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AN INFORMATION PAPER

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PREFACE

Since 1974, the Special Committee on Aging has recognized escalating energy costs as a particularly acute problem for the low-income elderly. These older Americans are both at high physical risk from extreme temperatures and at serious financial risk from the accelerating price increases of home heating oil, natural gas, and electricity. The hearing on "Energy and the Aged," held on April 9, 1981, continued the work on this issue undertaken by the committee over the past 8 years.

Throughout the formulation of national energy assistance and weatherization programs, the Special Committee on Aging has been active in investigations and oversight. The committee's activities have led to several legislative proposals for improving the services and benefits provided to the low-income elderly.

This staff report on the committee's 1981 oversight activity is designed to summarize the experience of the past and bring it to bear upon the analysis of proposals for future low-income energy programs. The issues raised in the hearing were not new to these programs, but the analyses are enriched and supported by an impressive record of experience with administering these programs which did not exist when the committee began its work in 1974. The insights offered clearly can be of use to all Members of the Senate as new proposals for low-income energy assistance and weatherization are debated this year, and as a resource for subsequent oversight and review.

JOHN HEINZ, *Chairman.*

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Chapter 1

EXECUTIVE SUMMARY

The Special Committee on Aging has been addressing the issue of the impact of rising energy costs on the elderly since 1974. During that time, it has documented the particularly severe health and financial impacts of high energy costs on the elderly poor; it has examined and acted upon a wide range of program options to mitigate these effects; and it has reviewed successive Federal energy assistance programs as they have affected the elderly. The committee's April 9, 1981, oversight hearing on "Energy and the Aged" was a further advance in the work on this subject. The hearing was designed to present an overview of the fiscal year 1981 low-income energy assistance program, of the administration's proposals for fiscal year 1982 and beyond, and of other options for assisting the elderly poor with energy expenditures.

This investigation produced clear findings that there continues to be a substantial need for assistance with fuel bills. The elderly poor pay a far larger share of their incomes for energy than the average U.S. citizen, and their rising expenditures have not been offset adequately by rising incomes.

In addition, the hearing record shows widespread concern regarding proposals to restrict the future of low-income weatherization assistance and a degree of consensus that certain additional features should be added to the administration program for energy assistance. The consensus recommendations included:

—Greater coordination between energy assistance and weatherization services.

—Targeting assistance by giving priority to the elderly, the handicapped, and to those with high fuel costs.

—Equitable treatment of renters and the nonwelfare poor.

—Use of a significant percentage of the funds for energy purposes.

—Stronger reporting requirements for States.

Further, a number of options were presented to the committee regarding mechanisms for coordination with weatherization, outreach mechanisms, funding levels, and State distribution formulae.

This report begins with an analysis of the current need for Federal energy assistance expenditures. It is followed by a detailed history of the Special Committee on Aging's activities during 1974–80 concerning the energy needs of the elderly, and by a history of the Federal energy assistance and weatherization programs. These are followed by a discussion of the Reagan administration's proposals for fiscal years 1982–86, and the related testimony before the Special Committee's April 9, 1981, hearing on "Energy and the Aged." The final chapter focuses on fiscal year 1982 energy assistance and weatherization legislation which has been introduced in the Senate, along with the Senate-House budget reconciliation bills and conference reports.

Chapter 2

NEED FOR ENERGY ASSISTANCE

The radical changes in world oil markets following the 1973 oil embargo brought equally radical changes in the household budgets of Americans. The proportion of income required to purchase essential energy supplies rose dramatically, and changes in the cost of this basic commodity brought changes in the cost of many other necessary items. Although these changes had different impacts depending on a household's income and fuel requirements, during the past 8 years the pressure for change in consumption patterns and the erosion of real spending power have been unrelenting.

The critical questions for low-income households are what proportion of the total household budget is being paid for home energy costs and to what extent real incomes have kept up with energy inflation. In addition to the committee's own investigations, numerous studies have presented partial and short-term findings on this problem. The low-income elderly, according to a May 1980 DOE study, use about the same proportion of their incomes on home energy as do other households with comparably low incomes. The one major difference for the elderly is their particular susceptibility to hypothermia, the potentially lethal lowering of body temperature, and to heat stroke, which means they should often be using more energy.

While the median-income U.S. household spends approximately 8 percent of its income on home energy costs, many low-income households are spending over 20 percent of their annual budget on heat and light, or three times as large a share of income as the average family. In the coldest reaches of the Northeast, many poor households spent 35 percent of income on energy last year.

Furthermore, the poor use far less energy than the average American. Per capita, 1975 figures show the poor using 50 percent less electricity and 24 percent less gas than the well-to-do, and their usage has dropped since that time. Yet the energy the poor use is likely to do them less good because their homes, appliances, and automobiles are less efficient than the U.S. average.

Other factors increase the relative energy disadvantage the poor suffer. For example, the utilities charge higher unit prices for smaller amounts of usage; and utilities and heating oil dealers alike restrict credit and budget plans for the poor, so that seasonal impact on the cash flow of these households is staggering.

The already wide disparity between the proportion of income low-income households pay for fuel and that paid by middle-income households is widening fast. In 1973, the poor paid an average 8 percent of their income, directly or indirectly, for oil, while the wealthiest families paid 3 percent. Even if OPEC prices rise only a modest 1.5 percent in real dollars per year, the average lowest income families will pay over 25 percent of their incomes for energy costs, while those in the highest brackets may pay up to 10 percent. Thus, the gap between what the poorest and the wealthiest pay will have widened from a 5 percent differential to over 15 percent. Even taking increases in family income over the years into account, the poor will have lost 16 percent of their purchasing power to energy costs in 9 years.

Estimates of how much households currently spend on energy consumption vary substantially with results of surveys of prices.

The Greer Partnership has conducted surveys for the Fuel Oil Marketing Committee of the Department of Energy and the Community Services Administration. Tables showing their figures for last year and estimates for the just-ended heating season follow:

ESTIMATED AVERAGE EXPENDITURES FOR ALL HOME ENERGY

[1979-80 heating season (July-June)]

	Low-income households	All U.S. households
Households heating with natural gas:		
High conservation	$698	$893
Low conservation	721	951
Households heating with fuel oil:		
High conservation	1,129	1,259
Low conservation	1,171	1,355
Households heating with electricity:		
High conservation	470	649
Low conservation	493	719

PERCENT OF AVERAGE ANNUAL INCOME ESTIMATED TO BE SPENT ON HOME ENERGY BY LOW-INCOME HOUSEHOLDS AND ALL U.S. HOUSEHOLDS

[1979-80 heating season (July-June)]

	Low-income households (estimated mean income $4,000)	All U.S. households (estimated mean income $19,100)
Heat with natural gas	17 to 18	5
Heat with fuel oil	29	7
Heat with electricity	12	3 to 4

PERCENT OF AVERAGE INCOME PROJECTED TO BE SPENT ON HOME ENERGY BY LOW-INCOME HOUSEHOLDS (EXCLUSIVE OF GASOLINE)

[1980-81 heating season (July-June)]

	Average annual expenditure[1]		
	Severe winter	Average winter	Mild winter
Households heating with natural gas	21 to 24	19 to 22	18 to 20.
Households heating with fuel oil	40 to 58	37 to 53	33 to 47.
Households heating with electricity	15 to 17	13 to 15	12 to 13.

[1] All projections assume high conservation.

Source: "Too Cold . . . Too Dark." The Greer Partnership. CSA, 1980.

Compared to these, the Department of Energy's 1980 estimates are considerably lower than Greer's, as they are based on a different (1978) DOE price survey. DOE also provides projections for 1981 and 1982.

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ESTIMATED AVERAGE COST OF HOME HEATING

Census region	1980	1981 (projected)	1982 (projected)
Fuel oil/kerosene:			
Northeast	$1,000	$1,270 to $1,370	$1,520 to $1,890.
North-central	1,040	$1,330 to $1,440	$1,590 to $1,980.
South	530	$670 to $730	$810 to $1,000.
West	730	$930 to $1,000	$1,110 to $1,380.
Natural gas:			
Northeast	530	$630 to $660	$710 to $750.
North-central	560	$660 to $690	$740 to $780.
South	300	$360 to $370	$400 to $420.
West	350	$410 to $430	$460 to $490.
Electricity:			
Northeast	690	$760 to $820	$820 to $910.
North-central	730	$820 to $870	$870 to $980.
South	350	$390 to $420	$420 to $470.
West	470	$520 to $560	$550 to $620.

These estimates are based upon average consumption for single-family detached housing in the national interim energy consumption survey performed by the Department of Energy. It is assumed that the amount of fuel used for heating will not decline significantly as prices rise through the first quarter of 1982.

However, the Greer Partnership also conducted an actual price survey of February 1981 energy prices for the National Council of Senior Citizens, and the reported prices are considerably higher than the DOE estimate for some fuels, especially heating oil. The following table reports the findings:

HOME ENERGY—AVERAGE ANNUAL EXPENDITURES

[By household, below 125 percent of OMB poverty line]

State	Heating fuel	At February prices	At projected prices [1]
Alabama	Gas	$533	About $600.
Alaska	Gas	(2)	(2).
Arizona	Gas	511	About $590.
Arkansas	Gas	590	About $680.
California	Gas	511	About $590.
Colorado	Gas	581	About $670.
Connecticut	Oil	1,696	More than $2,000.
Delaware	Oil	1,356	More than $1,600.
Florida	Electricity	511	About $570.
Georgia	Gas	533	About $600.
Hawaii		(2)	(2).
Idaho	Oil	1,428	More than $1,700.
Illinois	Gas	695	
	Oil	1,534	Over $1,900.
Indiana	Gas	654	Nearly $1,700.
	Oil	1,341	
Iowa	Gas	651	About $750.
Kansas	Gas	601	About $690.
Kentucky	Gas	692	More than $770.
Louisiana	Gas	513	About $590.
Maine	Oil	1,773	More than $2,100.
Maryland	Oil	1,356	More than $1,600.
Massachusetts	Oil	1,696	More than $2,000.
Michigan	Gas	695	
	Oil	1,534	Over $1,900.
Minnesota	Oil	1,602	Over $2,000.
Mississippi	Gas	533	About $600.
Missouri	Gas	601	About $690.
Montana	Gas	581	About $670.
Nebraska	Gas	638	About $730.
Nevada	Gas	653	About $750.
New Hampshire	Oil	1,773	More than $2,100.
New Jersey	Oil	1,670	Nearly $2,000.
New Mexico	Gas	644	About $740.
New York	Oil	1,851	More than $2,200.

