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DEPARTMENTS OF LABOR AND HEALTH, EDUCATION,
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APPROPRIATIONS FOR 1981

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BEFORE A

SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES

NINETY-SIXTH CONGRESS

SECOND SESSION

SUBCOMMITTEE ON THE DEPARTMENTS OF LABOR, HEALTH,
EDUCATION, AND WELFARE, AND RELATED AGENCIES

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SOCIAL SECURITY ADMINISTRATION

Home Energy Assistance Program

Printed for the use of the Committee on Appropriations



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DEPARTMENTS OF LABOR AND HEALTH, EDUCATION AND WELFARE APPROPRIATIONS FOR 1981

MONDAY, MAY 5, 1980.

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
SOCIAL SECURITY ADMINISTRATION**

WITNESSES

WILLIAM J. DRIVER, COMMISSIONER

IRA GOLDSTEIN, DIRECTOR, OFFICE OF POLICY, OFFICE OF FAMILY ASSISTANCE

ROBERT M. ROTHENBERG, DIRECTOR, DIVISION OF PROGRAM BUDGET, OFFICE OF FINANCIAL RESOURCES

JOHN TODD, PRINCIPAL DEPUTY TO DEPUTY ASSISTANT SECRETARY FOR INCOME SECURITY POLICY

MS. ALAIR TOWNSEND, DEPUTY ASSISTANT SECRETARY FOR BUDGET

Mr. NATCHER. The committee will come to order.

We have before the committee at this time Mr. William J. Driver, the Commissioner of the Social Security Administration.

Mr. Driver, it is a distinct honor and privilege to have you before the committee in your capacity as the new commissioner.

We of course want to wish you the best of everything in your assignment. As I understand, you have a statement you would like to present to the committee. But before you do that, tell us who you have there at the table with you.

Mr. DRIVER. Thank you, Mr. Chairman, I will.

On my right Ms. Alair Townsend, Deputy Assistant Secretary for Budget; Mr. Ira Goldstein, Director of the Office of Policy in the Office of Family Assistance, and on my left Bob Rothenberg, Director of the Division of Program Budget in the Office of Financial Resources at Social Security.

Mr. NATCHER. The matter that we have before the committee today, Mr. Driver, is the budget request for \$2.2 billion for low-income fuel bills and you have a statement. We will be pleased to hear from you.

Mr. DRIVER. Thank you very much, Mr. Chairman.

I would ask that my full statement be submitted for the record and I will refer to it in my opening comments.

Mr. NATCHER. That will be fine.

Mr. DRIVER. Thank you.

This is the first time that an energy assistance program has been presented to you which has a statutory authorization. This authori-

zation represents a commitment by the Congress and the Administration to providing assistance to needy, low-income households which are suffering from the dramatic increase in the cost of home energy. Without this program millions of people will have great difficulty or possibly be unable to afford the minimum energy requirements to survive the rigors of next winter.

We are asking for \$2.2 billion, as you indicated, which will be distributed as block grants to the States according to the statute for use in helping low-income households cope with the rising costs of home energy.

Let me outline the principal provisions of the act.

First, households receiving food stamps, AFDC payments, certain income-tested veterans; pensions and, with certain exceptions, SSI, and households with incomes less than the Bureau of Labor Statistics' lower living standard will be eligible for assistance.

Assistance to eligible households will be made available through block grants to the States. Grant funds will be distributed to the States according to the formula authorized by the Congress which takes into account a State's residential energy expenditures, climatic conditions, and eligible population.

In order to receive these block grant payments, States will have to submit a plan to the Secretary of HHS describing their program for furnishing home energy assistance. This assistance may be provided directly to eligible households, to home energy suppliers and to operators of certain subsidized housing projects. The States may ask the Secretary of HHS to make direct Federal payments to SSI recipients as well as grants to Indian tribes for payments to Indians on reservations.

The act requires that States give priority to serving households with handicapped or elderly members and to households with the lowest incomes and the States must provide the highest levels of assistance to households with the highest energy costs relative to income.

The act also includes a \$100 million set-aside for energy crisis assistance to be administered by the Community Services Administration.

\$2.5 million is provided for establishing a home energy assistance program in Puerto Rico and the territories.

The Secretary of HHS may make incentive grants to States to pay a portion of the cost of some State-initiated programs which will provide home energy assistance to the same population.

There is no Federal statutory limit on the amount paid to a household, although the States may set such a limitation when they develop their individual programs.

The major differences between this program and last year's are the emphasis on State administration, flexibility in the payment process available to the States and congressionally-set priorities on whom to pay.

In addition, the formulas which were included in the act for distribution of grant funds among the States are more complex than the 1980 formulas. Several alternate formulas are provided to insure that each State gets a minimum amount of money. Finally, this year's program targets the needy population more accurately

because it includes regional and metropolitan-nonmetropolitan variations.

We are requesting \$2.2 billion to carry out this program, an increase of \$600 million over the 1980 level. The distribution of funds will be: \$2.1 billion for grants to States for home energy assistance,

\$100 million for energy crisis assistance,

\$2.5 million for grants to Puerto Rico and the territories for home energy assistance,

\$7.3 million for incentive grants to States for their own home energy assistance programs,

\$4 million for HHS expenses in administering the program.

We have weighed the Administration's commitment to providing relief for low-income households against the severe fiscal constraints on the 1981 budget in making this request. We feel that the increase of \$600 million, or 37.5 percent, represents a level of expenditure which will meet both these demands.

