

May 28, 2010

What's in the FY 2011 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 has spiked, 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.

Summary of Mayor's Proposed Funding Level

The proposed FY 2011 budget for direct energy assistance is \$17 million, including federal and local dollars. A proposed decline in local funding would be offset by an increase in federal dollars, making the proposed budget for FY 2011 about the same as FY 2010.

The total budget for energy assistance in FY 2011 is well below the FY 2008 level of \$21.9 million — even though demand for assistance has risen sharply due to the recession.

Analysis of the FY 2011 Budget for Energy Assistance

The proposed FY 2011 budget would be the third 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 about 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.

SUMMARY

Mayor's Proposed FY 2011 Budget

- The FY 2011 proposed budget for low-income energy assistance benefits is \$17 million, including both local and federal funds. This is the same as the FY 2010 funding level, adjusting for inflation.
- Local funding for LIHEAP would decline by 18 percent, to \$6.8 million in FY 2011 from \$8.2 million in FY 2010. However, federal funding would increase to offset the local funding decline.
- The FY 2011 budget would be the third in a row with a reduction in local funding to LIHEAP, despite growing demand for energy assistance. Even when federal funds are included, total funding in FY 2011 would be far lower than in FY 2008 and FY 2009.

DC Council Committee Markup, May 13

- No changes were made by the Committee on Government Operations and the Environment to the proposed LIHEAP budget for FY 2011.

DC Council Approved Budget, May 26

- The DC Council approved the mayor's proposed budget for LIHEAP.

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 \$8.2 million in FY 2010 and \$6.8 million in 2011. The proposed FY 2011 local funding level is 18 percent lower than in FY 2010 — and a 46 percent cut since FY 2008.

Year	Households
2007	23,694
2008	30,733
2009	33,844

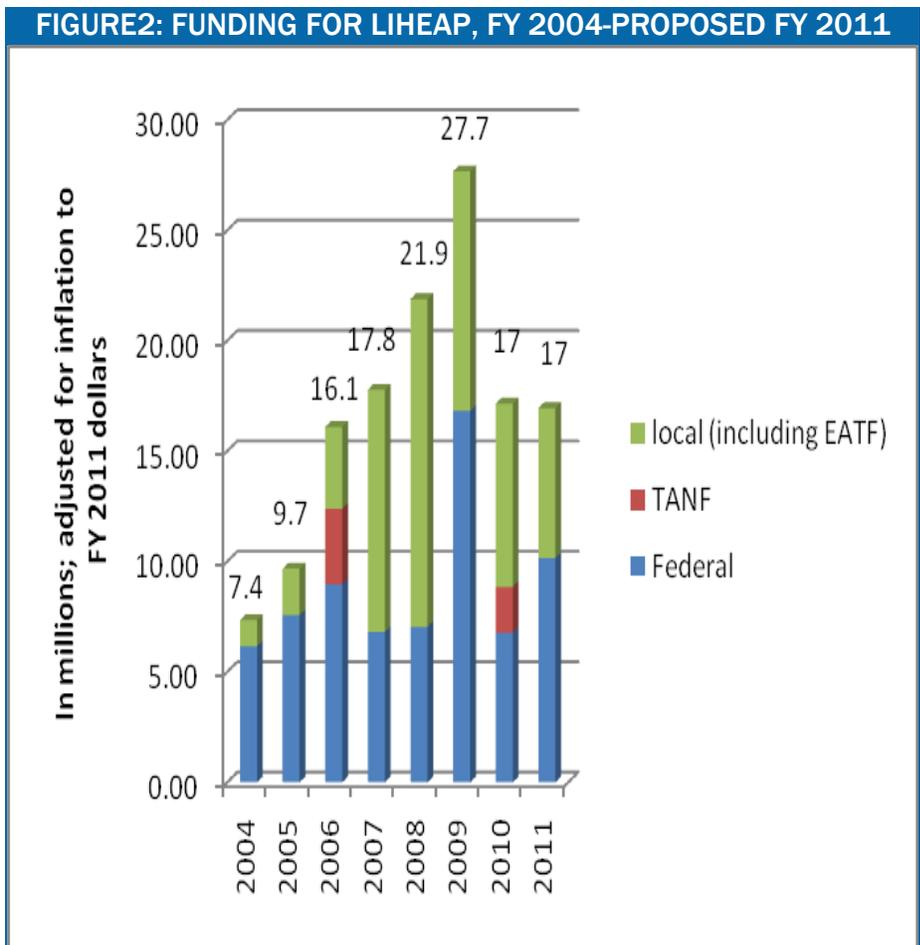
Federal funding for energy assistance benefits has fluctuated since 2008. Federal funding spiked in FY 2009 – rising from \$7 million in 2008 to \$16 million in 2009 — in response to a sharp rise in energy costs. Since then, federal funding has fallen reaching \$10 million in FY 2011. This remains higher than the FY 2008 level.

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 million in FY 2004 to nearly \$22 million in FY 2008 and \$27 million in FY 2009.

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. In 2008, the number rose to 30,733 households. In 2009, the number continued to increase with 33,844 receiving assistance. At the same time, the program still reaches fewer than half of all eligible households, and it still ran out of funds before the end of the fiscal year.

The increase in funding also allowed the District to expand eligibility for energy assistance to a larger group of residents.

Prior to FY 2007, residents were eligible for LIHEAP if their household income was less than 150 percent of the federal poverty line, which is \$33,075 for a family of four. Many families with income above that threshold, however, remain very needy but could not receive assistance.



In FY 2007, the District raised the LIHEAP threshold to 60 percent of the state median income. For a family of three, 60 percent of the state median income equals \$36,072, which is roughly 200 percent of the poverty line. This threshold is consistent with other means-tested public benefit programs that set their eligibility thresholds at two to three times the federal poverty line in recognition of the fact that many families with income far above the poverty line still experience hardship.

The decline in funding since FY 2009 likely means that the District is able to serve fewer households. For both FY 2010 and FY 2011, total funding for energy assistance benefits is \$17 million. This is well below the peak funding level of FY 2009, but it also is below the \$22 million funding level in FY 2008.

If the proposed budget is approved, the District would be less able to assist 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 2009 due to nonpayment was 43 percent higher than in 2007, and the number of households that had their gas shut off was 29 percent higher in 2009 than in 2007.

DC Council Committee Markup

The DC Council Committee on Government Operations and the Environment met to markup the budgets for agencies under its purview on May 13. The Committee did not recommend any changes to the Mayor's proposed LIHEAP budget for FY 2011.

DC Council Approved Budget

The DC Council approved the Mayor's proposed FY 2011 for LIHEAP.