See footnotes at end of table.

HOME ENERGY—AVERAGE ANNUAL EXPENDITURES—Continued

[By household, below 125 percent of OMB poverty line]

State	Heating fuel	At February prices	At projected prices [1]
North Carolina	Gas or oil	599	Over $690.
North Dakota	Oil	1,488	Over $1,800.
Ohio	Gas	654	About $750.
Oklahoma	Gas	590	About $680.
Oregon	Oil	1,196	More than $1,450.
Pennsylvania	Oil	1,356	More than $1,600.
Rhode Island	Oil	1,696	More than $2,000.
South Carolina	Gas	533	About $600.
South Dakota	Oil	1,488	Over $1,800.
Tennessee	Gas	599	About $690.
Texas	Gas	513	About $590.
Utah	Gas	568	About $650.
Vermont	Oil	1,773	More than $2,100.
Virginia	Gas	608	Close to $700.
Washington	Oil	1,196	More than $1,450.
West Virginia	Gas	733	More than $840.
Wisconsin	Oil	1,602	Over $2,000.
Wyoming	Gas	581	About $670.
District of Columbia	Oil	988	Close to $1,200.

[1] Projected prices based on rate of increase in prices from February 1980 to February 1981. Oil prices have increased 23 percent and other fuels 15 percent during that time.
[2] Not available.

Source: The Greer Partnership, for the National Council of Senior Citizens, April 1981.

The Department of Health and Human Services has told the committee that it will be unable to provide future projections of the incomes of low-income households. Therefore, there is no reliable base for estimating future energy costs as a percentage of these households' budget.

The variety in the estimates of current fuel expenditures of households, coupled with the absence of future projections of the incomes of low-income households, compounds the difficulties of determining the precise needs of households for adeauate energy assistance. The level of Federal funding for fuel assistance and weatherization and the future needs of the elderly in relation to anticipated future prices therefore constituted an important line of inquiry during this committee's "Energy and the Aged" hearing on April 9, 1981, detailed in chapter 5.

Despite the variety of current estimates, however, the energy consumption of households as a percentage of annual income is destined to grow with time. And, low-income households spend roughly four times as much of their average annual income on home energy needs than does the average household.

The offsetting effect of indexed benefits in SSI, social security, and other programs on energy inflation for the poor cannot be precisely determined, but increases in home energy costs clearly continue to outstrip benefits. First, energy makes up a far larger proportion of the budgets of the poor than the weight it is given in the CPI. As a result of this and other cost factors, the elderly have experienced greater-than-average inflation rates from 1970–79. Direct energy costs have accounted for 16 percent of the CPI increase between April 1980 and April 1981. Over the past 5 years (March 1976 to March 1981), energy costs have risen 122.8 percent compared to 58.6 percent for the CPI increase.

Further, as a result of inflationary trends, the progress of the early 1970's which lifted the real income of the aged was not sustained in the latter part of the decade. This erosion of assets and income means that the elderly will fall further behind the rest of the population (Data Resources Inc., "Inflation and the Elderly," May 1980). In addition, as the 1980 report of this committee notes, indexed benefit increases lag about a year behind the impact of the inflation in costs. Finally, the question as to whether in-kind benefits (medicare, food stamps, energy assistance) compensate for inflation and/or lack of direct income is difficult to answer precisely, but a study for the President's Commission on Pension Policy (Thomas Borzillieri, June 1980) indicates that in-kind income raises many technically poverty-level elderly somewhat above the poverty line, but not to any degree of income security. Energy assistance is among the smaller of the programs contributing to these benefits.

Chapter 3

ACTION ON ENERGY AND THE AGED BY THE SPECIAL COMMITTEE ON AGING, 1974–80

Since 1974, the Special Committee on Aging has responded to the particularly severe impact on older Americans of high energy costs. The elderly are financially and physically affected by rising energy costs to a greater degree than other age groups. In addition, increases in energy and fuel costs have consistently and dramatically outstripped increases in the CPI and various indexed benefit programs, sometimes forcing upon older Americans the impossible choice of heating or eating.

1974

In September 1974, the Special Committee on Aging began a series of hearings on "The Impact of Rising Energy Costs on Older Americans," describing the problems of limited and costly energy facing the elderly. The committee found that the low-income elderly were paying 14 percent of their disposable income for energy, compared to 4 percent for other income groups. Senator Pete V. Domenici documented the economic realities of the times, summarizing the previous year's increases in energy prices and their effect on the purchasing power of those on fixed incomes:

> * * * Natural gas and electricity are up 18 percent, gas and motor oil are up over 38 percent, and fuel oil and coal are up over 66 percent. * * * What happens to the older couple whose cost of heating has risen 66 percent in 1 year when the Consumer Price Index, which determines income increases, has only risen 11 percent?

Witnesses attested to the overall ravages of skyrocketing fuel costs, dramatizing the particular problems facing the rural elderly, minority elderly, and low-income renters. Both witnesses and committee members decried inadequate conservation initiatives, the lack of a national energy policy, and disorganization at the Federal Energy Administration (the precursor of the present-day Department of Energy).

In his opening remarks at the September 24 hearing, Senator Lawton Chiles raised several points that have remained central to the issue of energy and the aged to this day. He stated:

> All too often the pat response of the administration to serious social problems has been to let the free market run its course. The free market has served us well in most sectors, but it has not headed off rising costs of energy * * *

Energy is not like other consumer products. The consumer can choose to buy or not to buy beef, for example. If he chooses not to buy beef, he can choose chicken or fish. But the consumer does not have the same choice with energy. There are no options or choices.

1975

In 1975, with national energy policy still in the formative stages, the Special Committee on Aging continued its hearings on "The Impact of Rising Energy Costs on Older Americans." The committee examined levels of household expenditure and prices, particularly utility costs.

In its November 7, 1975 hearing, the committee found that the aged (with a limited ability to absorb rapid price increases) spend a higher proportion of their income for energy, but consume less than people of other age groups. In fact, the elderly poor pay a higher per unit cost for fuel than any other group because they are among the smallest users. The committee found the elderly poor spent 3.5 times the proportion of income on energy as that spent by the average U.S. household.

Since energy assistance at that time consisted largely of distributing title III OAA funds to meet local emergency needs, the Special Committee on Aging urged a new approach to energy assistance programs, including passage of weatherization, conservation, and community energy planning legislation. The committee's 1975 report concluded:

> The energy problems confronting our Nation are very real and immediate. In all likelihood they will intensify in the months ahead unless effective and comprehensive actions are launched soon.
>
> The committee urges that any national policy on energy take into account the special problems confronting older Americans, particularly the low-income aged.

1976

In 1976, Senator Frank Church, former chairman of the Special Committee on Aging, introduced the Energy Savings Demonstration Act, designed to fund the testing of innovations for reducing the burden of fuel costs. In conjunction with this legislation, the committee conducted a study to examine the ravaging effects of energy inflation on the elderly. Findings from this study concluded the following:

> Fuel and energy costs have increased at nearly double the overall inflationary rate during the past 2½ years. From August 1973 to February 1976, the Consumer Price Index rose by almost 24 percent.
>
> Fuel and utility costs, however, leaped forward by 41 percent.
>
> The elderly poor consume less energy than other age groups but spend a much higher proportion of their income for

energy-related expenditures. The aged poor's energy costs are primarily for everyday necessities—such as cooking and heating—rather than discretionary luxury items.

In addition, health care problems intensify the energy cost squeeze for older Americans.

1977

In 1977, a severe winter, ever-rising fuel prices, and President Carter's national energy plan combined to focus congressional interest on energy issues, and prompted the Special Committee on Aging to hold three hearings on "The Impact of Rising Energy Costs on Older Americans." As the committee chairman noted in his opening remarks on April 5:

> * * * national energy policy, it is clear, will have to deal with many "big question" issues, including long-term plans for developing or rechanneling our energy sources, changing national fuel conservation habits, and so on. But it should also include a plan to make certain that the elderly and other persons who suffered during last winter's cold will be more directly and promptly helped when the cold winds blow again.

Senator Domenici summarized the committee's concerns as he emphasized "trying to solve the energy problem without addressing the issue of the impact of ever-rising costs on our fixed-income elderly would leave a large vacuum in any energy policy."

Senator Charles H. Percy recommended that the committee consider what he termed the Nation's greatest domestic energy source, conservation, but warned:

> Conservation measures, however, have costs which the elderly and the poor are less able to afford, despite the long-term cost savings obtainable through such measures. First, elderly and poor people have less leeway in energy conservation; for them energy is not a luxury, as they are limited by circumstances to essential energy uses. Second, in the case of weatherization, elderly and poor people cannot afford the capital outlays necessary for such projects, no matter how favorable the cost-benefit relationship is * * *

In addition to documenting the food-or-fuel choice facing elderly homeowners, testimony at these hearings ranged from complaints by the Community Services Administration (CSA) that the demands of the past winter had overtaxed their small staff and limited funding—to an economist's observation that existing Federal energy assistance programs were diffuse and ineffective.

