REPORT ACCOMPANYING H.R. 2216

House Report 107-102 - MAKING SUPPLEMENTAL APPROPRIATIONS FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2001, AND FOR OTHER PURPOSES

DISSENTING VIEWS OF HON. DAVID OBEY

The problems facing Americans today are in some respects quite different from those the country faced last fall when Appropriations were enacted for the current fiscal year. With gasoline prices up as much as 50 cents a gallon, a two car family can expect to pay about $600 dollars a year more to the oil companies and they will be paying a similar increase in heating and electrical costs. This is about a thousand or so dollars per household that won't be available for replacing the family car, buying new clothes or saving for college education. As a result many businesses are suffering and the whole economy has gotten softer.

While higher energy prices have affected households in every part of the United States, the impact on the West Coast has been much more severe. Many Americans in other parts of the United States are still not aware of how serious the situation is in the West and how much it may impact the overall national economy. Because more than one in eight Americans live in the three West Coast states and because so much of our export oriented and high tech industries are concentrated in those states, serious economic disruptions on the coast are certain to have a big impact on the economies of virtually all of the 47 other states.

Ironically, this supplemental is before the Congress largely because of energy problems. When fuel prices rise, the cost of flying planes, fueling ships and driving tanks also goes up and the military needs more money. This bill at least partially addresses those costs. (Many who follow the defense budget in detail, however, believe that the armed services may still have to scale back training, maintenance and other activities in the final months of the fiscal year because of our failure to fully offset these higher fuel costs.)

But the major failing of this Supplemental is that it does not address the energy crisis with respect to any other segment of the society or the American economy. It does not take a number of simple and straightforward steps that could be critical in boosting the near term availability of electrical power, protecting consumers from the extreme price gouging occurring in some segments of the industry and insulating the American economy from further damage from rising energy prices. Finally, it does far less than is necessary to protect low income and elderly households from the devastating impact that high-energy prices have on their ability to afford food, medicine and other necessities.

THE ENERGY PROBLEM

Fluctuations in the cost of energy have played a major role in the performance of the American economy since the early 1970s. Rising fuel prices have contributed to at least three recessions over the last three decades and falling fuel prices have caused dislocations and bankruptcies in our own energy producing states and wreaked serious havoc with the entire international financial system.

The current situation differs from those of the past in that it is caused not only by an imbalance between the demand and supply of fossil fuels but also by serious emerging structural problems in the industries that generate and transmit electricity. While California and the West Coast provide the most obvious examples of these problems they are not strictly West Coast problems.

The deregulation and restructuring of the electrical utility industry that began more than a decade ago has left investors with considerable uncertainty as to how far deregulation will eventually go and how competitive the market for electricity will be. As a result there has been little growth in capacity for either generating or transmitting electrical power even though the economy has grown at a remarkable pace for most of that same period. As demand for electricity began to approach the capacity to generate it some producers came to realize that by withholding output they could force significantly higher prices in the newly deregulated environment. As a result, consumers are faced with a market that is neither competitive nor regulated.

There are three fundamental reasons that this problem is more severe in California and on the West Coast. First, California's attempt at deregulation was particularly inept. Wholesale prices were unleashed while retail prices remained regulated. That worked only as long as the price of the oil and natural gas used for generating electricity continued to fall. Once oil and gas prices began to rise, retail suppliers were caught in an untenable squeeze and consumers were given no incentive to conserve.

Second, the national power grid has never had significant capacity to transmit electricity from east of the Rockies to California and the West Coast. As a result, there is much less competition in the wholesale electricity market in the West than in other parts of the country.

Third, the West has relied more heavily on hydroelectric power than most other parts of the country. Hydroelectric power is dependent on rainfall and the Pacific Northwest where most of the dams are located has been suffering from a severe drought.

The combination of these factors has produced not only dramatic increases in the price of electricity but also in blackouts that jeopardize production and profitability in a wide array of industries. Producers are typically charging between 10 and 30 times the historical rate for electricity and in some instances they have been able to charge as much as 129 times the historical rate. Typical homeowners in many parts of the state have seen their monthly electricity bills go from $100 to more than $800. In some communities more than half of all small businesses are either in bankruptcy or in the process of applying for bankruptcy protection. A significant number of larger employers have actually shut down operations. In total, electricity costs in California have gone from $7 billion a year to around $70 billion. Even in a state with a trillion dollar a year economy, that is a huge diversion of GDP from other sectors of the economy to the utility companies.

That means that states like Wisconsin that produce capital goods have seen their California markets evaporate and now have surplus inventories. States like Michigan, Ohio and Missouri are seeing layoffs in the automobile industry. Sales are off in the publishing, recording and household products industries largely because of the bite the electricity market in California is taking out of that state's ability to grow and consume products from other parts of the United States.

WHAT CAN BE DONE?

The United States faces both short-term and long-term problems with respect to energy. Under existing technologies our growing economy requires more and more energy, makes us more and more dependent on oil from the Persian Gulf, and therefore inevitably more vulnerable to political disruptions in that part of the world. At the same time it increases air and water pollution and jeopardizes the global climate. Finding ways to reduce our consumption of energy will help control prices, improve the quality of our air and water and reduce the vulnerability of our economy to events in Southwest Asia. Finding alternative forms of energy will also help achieve all three of those objectives. Those activities require the kind of long term and high-risk investments that the private sector is not likely to undertake and they should be funded in our regular appropriation bills as the high priority investments that any sensible assessment of our economic and security needs indicate they deserve.

But the electricity crisis could do serious damage to our current prosperity if we do not take action now for short-term remedies. The Democratic members of the Appropriations Committee put forward a series of such initiatives when the Committee met to consider this Supplemental on June 14th. Action on this legislation had been delayed for months based on the

President's decision not to send forward a budget request until the Congress had completed action on the tax bill. As a result remedies to the energy crisis that could be underway are only now being considered. Unfortunately, even when the Supplemental budget request finally did reach the Committee, Republican Congressional leaders maintained rigid discipline in dissuading committee members of their party from supporting these proposals. As a result none were adopted. That is deeply disturbing since this Supplemental is the single best and--perhaps only--legislative vehicle that can put resources to use this summer in mitigating the crisis.

There were four separate amendments presented to the committee, each dealing with a separate portion of the energy crisis.

Temporary cost-of-service price limits in Western states (Roll Call #6);
$350 million for national electric power grid improvement loans (Roll Call #3);
$125 million for national hydroelectric power improvement loans (Roll Call #2); and
$600 million in fiscal year 2001 and $1.4 billion in fiscal year 2002 for increased emergency funding for the Low-Income Home Energy Assistance Program (LIHEAP) (Roll Call #1).

Temporary Cost-of-Service Price Limits (Roll Call #6)

It is essential to address the price-limit issue on this emergency supplemental appropriations funding bill. No one disagrees that the current wholesale energy market in the West is dysfunctional. Wholesale spot-market electricity rates that used to be around $30 per megawatt hour in the past have ranged between $200 and $300 a megawatt hour this spring, with typical peaks as high as $1,000 per megawatt hour.

Federal Energy Regulation Commission (FERC) orders issued to date this year put in place market-based limits and close loopholes which previously allowed energy generators to avoid FERC regulation, for example by shipping power out-of-state and then reimporting it during emergencies at unreasonable prices. FERC orders to date, however, do not prohibit all energy providers from overcharging since FERC still uses market-based instead of cost-of-service based rates. Recent FERC orders to date do not effectively rectiviy overcharges that have occurred since June 2000, nor compel refunds in cases where prices have not been fair and reasonable.