The pool of eligible recipient households under the formula has increased from 17.6 million in 1980 to 20.7 million in 1981 because of the statutory definition of eligibility. Energy costs have risen dramatically in the past year and are projected to continue rising. The increase requested is necessary to meet the minimum demands of the eligible population.

I would like to discuss briefly our request for \$4 million for Federal administration of this program, which includes a request for 20 permanent positions. We feel it is important to have a permanent staff which can develop expertise and provide continuity for the energy assistance program. HHS must provide regulations, procedures and technical advice to the States, as well as approving and monitoring State plans and expenditures.

The authorizing legislation also mandates a large data collection effort to provide information on costs of fuel and of the whole program. In order to carry out these activities, HHS will require a minimum permanent staff of 20 to provide a core group of people to direct the program. The rest of the work will be done through the use of overtime or temporary staff. As we move into implementation of the program, we may find that 20 is not enough. If this is the case, I may return to you with a request for additional permanent staff.

In closing, I would like to stress the importance of timely funding for this program. Many of the problems which we experienced in the 1980 program rose from the extremely short time allowed for planning and implementation of the program. We hope to avoid these problems in the 1981 program by proceeding with planning now so that we will be prepared to get funds to the States as soon as possible after the funds are made available to us.

However, in order for the States to make full use of the grants provided to them, they need to know at the earliest possible date how much money they will receive and when it will be available.

I urge you to make every effort to expedite this request so that funds will be used fully to meet the pressing needs of the people the program is designed to serve.

That concludes my statement, Mr. Chairman.

Mr. NATCHER. Thank you, Mr. Driver.

BASIS FOR 1981 REQUEST

Now, Mr. Driver, what is the basis for the \$2.2 billion which you are requesting for this program in 1981? Is there any special significance to the \$2.2 billion instead of \$2.4 billion or \$1.6 billion? Why \$2.2 billion?

Mr. DRIVER. Sir, as you know, the January budget submission from the President allocated \$2.4 billion to the program. We have since then had a major reevaluation of the budget of the needs in the country, of the economic situation at this time. We have been able to give further thought to the evidence that we have received so far on the effects of the 1980 program, and based on the sharply increasing costs of fuel that have occurred since last year's effort, and on the increased pool of eligibles in this year's act, it is our judgment that \$2.2 billion is a nice balance between the need for this assistance and the economic conditions in which we find ourselves.

Mr. NATCHER. Mr. Driver, does the Administration now see the low-income energy assistance program as a permanent Federal effort or are we still talking about a temporary program?

Mr. DRIVER. I would hesitate to use the word "permanent," or "temporary," in any absolute sense. Certainly, since we are now in the third year and with the legislation that was enacted by the Congress last in the windfall profits area, it would seem to us there is abroad in the land a determination that this sort of program be considered as a part of our national picture. With the forecasts that we see in our economy, in terms of increases in prices especially in the energy area, it would seem appropriate that we would expect something of this nature for at least the indefinite future.

Mr. NATCHER. Does the program need to be reauthorized for the fiscal year 1982?

Mr. DRIVER. Yes, sir, it does.

Mr. NATCHER. For the long run, wouldn't it make more sense to integrate energy assistance into the existing income maintenance programs rather than creating another categorical program?

Mr. DRIVER. We have thought about that and in fact we are studying it now. If I had to make a flat statement this afternoon it would be that despite the attractiveness of incorporating it into an ongoing program and the steadiness that that would bring to this program, I would have to say that we still don't know enough about all of the detailed aspects of energy demands to recommend flatly that it be incorporated. But certainly we are looking into that.

COST OF LIVING INCREASES IN OTHER BENEFIT PROGRAMS

Mr. NATCHER. As you know, Mr. Driver, last week Secretary Harris announced that Social Security and SSI recipients would receive a 14.3 percent cost-of-living increase this July. Haven't we already provided for the increase in home energy costs for this group?

Mr. DRIVER. I would have to invite you to look, Mr. Chairman, at the much steeper increases that have occurred in the energy field within the last year and a half to really have an understanding of an answer to that question.

If we were to look simply at the mathematics of the situation in terms of the costs of heating oil, gas and electricity, the 14 percent would clearly be inadequate in this area.

AVERAGE EXPENDITURES FOR ENERGY

Mr. NATCHER. Can you give the committee some idea now as to the average family expenditure for home heating during 1978, 1979, 1980 and what is your estimate for 1981?

Mr. DRIVER. We do not have and have not been able to discover any accurate analysis of home heating by region or by State or by city. What we do have and what we can make available are indications of the amount of energy used—this would principally be in the area of home heating but it would include other uses of energy. But we find that we do not have adequate data to specifically separate home heating from all of the other aspects of energy and concentrate on it alone.

Mr. NATCHER. Mr. Driver, can you give us any idea now as to the average family expenditure for any of the years 1978 to—

Mr. DRIVER. Not for home heating as such.

Mr. NATCHER. As such you can't give us any idea?

Mr. DRIVER. No, sir. We have not been able to discover anything that we believe to be reliable. I know from my own experience and from the evidence available there is a great deal of data available in terms of degree-days. Oil companies, for example, schedule their replacement visits to homes to fill the tank based on the number of degree-days. This kind of data is available and we can supply that. But we cannot actually translate that mathematically into dollars and cents.

Mr. NATCHER. If you will, provide for the record a table showing the average cost for home heating over the last several years broken down by type of fuel, and also, if possible, by State; if you will, have that placed in the record for us.