Senator Domenici was moved to ask:

> When we are talking about making grants to poor people, be they old or otherwise, is there any reason why we should not have one national weatherization program doing that with consistent regulations and administered by a single agency, nationally?

Various alternatives in utility pricing structures, such as reduced rates for low-income households, lifeline rates, and rate structures that favored conservation rather than consumption, were considered by the committee. The hearings also provided information on the dangers of accidental hypothermia—potentially fatal lowering of internal body temperature which particularly threatens the elderly.

Through its 1977 investigations, the committee both publicized the wide range of problems and program options confronting the elderly and clearly established for the public record that the aged were drastically affected by the rapid rise in energy prices since 1973. Low-income elderly households then spent between 16 and 27 percent of their disposable income on home energy, well above the national average. At the same time, from 1973 to 1977, home heating oil costs increased 108 percent, while the CPI went up 31 percent and social security payments only 28 percent.

Two proposals offered by committee members with the support of their colleagues on the committee were the Domenici-Church energy tax credit to provide a refundable rebate of $75 to low-income elderly households to defray rising energy costs, and the Church weatherization amendment to the national energy plan, offering expanded weatherization assistance to the poor and elderly. Both measures passed the Senate, but neither was enacted into law.

1978

The Special Committee on Aging's 1978 activities concentrated on long-term care and community planning. However, members and staff evaluated the proposed national energy act which contained several provisions important to older Americans, including weatherization assistance, residential tax credits for conservation improvements, and utility rate innovations. The committee as a whole did not pursue energy legislation; individual members continued to work on behalf of the energy needs of older Americans in the course of their activities on other committees, especially Budget and Finance.

1979

In 1979, President Carter announced the gradual decontrol of domestic oil prices, OPEC announced substantial price increases, and Iranian oil imports were halted in response to the takeover of the American Embassy in Tehran. The Special Committee on Aging responded to grave constituent concern with extensive activities to assure recognition of the special needs of the elderly.

The committee adopted a resolution proposed by Senator Percy, which stated:

> In the development of a national energy plan, the President and the Congress shall assure that an adequate program of assistance to meet the particular needs of elderly persons is enacted.

The committee resolution cited the harsh impact of cost increases on elderly persons' incomes, compounded by the fact that many elderly reside in substandard housing that is poorly insulated and costly to heat and cool.

Hearings on "Energy Assistance for the Elderly," held in Akron, Ohio, and in Washington, D.C., analyzed the impact of various methods of providing energy assistance for low-income elderly households, including the existing CSA programs. Among the topics discussed at the Akron hearing were energy pricing, the use of CETA labor in weatherization, and the Ohio energy credit programs, through which State subsidies allow the poor and elderly to lower their heating bills by 25 percent. The Washington hearing also examined the need for cooling assistance to protect elderly persons threatened by hypothermia.

Senator John Heinz summarized his proposal for a refundable tax credit to suppliers of energy to low-income senior citizen households if they cut the heating bill for that household by 25 percent. He stated:

> One of the principal problems that caused a great deal of hardship in my State of Pennsylvania was that in order to be eligible to participate in this program, * * * you had to not pay your heating bill. You had to be a debtor * * * and then you had to go through the indignity of going down to the local community services office and saying, "I have not paid my heating bill." Those senior citizens were too proud—and I salute them for being proud—to submit to such indignities, and didn't do that.
>
> So, I decided there had to be a better approach, because it cannot be right if we have any sensitivity at all to put people first in the position of choosing freezing or starving, and second, in order to avoid that choice, force them to submit to an indignity.
>
> * * * there are really two ways of addressing this problem * * * just about everybody else, with no disrespect to the motives intended, is saying, "We will find some money somewhere and somehow after the fact and get it to needy senior citizens." I approach it very differently. I say, "How can we avoid those problems?" We can avoid those problems if we lower the cost of energy in the first place to the needy senior citizen.

Senators from both parties, members of the Aging Committee and others, took advantage of the committee's hearing to put forth their own legislative proposals, many of which later appeared as amendments to the Home Energy Assistance Act. For example, Senator David Pryor suggested vendor payments and broadened eligibility; Senator William S. Cohen stressed conservation, the danger of hypothermia, and the advantages of lifeline rates; Senators Javits and Williams proposed immediate and substantial cash payments to those already on income maintenance programs; and Senators Mathias and Biden suggested a fuel stamp system.

The Home Energy Assistance Act (S. 1724) was amended, extensively debated, and passed by the Senate. On November 13, 1979, Senator Chiles offered an amendment sponsored by the entire Committee on Aging to provide that States shall take steps to assure that households with an elderly member be given priority for receiving energy assistance. The amendment was offered to guarantee that the CSA emergency intervention programs' priority for the

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elderly be continued in the new energy assistance laws. Senator Chiles summarized the committee's finding regarding the need for such an amendment thus:

> Officials from the Department of Energy, CSA, and HEW all testified to the fact that elderly persons pay a higher percentage of their income on energy costs than other age groups. Last winter, it was estimated that elderly paid an average of 30 percent of their income on utility bills * * * This is often 50 percent of a social security, SSI, or pension check, which does not leave much for food, shelter, and medical expenses.
>
> This amendment does not change the focus of the energy assistance program from serving those households with the lowest incomes and highest energy bills. It simply states that among these households, States shall give priority to serving those households with elderly members. States are taking such actions under the current program and should continue to do so.

The amendment was agreed to.

On the same day, Senator Heinz introduced an amendment permitting the States to use the funds to offer tax credits to energy suppliers who effectively reduced rates to low-income households. This option offered several advantages to States. Tax credits to suppliers, he pointed out:

> * * * will target funds for fuel assistance by reducing the cost of fuel on the front end to eligible households. This has the advantage of reducing the effect of increased fuel costs and of permitting low-income households to meet their fuel payments within their limited resources.
>
> The tax credit option would be administratively simple. Because eligibility is determined by the State, the program would rely on existing records and information and would not necessitate a separate verification procedure. Because reimbursement is through a tax credit, payment to suppliers is guaranteed.

This amendment was also agreed to and the program passed by the Senate was included in the Windfall Profit Tax Act of 1980 while the 1979–80 winter needs were accommodated through the appropriate process.

1980

The Special Committee on Aging, in an effort to elicit recommendations for the fiscal year 1981 program from the elderly and from program administrators, continued its series of hearings on "Energy Assistance and the Elderly." At hearings in Maine, New Jersey, and in Washington, D.C., members of the committee heard details of the continuing energy problems of older Americans. Furthermore, program administrators from across the country offered suggestions on how best to meet the needs of the elderly under the new guidelines. One consistently popular suggestion was to make funds available at earlier dates in order to allow States the necessary time to prepare for the program.

Senator Bill Bradley opened a Committee on Aging hearing in Pennsauken, N.J., with the observation that some low-income people were paying up to 50 percent of their incomes on energy costs. He again warned of the constant danger of hypothermia, indicated by an increasing number of reported fatalities. Testimony ranged from the president of the Fuel Merchants Association of New Jersey, who recommended maximum State flexibility in program design and direct vendor payments, to volunteers who advocated the use of the elderly as outreach workers and laborers for the low-income weatherization program.

In Bangor, Maine, a local CAP director provided Senator Cohen with four brief points he felt would promote success:

> Be on time with the legislation and money.
>
> Give us regulations that are understandable.
>
> Give us flexibility * * * because each area has its own peculiarities.
>
> Provide adequate administrative support to assure accountability.

The director of Maine's Division of Community Services pointed out:

> Conservation and crisis assistance programs are not the total answer for Maine. We need to integrate public education, weatherization, housing rehabilitation, and fuel assistance. Presently, elderly people whose homes are dilapidated because they can no longer afford to maintain them are being forced into nursing homes. Houses are being vacated and left to rot at a time when there is a housing shortage. Something must be done to stop this trend of spending millions of dollars to keep people barely warm in inadequate housing.

Further, the summer of 1980 witnessed inordinately high temperatures for record long periods of time. Continuing severe heat, which exceeded 100 degrees in 10 States for at least a month, was blamed for the death of approximately 2,000 persons. The majority of the dead were elderly; thousands more senior citizens were hospitalized.

On July 25, 1980, the Special Committee on Aging and the Subcommittee on Aging of the Labor and Human Resources Committee called an emergency joint hearing to hear from representatives of the affected States and to discuss with the administration the effectiveness of Federal programs. As Senator Domenici observed in his opening statement:

> Low-income persons often do not have air-conditioning or do not have adequate incomes to pay their electric bills. Some of the elderly victims have died because they were afraid to use the fans or air-conditioners provided to them because of the potential increase in their energy burden.

An area agency on aging director from Arkansas described for the committee what happened in his State during this period:

> Inflation-eroded incomes may be totally insufficient to support even a $5-per-month increase. Living on $238—SSI—per month takes careful management. Some have had their homes weatherized for the winter and their windows are

permanently puttied shut. Or they are afraid to remove plastic weatherstripping for fear of being unable to afford replacement cost when bitter cold winter weather returns. Some elderly have air-conditioners, but do you think they are plugged in? Absolutely not. Who is going to pay the utility bill?

To expedite Federal response to this crisis, the Senate approved legislation proposed by Senators Bentsen, Chiles, and Domenici, which allowed the Community Services Administration to obligate funds past their June 30 deadline and to transfer funds from other programs. This measure was signed by President Carter (Public Law 96–321) giving more flexibility to Federal agencies and States to serve the needs of heat wave victims.

