better shut-off protections, or work out better deals with utilities. However, we want to say that to basically get utilities to lay off on shut-offs, that's really what the bottom line is there.

And the other thing that it would do is give states more flexibility to deal with working class families as well, and to offer assistance to some of those families because we're seeing that gasoline has so squeezed those families. Now, the average family saves about \$300 in the United States, so that if you realize that families are spending \$80 a month more for gasoline, you can see they have no money left over.

And so this coming winter in the cold weather states that have lots of delivered fuels like Warren's State of Vermont, those states were very worried about it because families won't have the money to pay the heating oil. In order to do that, they'll have to cut back on essentials, and that's really what the survey shows and it's on our website.

And with that, I turn it over to Meg because I know there's very little time left and weatherization really is an important companion program for LIHEAP.

MS. MOSES: And we can go a little bit longer if folks are willing to stay to make up for some of the time. It's perfectly fine – (inaudible) –

MR. WOLFE: I have to actually leave soon.

MS. MOSES: Okay.

MS. POWER: Yes, and I want to show you some pictures in a minute, but I'll tell you why so you won't hate me for having – holding it up. I think you have to look at what we're talking about now – this kind of money, this kind of delivery system. Oh, could we please get \$2 billion and push it through the system while the weather's cold essentially, the system being state social services. Oh, anybody have an important question for Mark?

Q: Just real quick. Do you have a breakdown of energy consumption for each of these economic subgroups? In other words, do the poorest consume the most amount of energy? I guess not.

MR. WOLFE: Yes, there are statistics – but, no, they –

MS. POWER: We have – but we have those on our website. They use less, much less.

Q: I wonder on what order of magnitude.

MS. POWER: Eighty percent. The average bill for the eligible LIHEAP household is, which is all the way up to 175 percent poverty, more or less, is 80 percent of the average American bill for everybody else – home energy.

This isn't a poverty reduction policy. It's not what Joy works on all the time and the center works on. What's a rational way of dealing with poverty? You have to think of what's going on now in these activities, in these last-minute activities, as preparation for an economic disaster, which is somewhat related to nature. Winter's coming. And I've worked on this for a couple of decades and it always seems to be a surprise to Congress. Oh, my God, it's about to be winter. Maybe we'll get some money out after all – or not.

And what's going on at the local level – I work for the community action agencies a lot – in the bulk fuel areas like Maine and New Hampshire – to give you some examples – upper Michigan – is they've been organizing since July, town meetings with not just the public, but officials – first, the town meeting, the selectman, whatever their form of government may be, the county manager, the fire chief and what they're looking at is what you would do in preparation for a natural disaster. They're looking for empty shopping malls, where people can live for a few weeks if they have no money if their pipes are frozen, and so forth, the things that happen if you can't get bulk fuel. They're looking at stocking them with food and water and they're activating the contingency planning teams that they have in place now for natural disaster emergencies.

They're getting the fire chiefs trying to work on a program with firemen, which is best because they have uniforms on, going door to door, looking at – talking to people about not hooking things into bad chimneys. All over New England, the fear is that old wood stoves are going to be put out and put into rooms where the chimney was long ago blocked off and those chimneys will set the house on fire. They're not just anymore – that the house is settled. They're cracked. They're trying to work on what is and isn't safe in terms of using your stove. Most of upper New England does not have gas, so that's not that carbon monoxide concern, but there are fire concerns. They are also telling people how many space heaters they can or can't put on the wiring.

Northern New England has also been told there would be no kerosene this winter. This is disastrous for mobile home parks and for a lot of the space heating in mobile

homes is kerosene- based and I've looked at the numbers. Only the poorest of the poor use kerosene. It's also the fuel for some very safe space heaters that can be moved around and don't need venting and so forth, but that's not going to be there. So you're going to be looking at people pulling out their old electric stuff.

So in that context, this kind of planning is going to prevent people from becoming poor, if they aren't now, or catastrophically poor, if they're just not well off and eligible for this program. Lots of these very cold states, lots – lots compared to previous years, maybe a dozen; maybe it's 20 by now – have actually appropriated funding for LIHEAP and some for above eligibility groups.

The governor of New Hampshire today is announcing \$2 million and a million for weatherization. And they're taking it in advance and going to repay themselves from their sales in the brand new Regional Greenhouse Gas Initiative that – excuse me – the sales, the auction begins in January. They don't really know what they're going to get out of it, but that's their budgetary thing.