Mr. DRIVER. We will do our best, sir. What we can provide is the relative costs of home heating by type of fuel compared to the national average.

[The information follows:]

RELATIVE COST OF HOME HEATING PER HOUSEHOLD COMPARED TO NATIONAL AVERAGE COST BY FUEL TYPE: 1979

(Expressed as a percentage of national average)

	Fuel oil	Natural gas	Electricity ¹
Alabama	49.89	49.89	43.92
Alaska	209.96	137.63	226.31
Arizona	42.58	48.12	51.75
Arkansas	60.28	43.15	60.34
California	52.32	37.11	54.30
Colorado	129.95	92.63	119.86
Connecticut	123.78	187.73	135.69
Delaware	92.35	132.54	120.11
District of Columbia	85.81	99.42	95.21
Florida	12.93	16.91	13.45
Georgia	49.65	42.66	48.09
Hawaii02	.00	.03
Idaho	128.43	161.27	68.10
Illinois	111.88	103.88	131.87

RELATIVE COST OF HOME HEATING PER HOUSEHOLD COMPARED TO NATIONAL AVERAGE COST BY
FUEL TYPE: 1979—Continued

(Expressed as a percentage of national average)

	Fuel oil	Natural gas	Electricity ¹
Indiana	107.37	84.70	104.24
Iowa	128.42	105.52	134.44
Kansas	92.06	59.17	93.62
Kentucky	81.73	58.42	67.35
Louisiana	31.41	28.74	24.42
Maine	152.03	204.54	152.08
Maryland	90.78	110.68	108.19
Massachusetts	123.16	177.73	157.16
Michigan	130.92	106.28	145.43
Minnesota	168.25	143.68	162.98
Mississippi	44.59	39.47	41.42
Missouri	94.33	78.55	98.21
Montana	153.95	107.46	102.65
Nebraska	119.16	83.99	103.76
Nevada	81.11	83.57	70.61
New Hampshire	150.34	183.45	193.98
New Jersey	105.93	132.33	154.71
New Mexico	88.28	81.18	105.49
New York	113.28	148.33	169.20
North Carolina	62.72	69.45	61.47
North Dakota	175.96	150.77	158.22
Ohio	110.02	95.91	119.67
Oklahoma	65.77	46.36	60.39
Oregon	100.77	137.90	60.02
Pennsylvania	109.25	103.78	127.10
Rhode Island	115.60	169.63	153.20
South Carolina	49.84	55.37	48.27
South Dakota	142.61	162.74	123.98
Tennessee	70.38	55.78	49.27
Texas	37.10	37.51	32.22
Utah	122.08	86.56	127.00
Vermont	156.39	191.05	165.01
Virginia	81.47	95.66	83.77
Washington	110.98	137.60	38.98
West Virginia	91.61	91.38	87.78
Wisconsin	144.07	138.51	140.87
Wyoming	146.45	103.30	103.80
All States	100.00	100.00	100.00

¹ Reflects use of national inflator to estimate 1978 prices.

RELATIVE COST OF HOME HEATING PER HOUSEHOLD COMPARED TO NATIONAL AVERAGE COST BY
FUEL TYPE: 1978

[Expressed as a percentage of national average]

	Fuel oil	Natural gas	Electricity
Alabama	51.60	49.89	43.92
Alaska	240.01	137.63	226.31
Arizona	41.51	48.12	51.75
Arkansas	58.50	43.15	60.34
California	49.47	37.11	54.30
Colorado	128.65	92.63	119.86
Connecticut	123.22	187.73	135.69
Delaware	91.77	132.54	120.11
District of Columbia	83.53	99.42	95.21
Florida	13.38	16.91	13.45
Georgia	51.35	42.66	48.09

RELATIVE COST OF HOME HEATING PER HOUSEHOLD COMPARED TO NATIONAL AVERAGE COST BY
FUEL TYPE: 1978—Continued

[Expressed as a percentage of national average]

	Fuel oil	Natural gas	Electricity
Hawaii.....	.02	.00	.03
Idaho.....	126.31	161.27	68.10
Illinois.....	108.94	103.88	131.87
Indiana.....	106.73	84.70	104.24
Iowa.....	124.61	105.52	134.44
Kansas.....	89.34	59.17	93.62
Kentucky.....	84.53	58.42	67.35
Louisiana.....	30.91	28.74	24.42
Maine.....	157.98	204.54	152.08
Maryland.....	93.38	110.68	108.19
Massachusetts.....	122.33	177.73	157.16
Michigan.....	128.49	106.28	145.43
Minnesota.....	158.72	143.68	162.98
Mississippi.....	46.11	39.47	41.42
Missouri.....	91.54	78.55	98.21
Montana.....	152.41	107.46	102.65
Nebraska.....	115.63	83.99	103.76
Nevada.....	79.06	83.57	70.61
New Hampshire.....	148.57	183.45	193.98
New Jersey.....	107.34	132.33	154.71
New Mexico.....	86.82	81.18	105.49
New York.....	116.92	148.33	169.20
North Carolina.....	64.86	69.45	61.47
North Dakota.....	174.20	150.77	158.22
Ohio.....	109.27	95.91	119.67
Oklahoma.....	64.67	46.36	60.39
Oregon.....	96.77	137.90	60.02
Pennsylvania.....	109.73	103.78	127.10
Rhode Island.....	117.39	169.63	153.20
South Carolina.....	51.54	55.37	48.27
South Dakota.....	141.18	162.74	123.98
Tennessee.....	72.79	55.78	49.27
Texas.....	36.59	37.51	32.22
Utah.....	120.86	86.56	127.00
Vermont.....	159.29	191.05	165.01
Virginia.....	83.68	95.66	83.77
Washington.....	110.19	137.60	38.98
West Virginia.....	95.09	91.38	87.78
Wisconsin.....	139.45	138.51	140.87
Wyoming.....	142.75	103.30	103.80
All States.....	100.00	100.00	100.00

INCREASES IN ENERGY COSTS

Mr. NATCHER. The Congressional Research Service released a report on Friday estimating that heating oil prices would go up an additional 11.1 percent through 1980 and approximately 20 percent in 1981. Do you agree with these estimates, Mr. Driver.