On October 24, 1980, Senator Cohen chaired a hearing on "Energy Equity and the Elderly in the 80's" in Boston, Mass., in conjunction with an NRTA/AARP miniconference on energy issues. The findings and recommendations on energy conservation and assistance of both the miniconference and the hearing were submitted to the 1981 White House Conference on Aging.

Summarizing the findings of the previous day's miniconference, Cyril Brickfield, executive director of the NRTA/AARP, testified that one sample group of older Americans was found to be spending between 40 to 50 percent of their monthly incomes on energy items. To compound matters, 51 percent of persons 65 or older live in the Northeast and North Central portions of the Nation, where winters are consistently severe. Many of these people live in houses built more than 30 years ago, most of which are poorly insulated.

The witnesses that followed repeated these points, stressing the very real threat to life New England winters pose to elderly, often isolated, people living in old houses. A 64-year-old woman from South Boston testified that with a $280 per month social security payment:

> Heating the house soon became impossible, and I started to close off room after room, until I ended up living in the kitchen. Even hot water has become a luxury, and the price is too high. I am not the only one in this boat. I know many elderly women who are in even worse situations, who have been forced to sell their homes.

On the other hand, an elderly woman from Gloucester testified that weatherization and fuel assistance programs can bring genuine and needed relief:

> I went and applied for (weatherization) aid and took my bills and social security papers and copies of my check. I was eligible to have my broken heating system fixed. They changed my system from oil to gas and I now have a new system. I'm getting my cellar insulated, new storm windows, and some roof work. This year I feel a real difference. I'm warm this year at 65 degrees whereas last year I would set my thermostat to 75 degrees and was cold * * *
>
> I'll save fuel and much money this year. Thank you for helping me with this program and I hope more elderly will be able to get this kind of weatherization help.
>
> I get fuel assistance money too, and I am appreciative for it * * * My arthritis feels better now, too.

Chapter 4

HISTORY OF THE ENERGY ASSISTANCE AND WEATHERIZATION PROGRAMS

I. LOW-INCOME ENERGY ASSISTANCE

A. History and Background

In fiscal year 1977 and again in fiscal year 1978, $200 million was appropriated to Community Services Administration (CSA) to provide aid for fuel-related emergencies to households at or below 125 percent of the poverty line. This program operated under section 222(a)(5) of the Economic Opportunity Act, which gives CSA broad authority to offer emergency energy services. These programs, which offered cash assistance, emergency shelter or repairs, vendor payments and other benefits, continue in modified form today. In fiscal year 1980, the program now known as emergency crisis assistance program ("ECAP," formerly crisis intervention program, and in 1978–79, special crisis intervention program), delivered $400 million as a companion to the HEW household energy assistance program of $1.2 billion.

The substantial increase in funding for fiscal year 1980 came as part of the legislation decontrolling oil and the oil windfall profit tax. Although the appropriation preceded enactment of the tax and the authorizing legislation for the program, the requirements were outlined as part of the Appropriations Committee report for fiscal year 1980.

The bulk of CSA ECAP funding ($354 million), went out in grants to States to administer ECAP programs through local agencies. However, $46 million of the total was reserved for administrative costs, special emergency intervention activities, and direct grants to Indians and migrants. The grants to States were allocated using two formulas based, to different degrees, on the State's low-income population, severity of climate, aggregate residential energy expenditures, and increases in home heating expenditures between 1978 and 1979. More than $20 million of this funding was not used for winter heating aid but was "reallocated" to provide cooling assistance to several "heat-wave" States in the summer of 1980 (Public Law 96–321).

HEW (HHS) was responsible for a special energy allowance program that provided some $800 million in block grants to States, under which they exercised a number of options, including distributing the funding to welfare and food stamp recipients, transferring funding to the ECAP program in the State, or designing their own program. Funding was allocated among the States according to a formula based on a State's low-income population, severity of climate, and increases in home heating expenditures from 1978 to 1979.

HEW (HHS) also administered a $400 million program which paid one-time energy assistance checks to SSI recipients in January 1980. Checks were sent to all SSI recipients, except those in "medicaid" institutions, and ranged from $34 (Hawaii) to $250 (the maximum allowed) in colder States. The amount of each check varied in rough proportion to the severity of climate in the recipient's State.

A number of State-financed energy assistance initiatives also exist. At least 13 State programs of direct aid for residential energy costs have been implemented since 1975; some have now ended. More than half of the State initiatives implemented so far have provided aid only to the elderly, or elderly and disabled, poor.

About one-third of the programs have provided some aid to qualified households in the form of credits toward State income taxes. Another third granted aid through reduction in utility bills, sometimes funded through reductions in State sales taxes levied on providers. The remainder have made use of a wide variety of benefit delivery mechanisms such as vouchers, energy stamps, two-party checks, and other types of restricted aid that could only be used for the purchase of home energy fuels. The levels of benefits in all these programs vary from $50 to $500.

There have been problems with past Federal efforts. The majority were caused by the lateness of the appropriations measures which in fiscal years 1977 and 1978 passed in wintertime, and which therefore were offered to eligibles who had not found a way through the winter crises and still owed energy bills, but not to some of the neediest, including the elderly, who had sacrificed other necessities and bought fuel. Also, the fiscal year 1977 program required a fuel termination notice as proof of need and therefore was not utilized by many elderly who refused to become debtors or risk their credit rating.

The fiscal year 1980 funds also were delivered in January, allowing little time for States to prepare programs. Excessive numbers of fuel assistance checks were sometimes sent to the same household—for example, two separate checks for a married couple eligible for SSI. Much publicity was given to a number of checks sent out in fiscal year 1980 to recipients not responsible for their own heating bills: those living in subsidized housing, in foster care or boarding homes, and particularly SSI recipients who were residents of a medicaid institution. Such payments to ineligibles were estimated at some $15.5 million, or a little under 1 percent of program funds. Most publicized among these were checks which went from HEW to SSI recipients who should have been ineligible as residents of a medicaid institution. HEW had found that the time required to remove them from Federal computer logs would have delayed all check delivery over a month. At the request of Senator Nelson, the GAO reviewed such overpayments, and concluded that most problems in the fiscal year 1980 program were addressed by the 1981 regulations.

At the end of July 1980, Congress approved legislation, Public Law 96–321, that allowed CSA to reallocate unused funding from the 1979–80 winter heating program to several "heat-wave" States in order to aid low-income households, especially the elderly poor, in health-threatening situations. This reallocation amounted to nearly $25 million. Total funding for the "heat-wave" effort reached nearly $30 million when combined with funding that had been reallocated earlier.

B. The Fiscal Year 1981 Program

The 96th Congress passed fiscal year 1981 appropriations for the low-income energy assistance program (LIEAP), as part of the continuing resolution funding Federal activities through December 15, 1980, Public Law 96–369. In so doing, Congress appropriated substantially less funding than the $3.1 billion that the Home Energy Assistance Act authorizes for fiscal year 1981, changed the formula for distributing funds among the States, and changed certain program rules. Public Law 96–369 appropriates a total of $1.85 billion for the 1980–81 LIEAP. About $1.756 billion is available to HHS to distribute to the States as block grants under the terms of the Home Energy Assistance Act; $4 million is available for HHS Federal administrative expenses; some $2 million is available for grants to Puerto Rico and the territories; and the remaining $88 million is to be used by CSA to operate crisis intervention and other programs through its local community action agencies as it has in past years. The Senate-passed Home Energy Assistance Act formula for distributing funds was modified to include greater consideration to heating needs, although all States are guaranteed at least 75 percent of the amount they would have received under the Home Energy Assistance Act formula.

Income eligibility for benefits is set at the annually indexed Bureau of Labor Statistics "lower living standard level," adjusted for family size and place of residence. This is the eligibility standard used for various CETA programs, and it currently averages some $12,600 nationwide for a four-person household. Compared to the other major income test proposed, 125 percent of the "poverty level," the lower living standard budget levels are substantially higher for all household sizes except one-person households. For these households, the lower living standard levels are roughly the same as 125 percent of poverty or, in some areas, slightly lower. Therefore, the program permits one-person households to use whichever standard is higher in their area.

In addition to setting maximum income eligibility standards, the act requires automatic eligibility for all households that receive AFDC, food stamps, veterans' pensions, or SSI benefits, and requires that any assets tests measure liquid assets only. Estimates indicate that eligibility could extend to about 21 million households.

The Federal role is to: (1) Allocate money, through a legislatively set formula, in block grants to the States (95 percent of appropriations would be spent this way); (2) continue to fund a crisis assistance program (reduced in size to about $100 million); and (3) oversee State compliance with the guidelines set forth in the act and approve and monitor State plans. HEW (HHS) can waive compliance with program rules, if necessary, to implement an efficient program in a State. There is also authority for Federal matching grants to States as incentives for State-funded initiatives, and HEW (HHS) can distribute payments to SSI recipients on behalf of a State, if the State so chooses.

It is each State's responsibility to design and administer its own program(s) with the block grant it receives, following general Federal guidelines. To receive its funding, each State has to submit a plan that meets the following basic requirements, unless waived, in addition to the federally established maximum income eligibility rules:

—Residential energy assistance can be given directly to eligible households, as cash, vouchers, coupons, or the like; to home energy suppliers on behalf of eligible households; and to operators of subsidized housing projects on behalf of eligible households.

—Priority generally would have to be given to the lowest-income households.

—Income-eligibility standards can be lower than the federally prescribed maximums.

—Renters who do not pay directly for residential energy must receive aid comparable to that received by households paying directly.