During this past year, while ordinary citizens and small businesses were suffering, a few energy generators and energy marketers made record high profits on the backs of the Western states. On June 5, Duke Energy confirmed that it sold electricity in California for as much as $3,880 a megawatt hour (129 times the historical rate)--double the rate that Governor Grey Davis cited as an `obscene' example of price gouging.

In May, 41 Member of Congress introduced H.R. 1468, the Energy Price and Economic Stability Act of 2001. The bill has two main features: (1) It sets a temporary limit for wholesale energy prices in the Western United States at a cost-of-service (rather than a market based) rate, to include a reasonable risk premium or a return on invested capital; and (2) it allows States which are charged unjust and unreasonable electricity rates since June 1, 2000 to obtain refunds, if they are successful in bringing action in U.S. district court. The bill's provisions expire in March, 2003. The price limits in this amendment are essential to stabilizing the power market in Western states until sufficient supply can be brought on-line to allow competitive market forces to ensure fair and reasonable prices.

H.R. 1468 is a very reasonable, moderate, flexible, and temporary response to the severe energy crisis in the Western states. The amendment proposed by Democrats an amendment to this supplemental appropriations bill would simple enact H.R. 1468 as part of the larger bill, to provide immediate temporary relief to millions of American citizens in a number of Western states. A senior Republican leader said when the amendment was offered that `California made its bed, and now California should sleep in it'. The Majority voted along party lines to reject it (Roll Call #6).

Electric Power Grid Improvement Loans (Roll Call #3).

Electricity competition has led to significant changes in the operation of the bulk power grid (the powers plants and high-voltage transmissions facilities that make up the wholesale power market). More and more electricity is being shipped longer distances over a transmission system that was originally designed only to provide limited power and reserve-sharing among neighboring utilities.

Competition in electricity has already dramatically increased the movement of power within and between regions of the country. Over the next ten years, the Department of Energy predicts that demand for electric power will increase by 25 percent, and more than 200,000 megawatts of new capacity will be required. However, under current plans electric transmission capacity will not be nearly enough to keep pace. This shortage could lead to serious transmission congestion and electric reliability problems. Regional shortages of generating capacity and the increasing stress placed on the existing transmission system are combining today to reduce the overall reliability of electric supply in the country and are reducing the quality of power delivered to end-users.

The best example of how this has developed into an emergency situation is Path 15 in California, which consists of two 84-mile 500 kilovolt transmission lines between the northern and southern parts of the state. There is consensus that Path 15 is a major bottleneck which contributes to blackouts in the state. Between April, 1998 and January, 2001 there were 226 incidents where the flow on Path 15 exceeded the south-to-north stability limits. As a result, electricity was diverted to other transmission

lines and routed through Nevada and Oregon. The California Independent System operator concluded that for the period between September 1999 and December 2000 congestion on Path 15 cost consumers $222 million.

California utilities would like to add a third transmission line along the existing path at an approximate cost of $250 million to increase transfer capability by approximately 1,500 megawatts. The Secretary of Energy recently testified before the Committee that constructing the third Path 15 line would increase transmission system reliability, reduce the likelihood of blackouts, and lead to greater competition and lower prices. Unfortunately, due to the recent energy crisis, California utilities that are in very poor financial condition have no means to undertake such a project at this time.

The Secretary of Energy also recently testified that the electric price spikes in the Midwest in the summer of 1998 were caused in part by transmission constraints limiting the ability of the region to import electricity from other regions of the country with available electric power. During the summer of 2000, cool weather in the Midwest and hot temperatures in the deep South created a heavy north-to-south flow of lower-cost, efficient Midwestern electricity to serve air conditioning loads. However, because the transmission system was unable to accommodate the heavy loads, the South had to turn on inefficient, older generation units. The Secretary also testified that transmission constraints have been a persistent cause of price spikes in New York in recent years.

The obsolescence of the nation's electric power transmission grid has become an emergency that requires immediate attention. The problem is not one limited to just California, or even the Western states: it is clearly a national problem that potentially affects all citizens. To address it does not mean that there has to be a Federal ownership or operational role in local or regional power transmission. A loan program can provide the up-front cash to accelerate projects around the country that will quickly lead to improved, lower-cost, and more efficient power transmission. As upgraded or new power lines or systems are used, the recipients of loans can reimburse the government over time in a manner that minimizes burden on local communities yet fully recoups the cost of the government's loan which in the long term would be zero.

The Democrats proposed an amendment to this bill to allow the Secretary of Energy to provide $350 million in loans to states, companies, and other outdated equipment would improve system reliability by reducing the number of generators going out of service and improve generator efficiency.

In the Pacific Northwest, up to 70 percent of electricity is generated from hydropower. A continued lack of funding has reduced the Corps' ability to sustain the reliability of its hydropower production at its facilities in the Pacific Northwest which are essential for providing power in the Western states. Facilities in Oregon, Washington, and Idaho have a backlog of repair items affecting not only the power plant facilities, but also associated dam and reservoir maintenance to assure continued safety and environmental protection including fish habitat. The Army Corps of Engineers needs $45 million to repair earthquake damage to hydropower facilities and to correct major environmental deficiencies in the Pacific Northwest in the states of Washington and Oregon. Performance of this maintenance would also increase power generation reliability through use of modern technology.

The Democrats proposed an amendment for $125,000,000 as follows: up to $40 million for loans to operators of non-federal dams for energy efficiency improvements, $45 million for repairs and improvements to dams in the Pacific Northwest, and $40 million for repairs and upgrades to dams operated by the Army Corps of Engineers or the Bureau of Reclamation within the Department of the Interior. None of these funds could be used in a manner which increases environmental damage above current levels.

The Majority voted along party lines to reject it (Roll Call #2).

Low-Income Home Energy Assistance (Roll Call #1)

Whether it is families in the Northeast that heat their homes with fuel oil, families that use natural gas in the Midwest, or families using electricity in California and the West, nearly every family in America has experienced the shock of receiving a heating or cooling bill double or triple the amount they paid the year before. For example, residential heating oil prices were 48 percent higher in November 2000 than in November 1999, and residential natural gas prices in the fourth quarter of 2000 were 44 percent above the previous year.

These extraordinary energy price hikes have hurt our senior citizens and low-income families the most. They already struggle to heat and cool their

organizations for improvements to existing electric power transmission systems. The Majority voted along party lines to reject it.

Hydroelectric Power Improvements (Roll Call #2)

Hydropower is a low-cost renewable resource producing no airborne emissions that contribute to acid rain or the greenhouse effect. Hydropower is the nation's leading renewable energy source, accounting for 81 percent of the nation's total renewable energy generation, and is considered to be the least environmentally damaging major source of power. The United States is one of the largest producers of hydropower in the world, second only to Canada. Hydropower ranges between 10 to 12 percent of U.S. electrical generation. Without hydropower, the United States would have to burn an additional 126 million tons of coal, 25 million barrels of oil, and 452 billion cubic feet of natural gas annually. Simply increasing the efficiency of the nation's existing hydroelectric equipment by one percent would result in an increase in annual power generation of about 3.3 billion kilowatt hours. A 1998 Department of Energy report suggests that our nation has the ability to generate up to 4,316 megawatts of additional electric power by upgrading equipment at hydroelectric facilities now operating.

There are non-Federal dams in all 50 States at 2,162 sites. Some non-federal owners of hydroelectric dams continue to operate turbines that were installed more than a century ago.

The Army Corps of Engineers has 75 hydropower facilities throughout the country that account for about 24 percent of the hydroelectric power capacity and about 3 percent of electric power in the nation, making the Army Corps the 4th largest utility in the nation. The backlog of maintenance for these facilities is $400 million.