Mr. DRIVER. Yes, sir, we certainly do. When you look at the fact that between September 1978 and March 1980 they went up 112 percent, you have to believe that these are in the ball park.

Mr. NATCHER. This report also indicates that the prices of both electricity and natural gas are now going up considerably slower than the general rate of inflation. Do you agree with that statement?

Mr. DRIVER. Yes, sir. We see those at substantially lower rates of increase. However, they had very substantial increases over the 1978 to 1980 period that I provided data on for oil. For example, gas in that period went up 40 percent and electricity 23 percent.

Mr. NATCHER. Is the difference in the cost of various heating fuels reflected in the new program both in the allocation to the States and the amount which the individual might receive?

Mr. DRIVER. The question as to the type of energy they would use is not specifically reflected. What is reflected is the energy costs not broken down by types of energy.

PARTICIPATION IN 1980 PROGRAM

Mr. NATCHER. In your statement to the committee, Mr. Driver, you indicate that 17.6 million households were eligible for assistance this past winter. How many of these families would you estimate actually participated in the program?

Mr. DRIVER. I would preface this by saying that we are now in the midst of accumulating information evaluating the program from all aspects to include State data as well as Federal. The only hard data we have on the number that participated is from the part of the program that we carried out ourselves, aid to supplemental security income households. We made about 4 million payments in that program.

Now that obviously does not mean there were absolutely 4 million households but it is close to this. We will eventually be able to supply and will put in this record if it is available by then any additional data on that particular question.

Mr. NATCHER. Can you tell us the maximum cash payment authorized by a State during the past winter?

Mr. DRIVER. The highest figures that I have seen are in the \$750 range. We didn't set a Federal maximum payment in the block grant program. Under the SSI program, of course, the maximum payment was \$250.

Mr. NATCHER. What was the average amount of assistance provided to a participating family? What would you say the average amount would be?

Mr. DRIVER. The average amount again is tied up with our accumulation of data and I regret that I have to fall back again on the SSI program. In that area where the maximum was \$250, the average payment was in the \$100 range.

Mr. NATCHER. What would be your best estimate in the block grant program, Mr. Driver? Any idea?

Mr. DRIVER. I guess I would ask permission to put that in the record after I have had a chance to examine some of the high figures and the low figures.

Mr. NATCHER. All right.

Mr. DRIVER. Let me do that.

[The information follows:]

Range of Payments in 1980 Energy Program

Alabama.....	\$34-\$68	Montana.....	\$50-\$1,478.10
Alaska	to 250	Nebraska.....	50-400
Arizona.....	30	Nevada	50-400
Arkansas.....	58-116	New Hampshire	50-400
California.....	26-112	New Jersey.....	102-204
Colorado.....	6-166	New Mexico.....	50-400
Connecticut.....	125-250	New York.....	125-250
Delaware.....	50-400	North Carolina.....	100-200
D.C.....	50-700	North Dakota.....	50-650
Florida.....	50-400	Ohio.....	63-126
Georgia.....	50-400	Oklahoma.....	50-400
Hawaii.....	50-400	Oregon.....	93-218
Idaho.....	250-600	Pennsylvania.....	50-400
Illinois.....	100-200	Rhode Island.....	25-1,000
Indiana.....	100-200	South Carolina.....	50-400
Iowa.....	50-400	South Dakota.....	300
Kansas.....	115	Tennessee.....	75-150
Kentucky.....	50-100	Texas.....	21-42
Louisiana.....	16.70-33.40	Utah.....	75-180
Maine.....	50-400	Vermont.....	50-600
Maryland.....	50-400	Virginia.....	50-400
Massachusetts.....	50-744	Washington.....	99.50-267
Michigan.....	90-180	West Virginia.....	88-176
Minnesota.....	50-650	Wisconsin.....	200-400
Mississippi.....	23-46	Wyoming.....	to 400
Missouri.....	50-647		

NOTE.—Information based on a telephone survey of HHS regional offices.

MAXIMUM PAYMENT IN 1981 PROGRAM

Mr. NATCHER. Will your regulations for the next winter's program set a limit on the maximum payment to an eligible household?

Mr. DRIVER. No, sir; they won't set a maximum. Payment levels will be specified in State plans when they are submitted to us for approval and the issue of a maximum level will be looked at on a State-by-State basis in our review of their specific programs. But we do not put a maximum—either a cap or a floor in the specifications.

Mr. NATCHER. Mr. Driver, if Congress decided to set a limit, what amount would you recommend?

Mr. DRIVER. Well, I guess that I would like to withhold judgment on that until I looked at the average payments in line with the information that we are going to supply you. If I were to err on the side of being able to accommodate everybody, I would get up into the \$500 to \$700 range.