—The amount and type of assistance could vary within a State. However, benefits have to be scaled so that they are greatest for those with the highest home energy costs in relation to income.

—Benefits would be provided to meet costs of energy sources used primarily for home heating. However, grants to meet cooling costs would be allowed when cooling is determined to be medically necessary for the eligible household.

—Energy suppliers participating in providing assistance would have to agree to various conditions, including notice and delay requirements, before stopping service to eligible households. A State may waive this requirement if it poses a hardship to the supplier.

—A State must establish a program for giving benefits to operators of subsidized housing projects for eligible tenants.

—States would have to maintain existing public assistance benefits, except that assistance under this program could replace any public assistance increases that had been made solely to provide energy assistance.

—States could reserve up to 3 percent of their grants for emergencies.

—Elderly and handicapped must be given priority. (See appendix, "State Plans for the Elderly," HHS, April 1981.)

The Home Energy Assistance Act allocates funding among the 50 States and the District of Columbia (95 percent of the appropriation) according to five different formulas, using as factors: aggregate residential energy expenditures in each State; each State's share of the eligible population; severity of climate in each State; each State's share of the population below 125 percent of poverty; and a requirement that sufficient funding be provided each State to insure that at least $120 will be available for each household receiving cash, welfare, or food stamps. These were amended by the appropriations bill.

States submit quarterly reports to HHS on a number of kinds of data.

States also choose the administering agencies, which means a variety of offices, ranging from welfare offices and CAP's to area aging agencies, provide some or all of the program functions.

1. SERVICES TO THE ELDERLY AND HANDICAPPED

The impact of the provision sponsored by all the members of this committee in both fiscal years 1980 and 1981, which assigns priority to the elderly and handicapped, has not been thoroughly evaluated by the Department of HHS.

$3 million of the CSA funds were directed to be spent on outreach by national aging organizations through their local memberships.

Early reports from HHS monitoring show about 40 percent of participating households have an elderly member. This is consistent with results in the fiscal year 1980 CSA and direct-payment portions of the program.

State plans contain varying implementation methods. (The appendix shows an HHS summary of these plans.) It has been suggested by several aging organizations that there is inadequate use of OAA programs, especially meal sites, for outreach.

2. PROBLEMS IDENTIFIED

Every State surveyed by the committee staff has agreed with the Department of HHS on three major points. First, uncertainty over program requirements, which has lasted until legislation passed Congress well into the heating season, has meant States could neither plan adequate programs nor gear up their agencies fast enough. There is an overwhelming need for certainty over several fiscal years.

Second, the section providing assistance to operators of subsidized buildings is unworkable. The administrative and financial framework in which building operators work is incompatible with the measures of energy costs, needs, and benefits which apply to all other recipient categories. Substantial administrative resources have been wasted on both the Federal and State levels because of these provisions.

Third, the requirement that vendors refrain from shutoffs for a certain period and during a mandatory appeals procedure caused some vendors to leave the program. It also resulted in exemptions of virtually all oil suppliers, and in numerous cases conflicted with or added to State public utility commission restrictions on shutoffs which govern all regulated utilities.

In addition, there is consensus that many States need more flexibility to set money aside for emergencies; most believe appropriations should carry over for 2 years so that States with an unusually mild season will not be forced either to spend irresponsibly or be penalized, and that some weatherization activities should be permitted, and even encouraged, as part of LIEAP (although there is no agreement about the extent to which funds should be used for this purpose).

State officials complain about confusing reporting requirements and excessive data demands. Some officials in warmer States complain about lack of clarity regarding reservation of funds for cooling expenditures; Western and sun belt States contend the heating-based formula is unfair and should at a minimum contain a cooling degree day factor; Rocky Mountain States object to the use of BLS standards of eligibility because BLS measures costs in only one metropolitan area in eight States.

Several States complain about the limitation on administrative costs and the requirement for State matching funds. It is hard to validate the legitimacy of all these complaints, but some are clearly justified. In small States with small allotments, administrative cost allowances come out far below the costs imposed by the diseconomies of small programs. In other States, legislatures must act on any Federal matching program, but their legislative sessions are too short for the recent last minute Federal bills. Northeast Governors testifying to the Labor and Human Resources Committee said their overhead in the proposed block grant program, which they support, would probably rise. Numerous problems related to State plans or management problems have also been reported.

II. WEATHERIZATION AND OTHER ENERGY PROGRAMS

A. Weatherization, 1975–81

1. CSA WEATHERIZATION PROGRAM

During the winter of 1973, community action agencies in Maine and Wisconsin began the first weatherization programs designed to help low-income persons conserve energy and pay their fuel bills.

A national program was created in 1975 with the enactment of the emergency energy services conservation program through section 222(a)(5) of the Economic Opportunity Act (Public Law 93–644). From fiscal year 1976 through fiscal year 1978, the Community Services Administration (CSA) operated a nationwide weatherization program primarily through its network of local community action programs (CAP's). During its 3 years of operation, the CSA used appropriations of $192.2 million to weatherize 372,911 dwellings.

The Energy Conservation and Production Act (ECPA), enacted in 1976, authorized the Department of Energy (DOE) to operate a weatherization program.

In fiscal year 1978, DOE used combined appropriations of $27.5 million from 1977 and $65 million from 1978 to weatherize approximately 72,500 dwellings. In fiscal years 1977 and 1978, both the CSA and DOE programs operated concurrently under separate statutory authority and separate regulations. However, since DOE had no nationwide network of local counterpart agencies, many of the community action agencies conducted DOE and CSA-funded programs.

As of fiscal year 1979, the total appropriation of $200 million for the weatherization program was transferred to DOE. The Office of Management and Budget prohibited CSA from using any of its funding for such purposes.

2. DOE WEATHERIZATION ASSISTANCE PROGRAM

The DOE weatherization program is authorized by title IV, part A, of the Energy Conservation and Production Act of 1976, as amended by the 1978 National Energy Conservation Policy Act (NECPA)—and the Energy Security Act of 1980.

Persons below 125 percent of poverty are eligible for assistance; priority is given to the elderly and the handicapped.

The program is administered through State energy offices and State economic opportunity offices (SEOO's) and locally through CAA's and others. There is a "preference," but not a mandated priority, for CAA's, which remain the principal delivery system.

Funding was $189 million in fiscal year 1980, and $182 million in fiscal year 1981 under the continuing resolution.

The program provides materials for insulation and repair up to $800 per unit. Labor is to be provided by other sources, such as CETA or State and local resources. However, a waiver can be granted if no CETA or other labor is available, and the limit on total cost is $1,600.

3. PROBLEMS IN WEATHERIZATION PROGRAMS

Both the CSA and DOE programs have been criticized by the Congress and the General Accounting Office for delays, performance, and management problems. One of the key obstacles to program success was the requirement that the weatherization funds be used primarily for materials, which left inadequate funds for labor and program administration.

The integration of public employment manpower resources with weatherization programs providing materials presented another obstacle, chiefly due to the lack of local manpower resources and disincentives to work on these short-term projects. Lack of coordination between DOL and DOE worsened this problem.

In 1980, DOE made numerous rules changes which simplified the program and permitted expenditures of a large backlog of unexpended appropriations. The Energy Security Act of 1980 also made major changes in the program by adding flexibility for States and localities in allocating costs among tasks; in using non-CETA labor, raising per-unit cost restrictions; and easing the requirements for multifamily building projects. This authorization expires in fiscal year 1981.

The changes were largely successful in the sense that the pace of weatherization activities accelerated significantly and all appropriated funds have now been committed. DOE figures show that 579,191 units have been weatherized by April 1, 1981, and approximately 600,000 should be completed by the end of the year. Of these, 274,071 are occupied by the elderly. The vast majority of all units completed are in nonurban areas.

The committee staff found that a few fundamental problems persist:

—Problems in upgrading rental units in buildings with more than three or four units, due to both the difficulty in securing landlord agreements as required by the regulations, and problems in identifying cost-effective measures consistent with the regulations.

—No formal strategy for concentrating on homes with largest energy-savings potential or greatest household need.

—Tension between the need to assure efficient use of the federally funded materials and the inflexibility of the list of approved measures.

—Lack of coordination with fuel assistance. The committee staff has identified only 11 States with a combined application procedure and less than half a dozen more with automatic weatherization applications for energy assistance recipients determined to be eligible. In many States, large numbers of LIEAP recipients are above the weatherization eligibility standard.

—Inadequate resources. The National Bureau of Standards has identified 10 million housing units occupied by eligible households and in need of weatherization. At the current average cost of $1,000 per unit and fiscal year 1981 funding levels, the program would require over 40 years.

Another energy program for the poor is currently conducted through the Farmers Home Administration (FmHA). About $25 million has been spent each year on loans for weatherizing rural housing. The Committee on Aging investigated the program in 1980 and found major mismanagement by the FmHA in one State.

B. Other Energy Programs

CSA, under its general authority, administers numerous energy programs directed solely toward the poor, almost all of which give priority to the elderly. These include:

—Conservation activities and demonstrations in support of DOE weatherization.

—Hypothermia prevention pilot programs—coordinated with Administration on Aging (AoA).

—Energy access and education—consumer information and advocacy.

—Conservation financing pilot projects.

—Optimal weatherization research.

—Energy co-ops.

—Appropriate technology demonstration for use of indigenous fuels in low-income communities.

—Funding for the National Center for Appropriate Technology.

The Department of Energy through the appropriate technology small grants program makes available awards of up to $10,000 for concept development and up to $50,000 for development or demonstration of small-scale energy-related technologies that are appropriate to local skills and needs.

An Energy Conservation and Solar Bank, authorized to make grants to low-income households, has not started up, and the administration requested termination in its fiscal year 1982 budget request.

