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Chairman Kerry, Senator Snowe and Members of the Committee, it is my pleasure to submit written testimony to your committee today. My name is Jennifer Brooks. I am the Community Relations Manager for Penquis, the Community Action Agency serving Penobscot, Piscataquis, and Knox counties in Maine. The mission of Penquis is to assist individuals and families in preventing, reducing, or eliminating poverty in their lives and, through partnerships, to engage the community in addressing economic and social needs. Penquis primarily serves low- and moderate-income individuals in the above mentioned counties and several programs extend well beyond those boundaries.

Prior to my work as the Community Relations Manager at Penquis, I provided oversight to the economic development programs administered by Penquis. Those programs included technical assistance, classroom training, and lending for microenterprises in Maine. Additionally, I serve as Chair for the Penobscot, Piscataquis, and Knox County Transition Teams that provide coordinated assistance to displaced workers.

I want to thank you for taking time to hear testimony about a very important issue affecting us all, the high cost of energy. There is not a meeting I attend, whether the focus is housing, healthcare or small businesses, that the topic of the cost of oil is not discussed and the statement made, "What are we going to do?" .

Let me first give you a picture of the State of Maine. Maine is a rural state of roughly 30,862 square miles, with approximately 41.3 persons per square mile and a significant disproportion of people living in the southern part of the state. Piscataquis County, one of the largest counties east of the Mississippi has only 4 persons per square mile.

According to the Poverty in Maine Report 2006 prepared by the Margaret Chase Smith Policy Center at the University of Maine?, in Penobscot County, the median household income was \$36,845, slightly below the 200% poverty level for a four person household.

The median household income in Piscataquis County was almost 22% lower than the state median income, and was the second lowest of any county in Maine. It was 18% below the 200% poverty level for a four-person household.

More than 70% of people own their own home in Maine. In Penobscot and Piscataquis Counties, there are 15,331 owner occupied homes built prior to 1950, 28% of those homes are considered poorly insulated.

4 out of 5 Maine households heat their homes with oil. The average household in Maine uses 900 gallons of oil per year. The average cost of oil at this time in eastern Maine is \$4.65. Based on these figures, the average household in eastern Maine can plan on spending \$4,185 for heat this coming year.

The Maine Dept of Labor just recently announced that unemployment in Maine has taken an unprecedented increase this past quarter. Over the last four years, Maine has suffered the loss of major employers and more than 500 jobs. In many instances, those closures were located in very rural, isolated communities with few opportunities for new employment, particularly at the same rate of pay. Many workers were left with only one option, to travel long distances for employment. Currently in Maine, gas is an average of \$4.10 per gallon.

If small businesses are the backbone of the United States' economy, in Maine they are the lifeline. 97% of all businesses in Maine are considered small businesses. Many of those businesses, however, are much smaller than the Small Business Administration's definition of "small business". According to the Association for Enterprise Opportunity, in the Penquis three county service area, microenterprises account for more than 25,000 jobs. In Piscataquis County and Knox County, microenterprises account for 25.9% and 30.1% of the workforce respectively. Those microenterprises, many of them sole proprietorships, all have fewer than five employees. They are an artisan, a baker, a hairdresser, or a childcare provider. Many microenterprises in our rural areas start because of a lack of options for other employment. They will work hard to keep the business afloat and retain their employees. As the cost of doing business increases due the high cost of heat and gas, these businesses will need to make vital decisions about keeping the business in operation. Right now, Maine is beginning the tourist season. For many of these microenterprises, this is the time of year that they earn a small profit that may carry them through the harsh winter. These microenterprises are not alone in their inability to handle the high cost of fuel. Recently, Katahdin Paper in Millinocket announced its closing due to the cost of energy. The Katahdin Paper closing will result in approximately 200 people losing their jobs.

Penquis, like all community action agencies in the State of Maine, administers the Federal Low Income Heat and Energy Assistance Program (LiHEAP). Last year, Penquis provided LiHEAP fuel assistance to 9,078 households. A total of 11,258 applications were received, with 2,151 households denied LiHEAP. 60% of those denials were due to the household being over income to qualify for LiHEAP. The average benefit amount received by a household was \$736. In order to qualify for LiHEAP this upcoming heating season, a family of four must earn less than \$31,800. If a household does qualify for LiHEAP and benefits do remain constant, a household can expect to receive on average 158 gallons of oil, not even enough to fill the tank.

In addition to LiHEAP, Penquis administers a Good Neighbor/Keep ME Warm Fund that provides fuel assistance to individuals who do not qualify for LiHEAP but demonstrate need. The Good Neighbor/Keep ME Warm fund relies on private donations from individuals, businesses, and foundations. 560 households received 100 gallons of oil.

According to the Poverty Report cited previously, in 2006-2007 over one-third of households in Maine receiving LiHEAP benefits were elderly (age 65 or older) and the average household income of LiHEAP recipients was \$14,342.

Last heating season, people who could not afford to purchase oil utilized other heating sources such as small electric heaters, improperly installed wood stoves, even leaving their cooking oven on and open. Not only are these three alternatives unsafe, they can be costly as well. Between October and April of each heating season, Bangor Hydro Electric Company, the regulated utility serving???, is prohibited by state law from disconnecting electricity for nonpayment. Many individuals resorted to heating by electricity. In April, Bangor Hydro Electricity Company mailed 46,000 disconnection notices to mostly residential customers representing 39% of all its customers.

Solutions.

Before we can discuss solutions to the high cost of oil, we need to recognize the pervasive nature of the energy crisis. Costs of all commodities continue to increase with food being the most frightening. Transportation to work, necessary shopping, and other critical visits will quickly be part of the problem.

While low-income individuals in our state clearly have an extremely hard time with these price increases, moderate income families that are above traditional public assistance eligibility guidelines are at the greatest risk if there is not a deliberate and rapid change in eligibility. They will be driven into poverty very quickly.

Any public program or assistance offered in response to the current energy crisis must be made available on a sliding benefit schedule that will allow people up to 100% of area or statewide median income (whichever is greater) to receive some benefit.

Near-term assistance: increase LIHEAP funding to reflect both the percentage increase in the cost of home heating oil and the increase in need (expanded sliding scale eligibility guidelines)

Long-term investment: provide grants, low/no interest loans, and tax credits to small businesses to upgrade or convert their existing heating system.

Long-term investment: continue to fund the SBA's microloan program, allowing a simple loan process and providing technical assistance to microenterprises. Thank you for your support of the Rural Maine Microenterprise Program as part of the final version of the Farm Bill. That program will provide \$15 million over the next four years to assist microenterprises.

Long-term investment: increase weatherization funding to weatherize the homes of all families at or below 100% of the area or state median income (whichever is greater) by 2015 (this is a great economic stimulus program as well as a response to the energy crisis.)

Long-term investment: underwrite the cost of converting to non-petroleum heating systems for families at or below 100% of the area or state median income (whichever is greater).”

While it is essential to the well-being of every person that changes are made, developing policy responses and practical solutions are even more critical to the well-being of those in greatest need -- low-income families -- as the cost of fuel reaches a crisis in the State of Maine.

Thank you again, members of the Committee, for the opportunity to testify on this very important subject.