



SENATE REPUBLICAN

POLICY COMMITTEE

Legislative Notice

No. 68

July 25, 2008

S. 3186 - The Warm in Winter and Cool in Summer Act

Calendar No. 835

S. 3186 was read twice and placed on the Calendar on June 25, 2008.

Noteworthy

- On July 23, 2008, the Majority Leader filed cloture on the motion to proceed to S. 3186, the Warm in Winter and Cool in Summer Act. The Senate will vote on cloture on the motion to proceed tomorrow, Saturday, July 26.
- The bill adds \$2.53 billion for FY 2008 for the Low-Income Home Energy Assistance Program (LIHEAP), designated as emergency spending. The spending is divided evenly between grants to be distributed as contingency funds and grants to be distributed according to applicable formulas under the program.
- LIHEAP was established in 1981 as a block grant program under which the federal government gives states, territories, and tribes annual grants to operate home energy assistance programs for low-income households. The LIHEAP statute provides for two types of program funding: regular funds and contingency funds. Regular funds are allotted to states according to methods prescribed by the LIHEAP statute. The second type of LIHEAP funding, called contingency funds, may be released and allotted to one or more states at the discretion of the President and the Secretary of Health and Human Services.
 - The FY 2008 Consolidated Appropriations Act provided \$2.57 billion for LIHEAP. The President's FY09 budget requests \$2 billion in LIHEAP funding
- At press time, no Congressional Budget Office (CBO) score was available.
- About eight million households in the U.S. use heating oil as their primary heating source, according to the Energy Information Administration.

Background

The Program: LIHEAP was established in 1981 as part of the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35). LIHEAP is structured as a block grant program under which the federal government gives states, territories, and tribes annual grants to operate home energy assistance programs for low-income households. LIHEAP has two types of program funding: (1) regular funds and contingency funds. Regular funds are awarded according to the formula outlined in the LIHEAP statute and contingency funds may be allotted to one or more states at the discretion of the President and the Secretary of Health and Human Services (HHS).¹

According to HHS, about 5.3 million households received LIHEAP benefits in FY 2005 (appropriated funds were \$2.18 billion that year), the latest year for which total obligations data is available. About 55 percent of LIHEAP funds were used for heating assistance. Just over 17 percent were used for crisis assistance (used by states for both winter and summer assistance), and just over 10 percent was used for weatherization services. Just under three percent of the funds were used for cooling aid in 13 states. About eight percent were used for administration and just over one percent was used to reduce the need for energy assistance (The remaining 4.5 percent consists of carry-over from prior year funds, unobligated emergency funds, unobligated leverage and incentive funds, and Residential Energy Assistance Challenge Option (REACH) funds).²

Fuel Use and Prices: About 8 million households in the U.S. use heating oil as their primary heating source, according to the federal Energy Information Administration (EIA).³ Of this 8 million, more than three-quarters reside in the Northeast. Use of natural gas for home heat, by comparison, is most highly concentrated in the Midwest.⁴ Until recently, heating oil was an relatively inexpensive heating source, with prices around \$1 a gallon as recently as five years ago.

EIA data indicates that the national average heating oil cost was \$3.69 per gallon in March 2008, compared to \$2.49/gallon in March of 2007.⁵ EIA's projections for the upcoming winter forecast heating oil to average \$4.65/gallon, up more than \$1/gallon from the average of \$3.31/gallon for the entire 2007-2008 winter (October – March).⁶

According to the National Energy Assistance Director's Association (NEADA), estimated home heating costs for the 2008-2009 winter will reach record levels this year, and

¹ Congressional Research Service, *The Low-Income Home Energy Assistance Program (LIHEAP): Program and Funding*, RL 31865, July 14, 2008.

² CRS, *The Low-Income Home Energy Assistance Program (LIHEAP): Program and Funding*, p. 14, July 14, 2008, citing HHS.

³ EIA, "Residential Heating Oil Prices: What Consumers Should Know." Available at: http://www.eia.doe.gov/pub/oil_gas/petroleum/analysis_publications/heating_brochure/heatbro.htm.