The National Consumer Cooperative Bank was set up to lend money to a variety of community revitalization and development projects, including cooperative projects designed to give communities or neighborhoods a chance for greater local control over their energy resources and costs. At least 35 percent of the bank's funds were earmarked for projects in low-income communities.

Current regulations permit the use of title XX Social Security Act funds for a number of purposes, including the payment of utility bills, and a few States have used title XX funds for this purpose.

Finally, the 1978 amendments to the Older Americans Act contain a provision for disaster relief, largely based on the Melcher floor amendment. This provision allows the Commissioner to reimburse State agencies on aging for expenses incurred during Presidentially declared disasters, including devastating weather conditions. The Administration on Aging now has the statutory authority to reimburse the State agencies for costs they might provide in meeting the elderly's needs during such a disaster.

Chapter 5

REAGAN ADMINISTRATION PROPOSALS AND SPECIAL COMMITTEE'S HEARING, "ENERGY AND THE AGED," APRIL 9, 1981

I. REAGAN ADMINISTRATION PROPOSALS

A. Energy Assistance

The administration has proposed a 4-year authorization of $1.4 billion per year, beginning in fiscal year 1982, which consolidates energy assistance with the AFDC emergency assistance program currently authorized under sections 403(a)(5) and 406(e) of the Social Security Act. The funds would be administered as a block grant to States with the following features:

—The Federal Government makes annual grants to States to support energy and emergency assistance.
—States make their own decisions on use of the funds.
—Funds are not earmarked for particular services. However, funds must be spent for one or more of the purposes of the two programs that were consolidated to form the block.
—The grants equal approximately 75 percent of the total funds that a State and jurisdictions within it received in a base year for the programs being consolidated—1980 for emergency assistance, and 1981 for energy assistance.
—No State matching fund requirements are imposed.
—No State is required to maintain its current level of support in this assistance program.
—States must publicize their spending plans prior to any expenditure.
—States must tell the public how the funds were used. An independent audit of expenditures is required at least every 2 years.
—States may transfer up to 10 percent of the funds from one HHS block grant to any other HHS block grant.

Funds would be available for:

—Home energy costs.
—Emergency energy assistance.
—Financial aid, medical care, or social services related to the emergency.
—Low-cost weatherization and minor home repairs.
—Direct grants to Indian tribes under certain circumstances.
—Administrative costs related to these activities.

Funds would not be available for:

—Purchase of land, construction, or major permanent improvements to buildings or facilities.

—Matching, by States, of other Federal programs.

The block grant would consolidate these programs:

—Low-income energy assistance authorized by the Home Energy Assistance Act.

—Emergency assistance authorized by title IV of the Social Security Act.

B. Weatherization

The administration proposes a block grant for weatherization and other community development and rehabilitation programs administered by HUD, while it proposes to terminate the categorical program of weatherization currently funded in DOE at $185 million in fiscal year 1981. Repeal of section 222(a)(5) of the Economic Opportunity Act of 1975, which authorizes weatherization and other energy assistance for the poor, is proposed as well. This authority has been delegated to CSA and HHS in past years through application of this section.

Under the HUD block grant, which combines the existing community development block grant (CDBG) and urban development action grant programs at 90 percent of their current funding, weatherization would continue to be an allowable activity as it is under the existing CDBG act. The current formula which sends 80 percent of CDBG funds to urban areas and 20 percent to States to use at their discretion in other areas would be changed to allow approximately 30 percent of the funds to be awarded to States to serve rural areas which successfully compete for awards. There is no earmarking of a proportion of block grant funds for weatherization and no requirement for coordination with energy assistance.

II. "ENERGY AND THE AGED" HEARING, APRIL 9, 1981

The Special Committee on Aging scheduled its April 9, 1981, hearing to examine the performance of the fiscal year 1981 program and to review the options for future legislation including, but not limited to, the administration block grant proposals for fiscal years 1982–86.

Three broad categories of issues were fully explored. The first was the question of the degree to which block grant programs should be targeted on specific purposes or populations. For example, should there continue to be the legislative mandate which the committee originated to give priority to the elderly and handicapped in both fuel assistance and weatherization programs? Similarly, should there be a mandate to include renters and the nonwelfare poor in all State emergency energy assistance programs and give priority to the neediest? Should there be any guidance on minimum amounts of these block grants to be used for energy purposes? Should there be any requirement to use some proportion of CDBG weatherization moneys for low-income residences? Also related were the issues involved in the distribution formula, such as using factors more heavily weighted to costly home heating or, conversely, to total energy costs including gasoline, or to poverty population alone.

The second set of issues involved the coordination of the fuel assistance and weatherization efforts. The question was whether thorough weatherization is an essential long-run investment for the Government which will otherwise face constant and growing pressure for cash payments for fuel used in inefficient buildings. If the answer is in the affirmative, the question is how to link the two programs.

The third and final set of questions concerned the level of resources needed for fuel assistance and weatherization and the future needs of the elderly for assistance in relation to anticipated future energy prices.

Summary of results.—All public witnesses found some significant fault with both the administration proposals and, to a lesser degree, with the current programs. There was unanimity about the need for a more coordinated "package" of weatherization services and fuel payments and a sense that the administration's weatherization proposal offered no adequate substitute for the existing DOE program either in funding levels, resource targeting, or delivery of coordinated services. It was agreed that the current, successful system of local delivery for weatherization should not be changed in the ways proposed by the administration.

There was no consensus on the design of an administrative mechanism for delivering a more coordinated weatherization/energy assistance program, but there was unanimity that, at the local level, both programs should be available through the same offices in a one-stop service.

All public witnesses suggested greater targeting of program elements of LIEAP than is contained in the fiscal year 1982 budget request, but to a lesser degree than is contained in the current program. Most witnesses also expressed concern about the change in geographic targeting of weatherization.

Most witnesses expressed deep concern about the reduction in energy assistance funding, and all of them called for increased weatherization funding. The termination of the DOE program was regarded as the virtual termination of low-income weatherization activity.

A detailed review of the testimony on issues of major significance shows the following:

A. Coordinating Energy Assistance and Weatherization Services

As noted above, there was emphatic agreement by all who testified or submitted testimony, that households receiving energy assistance should also be receiving weatherization services to maximize the efficiency of fuel assistance expenditures.

While witnesses did not reject the benefits of coordinating CDBG housing rehabilitation with weatherization described by the administration, they gave much higher priority to a long-term close coordination between weatherization and energy assistance. No witness believed such coordination would be likely under the administration plan. Among the reasons cited were the weighting of CDBG to urban jurisdictions which have the least experience with successful weatherization efforts, the uncertain record of existing CDBG services to low-income communities, the CDBG delivery agencies (urban renewal agencies) which are customarily not the

the same as the experienced weatherization delivery agencies (CAA's), and the cutback in resources available for the community development block grant as a whole.

No public witness or any written testimony received by the committee supported the administration proposal to combine weatherization with CDBG. All witnesses at the hearing favored the existing weatherization program over the administration proposal. Every public witness also gave the existing program high marks except for its experience in some large cities and, of course, for its lack of coordination with LIEAP. Numerous witnesses favor expanding the activities permitted under the weatherization program to include heating system improvements and a broader range of repairs.

Witnesses were also unanimous in supporting the administration's proposal to permit low-cost weatherization activities and considered existing prohibitions on such use of LIEAP money a major flaw. The National Council on Aging reported that 80 percent of the delegates surveyed at its recent convention supported mandatory linkage between the programs. However, most of the public witnesses were unwilling to permit States to use energy assistance money for more costly energy improvements of the kind the DOE program undertakes (insulation, storm windows) without additional funds in the block grant for such a purpose. The opposing view was presented in written testimony from the National Alliance to Save Energy, and by Mr. David Stockman under questioning by committee members.

There was substantial discussion about the potential form of a delivery system for a coordinated weatherization/energy assistance effort. No reliable data were presented by the administration or by witnesses representing administering agencies about the effect of the 1981 legislative language requiring LIEAP programs to coordinate with weatherization services. There was agreement that the differences in eligibility requirements for the two programs, the inability of many LIEAP agencies to screen weatherization referrals properly, and the fact that States use different delivery systems for the two programs in many instances all made the coordination requirement difficult to implement.

The witnesses did not present comprehensive alternatives to the administration proposal. They did agree, however, on two general points: The two programs should be available to recipients through the same local delivery system and, further, where there are now successful DOE weatherization activities in progress, the local delivery systems, which are virtually all CAA systems, must not be destroyed or shifted into new agencies. Some groups who submitted written testimony, the Western Governor's Policy Office, the Southern Governor's Association, and the State energy coordinators of region III, felt strongly that decisions about such administrative matters should be left to the States.

Several witnesses also pointed out that important assistance to low-income elderly populations is being rendered by other energy programs coordinated with weatherization or LIEAP, notably, area agencies on aging, weatherization, training and audits, and the use of supplemental energy sources, such as solar and wood, as provided through CSA programs. All of these programs would be cut and revamped or eliminated in the proposed administration block grant.

B. Targeting the Program

1. PROGRAM ELEMENTS IN ENERGY ASSISTANCE

The administration identified the elements of the fiscal year 1981 legislation and regulations which it believed to have been unduly restrictive and costly, such as vendor termination agreements, reporting requirements, building operator provisions and prohibitions on weatherization. Under questioning, it did not produce evidence of generalized HHS interference, of major delays or program setbacks caused by Federal inefficiency or of major costs imposed by Federal action. Most witnesses and the written testimony corroborated HHS's view of the specific deficiencies in the current program.