At a recent hearing conducted by the Subcommittee on Energy and Water, the Chief of the Army Corps of Engineers testified that many of the Corps' 75 hydroelectric dam power plants have generating equipment that is 30 to 40 years old which is in need of upgrade or replacement. The Chief further testified that the Corps had $23.7 million of hydropower critical maintenance backlogs that threaten efficient power generation of dams in Arkansas, Georgia, Idaho, Missouri, Montana, North Dakota, Nebraska, Oklahoma, South Dakota, Texas, and Virginia. Repair and replacement of homes, put food on the table, buy medicines, and meet other basic necessities. Recent estimates show that this fiscal year low-income families will pay, on average, about $1,530 for annual residential energy costs or about 20 percent of their annual income--a burden four times higher than the average 5 percent of annual income paid by other families. Extraordinary energy bills are taking their toll on these vulnerable families and senior citizens.

For years, the Low-Income Home Energy Assistance Program (LIHEAP) has been one of the few critical lifelines for our most vulnerable seniors and families to deal with energy costs. But with record high energy prices, it is more important now than ever. Nearly 80 percent of LIHEAP recipients have incomes at or below the federal poverty level ($17,650) and about a third of LIHEAP households include at least one elderly person in the household. Another 29 percent of LIHEAP families have a child age 5 years or under, and 30 percent of LIHEAP households have at least 1 person who is unable to work due to disability.

Unfortunately, in recent years, we have seen the regular LIHEAP appropriation drop from a high of $2.1 billion in 1986 to $1.4 billion today, The number of households that receive assistance under LIHEAP has declined from 7.1 million when the program first began--serving 36 percent of the total eligible population--to only 5 million today--serving only 17 percent of the eligible population at a time of the highest energy prices in recent years. Community action agencies throughout the nation that administer LIHEAP report having to turn away hundreds of eligible clients because of lack of resources. In all, 20 states including Wisconsin, Alabama, California, Georgia, Kentucky, Illinois, Iowa, Kansas, Massachusetts, Minnesota, New Mexico, New York and Rhode Island have exhausted or nearly exhausted their LIHEAP funding. And, those who are fortunate enough to get LIHEAP assistance receive only enough to pay about one quarter of their total residential energy bill.

The $150 million requested by the President and the $300 million included in this bill by the majority are grossly inadequate to respond to this detrimental decline in LIHEAP funding. If LIHEAP served the same proportion (36 percent) of eligible seniors and low-income families that it served twenty years ago at a benefit level commensurate with recent energy price increases, the fiscal year 2001 LIHEAP appropriation would need to be $4.6 billion--$2.3 billion more than the (regular and emergency) resources

currently available. The Democratic Amendment offered by Mrs. DeLauro would have enacted an immediate $600 million emergency appropriation for LIHEAP while also providing a $1.4 billion fiscal year 2002 appropriation for the regular LIHEAP block grant to ensure that energy assistance to poor families is not disrupted this fall in the event that the enactment of the fiscal year 2002 Labor-HHS-Education bill is delayed beyond the start of the new fiscal year. This amendment was a much more appropriate response to this funding shortfall than either the White House or Republican Leadership, but was rejected by the majority by a vote of 29:32.

The Democratic amendment (Roll Call #1) to provide an additional $600 million for LIHEAP would have accomplished several purposes. First--it would have extended energy assistance to an additional 1 million low-income senior citizens. Second, the amendment would have provided the funds needed to prevent utility shut offs for thousands of families with unpaid bills from this past winter. Third, the amendment would have provided a cushion to take care of any heat emergencies this summer. Fourth, the amendment would have provided for any unforeseen energy emergencies such as the flooding that occurred last week in Texas and Louisiana, which may create an additional need for energy assistance. Fifth, by providing supplemental funding now, the Democratic amendment would have enabled states to stretch available LIHEAP resources by purchasing heating fuel in the summer months when it is the cheapest. Finally, the amendment would have provided a $1.4 billion FY 2002 appropriation for the regular LIHEAP block grant, ensuring no interruption in the delivery of critical energy assistance to needy families this fall.

As the energy crisis continues and more families and seniors go without adequate LIHEAP assistance, utility companies across the country are reporting huge increases in arrearages. Survey results from 19 states show a total of $910 million owed in May 2001 for unpaid utility bills by 4.3 million families. A tally for all 50 states could easily be $2 billion or more in outstanding utility bills. For instance:

In California, Southern California Gas experienced a 96 percent increase in delinquencies among its residential customers from February 2000 to February 2001, and arrearages increased from $51 million to $100 million, with over half a million customers in arrearage.

Georgia reported 200,000 families owing $80 million in arrearages and facing disconnections.

Iowa reported 180,000 families owing more than $34.5 million, more than double last years amount.

Kentucky reported $31 million in natural gas arrearages with 94,000 pending shutoffs.

Michigan reported 1.3 million customers with $98 million in arrearages.

In New Jersey, the state's largest utility has sent out shut off notices to 276,000 families with arrearages of $271 million.

Pennsylvania reported between 150,000 and 200,000 families in arrears. Pennsylvania utilities report a 64 percent increase in people with outstanding heating bills.

Entergy Texas reported a 41 percent increase in arrearages from $7.3 million to $10.3 million.

In Wisconsin, nearly 500,000 households were in arrears on electric and gas utility bills, with $98 million owed--an increase of 38 percent over last year.

Following these Minority Views, we have attached (1) a table displaying the number and percentage of eligible households served by LIHEAP in each state, (2) a survey conducted by the National Energy Assistance Directors' Association summarizing the funding status of LIHEAP in the states, and (3) information provided by the National Energy Assistance Directors' Association on utility arrearages in 19 states and the District of Columbia.

OTHER PROBLEMS WITH THIS SUPPLEMENTAL

A `Puzzling' Rescession: FEMA (Roll Call #1)

This supplemental appropriations bill takes funds from several critical items in order to offset other funding within this bill. First, the bill rescinds $389 million from the Federal Emergency's Management Agency's Disaster Relief

Fund. The rationale provided is that since there is close to two billion dollars currently in the Fund, a $389 million rescission will still leave enough funds to future disasters. The fact is, however, that these disaster assistance dollars, both for disaster victims and for public facilities such as

repair of roads and bridges, are already earmarked for previous disasters or for projected disasters. When these funds are needed, this proposed rescission could preclude prompt assistance to individuals or municipalities affected by a disaster. Additionally, the Administration, in their response to the proposed supplemental appropriations bill states, `* * * we are puzzled by the proposed rescission of $389 million in disaster relief funds for the Federal Emergency Management Agency (FEMA). The rescission would eliminate much of the normal FEMA funding needed by the agency to provide quick and effective assistance to disaster-stricken communities and victims, should such action be requested in the future * * *' Given the latest storm, Tropical Storm Allison, which is larger than the `average' disaster, this is not the time to be rescinding funds from FEMA's Disaster Relief Fund.

HUD

Second, this bill rescinds $114.3 million from the Department of Housing and Urban Development's Housing Certificate Fund. At this time, $114.3 million from this account is not available in fiscal year 2001 and interfering with this fund threatens HUD's ability to assist low-income individuals. These recaptured funds are excess funds that are more than one year old. HUD officials cannot be certain that there will be sufficient excess funds to rescind. Because this rescission must come from this account only, the only option is for HUD to take $114.3 million from reserves. Taking funds from HUD reserves or having this rescission in any way affect low-income people is unacceptable.

