

May 2, 2012

WHAT'S IN THE FY 2012 BUDGET FOR ENERGY ASSISTANCE?

The District's Department of the Environment provides funding for energy assistance for low-income District households. Most of the money is directed through the Low-Income Home Energy Assistance Program (LIHEAP), which helps thousands of low-income DC households pay their utility bills each year.

During the recent economic downturn, unemployment in DC spiked and remains high, and more families have struggled financially. Providing money to help families behind on utility bills or rent is an important strategy to prevent homelessness and to preserve affordable housing.

The FY 2013 budget for energy assistance is \$12.7 million, including federal and local dollars. This funding level represents a 3.1 percent decrease from FY 2012, after adjusting for inflation. (Unless otherwise noted, all figures are adjusted for inflation to equal FY 2013 dollars.) The FY 2013 budget reflects slight decreases in both federal and local dollars.

The cut in funding in FY 2013 would mean that 400 to 500 fewer families would receive assistance to pay energy bills. It also means that the city would run out of funds for energy assistance even earlier in the year than currently occurs.

Moreover, the proposed budget for energy assistance in FY 2013 is well below the FY 2008 level of \$21.9 million – even though demand for assistance rose sharply due to the recession.

KEY FINDINGS

MAYOR'S BUDGET PROPOSAL

- The FY 2013 proposed gross budget for low-income energy assistance benefits is \$12.7 million, including both local and federal funds. This is a 3.1 percent decrease from the FY 2012 budget, after adjusting for inflation.
- Mayor Gray's proposed FY 2012 budget for LIHEAP would be the fifth budget in a row with a reduction in gross funding. Though federal funding spiked to \$17.5 million in 2009, it has been on a decline since then. The proposed 2013 federal budget of \$6.8 million for LIHEAP would be a 4.9 percent decline from the 2012 funding level, after adjusting for inflation
- Local funding for LIHEAP would decline by 0.8 percent, to \$5.9 million in FY 2013 from \$6.0 million in FY 2012. Between 2007 and 2010, the District put significant local dollars into LIHEAP. Since then, the District has made declining investments in energy assistance at the same time that federal funding continues to fall.

FINAL COUNCIL VOTE, MAY 15th

- No changes to the energy assistance budget were made by the Council in the final approved budget.

Analysis of the FY 2013 Budget for Energy Assistance

The FY 2013 budget is the fifth in a row to reduce local funding to LIHEAP. The decrease in local LIHEAP funding is a reversal of the District's earlier efforts to supplement low federal funding for energy assistance.

Until 2004, DC's energy assistance was funded primarily by the federal government. Starting around that time, District officials decided to put local funding into the budget for energy assistance. By FY 2008, the local appropriation for energy assistance reached nearly \$15 million and exceeded the federal funding level.

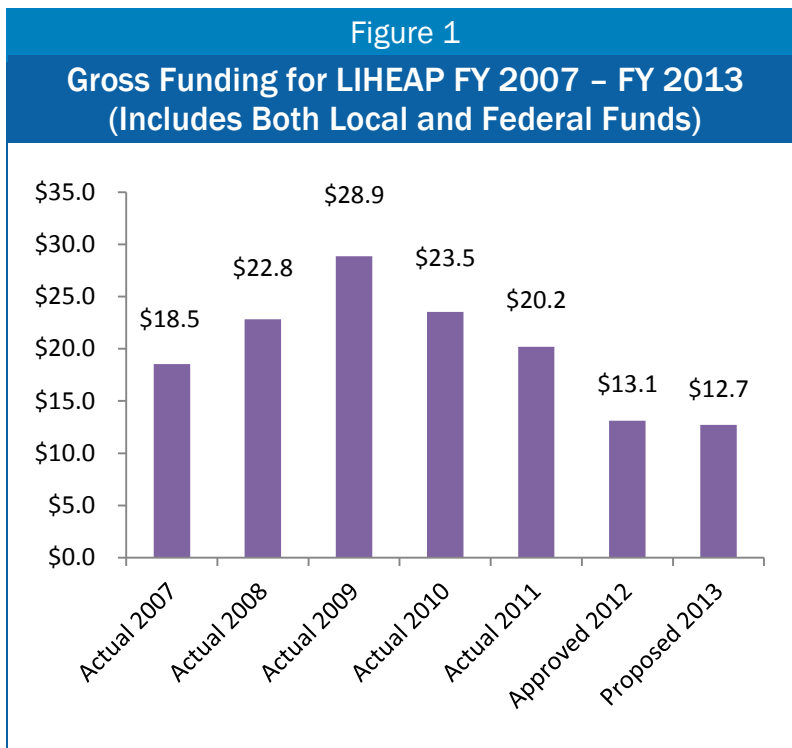
Local funding for LIHEAP has dropped notably since then – to \$8.6 million in FY 2010 and a low of \$6 million in 2012. The FY 2013 local funding level is 0.8 percent lower than in FY 2011 – and a 44.3 percent cut since FY 2008 (see Figure 1).

Federal funding for energy assistance benefits has fluctuated since 2008. Federal funding spiked in FY 2009 – rising from \$7.3 million in 2008 to \$17.5 million in 2009 – in response to a sharp rise in energy costs and the economic downturn. In FY 2010, in addition to federal and local dollars, the District supplemented LIHEAP also using a portion of its federal TANF funds. Since then, federal funding has declined, falling to \$6.8 million in FY 2013.

As a result of these trends, total funding for energy assistance rose sharply through 2009 and has fallen since then. Combined federal and local funding rose from \$7.7 million in FY 2004 to \$22.8 million in FY 2008 and \$28.9 million in FY 2009. As noted, the budget for FY 2013 is \$12.7 million.

The increase allowed the District to serve an increasing number of households. According to the DC Energy Office, 23,694 households received some type of energy assistance in 2007. By 2009, the number continued to increase with 33,844 receiving assistance (see Figure 2). At the same time, the program still reached fewer than half of all eligible households, and it still ran out of funds before the end of the fiscal year

Since 2009, the number of families helped declined due to budget constraints. In 2011, 27,986 families received assistance.



Under the FY 2013 budget, the District will assist 400 to 500 fewer residents struggling to pay utility bills, even though the recession and rising unemployment has resulted in an increase in the number of households needing assistance.

According to the Public Service Commission, the number of households that had their electricity shut off in 2011 due to nonpayment was 50.3 percent higher than in 2010, and the number of households that had their gas shut off was 17.3 percent higher in 2011 than in 2010.