EXCLUDING INDIVIDUALS WITH NO DIRECT COSTS

Mr. NATCHER. To what extent, Mr. Driver, will the new program be able to exclude individuals or families who do not pay their heating bills directly or indirectly? Now you know we had this up last time.

Mr. DRIVER. Yes, sir.

Mr. NATCHER. When we passed the bill, \$1.6 billion, some \$29 million or more in checks were mailed to people who were not paying fuel bills.

Mr. DRIVER. We know that some checks were mailed to such people, but we do not know the extent of these payments.

Mr. NATCHER. What is the answer to this question?

Mr. DRIVER. In the regulations we are now drafting for the 1981 program, we are requiring that the States make payment only to households that are vulnerable to energy cost increases directly or indirectly. We are telling States to target funds to eligible households or to pay fuel suppliers or building operators, on behalf of eligible tenants. This will help them to make certain that we do accomplish the goals that you have outlined.

We will, of course, be very attentive to the details surrounding these aspects of the program in the plans from the States when they are submitted.

Mr. NATCHER. Mr. Michel, I yield to you.

Mr. MICHEL. Thank you, Mr. Chairman.

COST OF LIVING INCREASES IN OTHER BENEFIT PROGRAMS

Mr. Driver, many recipients of income security payments such as SSI, food stamps, Social Security, et cetera, receive cost-of-living increases, do they not?

Mr. DRIVER. Yes, sir.

Mr. MICHEL. And these cost-of-living increases reflect the increase in energy cost, don't they?

Mr. DRIVER. To some extent they certainly did, no denying that.

Mr. MICHEL. Do we know specifically how much that increment is in those cost-of-living increases for those various categories?

Mr. DRIVER. Well, in view of the substantial increases above 14 percent in all categories of energy, it would seem to me that all the 14 percent would be used up if you were to allocate it specifically to energy. For example, in the period from September 1978 to March of this year, oil went up 112 percent. This would absolutely wipe out the effect of the cost-of-living increase. Therefore, it seems to me that the energy assistance program is clearly needed above and beyond the cost of living increases.

Mr. MICHEL. I think everyone is pretty much in agreement that that automatic cost-of-living increase that we are gearing up for in the 14 percent range, is really greater than most working Americans are receiving, is it not?

Mr. DRIVER. They are based on much lower bases though. In terms of the net effect, the cost-of-living increases are based on the amount being paid out under these programs.

Mr. MICHEL. Right. But the average guy who doesn't come in for that kind of cost-of-living increase is not getting that adjustment.

Mr. DRIVER. No. When you look at the market basket and examine the items included in it, such as food, energy, all the rest, you can clearly see the need for it.

BASIS FOR THE 1981 REQUEST

Mr. MICHEL. What was the basis for selecting \$200 million as the reduction rather than some other figure?

Mr. DRIVER. It was a balance of the economic situation we find ourselves in, with the demands in this program, with the increases that seem to be built into the whole energy area, and trying to

come up with. Clearly it is a compromise between the outer limits of what you would do if you were to accommodate every legitimate request versus the monies available.

Mr. MICHEL. Is this really a ball park figure though, "We need \$200 million for something else, let's make it \$200 million"?

Mr. DRIVER. We looked at many aspects of the program. To say it is ball park, I would agree, since you could go higher than this. Obviously you could cut below it, since this is not an entitlement program, you do not have to give it to everybody. If you wanted to you could apportion the losses clear across the board and bring it down substantially.

Mr. MICHEL. Still your revised figure represents nearly a 40 percent increase over the current level?

Mr. DRIVER. Yes. The universe that we are looking at though is more than 3 million families higher than the last year's program.

Mr. MICHEL. Because of broadened eligibility?

Mr. DRIVER. Yes, because of the eligibility formula this year over last year and because the cost of living itself has risen substantially; that will eat it up.

1980 EXPENDITURES

Mr. MICHEL. What percent of the HEW funds in the 1980 block grant program have been obligated to date?

Mr. DRIVER. About 90 percent, sir.

Mr. MICHEL. 90 percent?

Mr. DRIVER. Yes, sir.

Mr. MICHEL. That will be going to how many recipients?

Mr. DRIVER. This is the figure we are accumulating.

Mr. MICHEL. How long will it take you to get that figure together, the number of people?

Mr. DRIVER. It will be another 3 or 4 months.

Mr. MICHEL. Are you going to be giving us a breakdown of that by State? Was that part of the chairman's question?

Mr. DRIVER. Yes, sir. We will furnish a great deal of data on that whole program, we will try to give you as much information as we possibly can on how the program impacted all across the country State-by-State.

MONITORING DISTRIBUTION OF BENEFITS

Mr. MICHEL. Are you making any effort to monitor the actual distribution of benefits to recipients in order to make sure that the requirements of the law are being carried out?

Mr. DRIVER. Yes, sir.

In terms of the 1980 program we are now getting information from each State to include the number of assistance units served by the funds used under the emergency energy program, the original award funds that have gone unexpended and the methods of income verification. In addition, for the 1980 program we are conducting through the Inspector General's office a service delivery assessment of the whole program. This will include contacts with recipients, with State and local administrators of the program and with vendors. We will furnish this information. We are also looking

at the interface between Federal and State administrative practices in administering the 1980 program.

Under the 1981 program, Congress has specifically listed an extensive amount of data to be collected. We will do that with reports from each State on family size, income, the form of the utility cost and the amount and method of assistance. When we get through with for example, the 1981 program with an audit State-by-State you will have all the data that we wish we had this year.