⁴ According to EIA, more than 70 percent of Midwest households heat their homes with natural gas. EIA, *Residential Natural Gas Prices: What Consumers Should Know*. Available at: http://www.eia.doe.gov/oil_gas/natural_gas/analysis_publications/natbro/gasprices.htm.

⁵ EIA, *Heating Oil and Propane Update*. Available at: <http://tonto.eia.doe.gov/oog/info/hopu/hopu.asp>.

⁶ EIA, *Short-Term Energy Outlook 2008*, preliminary forecast.

could cause severe hardships for low and moderate income households. According to the NEADA, the cost of heating an average home with heating oil in 2005 was \$1,198. In 2009, the cost is estimated to be \$2,593, an increase of 116.4 percent.⁷ As a preliminary forecast, EIA estimates average per-household expenditures to total \$2,858.⁸

FY 2008 Funding: The President signed the FY2008 Consolidated Appropriations Act ([P.L. 110-161](#)) on December 26, 2007. Contained in that bill was approximately \$2.57 billion for LIHEAP. The \$2.57 billion was split into two categories: \$1.98 billion in regular funds (FY2007 also appropriated \$1.98 billion for regular funds); and \$590 million was allocated for contingency funds. The regular fund appropriation exceeded the President's FY2008 budget request by \$480 million and his contingency fund request by approximately \$308 million.⁹

The President's FY 2009 Budget Request: The President's FY09 budget requests \$2 billion in LIHEAP funding. Of this amount, \$1.7 billion would be allocated to LIHEAP regular funds and distributed through formulas to the states and \$300 million would be allocated to the contingency fund and distributed at the discretion of the President. The President's request is approximately \$570 million less than was appropriated for FY08. Under the amounts proposed by the President, the regular funds would be \$280 million less in than FY08, and the contingency fund would be \$290 million less than FY08.

This year's budget resolution conference report, passed on June 5, 2008, assumes funding for LIHEAP of \$5.1 billion for FY2009. Of this amount, \$3.1 billion would be available as formula funds and \$2.0 billion would be contingency funds ([S.Con.Res. 70](#), [H.Rept. 110-659](#)).¹⁰

Past Funding Levels:

2002: \$2 billion
2003: \$1.788 billion
2004: \$1.88 billion
2005: \$2.18 billion
2006: \$3.11 billion
2007: \$2.12 billion
2008: \$2.57 billion¹¹

Recent Distributions: The Administration released \$450 million in FY2008 contingency funds to all states, tribes, and territories on January 16, 2008. Of the amount distributed, \$150 million was allocated to all grantees according to their percentage allocation under the LIHEAP block grant formula, and \$50 million was allocated to 11 states based on the percentage of low-income households that use heating oil. The remaining \$250 million was distributed to 26 states on the basis of both the percentage of low-income households that use heating oil, natural gas, or

⁷ <http://www.neada.org/communications/press/2008-06-23.pdf>

⁸ EIA, *Short-Term Energy Outlook 2008*, preliminary forecast.

⁹ CRS, *The Low-Income Home Energy Assistance Program (LIHEAP): Program and Funding*, July 14, 2008.

¹⁰ CRS, *The Low-Income Home Energy Assistance Program (LIHEAP): Program and Funding*, July 14, 2008.

¹¹ CRS, *The Low-Income Home Energy Assistance Program (LIHEAP): Program and Funding*, July 14, 2008, p. 14.

propane for heat, and on the average temperature between November 1, 2006 and March 1, 2007. In addition, the Administration announced on June 26, 2008, that it was distributing funds that were “thought to have been allocated to leveraging incentive and REACH grants in the FY2008 Appropriations Act as part of the regular fund formula grants.” The Department of Health and Human Services (HHS) subsequently released a total of 26.7 million as regular formula grants.¹²

Recent Legislative History: LIHEAP amendments the Senate has considered this year include the following:

Senator Reid offered an amendment to the Economic Stimulus Bill, H.R. 5140, to increase LIHEAP funding by an additional \$1 billion in “regular” funds, to be distributed to states according to applicable formulas. No new contingency funds were provided.¹³ The increase was a part of the larger Democrat substitute that failed to achieve cloture on February 7, 2008.