Maine had a special session and put in money – not enough. We're talking tens of millions here, not the billions that are needed, but they are reacting, responding, and planning as if this were their normal disaster preparedness and it is. It's a mix of economics and weather.

So what can weatherization do in all this? I want to show you a couple of pictures of weatherization. So I'm insisting on just running through a few slides.

Weatherization – I want you to assume for now that weatherization works – and I'll give you the numbers afterwards – and it can reduce – the kind of weatherization that the Department of Energy program does now gets at least a fifth of the energy down and that's because really there are some spending limits. And keep going. They last; these results last. It's not like a light bulb that they do put in CFLs, but those don't last for 20 years.

Weatherization is a much bigger program than the Department of Energy program. It's run at the state level by state offices, in many cases the one's Mark represents. In others, it's the office that does housing or community development, but the money all goes to local agencies that have some pretty strict requirements for how they deliver this. Many states, 35, 36, also give some of their LIHEAP money to the weatherization program. So that's a stream of money which is close to the size of the DOE program, which is getting smaller and smaller since the 110th Congress came in.

And then, on top of that, many states – maybe almost 30 this year – have some utility efficiency programs being delivered by these same agencies, and a bunch of states like Vermont and Alaska, very cold states, have just put state appropriations in regularly and more this year. That means that on the same truck, the same trained people are driving out to put things funded by each of these funding streams into the same house. And that means a program has significantly more capacity than it seems to in terms of

how many employees and trucks and so forth. And therefore, it can grow a little bit quickly and it can grow a lot over time to train more of a workforce.

So go back – okay – there are political challenges and the biggest – that’s okay – and the biggest one is that everybody wants a quick fix when it gets to be October. So you have governors going, “Okay, we’re going to go door-to-door and fix every low-and-moderate-income home in these 19 neighborhoods in these 10 cities.” And believe me, there are plenty of them and the kits get delivered and people get given advice and energy education.

And usually, it’s the same crews who really ought to be out doing something else, but they don’t mind because they’re in multipurpose community action agencies, and it gives them a chance to check up on people and see what they need, refer them back, but it’s not high impact. Yet the Save a Light – I’m being a little sarcastic on this thing. This is EPA. This is our government’s program. You’re going to change the world. You’re going to take care of everything – change your light bulbs.

It’s really a good idea to change your light bulbs and it may save you – if you have a lot of lights – and low-income people do not – it may save you \$50, \$60 a year. And let’s say you’re low-income and you’ve got half as many lights and you’re older or disabled, which is typical, and you sleep – go to bed pretty early, it may save you \$20. It’s great. It’s very cost-effective, but it’s not high impact. Many, many cost-effective things just don’t make the difference in affordability.

So – and go ahead – there are kits, okay, and these are fine kits and they have some use. And when they’re on that weatherization truck, that’s the low-flow shower head and the new air filters and of course, the bulbs, faucet aerators. Those all reduce hot water, the faucet stuff – good stuff, but not enough to make the difference and many of them are not long term.

So I just want to show you what Weatherization Program, as opposed to weatherization, the misused word without a capital W, is because Home Depot and Wal-Mart and your governor and certainly the secretary of energy are out there going, “Weatherize your home.” Well, they don’t mean the Weatherization Program, which has – I’m not sure how well you could see this.

The diagnostics are pretty intense. They pressurize a home with these blower-door things and they have readouts to tell them how many air exchanges are going through. And they do it at the end because you have to have enough to be healthy, so they reduce the number of times their air exchanges, but not to anything unsafe.

They find the hot spots. I didn’t have a good one of a roof, but they can take the outdoor pictures and see where the leaks are. This is – those were indoors. They’re testing the pressure in the duct system, so they know if the air is moving through or being blocked. And then they’re measuring whether there’s enough oxygen and other stuff I

don't know how to name in the furnace mix, and whether it's combusting efficiently. It makes a huge difference in the usage.

That also means they're testing for safety. They put all that into a multi-page program called – this one is the DOE standard audit. Some states have different ones – they all look the same – and that page tells them what the cost-effective investments are up to the DOE limit.