Only one public witness at the hearing (Maine Oil Dealers) supported the broad grant of authority to States which was proposed by the administration. Written testimony subsequently submitted by the Edison Electric Institute and two regional Governors' organizations also supported the administration position. Several organizations represented at the hearing, and others which later submitted testimony, strongly opposed the block grant concept altogether. One, the NRTA/AARP, described the fiscal year 1981 program as a block grant program and proposed use of a similar distribution of powers in a new program.

Numerous witnesses proposed positions they considered compromises, including the addition of various legislative conditions so as to more closely target the block grant.

There was general consensus among hearing witnesses that certain other requirements be added to the block grant, including:

—*Priority to the elderly and handicapped.* The evidence accumulated by this committee and others over a 6-year period was cited to emphasize the special vulnerability of these populations and also the difficulty of reaching and enrolling them in Federal assistance.

—*Priority to the neediest and the mandatory inclusion of nonwelfare poor.* Concern was expressed that without targeting, administrative convenience and cost, rather than equity considerations, might govern eligibility standards. Programs would, therefore, be biased in favor of those already enrolled in Federal or State programs.

—*Relationship between benefit levels/fuel costs/family income.* It was felt that the energy-related purpose of the program could be lost if benefits were not tied in some way to actual fuel expenditures as a percent of income.

—*Stronger planning and reporting requirements.* Concern was expressed that the Congress would not be able to oversee implementation of the act with the minimal financial and program reporting in the administration bill.

—*Use of a significant percentage of the funds for energy purposes.* There was consensus that these funds be primarily designated for energy assistance and, therefore, that emergency programs not be permitted to absorb a significant proportion of the grant. It was noted that 95 percent of the block grant would be derived from the former LIEAP.

Other important proposals on which there was no firm consensus either at the hearing or in testimony submitted for the record, included:

—Mandatory proportion of the grant for outreach or weatherization.
—Limits on State administrative costs.
—National maximum eligibility standard.

A suggestion by the Minnesota State program director that Federal requirements be added but that a liberal system of waivers of these be available was generally acceptable to all parties.

Witnesses who supported some or all of these measures had varying views of the desirability of Federal powers to enforce these conditions. For example, Mr. Stockman and State energy coordinators were receptive to the idea of legislative establishment of broad national purposes but opposed any mechanism for enforcing these on States.

Without exception, every witness gave top priority to establishing, early in the calendar year, a long-term program with consistent requirements on which States could plan and rely. Whatever the substantive policy chosen by the Congress, major cost savings and delivery efficiencies were foreseen once States overcame the uncertainties and startup problems which plagued recent programs because of late legislation and inadequate leadtime for establishing administrative mechanisms.

2. PROGRAM ELEMENTS IN WEATHERIZATION

As noted, some witnesses expressed concern that the current DOE weatherization program is too restrictive in that it excludes some higher cost savings measures such as heating system retrofits and installation of alternative energy equipment. There was also disagreement over the desirability of giving priority to employment training activities as part of the program.

There was, as noted above, unanimity among public witnesses at the hearing that the existing delivery system ought to be used and also that the priority offered the elderly and handicapped be continued.

In summary, there was a willingness to allow States and localities wide latitude so long as the fundamental structure of the existing program—which was judged a success—could be kept in place by legislative mandate.

3. TARGETING FORMULAE: ENERGY ASSISTANCE

There was no consensus as to whether the need to target reduced resources more carefully should mean a different interstate distribution formula. Mr. Stockman suggested that further weighting toward colder States with higher fuel costs might be appropriate.

In written testimony, several groups commented on formula questions, and suggested use of a variety of factors. For example:

The Western Governors' Policy Office (WESTPO) provides a detailed analysis of allocation formula issues and objects to the use of the BLS lower living standard data in computing allocations. The data base for Western States is limited to Denver and Anchorage, with no adequate adjustment for rural living standards. WESTPO recommends the use of Bureau of Census poverty index figures to provide more accurate regional data on need. They also recommend averaging residential energy expenditures over a number of years to determine the need of a household.

The Southern Governors Association advocates using the formula in both extremes of temperature conditions.

The Region III State Energy Coordinators Committee feels that the two most important formula considerations should be: (a) Localized heating demand and costs, and (b) the ability of households to pay for energy. The Philadelphia Corporation for Aging suggests a formula to reduce to 25 percent the proportion of household income spent on housing, including energy costs.

WESTPO, the Southern Governors Association, and the Edison Electric Institute (EEI), all cite the need for increased consideration of cooling needs in determining State allocations. Noting last year's disastrous heat wave, WESTPO states that "whether a person freezes or succumbs to heat exhaustion, the results can be dangerous to personal health, and even terminal. This is particularly so for the elderly and handicapped populations." EEI concurs, suggesting that in addition to the use of both heating and cooling degree days, allocation formulae should consider any household's aggregate energy expenditures, without breaking it down into space heat usage.

4. TARGETING FORMULAE: WEATHERIZATION

As noted above, all the public witnesses expressed concern about the urban weighting of the CDBG formula, which would be 70 percent urban and 30 percent rural, in contrast to the DOE weatherization program which is 80 percent rural and is currently judged successful. Further, the absence of any requirement to undertake weatherization and of any mandate to coordinate the block grant with fuel assistance were felt to portend a low priority for weatherization and no greater success in coordination than presently exists.

C. FUNDING ADEQUACY

1. ENERGY ASSISTANCE

There was consensus that, in the face of rising energy costs, it is important to maintain at least current funding. The majority of witnesses at the hearing and among those who submitted written testimony supported increases above the proposed $1.4 billion. Their proposals range from $1.85 billion to $6 billion. Several groups sought to estimate the impact of funding reductions or a 25-percent cut in benefits. Several witnesses who supported increasing weatherization activities permitted under the energy block grant suggested increasing the funds for that purpose.

Unfortunately, no data are available to measure precisely the exact needs of the current recipient population or of eligible people not being served. No reliable evaluation of LIEAP, and thus of the Stockman argument that serious waste exists in the program that can be eliminated without harming its purposes, will be available before the end of the fiscal year.

2. WEATHERIZATION

There was consensus among hearing witnesses that the loss of DOE weatherization funding coupled with the new block grant proposal would significantly reduce resources for weatherization which are already inadequate. The further concern that staff and institutional resources for weatherization service delivery, which have been provided through community action agencies, will no longer be available because of the possible closing of those agencies under the proposed social services block grant.

There was also general agreement that the proposed $1.4 billion was inadequate for weatherization activity that is other than "low cost." Notable dissents came from the National Alliance to Save Energy and the Western Governors' Policy Office.

Chapter 6

FISCAL YEAR 1982 LEGISLATION

I. LOW-INCOME ENERGY ASSISTANCE PROGRAM (LIEAP)

On April 30, 1981, Senator Jeremiah Denton introduced the Emergency Hardship Assistance Grant Act (S. 1089), a modified form of the President's proposal. It would have authorized $1.78 billion to States for energy assistance to low-income households and for emergency relief, including food, clothing, shelter, and transportation. Applications to the Secretary of HHS would be made after a plan for accomplishing any or all of these goals is approved by State legislatures. Unspent program funds would have to be transferred to other State block grants. There was no limitation on administrative costs. Annual reports and audits would be required, consisting of such information as the Secretary of HHS deemed necessary.

On May 12, 1981, Senator Lowell P. Weicker, Jr., offered the Low Income Energy Assistance Act of 1981 (S. 1165). This bill would have reauthorized the fiscal year 1981 LIEA program with few substantive changes. Grants totaling $2.5 billion would be authorized to States. The important changes from fiscal year 1981 law were: No requirement that vendors observe a moratorium on shutoffs of service to recipients; no payments required to building operators; a 10-percent limit on administrative costs; funds could be used for low-income weatherization; and no separate crisis program in CSA. The Secretary would be empowered to disapprove State plans and withhold funds in the event of noncompliance.

On May 14, 1981, Senator John Heinz introduced the Energy Assistance Block Grant Act (S. 1189), which would have authorized $1.4 billion in fiscal years 1982 and 1983, $2 billion for fiscal year 1984, and $2.4 billion for fiscal year 1985. State plans would be submitted after full public participation. The Secretary would have to provide funding if it met the purposes of the act, and a State would have to show cause if it planned to use funds in a manner inconsistent with the purposes of the program. Conditions of grants would include: a minimum of 90 percent of funds for energy assistance; priority to elderly and handicapped; priority in benefits to those with the highest energy bills in relation to income; coordination with weatherization; equitable treatment of homeowners and renters, as well as welfare and nonwelfare poor; adequate outreach; and annual reports to the Secretary including who was served and in what manner. Low-cost weatherization could be performed with LIEAP funds. As Senator Heinz stated:

* * * We are convinced that these provisions will produce a more effective system for mitigating the impact of high energy costs on the poor because they assure more careful targeting of the reduced funding levels available under our stringent budget limitations.

On June 25, 1981, the Senate passed its fiscal year 1982 budget reconciliation, which included a bill providing $1.875 billion in each of the next 5 years for home energy block grants. This bill would allow States to define eligibility requirements, though "priority" would go to those eligible in fiscal year 1981. Some of the other conditions of grants include: outreach to elderly and handicapped; coordination with weatherization; priority to households with an elderly or handicapped member; highest benefits to those with the lowest incomes and the highest energy costs in relation to income; equitable treatment of owners and renters; 10-percent limit on administrative costs; and up to 10 percent of grant funds could be used for low-income weatherization or energy-related repairs.

The Secretary could withhold funds from States failing to act in accordance with the purposes of the act and/or with the assurances provided in its plan. But HHS could only act on receipt of a complaint. The bill does not explicitly prohibit States from disregarding home energy assistance payments under other Federal or State income assistance programs.