Job training

The bill rescinds $359 million from FY 2002 advance appropriations for job training formula grants. This rescission is unwise, ill-timed, and damaging. It takes back funds which states and localities are already counting on for use during the job training program year beginning on July 1, 2001--just two weeks from now. The rescission represents and 11 percent cut for adult job training and a 16 percent cut in programs to aid workers dislocated by plant closings and mass layoffs. With unemployment and layoffs rising, this is exactly the wrong time to be cutting back on programs that assist unemployed workers obtain the skills training and job search assistance they need to find new, decent-paying jobs.

The rationale given by the Committee for this rescission is that balances of unexpended funds held by state and local job training agencies have apparently been growing during the current year. However, the main reason for this growth in unexpended balances is delays caused by the need to revamp local programs and governing bodies to conform to the new federal authorizing law, the Workforce Investment Act, which took effect last July 1. There is no reason to believe that the need for job training services has diminished, or that programs will not return to their normal expenditure rates once the transition to the Workforce Investment Act is over. We should not be telling local job training agencies to overhaul their programs in response to new federal law, and then penalize them with a rescission when that transition produces some spending delays.

Highway Emergency Relief Funding

The highway emergency relief program pays for the costs of fixing roads and bridges damaged by floods, earthquakes and other natural disasters. The FY 2001 Transportation Appropriations Act contained $720 million in emergency funding for this program. That funding, plus the $100 million in mandatory funding this program receives each year, has all been allocated to states to pay for previous disasters. Today, there is no funding available for this program and there is a $33 million backlog of requirements from natural disasters that occurred this fiscal year--the earthquake in the state of Washington, ice storms in the states of Texas and Oklahoma, and a flood in Puerto Rico. Estimates are not yet available for the damage done from the most recent flooding in Texas. The Federal Highway Administration could borrow from other accounts to pay for these emergency needs, but the only funding not allocated to the states already is for the Transportation Infrastructure Financing credit program and only $44 million is currently available. It is highly unlikely that this $44 million would last through the end of this fiscal year. Additional emergency funding of at least $100 million for this program should have been included in this emergency supplemental appropriations bill. The majority erred in not properly addressing this emergency requirement.

Winter Olympics

Democrats are also concerned with the Administration's and the Majority's failure to provide adequate security for the 2002 Salt Lake City Winter Olympics on a timely basis. In August 1999, the Secret Service was given responsibility for designing, planning, and implementing security for the 2002 Games. In addition, several Treasury law enforcement agencies will provide personnel in support of the effort. However, the President did not request any additional funding in fiscal year 2002 for Treasury agencies to cover these costs. Recognizing this error, the Administration subsequently requested an additional $60.6 million as part of the supplemental funding request, but the Majority chose not to include the required funding in this bill. Given the unrealistic allocations required by the Majority's budget resolution, it is not clear if and how this requirement can be accommodated in the fiscal year 2002 bill. Effective security is key to a successful Olympics, and the Majority needs to ensure that sufficient funding is available for

Treasury law enforcement agencies. It was a mistake not to provide funding for Winter Olympics in this bill.

CONCLUSION

It is a shame that this emergency supplemental appropriations bill contains nothing of substance to address the immediate needs of American citizens who face a national energy crisis according to the President. The citizens in Western States will endure more hardship as the summer unfolds. Democrats offer national initiatives for real near-term solutions that could be implemented quickly on a bipartisan basis. It is unfortunate that Republicans reject such proposals, and instead have produced this supplemental appropriations bill that fails to respond to the national energy crisis in any meaningful way.

LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM
[Estimated number and percent of households served, FY 2001]

State	Households served		Households not served		Elderly not served	
	Number	Percent	Number	Percent	Number	Percent
Alabama*	41,468	8.3	460,343	91.7	197,197	42.8
Alaska	7,500	13.4	48,271	86.6	8,740	18.1
Arizona	25,000	5.5	433,425	94.5	149,349	34.5
Arkansas	70,000	22.6	239,354	77.4	109,530	45.8
California*	123,280	3.4	3,466,979	96.6	1,129,586	32.6
Colorado*	75,000	21.9	267,962	78.1	87,355	32.6
Connecticut	68,000	16.6	342,270	83.4	158,525	46.3
Delaware	11,000	14.4	65,591	85.6	32,213	49.1
District of Columbia*	15,000	21.0	56,562	79.0	24,077	42.6
Florida	42,500	2.6	1,583,788	97.4	726,918	45.9
Georgia*	120,000	15.2	666,893	84.8	190,696	28.6
Hawaii	5,300	4.2	121,891	95.8	48,041	39.4
Idaho	30,930	26.0	88,089	74.0	31,341	35.6
Illinois*	350,000	27.9	903,643	72.1	518,146	57.3

Indiana	121,370	21.1	454,085	78.9	229,338	50.5
Iowa*	80,000	28.9	196,391	71.1	80,817	41.2
Kansas*	25,000	9.2	247,736	90.8	108,081	43.6
Kentucky*	209,748	49.9	210,262	50.1	148,569	70.7
Louisiana	92,100	18.6	403,885	81.4	183,634	45.5
Maine*	58,000	48.3	62,079	51.7	33,913	54.6
Maryland*	70,000	14.5	411,806	85.5	192,534	46.8
Massachusetts*	123,000	16.3	632,770	83.7	n/a	n/a
Michigan	362,000	34.7	680,702	65.3	298,029	43.8
Minnesota*	107,000	23.6	346,129	76.4	163,569	47.3
Mississippi	39,750	11.9	295,084	88.1	102,676	34.8
Missouri	110,198	20.2	435,361	79.8	187,986	43.2
Montana*	17,500	18.1	79,340	81.9	24,600	31.0
Nebraska*	25,500	14.5	150,542	85.5	74,936	49.8
Nevada	8,700	5.3	156,313	94.7	57,679	36.9
New Hampshire*	27,500	23.7	88,777	76.3	47,405	53.4
New Jersey	150,000	16.6	754,349	83.4	391,625	51.9
New Mexico*	48,000	25.5	140,568	74.5	51,558	36.7
New York*	818,000	35.1	1,513,183	64.9	724,283	47.9
North Carolina	151,000	17.7	702,356	82.3	292,147	41.6
North Dakota	14,000	18.5	61,632	81.5	27,714	45.0
Ohio	224,700	18.1	1,014,102	81.9	421,052	41.5
Oklahoma	86,000	24.4	266,521	75.6	105,912	39.7
Oregon	88,547	27.1	238,533	72.9	77,856	32.6
Pennsylvania	280,750	20.5	1,086,783	79.5	558,902	51.4
Rhode Island*	26,000	20.3	101,855	79.7	67,565	66.3
South Carolina	64,755	15.1	362,711	84.9	140,244	38.7
South Dakota	15,000	20.5	58,316	79.5	23,202	39.8

Tennessee	95,630	15.7	511,809	84.3	179,386	35.0
Texas	53,459	2.5	2,050,915	97.5	690,490	33.7
Utah*	30,000	21.9	106,844	78.1	32,988	30.9
Vermont	23,900	39.2	37,079	60.8	19,723	53.2
Virginia	83,518	12.8	571,146	87.2	227,810	39.9
Washington	75,000	14.6	438,476	85.4	130,032	29.7
West Virginia	55,000	23.2	182,397	76.8	90,696	49.7
Wisconsin*	110,100	22.5	378,737	77.5	176,561	46.6
Wyoming	10,000	19.5	41,395	80.5	18,258	44.1
Total	4,965,703	17.0	24,216,030	83.0	9,793,484	40.4

NATIONAL ENERGY ASSISTANCE DIRECTORS' ASSOCIATION STATE-BY-STATE LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM SURVEY RESPONSES (JUNE 11, 2001)

Note: The following provides a state-by-state summary of available information on the status of each state's Low-Income Home Energy Assistance Program (LIHEAP). As of June 11, 43 states and the District of Columbia have responded to the survey. This survey will be updated as additional information becomes available.