Senator Specter offered an amendment to the FY 2009 Budget Resolution, S. Con Res. 70, to increase LIHEAP funding by \$1 billion.¹⁴ The increase was agreed to by a vote of 95-4 on March 13, 2008.

Senator Sanders offered an amendment to the Indian Health Bill, S. 1200, to increase LIHEAP funding by \$800 million in emergency funds.¹⁵ The amendment was withdrawn on February 14, 2008.

Senator Gregg offered an amendment to the Indian Health Bill, S. 1200, to increase LIHEAP funding by \$800 million and would be offset by providing that FY 2008 non-defense, non-LIHEAP discretionary appropriations be reduced by an amount equal to the funds provided.¹⁶ The Gregg amendment was a second degree amendment to the Sanders amendment above and fell when the Sanders amendment was withdrawn.

Highlights

Estimated Funding to Individual States Under S. 3186: The bill sponsors estimate that each state will receive the following additional LIHEAP funding under S. 3186. (Note: LIHEAP’s contingency funds remain subject to the discretion of the Administration under the bill. According to the sponsors, the amounts listed below assume grant patterns similar to those over the past several years.)

¹² CRS, *The Low-Income Home Energy Assistance Program (LIHEAP): Program and Funding*, July 14, 2008.

¹³ Senate Amendment 3983. http://ats.senate.gov/amd.asp?Amd_Nr=3983

¹⁴ Senate Amendment 4203. http://ats.senate.gov/amd.asp?Amd_Nr=4203

¹⁵ Senate Amendment 3900. http://ats.senate.gov/amd.asp?Amd_Nr=3900

¹⁶ Senate amendment 4022. http://ats.senate.gov/amd.asp?Amd_Nr=4022

State	Total Amount
Alabama	\$52,207,684
Alaska	\$17,224,945
Arizona	\$24,680,040
Arkansas	\$25,935,782
California	\$104,391,398
Colorado	\$30,941,799
Connecticut	\$59,797,655
Delaware	\$10,504,003
District of Columbia	\$4,417,781
Florida	\$80,747,364
Georgia	\$70,287,805
Hawaii	\$1,423,198
Idaho	\$8,241,310
Illinois	\$117,386,938
Indiana	\$54,371,472
Iowa	\$24,565,050
Kansas	\$26,126,049
Kentucky	\$34,848,044
Louisiana	\$44,396,681
Maine	\$36,596,392
Maryland	\$52,460,930
Massachusetts	\$98,973,680
Michigan	\$114,609,254
Minnesota	\$52,362,731
Mississippi	\$25,751,789
Missouri	\$70,266,851

Montana	\$17,484,318
Nebraska	\$21,896,359
Nevada	\$11,591,748
New Hampshire	\$27,079,492
New Jersey	\$80,311,579
New Mexico	\$11,318,104
New York	\$250,435,966
North Carolina	\$79,433,121
North Dakota	\$18,992,480
Ohio	\$112,567,399
Oklahoma	\$36,381,394
Oregon	\$11,251,668
Pennsylvania	\$210,357,690
Rhode Island	\$21,088,119
South Carolina	\$37,911,568
South Dakota	\$15,425,279
Tennessee	\$47,606,182
Texas	\$134,336,826
Utah	\$17,758,527
Vermont	\$20,567,956
Virginia	\$59,805,322
Washington	\$17,316,565
West Virginia	\$15,394,074
Wisconsin	\$47,133,976
Wyoming	\$7,109,737
Territories	\$346,926

Bill Provisions

The bill contains two sections. Section 1 provides a short title.

Section 2 adds \$2.53 billion for FY 2008 for the Low-Income Home Energy Assistance Program, designated as emergency spending. The \$2.53 billion increase is split evenly between the grants that are distributed according to applicable formulas and contingency funds, with each receiving an increase of \$1.265 billion.

Cost

At press time, there was no CBO score available.

Administration Position

At press time, there was no Statement of Administration Policy (SAP) available.

Possible Amendments

The amendment process and floor procedure was unclear at press time. The Minority Leader has indicated that dealing with LIHEAP is entirely appropriate in the context of an energy debate, and requested accordingly that a LIHEAP amendment be considered in order to S. 3268, the Stop Excessive Energy Speculation Act of 2008, currently pending.