DISTRIBUTION FORMULAS

Mr. MICHEL. Do I understand that under the new law there are four different formulas under which the money can be awarded or the funds awarded to the States?

Mr. DRIVER. There are four different alternate formulas that have to be tested to make sure that the States get a minimum.

Mr. MICHEL. Get a minimum?

Mr. DRIVER. Yes, sir.

Mr. MICHEL. Is it also true that the law mandates that minimum payment of—is it \$125?

Mr. DRIVER. \$120—That is a factor used in deciding whether to use an alternative formula.

Mr. MICHEL. That is regardless of whether an individual lives in Florida or Minnesota?

Mr. DRIVER. That is a factor used in two of the formulas as an element of the formula in arriving at a minimum. But that does not mean that the \$120 is guaranteed as a minimum.

PAYMENTS IN MONTANA

Mr. MICHEL. I understand Montana made cash payments this past year of \$1400 to each eligible recipient, is that right?

Mr. DRIVER. Yes, sir. As I understand it, the \$1400 was Montana's maximum payment and was only made to a few eligibles.

Mr. MICHEL. And you just said in answer to the chairman's question, what is the average payment, something in the ball park of 100, 150 bucks?

Mr. DRIVER. Yes, sir. \$100 was the average for the SSI program. We don't have the average for the block grant programs yet. However Montana would not reflect the national average.

Mr. MICHEL. Payments are certainly more deserving for Montana than they are for Hawaii.

Mr. DRIVER. I was thinking in terms of determining an average.

CONTROLLING PAYMENT DISPARITIES

Mr. MICHEL. What are you doing in the new promulgation of rules and regulations to rectify that disparity between States?

Mr. DRIVER. Well, as I indicated, we will review each State's plan under the specifications that will be in the Federal regulations.

Mr. MICHEL. Are we going to have to wait until 1981 now, the budget to which you are testifying?

Mr. DRIVER. Yes, sir. I am talking about the regulations which will go out in the next month for the States to submit plans for 1981.

Mr. MICHEL. For the expenditure in 1980?

Mr. DRIVER. For 1981, sir.

Mr. MICHEL. 1981?

Mr. DRIVER. Yes, sir. And the States will address themselves to their plans. We will then look at this and decide on a State-by-State basis what seems fair, what seems reasonable. The Secretary has the authority to approve or disapprove plans that don't fulfill the regulatory requirements. If we are offended by anything such as you mentioned, we can go back to the State and talk with them to try to bring their program within reason, and we will certainly do that.

SUBMISSION OF PLANS

Mr. MICHEL. What is the target date for submission of a State's plan?

Mr. DRIVER. They have to be submitted by September 15. If there is a prolonged period of wait for the appropriation, states may submit plan amendments within 15 days after the signature of the law.

DISTRIBUTION FORMULAS

Mr. MICHEL. I think we ought to have certainly some description in the record of how these four formulas really work. It is too much to go into it here.

Mr. DRIVER. We can supply that.

Mr. MICHEL. For the record, that ought to be very carefully spelled out. I would like to go over there and read that thing then.

Mr. DRIVER. Okay, sir.

[The information follows:]

THE FOUR FISCAL YEAR 1981 HEAP ALLOCATION FORMULAS

Each of the four allocation formulas used in the fiscal year 1981 Home Energy Assistance program distribute funds according to interstate variations of two component variables which differ from formula to formula. In each case, one of the variables consists of a measure of the State share of national residential energy expenditures. The other variable is the product of a measure of the State share of national heating-degree-days and a measure of the State share of the low income population. The two components are weighted evenly in all but one of the formulas. The variables and relative weights which make up the four formulas are shown below. An additional factor in the third and fourth formulas is use of a \$120 minimum per person to provide a minimum allotment to each State.

- (1) 75 percent by: Residential Energy Expenditures
25 percent by: Heating Degree Days (HDD) squared *times* the Number of Households below the BLS Lower Living Standard (BLS HHs)
- (2) 50 percent by: Residential Energy Expenditures
50 percent by: HDD squared *times* BLS HHs
- (3) 50 percent by: Residential Energy Expenditures
50 percent by: HDD *Not* squared *times* BLS HHs
- (4) 50 percent by: Residential Energy Expenditures
50 percent by: HDD *Not* squared *times* the number of Households below 125 percent of the poverty line.

DIFFERENCES BETWEEN CURRENT AND FUTURE PROGRAMS

Mr. MICHEL. I guess if I were to ask you a question though beyond the record—in a nutshell, what is the basic difference between how we are going to operate in the future as against this discredited thing in the past?

Mr. DRIVER. Let me just go through two or three of the basic things that are in it.

Heating degree-days squared with alternative formulas using heating degree-days and minimum allocations per household is in the new formula. Eligible population, households below the Bureau of Labor Statistics lower living standard formula, which averages about \$12,600 and it includes 20.7 million households, is a second major item. And we consider, in the third place, the total residential energy cost as distinguished from heating costs. Those three elements constitute the core of the new allocation.

Mr. MICHEL. I guess my time is up here.

Mr. NATCHER. All right.

Mr. Stokes.

Mr. STOKES. Thank you, Mr. Chairman.

DISPARITIES AMONG STATE ALLOCATIONS

Mr. Driver, I was looking at your budget justifications table entitled "Estimated Distribution of Payments to States for Home Energy Assistance." I note the following annual change in Funding allocations: Alabama, for instance, goes from \$14 million in 1980 to \$25 million in 1981—an increase of 83 percent; Florida goes from \$13 million to \$43 million—an increase of 222 percent; Georgia goes from \$17 million to \$30 million—an increase of 72 percent; Massachusetts goes from \$74 million to \$79 million—an increase of 7 percent; Michigan—another cold State—goes from \$85 million to \$115 million—an increase of 35 percent; Ohio goes from \$75 million to \$119 million—increase of 59 percent.