KEY POINTS

Of the states that have responded to date to the NEADA summer survey, 19 states and the District of Columbia reported that they were either out of funds or had very low balances. States reporting they were out of funds: District of Columbia, Iowa, Maine, Minnesota, Montana, New Hampshire, New Mexico, Rhode Island, and Wisconsin. States reporting very low balances: Alabama, Colorado, Georgia, Illinois, Kansas, Kentucky, Maryland, Massachusetts, Nebraska, New York, and Utah.

The remaining 24 states have at least the same amount of funds available to help low-income families as they had last year at this time: Alaska, Arizona, Arkansas, California, Connecticut, Delaware, Florida, Hawaii, Idaho, Indiana, Michigan, New Jersey, Nevada, North Dakota, Ohio, Oklahoma, Oregon, South Carolina, South Dakota, Vermont, Virginia, Washington, West Virginia and Wyoming.

The NEADA survey follows two earlier surveys this year. The first survey reported that the number of new families applying for program assistance had increased by more than 1 million, bringing the total of recipient families up to more than 5 million. The second survey, reported that 4.3 million households in 19 states and the District of Columbia were in arrears on their utility bills and faced possible shut-off of service. Summary tables from the two surveys are included at the end of the narrative.

The federal Low-Income Home Energy Assistance Program (LIHEAP) provides heating and cooling assistance to low-income families. During the current fiscal year (October 1, 2001 to September 30, 2002) the program is expected to provide assistance to at least 5.1 million households, an increase of 1.1 million over last year. Due to the rapid increase in demand for program services, many state program managers responded by spending most, if not all, of their program funds. In contrast to previous years, states retained fewer funds in order to address the immediate needs of low-income applicant households.

Alabama

Alabama's LIHEAP program has about $2-3 million remaining this year, which is less than last year as a result of the worst winter weather for many years and increases in fuel prices. All remaining funds will be expended for cooling assistance. The state has always had a cooling program, but there are less funds available this year. It is estimated an additional $5-6 million is needed for summer cooling, especially if the state experiences a severe summer.

Alaska

Alaska has about 9% of its funding left, which is the same as last year, in spite of an unusually warm winter this year. Although there are no winter shut-off moratoria, the state does help with arrearage payments and shut-off avoidance throughout the winter as part of the regular heating assistance program. There is no summer cooling program.

Arizona

Arizona runs a year-round program for heating and cooling and the supplemental contingency dollars received this fiscal year will be added into contracts effective July 1, 2001. These funds will be helpful in providing either/or higher benefit payments and serving more households. Arizona is a hot weather state and summer has arrived early this year, with triple digits in early May. As a result, more households are expected to apply and higher benefits will be needed to offset increases in utility rates.

Arkansas

Arkansas has $1.1 million remaining as of June 1, 2001, compared to $558,800 at this time last year. No cooling assistance program has been planned for the summer. Unless additional funds are released, Arkansas most likely will not have a summer cooling program. The state will use all of the remaining funds to avoid shut-offs, for connection/reconnection fees and on arrearages, if they are creating a crisis situation for the household. Approximately $1.2 million is needed to implement an adequate cooling program. Because of the harsh winter in Arkansas this year, many families are still trying to pay large arrearages on both gas and electricity bills in addition to their current bills.

California

California has about $900,000 left to provide shut-off and arrearage repayment assistance. The state is also disbursing about $30 million dollars from June 1-August 31st for cooling assistance and has appropriated $120 million dollars to provide supplemental funding as a result of higher prices due to the state's energy crisis.

Colorado

Colorado's caseload increased significantly this year and there are still 1,000 applications to be processed that were received before the program ended on April 30th. The current $1 million balance had been targeted as carryover for the start-up costs of next year's program, but will instead be used to fund the remaining applications (at a cost of approximately $150,000) and continue the year-round furnace repair and summer fan distribution programs. The summer Crisis Intervention Program (estimated to cost $200,000) and the summer fan distribution program (estimated to cost $50,000) may be discontinued for lack of funding and it appears very likely there won't be any start up money for next season. By comparison, last year at this time there was $2.5 million remaining after most cases had been processed.

Connecticut

Connecticut operates only a heating assistance program and anticipates approximately $4 million of this year's funding will be carried forward for start-up of next year's program. No cooling assistance program is planned, but one will be provided if weather conditions warrant it and funds are available early in the season.

Delaware

Delaware will have approximately $110,000 of unrestricted funds remaining at the end of June, compared to $0 last year at this time. The state has set aside $1.1 million for the Summer Cooling Assistance Program this year, compared to $600,000 set aside last summer. Although no funds were earmarked for arrearages last year, the $110,000 balance this year may be utilized for that purpose. Due to a moratorium from the Public Service Commission that prohibited the state's largest electric and gas utility from terminating a customer's utility services for about 16 months, many households are now faced with arrearages in the thousands of dollars. Specific numbers of households that may be eligible are not available, but the $110,000 remaining at this time would only help approximately 366 households if they each receive a benefit of $300. Delaware is considering avoiding paying any arrearages if not enough households can benefit from the $110,000 and using the funds instead to purchase and install new furnaces under the weatherization program. Or the state may provide assistance to the most severe cases of arrearages and help about 110 households at $1,000 each. If Energy Emergency Contingency Funds are released this summer, they will primarily be used to help low-income customers with arrearages who are facing service terminations.

District of Columbia

The District of Columbia operates a 12 month program but ran out of funds at the end of April. There is a the District might be able to use some local TANF funds to provide supplemental cooling assistance this summer.

Florida

By the end of June, Florida's LIHEAP program will have expended all the winter contingency funds. As a result of the increase in base funding this year, there is approximately $1 million (18%) more that will be available for summer cooling assistance than was expended last year. Typically, the state is able to provide cooling assistance to less than 5% of the eligible population. With the increase in base funding this year the summer cooling program will be able to assist 1-2% more of these eligible households. At this time, there does not appear to be a problem with a backlog of arrearages.

Georgia

Any remaining LIHEAP funds in Georgia at the close of the regular program will be used for cooling assistance. Last year a total of $5.4 million was expended for cooling assistance, and this year the current balance available is only $2.1 million as of May 7, 2001. All of these remaining funds will be used for cooling assistance. However, at a maximum of $194 per household, only 10,644 households will be able to receive cooling assistance. Based on last year's expenditure data, an additional $1 million is needed for summer cooling. Sufficient funds are also not available to meet the needs for arrearage/shut-off avoidance assistance. In order to provide arrearage/shut-off avoidance assistance, an additional $3.7 million is needed, since there are 200,000 households in Georgia who owe approximately $80 million in natural gas bills alone.

Hawaii

Hawaii's program does not begin until June 1.

Idaho

Idaho has a current balance of $2.9 million as compared to $1.3 million last year at this time. None of the remaining dollars are targeted for cooling assistance or arrearage/shut-off prevention programs at this time.

Illinois

Only $5 million remains in the Illinois LIHEAP program this year, compared to $17 million last year. This $5 million balance will be used for summer energy assistance (last year's effort expended $10 million). The state committed $6 million this year for arrearage and shut-off prevention programs (compared to $2 million last year). The Illinois program estimates it needs $15-20 million for a statewide summer program and $10-15 million for arrearage/shut-off avoidance assistance.

