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Testimony Regarding:

Governor Rell's Winter Heating Aid Plan

Testimony of Daniel Townsend
Co-Director of the Center for Economic Policy
Roosevelt Institution at Yale

To the Special Session of the General Assembly
August 22, 2008

Members of the Committee:

I am testifying today as the Co-Director of the Roosevelt Institution at Yale's Center for Economic Policy. The Roosevelt Institution is a national network of student think tanks, bringing together students at over 70 campuses around the country to conduct public policy research and analysis on the problems facing their communities. At the Yale chapter, we have over 70 students committed to addressing local, state, and national policy problems on a wide range of topics. As part of our work, the Center for Economic Policy conducted a 2007 study on the policy challenges posed by rising home energy costs in the state of Connecticut, which will serve as the basis for my testimony.

I strongly support the proposal to set aside this year's state budget surplus for the purpose of increasing support for rising home energy costs. With oil and gas prices rising dramatically in the past year, home heating bills are due for a sharp increase. The National Energy Assistance Directors' Association projects that the average cost of home heating will rise by over 14% this winter – a figure that could be even higher in Northeastern states such as Connecticut. Furthermore, 2008 has seen the worst rates of inflation in 17 years, decreasing the ability of families of all income levels to pay these skyrocketing bills.ⁱ

Funds provided by the federal government, including primarily those under the Low Income Home Energy Assistance Program (LIHEAP) have recently fallen far short of the demonstrated need of Connecticut's poorest families. Because of funding limitations LIHEAP assists fewer than 20% of eligible households nationwide.ⁱⁱ Connecticut's elected officials, who have on several occasions solicited further government support of LIHEAP, are familiar with the reluctance of the federal government to increase funding. Despite regular requests, Congress has never provided the full amount of authorized LIHEAP funds – and this year, President Bush has threatened to veto any increases in LIHEAP funding. As such, this supply of funding from the state government allows Connecticut to take LIHEAP improvement into its own hands by supplementing the federal allocations available for this coming winter.



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Low Income households such as those on LIHEAP are deeply affected by rising energy costs. These households often pay higher percentages of their incomes on energy, and rising costs force them to cut spending on other essentials such as food and healthcare. In an energy cost survey conducted this year, 30% of low income residents reported that they had foregone medical care at some point to pay for energy bills.ⁱⁱⁱ As such, a lack of adequate assistance for low income households can cause strains on other public assistance programs such as Medicare. Dollar for dollar, investments in home energy assistance can have positive effects on other sectors of the economy by ensuring a basic, healthy standard of living for Connecticut residents.

Rising energy costs in the face of stagnant federal funding pose a large threat to home energy assistance. This year's budget surplus provides Connecticut with an opportunity to help mitigate the impact of surging prices on low and mid-income households, and I strongly hope that this session will vote to help homeowners across the state during the upcoming cold months.

Thank you.

ⁱ New York Times, "Living Costs Rising Fast, and Wages are Trailing." Aug 14, 2008.
<<http://www.nytimes.com/2008/08/15/business/economy/15econ.html?ref=business>>

ⁱⁱ Center on Budget Policy and Priorities, "Veto Threat on Funding For Low-Income Heating Assistance Ignores Serious Need" Aug 11, 2008. <<http://www.cbpp.org/8-11-08bud.htm>>

ⁱⁱⁱ National Energy Directors Association, *2008 Energy Costs Survey*,
<www.neada.org/communications/surveys/EPC_Energy_Costs_Survey_Report_2008.pdf>