How do we account for these formula allocations between the Southern and Northern States, which seem to favor the warmer states?

Mr. DRIVER. I think there are two principal reasons, Mr. Stokes. One is the size of the eligible population under this year's program versus the size of the eligible population under last year's program, a difference of roughly 3.1 million.

Secondly, the last item that I just indicated in terms of the principal elements of the 1981 plan includes all energy costs as distinguished from heating costs in last year's program. When you factor these elements into the allocation, we come up with the differences that you indicated in your recital of these States. In our opinion, these are the principal reasons for the increases in allocations per State.

PAYMENTS IN OHIO

Mr. STOKES. Mr. Driver, on March 9 of 1980, the Cleveland Plain Dealer had a front page headline article entitled "Heat Aid Agency Broke; Poor Left in Cold," which tells of "a hundred people who expected to have their utility bills paid by the Council of Economic Opportunities of Greater Cleveland (CEOGAC) will learn this week the private nonprofit organization is out of money, unable to help them."

This article recites the fact that at the end of January CEOGAC had exhausted the \$2.356 million crisis assistance program, ECAP, funds from the Federal Community Services Administration. Considering that the program as administered in 1980 ran out of

money and left people who needed this money in the cold, my question is, how do we avoid that situation now by transferring the money to the States?

Mr. DRIVER. Ohio is the only State that has found itself unable to distribute last year's funds until now. We have been working with them to ease this situation and to work out the differences between their executive and legislative bodies. We have only achieved this late in the heating season, as you indicate. We regret that very much.

They are now in the process of trying to distribute their \$39.4 million for the 1980 program, which would have certainly eased the situation in the story you refer to. In reviewing the State's plan that would be submitted under the 1981 program, we expect to be especially attentive to the aspects and details of Ohio's situation in order to do everything in our power to make sure that this does not occur again.

MONITORING DISTRIBUTION OF BENEFITS

Mr. STOKES. Will there be some kind of a monitoring plan under the State block grant program? I have in mind the fact that if the States themselves have various options as to how they administer this program, how can we be assured that those most needy persons will not be discriminated against in some of these States?

Mr. DRIVER. We will ask them in our regulations to implement this year's law for quarterly estimates of where they are going and for monthly reports cash disbursements as well as quarterly fiscal reports on where they have gone. The Secretary does retain reallocation authority and we feel that with this and with the experience we have gained as a result of the previous year's programs, we will be able to stay on top of the situations you refer to. We will be able to make certain that we come as close to the targets of making certain that monies go to the neediest families, I might emphasize, on a regular basis throughout the year.

RECIPIENTS OF PAYMENTS

Mr. STOKES. I see under your revised program, you say that assistance may be provided directly to eligible households, home energy suppliers, and operators of subsidized housing projects.

Mr. DRIVER. Yes, sir.

Mr. STOKES. Now, how about the tenants of subsidized housing projects?

Mr. DRIVER. They would be eligible too. We will try to make sure that payments to them do not duplicate anything. If we are paying for it through the operator, we would consider this satisfactory. If we are not paying energy costs through the operator, then clearly the tenants would be the ones whom we would pay if they are vulnerable to energy cost increases.

USE OF BLS LOWER LIVING STANDARD

Mr. STOKES. I see on page 3 of your formal testimony you refer to the fact that the new formula uses the Bureau of Labor Statistics lower living standard rather than 125 percent of the poverty level.

Mr. DRIVER. Yes, sir.

Mr. STOKES. Can you tell us how that will be more beneficial to the recipients?

Mr. DRIVER. Yes. It is more sensitive to the actual distribution of the population and it takes into account in a fashion that the poverty level figure did note the differences between urban and rural living costs and needs reflected in those living standards.

ELIGIBLE POPULATION

Mr. STOKES. Do we know, Mr. Driver, how many people are eligible for assistance under the program as planned for 1981?

Mr. DRIVER. Just a little over 20.5 million households.

Mr. STOKES. Nationwide?

Mr. DRIVER. Yes, sir. There will be more people affected, of course.

MINIMUM PAYMENTS

Mr. STOKES. Now under the law as we knew it last year, there was supposedly a minimum payment per person. Is that projected in this year's law?

Mr. DRIVER. Well, the minimum last year, or the precise figure that we are able to document, is the minimum amount we paid under the supplemental security income program, \$34 a person. We are not aware yet of the dollars associated with all the payments made by the various States. This we will accumulate and supply at a later date.

There is no minimum prescribed in the statute for this coming year's program. We will describe the circumstances that should attend the program State-by-State and we will examine the descriptions that come in from the States to meet these circumstances. Those of course will result in dollars and cents figures. In the SSI program, for example, the maximum figure was \$250, the average was about \$100, the lowest figure was about \$34. We will get figures like that based on the States' implementation of last year's program.

Mr. STOKES. I was of the impression that there is a minimum payment of \$120 that should go to each.

Mr. DRIVER. That is a factor in two of the alternate formulas in deciding what the States will get in terms of allocation. \$120 is used as one factor in two formulas and it is implanted for whatever effect it would have in the overall formula but it does not represent a minimum amount that must go to a household.