Indiana

The State of Indiana has a little less than $2 million dollars remaining in the Energy Assistance budget (which includes LIHEAP & oil overcharge funds). These funds (about the same amount as last year) will all be used for summer cooling and summer fill. Funds have not been set aside for arrearage assistance this year, nor have they been in the past. The state is concerned about meeting the needs out of next year's funding, when it is anticipated many households will be coming in with high amounts in arrears.

Iowa

Iowa has exhausted all funds available. Approximately 79,000 households received a benefit that lowered their out-of-pocket expense (energy burden) to 6% of total household income. There are still approximately 5,000 eligible households that applied, but who, in the absence of supplemental funding, will not receive any benefit. Last year at this time, 62,000 households had received a benefit that lowered their out-of-pocket expense (energy burden) to 3.5% of total household income and there was a balance of approximately $2 million unexpended that was available for cooling emergencies if necessary. Ultimately, those funds were used for contracting with deliverable fuel vendors, locking in a lower price in August for delivery beginning in October. Unfortunately, this will not be an option this year. If the remaining 5,000 households are to receive the average benefit that the 79,000 households received, an additional $2.8 million is needed. In the interim between now and the receipt of any supplemental funding, those 5,000 households will have no alternative other than to make payment arrangements that include the hoped-for LIHEAP benefit.

Kansas

By March 12th it was determined that applications for LIHEAP benefits were exceeding the 18.6% increase originally anticipated for the federal funds available. As a result, central office instructed field staff to pay only eligible households meeting the newly defined emergency criteria of: (1) disconnected, (2) out of fuel, or (3) tagged for disconnect (only households that were not regulated under the shut off moratorium, which had been extended to April 30th). LIHEAP benefits were paid out at 100% of the determined benefit matrix for a portion of the LIHEAP program. Since the amount of funding available was not sufficient to provide benefits at the 100% amount to all eligible households, the remaining eligible households were paid at a prorated portion of the original benefit matrix amount (47%). If the decision had not been made to pay prorated benefits, approximately 7,000 eligible households would not have received any type of energy assistance in a winter in which fuel costs escalated and the temperatures were extremely cold. The prorated benefit method was chosen in order to provide all eligible households as much of a benefit as possible with the remaining federal funds available. If additional funds become available the agency will further supplement benefits to those households that received only a prorated amount.

Kentucky

Kentucky only has $100,000-$150,000 of LIEHAP funding remaining. Approximately $7 million is needed to operate a cooling program. Already, early in the season, areas of the state have been experiencing temperatures in the high 80's with high humidity. In addition, nearly 3/4 of the state has been declared to be in a severe drought.

Maine

All of Maine's LIHEAP funds have been obligated and there will not be any carryover over for next year. There are no funds available for summer cooling or arrearage and shut off avoidance programs, which is the same situation the state experienced last year.

Maryland

Maryland has less than $1 million remaining. These funds will be used for furnace repair and replacements. The state does not have any funds available for cooling assistance.

Massachusetts

Massachusetts will deplete all federal funds with a possibility of having up to $1 million left for carryover to next fiscal year. There will be no funds available for cooling assistance.

Michigan

Michigan does not expect to have any funds left at the end of the program year. Of major concern is that the program will need to revert to FY 2001 program limits because of reduced funding in FY 2002 (unless funding is increased to include all amounts awarded as supplemental appropriations in FY 2001). This means the program will not be able to increase eligibility to higher levels of poverty, nor sustain CAPS (rates paid for energy), despite the fact that customer expenses are increasing. Additionally weatherization efforts could not continue at the same level, thereby exacerbating the long-term energy consumption problem.

Minnesota

Applications are up 34.6% over last year at this time and the benefit level is 34.7% larger to address higher energy costs. All funds have been exhausted and new applicants are being turned away, even though the plan states that applications will be taken until June 1, 2001. Last year there were sufficient funds to serve all who applied and an additional $4 million to carryover from FY 2000 to FY 2001. Minnesota has not traditionally offered cooling assistance. The FY 2001 state plan states that a medically necessary cooling program will be operated if funds are available, but it does not appear funds will be available for this purpose.

The state's crisis program, which addresses disconnections and emergency fuel deliveries, has increased this year by almost 400% over the previous year. The Public Utilities Commission estimates that total customer arrearages are $71 million. There are not sufficient funds to address those households who are still seeking assistance because of pending disconnects. Last year the program was able to assist all eligible households who applied. The PUC also indicates there are a minimum of 1,000 households statewide who have medical needs for cooling who may be income eligible for LIHEAP. An additional $300,000 would be needed to provide each of these households a benefit of $300. To serve all the applications currently pending would require an additional $1.9 million. Another $3 million in requests for crisis assistance are expected by June 1.

The Minnesota Department of Revenue mailed applications to 80,000 senior households early in April, and those applications are just coming in now. Last year a similar mailing resulted in a 12% return. If a similar return is experienced this year, an additional $5.4 million will be needed to serve these households with the average grant of $558. In previous years carryover funds were used to pre-buy propane and/or oil for the next heating season. Summer purchases have greatly benefited low-income households, providing them with more fuel for their money. In past years, the average early pre-buy program has purchased $2.3 million in delivered fuels. Unfortunately, there are not sufficient funds to pursue this activity this year.

The total amount Minnesota needs for the remainder of this program year is approximately $12.8 million in additional funds.

Montana

Montana has no remaining funds from the regular and emergency appropriations this year, compared to a $400,000 balance last year. The state has not been able to offer summer cooling assistance or assistance with arrearages.

Nebraska

Nebraska has approximately $670,000 that has not been designated for client payments, weatherization, administration or FY 2002 carryover. Approximately $1.7 million that was designated for FY 2002 carryover can still be used in the current year. These amounts are less than the balances last year by about $1 million. Approximately $350,000 will be expended in the original cooling payment and then as other households qualify for cooling, the additional payments will increase. This initial payment is about the same as last year. During the summer months about $75,000-$100,000 a week has been expended for additional cooling and cooling crisis payments. Unless additional funds are received, Nebraska will not be able to help with any additional heating arrearages or shut-off notices. Clients are being advised to make payments over the summer and heating crisis assistance will be available next winter, as in the past. An additional $2 million would allow the state to avert more heating shut-offs.

Nevada

Although funding for Nevada's LIHEAP program increased by 15% in FY 2001, expenditures were up 22% compared to FY 2000, a shortfall of approximately 7% for FY 2001. This summer cooling assistance will be available statewide instead of only in the southern part of the state, at a total expected cost of $724,711 (up from $457,284). Due to limited federal funding in Nevada, the program was not designed to pay off arrearages, but eligible households can avoid shut-off by paying a portion of the outstanding balance. FY 2001 funding will be used to start up the 2002 LIHEAP Program effective July 1, 2001, which will run through May 31, 2002 (11 months). It is estimated 42% of the funding used will be used to assist households, statewide, with cooling costs. This is a new component. FY 2000 funding was not delineated for specific cooling needs. Only households in southern Nevada had their regular LIHEAP benefit split between their heating provider and their cooling provider. Approximately 55% of the households receiving LIHEAP benefits live in the southern part of the state where temperatures are easily above 100 degrees during the summer.

Approximately 146,000 households in Nevada are below 150% of the poverty level. Natural gas prices have increased 68% statewide, and electric costs, thus far, have climbed approximately 14%. However, incremental electric increases up to 45% have been presented to the PUC and are likely to be approved. Propane has increased 75%. Nevada increased the benefits for clients using these three major fuel sources, retroactively. The average benefit will be $304 once these retroactive supplemental payments are made (within the next 30 days). As such, if Nevada receives the same funding in FY 2002 as was received in FY 2001, the LIHEAP program will only be able to serve 7,988 households. This represents only 5% of the state's low-income households at 150% of poverty. Experts have presented data to the Nevada Legislature projecting the average monthly summer electric bill in southern Nevada will be $275 by next year. LIHEAP pays a one-time average benefit of $304 per year. Low-income households, particularly those on fixed incomes such as the elderly and disabled, will be unable to pay such high cooling costs. As it is now, these people must make choices between medicine, food, or power.