When they insulate a building – we're not talking about pink stuff in rolls anymore – that sometimes they need it to stuff holes, but they're blowing in cellulose which is your used newspaper, so that's a good thing too. And they're doing some more advanced work with other kinds of money in a number of places now using Renewable Portfolio money from the utilities and tax credits and a separate initiative. This is in Philadelphia on a multi-family building – not your handyman-handywoman special for the weekend. You really have to make some serious investments to get serious usage reductions and a cleaner, non-emitting home.

That's it. So I'm going to – that stuff requires training. It doesn't require a Ph.D. or an engineering degree, except for the designers of the program. It does require good green-collar technical training. I'm going to pass out, when I'm done – when you're done – just the curriculum from – a tiny bit of the curriculum, four or five courses from the big Weatherization Training Center in Indiana – because I could get that one easily yesterday – and some pictures of the big Weatherization Training Center in Virginia. Actually, they travel on the road a lot and they have something just like it in a truck. And that's it.

Sure, these are sort of to take home and think about what the program is. They're different. I'll send one each way. So –

Q: Do you have a PowerPoint available online?

MS. POWER: It will be. I'll put it up, yes.

Q: How coordinated is the Weatherization Assistance Program with the LIHEAP program? If you identify the families most in need, do they – are they the ones who get priority for weatherization?

MS. POWER: The weatherization – the first weatherization list the Weatherization Agency gets is the LIHEAP list of LIHEAP participants. They also – that will usually be in the community action agency that runs weatherization. It'll come from the office across the hall and they'll also get referrals from people who are in a family development program or Head Start, who have a catastrophe that has come to the attention of some other provider or some other program.

There are a lot of – especially elderly, who will accept weatherization, but not LIHEAP. They see it as welfare. That may not be so true – excuse me – in this sort of desperate price times, but historically, that's been true.

So they are perfectly coordinated that way. If you wanted to prioritize – weatherization by law prioritizes vulnerable populations, elderly, small children, disabled, but if you want to prioritize high-energy usage, as opposed to high unpaid bills, that gets more complicated and weatherizers daily juggle with sort of getting all those needs met in different ways. Yes?

Q: Are weatherization – (inaudible) – provided to renters as well as homeowners?

MS. POWER: Yes.

Q: And what are the most effective outreach programs that you found for informing people about both LIHEAP and Weatherization?

MS. POWER: The first one's easiest. (Laughs.) Weatherization is provided in rental units. The landlord has to sign an agreement about not – undue enhancement, it's called. They can't raise the rents more than area rents for the same type of unit go up and it's known what that is and that gets monitored. Many states prioritize rental buildings in which the landlord makes a contribution as well. It may be some states require only 5 percent. New York requires 50 percent. It's got a backlog of landlords waiting. So that's the rental question.

There is almost – there are fewer savings to be gained in a multi-family building unless you can work on the central heating systems, and then it's huge.

Outreach programs for weatherization – the problem with outreach programs for weatherization is every agency has a four-year backlog on a waiting list. Utilities reach out through their bills. There are public service announcements. I don't think we have any – there's absolutely no real evaluation of LIHEAP anywhere and I don't think that program element is well evaluated either.

If you look at two states' experience – California Utility Commission ordered their utilities to serve up to – 90 percent is the standard of eligible households and defined them by gosh and they found 75 or 80 percent. That's who's participating in California in their discount plan – good job. They're using standardized lists from Medicaid, food stamps.

In Texas, they decided – there was also a discount, a big discount, four years ago and the state paid a contractor to match the social services lists of all kinds to the utility addresses and it took them five months. And they put 800,000 people on to a utility discount, which ran for a year and the state promptly discontinued it because it was so successful. That was a lot of money.

It's very possible to do a lot electronically. You won't be serving the working poor and the people who aren't participating in food stamps when you do that. So you need a more aggressive outreach.

Q: Could you talk a little about the history of funding for the program?

MS. POWER: Oh, good idea. (Laughter.)

Q: You mentioned (Vermont's?) waiting list for services – (inaudible).

MS. POWER: Right. LIHEAP and weatherization are smaller – well, life's just about the same today as it was in 1981 in nominal dollars, and guess what? Of course, energy prices aren't. The poverty population is more than twice as large and weatherization is about – not quite as large as it was in 1985, okay, at the end of the first Bush administration – sorry – first Reagan administration. And they have tried to kill it.