Two low-income energy assistance proposals were included in the House reconciliation bill. One proposal, adopted by amendment on the House floor, varies little from the Senate proposal except that it explicitly prohibits States from considering home energy assistance payments as income in determining eligibility for other Federal and State assistance programs; and it authorizes funds for 3 years; and there is a 20-percent State matching provision.

The second House proposal, recommended by the Ways and Means Committee, would revise fiscal year 1981 eligibility standards, giving eligibility to households with at least one individual eligible for AFDC, SSI, food stamps, or certain veterans benefits *or* households with income below 150 percent of the poverty line *or* (at the option of the State) households at or below 60 percent of the State's median income would also be eligible. The reauthorization is for 2 years, at $1.4 billion for fiscal year 1982 and $1.6 billion for fiscal year 1983. There would be no limitation on the amount of funds a State can use for weatherization, and there is a 20-percent State matching provision. The Secretary of HHS must approve a State plan before funding it. There would be no explicit priority for elderly or handicapped. The moratorium on vendors' shutoff is eliminated, but payments to building operators are still a State option. Also, priority in benefits would go to those with the highest fuel bills relative to income.

All reconciliation proposals, and the Heinz and Weicker bills, use the fiscal year 1981 national distribution formula.

The provisions on energy assistance contained within the Omnibus Reconciliation Act of 1981 are known as the Low-Income Home Energy Assistance Act. The act authorizes $1.875 billion for low-income energy assistance in each of the next 3 years (fiscal years 1982–84). Further, it targets benefits to those in greatest need of energy assistance—the elderly and the handicapped, those having the highest energy costs in relation to income, and those having incomes below 150 percent of poverty or 60 percent of a State's median income. The new legislation provides additional economic security to these eligible households by specifying that energy assistance payments cannot be counted as income for other Federal programs. In addition, outreach programs, especially for the elderly and the handicapped, are required by the new legislation, as well as crisis assistance programs.

The law permits use of up to 15 percent of the block grant for financing of weatherization services. It mandates close coordination between energy assistance payments and weatherization; and it gives priority to agencies experienced in the delivery of weatherization or energy assistance services. Auditing of the programs by the Secretary of HHS and, periodically, by the Comptroller General, is mandated.

On the other hand, State Governors are given substantial flexibility in designing and implementing programs. States would receive funding after submitting plans developed with full public participation. Funding could only be withheld if subsequent investigations uncovered violations of the purposes of the Low-Income Home Energy Assistance Act. Further, Governors may transfer up to 10 percent of the energy block grant to other social service programs, including those mandated under title XX of the Social Security Act.

II. WEATHERIZATION

In April 1981, Senator William S. Cohen proposed a 3-year program to weatherize 2.65 million low-income homes. Funding levels over the next 3 years would be set at $650 million, $1.54 billion, and $2.2 billion, respectively. States would have broad discretion to provide locally responsive programs. State plans would include the area served, climate, energy usage, and cost, the number of dwellings needing weatherization services, and the type of services to be performed. States would have to keep the *average* expenditure per dwelling at $1,600. This program was introduced in pointed objection to the administration's proposed transfer of DOE weatherization activities to the community development block grant.

Senator Weicker introduced the National Home Weatherization Act (S. 1166), a $400 million consolidation of existing low-income, State and local, and school and hospital weatherization activities into a single energy conservation grant for States to provide essential planning and energy assistance. Priority would be mandated for the elderly and handicapped. It would require 65 percent of grant funds to be spent on low-income weatherization assistance. Required in a State's work plan would be: annual energy savings goals, energy audits, coordination with LIEAP, priority to recipients with the greatest potential savings, and a description of State energy supply and demand.

The Senate fiscal year 1982 budget reconciliation bill included $545 million for energy conservation activities, of which $336 million could be used for State and local programs, including weatherization under current law or any program subsequently passed, such as S. 1166 or comparable legislation.

Consistent with the administration's budget submission, one section of the House reconciliation bill repealed the authorization for the current weatherization program making weatherization an eligible activity under the proposed community development block grant. Another section authorized $193 million for the same program. A third section, however, authorized the same $545 million for conservation as the Senate.

The Senate-House reconciliation conference authorized up to $336 million for State and local conservation activities. Although there are no statutory provisions reauthorizing the DOE weatherization program, the conference report expresses strong support for the program and the expectation that it will continue. Furthermore, the conferees recommend that as much as $175 million be appropriated for the DOE weatherization program.

Although the budget levels for weatherization have been established, at this writing reauthorizing legislation is still pending before the Senate Energy and Natural Resources Committee.

In response to the administration's recommendation that S. 1166 be replaced with an energy conservation block grant, Senator James McClure introduced the State and Local Energy Block Grant Act of 1981 (S. 1544). It would repeal and replace all existing categorical conservation grant programs and limit total funding to $200 million per year. This block grant would distribute 75 percent of those funds to States based on their residential population; the remaining 25 percent of funds would be divided equally among all States. State matching funds of 30 percent in fiscal year 1982, and 50 percent in fiscal years 1983 and 1984 would be required. The bill would repeal residential energy conservation programs, low-income weatherization, energy auditor training, appropriate technology grants, energy extension service, State energy conservation plans, school and hospital conservation programs, and rural weatherization grants. Instead, States would allocate their block grant funds according to local needs. Reports and audits of State expenditures would be required insofar as the Secretary of DOE deems necessary.

S. 1166 and S. 1544 will be considered by the Energy and Natural Resources Committee after the Senate reconvenes in September 1981.

Chapter 7

CONCLUSION

It is the committee's purpose to summarize and publish these results to provide a framework for analysis by Members of the Senate as they consider authorizing and appropriations legislation for future programs. There are recurring concerns regarding targeting of services and resources to those in greatest need of home fuels, which must be carefully considered as long-term legislation is formulated and implemented.

The Special Committee on Aging will continue to exercise its responsibilities for oversight of ongoing energy assistance and weatherization programs, paying particular attention to those services to the low-income elderly which can be improved.

Appendix

STATE PLANS FOR THE ELDERLY[1]

Forty-eight States are providing ease of application to the elderly and handicapped by providing transportation to application intake sites, home visits to assist in the completion of applications, mail-in applications, intake at senior citizen centers, and other activities. These States are Alaska, Arkansas, Arizona, Alabama, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Michigan, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming.

The following States are providing other methods of priority to the elderly and handicapped:

Arizona.—Income standard for the elderly is 100 percent lower living standard or 125 percent of poverty, whichever is greater. The income standard for the rest of the population is 125 percent of poverty.

Delaware.—Benefits will be timed such that the special vulnerability to cold experienced by the prioritized groups is recognized and addressed. Also, the State will withhold 10 percent of its allotment until the end of February 1981, in case funds are inadequate to assist all elderly and handicapped applicants.

Florida.—All households with elderly or handicapped which apply will have their eligibility determined before any payments are made to anyone. Payment amounts will be determined so all approved households will be served.

Georgia.—There will be a 2-week advance outreach and application certification period for elderly and handicapped only.

Indiana.—All eligible elderly and handicapped applicants will receive the same benefit as households with lowest incomes and highest energy costs.

Kentucky.—SSI recipients will receive written notification of the program 1 month prior to other program participants.

Maine.—If the State determines during the course of the program that there will be insufficient funds to serve all eligible applicants, then participation will be restricted to elderly and handicapped only.

Maryland.—Benefits will be timed such that the special vulnerability to cold experienced by the prioritized groups is recognized and addressed.

[1] Submitted to the Special Committee on Aging by the Department of Health and Human Services.

Missouri.—The State will use a single statewide income eligibility chart for one- or two-person households containing an elderly person.

Montana.—Elderly and handicapped households will receive a $1,000 medical deduction when income eligibility is being determined. The elderly may also request a direct benefit payment instead of a vendor payment.

Nebraska.—Elderly and handicapped households will receive a standard deduction of $300 (or more, if actual expenses are higher) for medical and dental costs.

New Jersey.—The State has established a shorter time frame for acting upon applications from elderly and handicapped households (turnaround time of 20 days instead of 30 days for all other applicants).

New York.—Elderly and handicapped may receive a higher benefit if fuel costs exceed 40 percent of income. A 6 percent income disregard will be applied to all elderly and handicapped households.

Oregon.—Additional assistance of up to $200 is available if a household is elderly and annual costs for home energy exceed 25 percent of income.

Pennsylvania.—Benefits will be timed such that the special vulnerability to cold experienced by the prioritized groups is recognized and addressed.

Rhode Island.—Preregistration for the elderly, prior to the heating season, is available.

South Carolina.—The State provided a setaside to assure that elderly and handicapped would be served.

South Dakota.—Income standard for a one-person household is 125 percent of poverty. Income standard for the rest of the population is 80 percent lower living standard.

Texas.—Automatic payments to SSI recipients will be made. Also, the cooling program will be directed toward those who are 70 or older and medically in need of cooling.

Vermont.—Elderly households have a resource maximum set at $3,000; handicapped households have a resource maximum set at $2,250. All other households have a resource maximum set at $1,500.

Virginia.—Elderly households have a resource maximum of $3,000 per elderly person in the household up to a maximum of $6,000. All other households have a resource maximum of $2,000.

Wisconsin.—Direct payments to SSI recipients will be made. Also, the county program plan for EAP will contain provisions for mandating that priority be given to eligible households with elderly or handicapped.

Wyoming.—If the State determines that there will be insufficient funds to serve the entire eligible population, then the program will be restricted to elderly and handicapped applicants only. Also, there is a 10 percent income deduction for elderly applicants.

O