New Hampshire

New Hampshire reports that all combined emergency/regular appropriations for FY 2001 have been obligated. Any remaining funds will be used to restore monies originally targeted for the state's weatherization program. The increased demand for assistance this winter season (18% increase in the number of households enrolled) caused the state to suspend other fuel assistance program components including the Summer Pre-buy program. At this point, sufficient funds do not exist to fully restore the two programs for this program year. Last year at this time approximately $409,185 had not been obligated. A cooling assistance program is not a regular component of New Hampshire's LIHEAP program.

At this point, the state is not in a position to further address the need to assist with arrearage payments and shut-off avoidance. Due to the demand for assistance and available LIHEAP funding, the program could not be extended beyond April 30th this year. Last year, the program was open for an additional month (to May 21, 2000). Although an analysis has not yet been completed on the amount of funds necessary to assist with arrearage/shut-off avoidance, the largest utility in the state has reported that as of March 30, 2001 the amount of residential accounts receivable had increased by 84% over last year (approximately $2.2 million).

New Jersey

New Jersey has not exhausted its FY 2001 funding. Although New Jersey raised its income limit to 175% of the federal poverty level and extended its application period, the state did not receive as many applications as anticipated. Remaining funds (up to 10% of total funds) will be transferred to the Weatherization Assistance Program after all outstanding applications for assistance are processed.

New Mexico

New Mexico has no remaining LIHEAP funding. The program has remained open with money received from the State. Even with the supplemental benefits that were issued, there are daily reports of households losing service or unable to purchase propane. The average benefit this year is $250, whereas the average benefit in FY 2000 was $118.

New York

As of May 25th, New York estimates a LIHEAP funding balance of only $23 million, which includes funds carried forward from FY 2000 to FY 2001. Last year at this time the balance was $35 million. No cooling assistance is provided, nor does the state set aside funds for arrearage payments and shut-off avoidance. Crisis funds are still available to avert shut-offs through the HEAP emergency component.

North Dakota

After meeting all commitments (including weatherization and other services), North Dakota will have about $2.5 million remaining. There is no `cooling program' as such, but the program does purchase air conditioners for people with a medical need, at a total cost of approximately $200,000. Expenditures in the emergency (crisis) program have been 84% higher this year than last.

Ohio

Ohio's LIHEAP program will expend about $5 million on cooling assistance this year, which is the same as last year. A supplemental heating assistance benefit will be provided to everyone assisted in FY 2001 with the remainder of the uncommitted funds (estimated to be around $20 million). Because so many households had such high natural gas bills this winter (and 75% of the households assisted use natural gas), this additional benefit will lessen the chances of these households facing a shut-off during the summer. This additional benefit was not provided in FY 2000. The contingency funds provided benefits to an additional 50,000 households this year, who will have to be turned away and/or benefit/eligibility levels reduced if funding in FY 2002 is not at the same level as FY 2001.

Oklahoma

In addition to the $16.2 million Oklahoma received in LIHEAP funds this year, $11.5 million was transferred into the program from TANF, and $4.8 million was received from the state. The estimated balance remaining, after excluding the $1.5 million set aside for crisis assistance and summer cooling, is only $3.7 million.

Oregon

Oregon has expended about 80% of the total funding received. If the additional contingency funds had not been allocated to the state this year, the program would have been fully expended by the beginning of January. The remaining funding will probably be targeted for weatherization assistance and pre-purchases of oil and bulk propane. Additionally, some cooling assistance may be provided in the eastern part of the state or in the metro area where more households reside in apartments.

Rhode Island

For the most part, Rhode Island's program is currently out of funds that were allocated for fuel bills. Last year the program was able to stay open for most of the summer to help out with shut-offs. It does not appear there will be funds available for cooling or summer crisis, although $3-4 million is needed.

South Carolina

South Carolina has approximately $779,308 remaining from this year's combined emergency fund/regular appropriations, compared to $259,400 last year. An estimated $3,024,995 will be used for cooling assistance, compared to $1.3 million last year. Although the maximum benefit was raised from $250 to $800 this year, there are still a large number of households in arrearage. The largest utility company in the state is averaging 37,000 arrearages a month. Given the maximum benefit of $800, an additional $1 million is needed to provide assistance to alleviate these arrearages.

South Dakota

South Dakota has less than 10% of the funds received this year remaining, which is about the same as last year. No summer cooling assistance is available, and, although the state is getting reports of very large arrearages, there are no funds available to help families deal with their balances or prevent shut-offs.

Utah

Utah has set aside $500,000 for cooling and crisis assistance this year, compared to $650,000 last year. The state provides cooling assistance only as part of the crisis program. It is anticipated the need in FY 2002 will exceed that experienced this year. Funds may have to be taken out of the 10% carryover set aside for next year to supplement crisis/cooling assistance through the summer.

Vermont

In Vermont out of $14.5 million received in FY 2001 (block grant, contingency grants, carry forward, leveraging incentive, and reallotment funds) only $490,000 has not been allocated (3%). Last year at this time, out of $11.4 million, $685,000 had not been allocated (or 6%). None of the remaining funds are targeted for cooling assistance or arrearage payments and shut-off avoidance. Last year, $200,000 was allocated for spring, summer, and fall emergency assistance (heat and electric service disconnections--but not cooling assistance). Vermont does not anticipate a similar allocation will be available this year.

Virginia

Virginia has approximately $3 million remaining from its combined emergency fund/regular appropriations for FY 2001, which is the same as last year. Also, as last year, this entire amount will be targeted for summer cooling assistance. Based on applications received last year through the cooling assistance program, this amount is not sufficient to meet the need. Virginia would need an additional $2.1 million to serve the number of applicants from last year. The state does not have a program that specifically targets clients with arrearages and/or cutoffs because the current appropriation does not provide sufficient funds to initiate a new targeted type of assistance. However, due to the tremendous increases in fuel costs during the past winter many citizens experienced severe hardship in making payments and are now threatened with shut-off and have huge arrearages. In assessing the need for additional assistance for both utilities and deliverable fuels, the state estimates a need for an additional $5.6 million, based on the 1999-00 fuel case count plus the 2000-01 crisis case count.

Washington

Washington anticipates serving 25% of the eligible households this year, which leaves 75% unserved. If the federal appropriation for FY 2002 is only $1.4 billion, the state will only be able to serve about 19% of the eligible population.

West Virginia

West Virginia estimates a current unencumbered LIHEAP balance of $2.5 million. None of the remaining funds is earmarked for cooling or arrearage/shut-off avoidance. However, a supplemental payment to LIHEAP households that contain a person age 60 or older may be used for heating arrearages or to offset anticipated cooling costs. A minimum of $1 million is needed for cooling assistance.

West Virginia utilizes an automated benefit issuance/eligibility determination system called RAPIDS. Cost allocations for workers to enter applications into the system mount up quickly, making it necessary to keep the LIHEAP season short. No state funds are used for LIHEAP at this time. Additional funds are needed to help the state's most vulnerable households.