When President Bush came in, the Cheney task force recommended all the things it recommended, plus low-income weatherization as the one excellent efficiency program that really deserved to be publicly funded. Nothing else, according to them, that was efficiency did deserve to be publicly funded. And the Bush administration was very consistent for four years in pushing for an increase and weatherization recovered from its low after a contract on America in 1995, '96, fiscal '96. It went down to \$150 million. It went back up to \$250 million and stayed there until the – approximately 240, 242, that sort of thing – until the 110th, at which point the Bush administration decided that they were wrong in the first place and had been proposing to reduce it.

And last year, it began proposing to zero it out and Congress went along with some substantial cuts. And so now it's \$207 million as opposed to the \$246 million that it was at one time. And it's authorized – the authorizations – everything the energy committees have done have been very supportive. So by 2012, the authorization goes to \$1.1 billion and it's \$700 million now for this \$200 million program. And LIHEAP is just stuck.

Q: I think there's a real potential for change in the politics and support for both LIHEAP and weatherization because it's sort of old-guard Southern politicians who let the Yankees freeze in the dark. I don't think they necessarily were reflecting the view of the companies, but the sort of oil rich politically who really openly discussed things that way. They have now been receiving so much hurricane assistance, that their mantra for decades, of "Why should we do anything for all those Yankees? Nobody helps us with our weather problems." That's all out the window now.

There are orders of magnitude, more funds, flowing to – deservedly, in terms of absolutes, to help people in the South now because of their weather problems. But I just think if we talk it through, we might really be able to help overcome what had been a traditional – a regional excuse for not helping what was seen as a bunch of

Northeasterners who never understood the Southern politicians and their oil monies anyway.

MS. POWER: If the weather –

Q: I think there's a real potential for –

MS. POWER: No, I don't think – I think the regional politics of energy have broken down along several lines, but the – what I didn't say was the legislative stuff – the weatherization network is pushing for a doubling the program in the economic stimulus package because – for the reasons you can see in these pictures, it's a very good jobs program for the building trades, as well as a green-collar jobs program, as well as really good for saving energy and reducing greenhouse gases.

I don't know that it will ever be signed into law by this or another administration. One of the campaigns has called for weatherizing one million homes a year. The current rate from all programs is something under 200,000, but five times growth is perfectly doable. It gives us a few years to ramp up.

The real concern is that it would be – there's a tendency to call anything weatherization, which is why you're getting a sort of defensive argument before any of you have made an argument, that a kit could be weatherization, and sending out a million kits a year is really easy, but won't do darn thing. Sending out trained people to do this stuff – you can get those 30 percent savings that seemed to be an unreachable goal for some of the other programs. In fact, the better, newer homes, or the homes that have been kept up by people who can afford them, have far less potential for energy savings than the housing stock we're looking at, which is a good argument.

On the other hand, when we get that stimulus bill or any increase in weatherization, neither the House or the Senate has proposed another cut, by the way, to the program for next year. The bulk of that money – the shift is dramatic, not as dramatic as LIHEAP, but for instance, Florida's program would quadruple if we doubled weatherization and the Northeast, Midwest will go up 20 percent. And that's fair because there's hardly anything been done in Florida. Their power is very expensive. There can be significant savings there.

None of these is motivated, so I'm pessimistic. We're not – this has not motivated those delegations. All that nice utility money I talked about – I did mention Texas rescinding its program. It has now reinstated a little bit of weatherization, but there's very little inclination and movement in the Southern utility commissions that would have ordered rate-payer funded programs. All of those things are being paid for by the rate-payers of the states that run them.

In the South, that's just not happening, even when they're at risk of having to build new capacity. So there's – and this has to do with poverty policy, not, I think, with energy policy. If we could separate weatherization into greenhouse gas policy, then that

might work, but the commitment of Southern economies to income redistribution, as they think of it, instead of growth, is still a barrier.

Q: You mentioned the possibility of weatherization being addressed in a stimulus bill. Could you talk a little bit about the time lag between when funds are available for weatherization and how soon they can trickle down and are used?

MS. POWER: What I'm told by the local agencies I've talked to – and I really pushed hard on the Southern states that would get so much more money – is we know where the people we trained are and they're not working – which ones aren't working and many of them are not. We know that the building trades are lower skilled trades people within the building trades and contractors and remodelers are desperate for work.

