

Congress of the United States
Washington, DC 20515

November 20, 2018

The Honorable Alex M. Azar II
Secretary
U.S. Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, DC 20201

Dear Secretary Azar,

We write to request additional information on how the Department of Health and Human Services (HHS) awarded the Fiscal Year 2019 funding for the Low Income Home Energy Assistance Program (LIHEAP). On October 26, 2018, HHS announced FY19 state allocation levels, and LIHEAP funding for Massachusetts fell by more than \$11 million from last year. Massachusetts lost more funding year-over-year than any other state, and this decrease represents a 7.6 percent drop in the Commonwealth's LIHEAP allocation.

This decrease in funding also comes at a time when the U.S. Energy Information Administration (EIA) projects that an average consumer in the Northeast will actually pay more for the bulk of heating fuels over the winter of 2018-2019 than in the winter before, including a predicted 15 percent increase in expenditures for the average fuel oil customer.¹

It is always challenging for state home heating assistance agencies to set budgets and allocate funds each year, especially as funding awarded by HHS fluctuates according to the formula and annual appropriations. However, an unexpected drop of this magnitude will place extreme stress on Massachusetts' home heating agencies, and likely mean that many low-income residents eligible for this benefit will struggle to afford heating services this winter.

A large component of the year-over-year decline in funds appears to be due to the impact of the allocations awarded under the Tier II and Tier III LIHEAP formula. This formula is also known as the "New Formula," and is triggered when appropriations exceed a hypothetical FY1984 appropriation of \$1.975 billion.

In FY19, \$2,971,316,000 was allocated through the old formula, and \$716,000,000 was allocated through the new formula. Massachusetts experienced a 43 percent decrease in its allocation amount through the portion of funds provided under the new formula this year, according to HHS.

¹ "Average Consumer Prices and Expenditures for Heating Fuels During the Winter," U.S. Energy information Administration (Nov. 2018), <https://www.eia.gov/outlooks/steo/tables/pdf/wf-table.pdf>.

This may partly be the result of HHS using extremely outdated energy price data to calculate awards based on this formula. In fact, the new formula currently employed by HHS uses 2016 energy price data to calculate home heating costs for its FY19 awards process, despite the fact that the EIA calculates average consumer prices for heating fuels every winter and even calculates predicted consumer costs for the 2018-2019 winter.

Using two-year-old energy prices to dictate the allocation of FY19 LIHEAP funds means that these allocations are not based on the reality of what consumers will actually experience each winter—particularly for more volatile commodities like home heating oil.

As a state where around a quarter of low-income households use fuel oil for heating, Massachusetts consumers are particularly vulnerable to changes in fuel oil costs. The use of 2016 data to calculate LIHEAP funds is especially problematic this year, as heating oil prices in 2018-2019 are projected to be 50 percent higher than in 2016.²

Please provide responses to the following questions and requests by November 30, 2018:

1. Did HHS engage in a public notice and comment period when developing the new formula methodology, including engaging with stakeholders? If not, why not?
2. Why does HHS not use more recent energy price data in determining LIHEAP awards to states under the new formula?
3. Will HHS update its new formula methodology to use predicted (or more recent) fuel source pricing data that matches up with the fiscal year for which the LIHEAP funding is being awarded? If not, why not?
4. Please provide the FY19 new formula methodology and factors used to calculate the awards for each state this year.
5. How did HHS determine that consumption of heating oil by low-income families in Massachusetts will fall by nearly 20 percent from FY18 to FY19?
6. Please explain how HHS used temperature data to determine the number of heating and cooling degree days per state in FY19, noting whether HHS used projected temperature data for the fiscal year or whether it depended on past data.

We are concerned that the methodology employed by HHS for allocations of LIHEAP funds under the new formula is based on outdated data that does not reflect actual price conditions and consumer demand, which may be unfairly harming families in Massachusetts and other cold weather states.

We look forward to your responses and hope to work with HHS going forward to address these concerns. Should you have any questions about this request, please contact Hannah Vogel in

² “Average Consumer Prices and Expenditures for Heating Fuels During the Winter,” U.S. Energy Information Administration (Nov. 2018), <https://www.eia.gov/outlooks/steo/tables/pdf/wf-table.pdf>.

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Sen. Markey's office at 202-224-2742 or Michael Wertheimer in Rep. Keating's office at 202-225-3111.

Sincerely,



Edward J. Markey
United States Senator



William R. Keating
Member of Congress



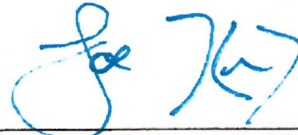
Elizabeth Warren
United States Senator



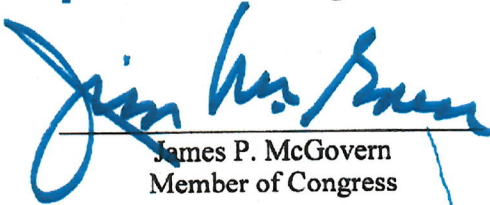
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Member of Congress



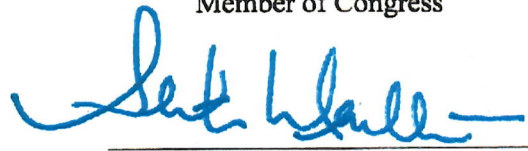
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