Wisconsin

Wisconsin has depleted all LIHEAP funds available, in contrast to last year when there was over $4 million left to use for summer fills, arrearages, etc. in preparation for the next heating season. There are no funds available for cooling assistance this summer, and the state will only be able to operate a cooling program if supplemental funds are awarded for this purpose and if there is a heat emergency declared in the state. Although the state intended to provide a supplemental allocation to local agencies for crisis assistance, it has not been able to do so because of the costs for the basic heating assistance payments. Based on current federal funding levels (the President's budget) the state will receive $31 million less for the next heating season than was received through regular and supplemental appropriations this year. Even if the level proposed by the Senate were adopted, Wisconsin would still receive $11 million less that was awarded this year. Caseloads for the regular heating assistance program are up over 30% in numbers of paid households and up 70% in the dollar amount of heating assistance paid. The amount of crisis funds available to local agencies has also been increased by over 200%. For the first time the state provided $14 million of utility public benefits dollars, which was used primarily for electric benefits.

Wyoming

Although Wyoming currently has a remaining LIHEAP balance of about $1.2 million left, these funds will be used for additional benefits and administrative costs. There is no summer cooling assistance program and the crisis portion of the regular program concluded on May 15th. Although sufficient funds were available for this year, the need is increasing rapidly with higher fuel costs, which will result in higher numbers and amounts of arrearages next year.

TABLE 1: STATE LISTING OF SHUT-OFF AND ARREARAGE INFORMATION (MAY 14, 2001)

Arrearage and shut-off data is currently being collected by NEADA. As of May 14, 19 states and the District of Columbia reported arrearages totaling almost $910 million owed by 4.3 million families. The following is a brief state-by-state summary of those states providing arrearage and shut-off data. For further information about this survey contact:

California: Southern California Gas has experienced a 96% increase in delinquencies among its residential customers from February 2000 to February 2001 increasing from 369,000 delinquent customers to 723,000 within that period. During the same period, arrearages for Southern California Edison increased from $51 million to $100 million, while the number of customers in arrearage increased from 431,182 to 567,256.

Connecticut: Under the state's moratorium, Connecticut Natural Gas reported 12,994 families as compared to 10,378 last year; United Illuminating reported 12,000 families (of which 7,000 are delinquent and could be terminated between April 16th and May 16th, depending on the billing cycle); and Connecticut Light and Power reported 25,950 households. The number of delinquents may also drop as customers make payments/arrangements when faced with the prospect of having their service disconnected.

District of Columbia: Washington Gas reported that 14,694 residential customers who were at least 60 days in arrears owed approximately $6.6 million. Of that total 5,229 have received shut-off notices and were mailed a special letter urging immediate action to avoid shut-off.

Georgia: Approximately 200,000 families owe about $80 million in arrearages. These families could potentially lose their gas service beginning April 1st when the moratorium is lifted.

Indiana: The moratorium on shut-offs will expire on April 1st. Arrearages are estimated to have increased to $30.5 million from $14.4 million. Approximately 50,000 families could be at risk of shut-off.

Iowa: The state has reported there are 180,000 families with more than $34.5 million in arrearages, more than double last year's amount. The state PUC has extended the moratorium until May 1st.

Kansas: Kansas Gas Service reported that 27,000 of their customers are in arrears, with average amounts that are two to three times larger than normal due to the increased costs of utilities. Last week, the Kansas PUC extended the moratorium on natural gas and electric service disconnections through May 31st.

Kentucky: Natural gas arrearages total $30.9 million with 94,010 pending shutoffs.

Louisiana: Entergy, the state's utility serving the New Orleans area, reported $32.9 million in arrearages, up from $14 million last year. The average amount in arrears this year is $400 vs. $267 last year. The total number of residential families with arrearages totals about 76,000 accounts.

Michigan: Utilities serving 5.7 million customers reported that 1.3 million of its customers have generated arrearages totaling almost $98 million.

Minnesota: Arrearages for electric and natural gas total approximately $71.6 million. The average residential arrearage increased from $168 last year to $267 during the current year. As many as 100,000 families currently are past due on their accounts and could be disconnected after April 15th and the expiration of the Cold Weather Rule.

Mississippi: Entergy Mississippi residential arrearages are projected to increase by 36% from $5.6 million to $7.6 million.

Missouri: The state's two largest natural gas companies have had a self-imposed moratorium on shut-offs that expired March 15th. The current arrearage amount is approximately $6.3 million and the estimated number of families to be shut-off within 30 days, if bills are not paid, is 13,091.

New Jersey: Public Service Electric and Gas, the state's largest utility, reported residential arrearages of $271 million, an increase of 14% over last year. Shut-off notices have been sent to 276,715 families, an increase of 6% over the same period last year.

Pennsylvania: Between 150,000 and 250,000 families in arrears and are expected to begin receiving shut-off notices.

South Carolina: Arrearages have increased by 30% from last year, totaling $13.5 million. Almost 37,000 families are facing shut-offs.

Texas: Entergy Texas has reported an increase of 41% in arrearages from $7.3 million to $10.3 million.

Virginia: Columbia Gas reports a $12 million arrearage this year as opposed to $2 million last year. Dominion Virginia Power, the largest electricity supplier, is reporting a 33% increase in arrears over last year. Approximately 20,000 customers will receive shut-off notices once the voluntary moratorium is lifted.

West Virginia: American Electric Power has reported that 55,000 of their 367,764 residential customers owe about $5.5 million in arrears. The average arrearage is $106. Shut-off notices are currently being mailed.

Wisconsin: Total electric and gas arrearages increased by almost 38%, from $71.0 million to $97.7 million. The average amount in arrears increased by about 23%, from $206 to $167, while the number of households in arrears increased by almost 12 percent, from 424,607 customers to 473,989 customers.

DAVID OBEY.

ADDITIONAL VIEWS OF HON. NORM DICKS

Despite the best efforts of the Chairman, Ranking Member, and other members of the Defense Subcommittee, the defense section of this bill is simply not up to the task of providing for the glaring shortfalls in funding at the Department of Defense. The Committee has made several appropriate adjustments to the Administration's request for funding for DOD, including providing $39.9 million for repair of natural disaster damages at military facilities, and adding $200 million for health care at military treatment facilities. However, the Committee was hobbled by an Administration request that was substantially under funded give the Department's need, and a threat by the Administration to veto any bill which provided for the Department's full requirements.

It is my view that despite the Administration's veto threat, the Committee should have increased funding for DOD by at least $3 billion in emergency funding. In February, I and several other Democratic members of the Appropriations, Armed Services, and other House committees introduced a Defense Supplemental of $6.7 billion. That bill was based on the testimony of the chiefs of each of the military services, and contained $2 billion in funding for shortfalls in readiness accounts not included in the Administration's request transmitted to Congress. These shortfalls not addressed by the Administration include $558 million for spare parts, $334.5 million in pay and Basic Allowance for Housing (BAH) requirements, $254 million for force protection programs, $157 million for aircraft and ship depot maintenance, and $150 million for recruiting and retention, among many others. Although the Administration's request contained about $1 billion in funding for shortfall not covered in our supplemental, including many requests for research and development and procurement funding, the Administration's request is still over $1 billion short of our bill in total, and the need for funding has only increased in the time since the chiefs of the four military services testified before Congress in January of 2001.

The Administration has provided no credible explanation for its neglect of $2 billion in shortfalls in core readiness accounts. And more recent information on FY01 shortfalls at DOD have convinced me that each of the military services will remain $1 billion short of their requirements even after the bill approved by the Committee is passed unless more funding can be added. It is the responsibility of Congress to correct the President's defense budget and supplemental funding requests when they are lacking, a responsibility which Congress has kept, with bipartism support, in each of the last several fiscal years. For exactly the same reasons as in those years, both the Congress and the Appropriations Committee must reevaluate the level of DOD funding in this year's supplemental as it moves through the legislative process.

NORMAN DICKS.