That may not be true in Texas anymore because it's clear what they're going to have to go work on, but this was before this – before Ike. And it takes at least a year to train a skilled weatherization worker and probably two to train the very senior monitors, but there are enough people who've been through that one year and can be brought back that refreshed. Within a year and a half, they think they can spend even the very large increases.

Now, in the Northeast and Midwest, it's months because their programs are already big. They already have utility money. They already know where people are unemployed, and there are a lot of them and that's not such a huge problem. And they have four years – everybody – almost every state says, "I've got four years of waiting lists." It seems so strange. I finally asked why. "Oh, we cut it off after that. You can't promise elderly people something five years out. They just get upset." So there are plenty of capacity for – the first six months are going to look really slow. Yes?

Q: So obviously, you've talked about the fact that it's not part of climate change. Weatherization is not part of energy conservation – (inaudible).

MS. POWER: What –

Q: In other words, the weatherization program is separate from the idea of climate change and separate from the idea of energy conservation.

MS. POWER: I guess I didn't say it right.

Q: Okay. Well, that's why you had stated that you're having problems, but it also seems that there's a lot of green-collar jobs, as you say, that are available. And I wondered – just in this city, they're going to have a day of action or whatever on Saturday the 27th. I wondered if your organization, or organizations like yours, are going to be involved with that green day of action?

MS. POWER: I'm not sure because I haven't asked the organization I work with here, which is United Planning Organization, which has a lot of housing and

weatherization activities. They – no, these are definitely – in many states, they are working hard on coalitions to come up with the right proposal for what’s going to happen. I gave you the example in New Hampshire. There’s a regional greenhouse gas initiative going on. Will any of it be for weatherization? In spite of a great deal of advocacy and activism by very good legal services attorneys representing a widespread network in New England and the Mid-Atlantic, we don’t have commitments yet legislatively in any state to low-income set-aside for that.

Olivia Wein is here from the National Consumer Law Center and a lot of her associates have worked hard on this. And the legislation is just now starting to move through those legislatures, but it’s uncertain.

We – in the Boxer Bill, there was a very minimal commitment to these programs and a huge commitment to something we’re very opposed to from the low-income advocacy side, of just a block grant to utilities to do something in part for the poor. And we’re struggling with the particular coalitions and groups that are in here who are looking for other things, be it renewables or a particular technology, or some other spending or funding utilities, and we’ve got to work those things out and it’s partly a political struggle.

We’ll have to have members saying, “You work this out with low income.” There’s a coalition of the consumer groups, the Community Action, the National Consumer Law Center, Friends of the Earth and public citizens pushing a certain set of principles for not only including these for money, but how you include them; and on top of that, not just worrying about mitigation, but really deep green investments in low-income communities and rebuilding low-income communities.

MS. MOSES: Yes, and – (inaudible).

Q: I just wanted to observe that the problems you’re describing are, as you probably know, consistent with the problems of trying to deal with efficiency in general. And one of the things that shocked some of us who’ve worked on efficiency for years was that we should have seen it coming. When our friends, the Democrats, got in power, they were more interested in walking-around money than performance and I hate to put it that way. But when you try to build efficiency around programs that deliver real performance, the response from everybody in the speaker’s office, the people who respond to that is that, “Well, we think we want to try a block grant and there’s block grants for that.”

And the fact is that walk-around money, kits, as you put it in your part of the – are much more politically attractive than programs that take a little while, take a little training and require some measurement of performance, either in advance, as you install things, or afterwards, as you’ve done it. And this is a really fundamental issue for climate, much less – low-income people get affected by this –

MS. POWER: Yes.

Q: – because if we keep just passing out crap, we’re not going to solve either problem.

MS. POWER: Short-lived measures. (Laughter.)

Q: Yes, I’m sorry, but this is something that’s fundamental to the whole energy efficiency debate and it’s something we haven’t figured out how to address in our current political climate.

MS. POWER: And the frustration is, it’s so doable.

Q: Yes.

MS. MOSES: Well, thank you all. Thank you all for coming today. (Inaudible) – I apologize for the – (inaudible) – by visiting the various websites – (inaudible).

MS. POWER: Good for you, yes.

MS. MOSES: And, Mark – (inaudible) – for the Center for American Progress – (inaudible).

So thank you for coming and I hope to see you again.

MS. POWER: You guys are terrific. Imagine coming back. (Applause.)

(END)