Mr. STOKES. So the State can actually forgo giving each eligible person the minimum payment of \$120?

Mr. DRIVER. Absolutely. We would hope they would be much more sensitive to the actual needs in fixing the amounts that would be paid, yes, sir.

Mr. STOKES. Thank you. My time has expired.

Mr. NATCHER. Mr. Conte.

NEED FOR THE PROGRAM

Mr. CONTE. Mr. Driver, what is your idea of this program? What is the need for the program?

Mr. DRIVER. The need is best expressed in the title having to do with energy costs, which clearly have gone off the board for the average person.

We all, I think, have an almost fatal fascination with the high cost of energy. Every time you got a heating bill this winter, it was up substantially from the last one per unit delivered. This is clearly the name of the game all across the country. I think that this fact undoubtedly, coupled with the stories that are fairly well-documented of the profits in the energy area, has prompted the Congress in its wisdom to provide relief to the average citizen at the bottom end of the scale who is least able to afford these essential costs to maintain any kind of a standard of living.

Mr. CONTE. The reason I ask that question is we, Joe Early and I, on this subcommittee have done so much work on this down through the years. That was our idea, to help poor people living in cold areas that just could not afford their heating bills. This thing has gone bananas now: California, 108 percent increase; Florida 225 percent increase; Hawaii, 562 percent increase; Louisiana, 177 percent increase.

Mr. DRIVER. Well—

Mr. CONTE. It tears your heart out. That isn't the idea, to help somebody in Florida. They have palm trees down there, beautiful sun down there, everybody wants to go down there and get a little tan and you are going to give them money to help them out in the wintertime.

Are you going to buy coconuts for them?

Mr. DRIVER. No, we are going to pay for the heating costs they actually have. When you get into the winter, every State is a user. Hawaii is being treated just like every other State in assessing their demands and needs for heating and medically necessary cooling.

Mr. CONTE. They can get along without air-conditioning, you know, but you can't get along without heat.

Mr. DRIVER. Air-conditioning is only one aspect of energy. You need energy to light your buildings, you need energy in many cases to—I have been in places in California and Florida that were not too warm at various parts of the year. They all have heating demands and we will only pay for energy costs related to cooling when it is medically indicated. We are not routinely paying for air-conditioning as a simple add-on to this program. So I would have to say in fairness it would be difficult to distinguish between one State and another in this country and say they did not have legitimate increases in the cost of energy.

Mr. CONTE. I would like to get some of those people in Hawaii, bring them up to the Berkshires for one winter; they wouldn't last 24 hours. Here we are going to get a 7 percent increase. We had a mild winter up there last year. Predictions are we are going to have a tough winter. You are giving all this money to people that really do not need it.

DISTRIBUTION FORMULAS

Following up Mr. Michel's request for more descriptive information on the formula, would you supply for the record a listing by State of the amount of funds a State would get under each of the four alternate formulas?

Mr. DRIVER. Sure will, sir.
[The information follows:]

PERCENTAGE DISTRIBUTIONS BY FORMULA FOR THE FY 81 HEAP

	(1) .75 ENERGY .25HDDxBLS	(2) .5 ENERGY .5HDDxBLS	(3) .5 ENERGY .5HDDxBLS	(4) .5 ENERGY .5HDDx125%POV	(5) FINAL DISTRIBUTION
Alabama	.89877	1.14873	1.48149	1.54534	1.19752
Alaska	.51502	.47780	.27737	.20353	.45907
Arizona	.42776	.60471	.77250	.77354	.58101
Arkansas	.70985	.80211	1.01486	1.03853	.77067
California	3.69072	4.39158	5.87678	6.00543	6.29955
Colorado	1.80770	1.49434	1.24853	1.23049	1.43578
Connecticut	1.76849	1.82462	1.72147	1.61407	1.75311
Delaware	.27797	.24308	.25503	.27042	.23355
Dist. of Col.	.28332	.27497	.31561	.31790	.28350
Florida	.90165	1.71556	2.01451	2.06276	2.01575
Georgia	1.03704	1.26776	1.68408	1.78311	1.41019
Hawaii	.05447	.10894	.10894	.10894	.14855
Idaho	.69885	.60580	.51923	.48533	.58206
Illinois	6.49974	6.47651	6.11005	6.23903	6.22270
Indiana	2.92067	2.03113	2.84864	2.77916	2.81626
Iowa	2.08762	1.87206	1.62806	1.61321	1.79870
Kansas	.96741	.98239	1.03150	1.01874	.94389
Kentucky	1.59962	1.57986	1.76486	1.83685	1.56232
Louisiana	.55645	.86293	1.13971	1.21205	1.25445
Maine	1.32161	1.12449	.87406	.86427	1.08042
Maryland	1.35901	1.53367	1.60869	1.64260	1.47356
Massachusetts	3.87281	3.79267	3.51514	3.29159	3.64404
Michigan	6.18194	5.56184	4.86858	4.95223	5.34388
Minnesota	4.35122	3.62093	2.64491	2.71103	3.47903
Mississippi	.54921	.69897	.95205	1.00231	1.03603
Missouri	2.59178	2.48653	2.58213	2.62454	2.52191
Montana	.80418	.63497	.46692	.46968	.61009
Nebraska	1.03050	.91753	.83228	.86024	.88157
Nevada	.21395	.23312	.25619	.25714	.22398
New Hampshire	.78709	.71474	.59148	.54630	.68673
New Jersey	3.50249	3.69642	3.66372	3.52111	3.55156
New Mexico	.58932	.52619	.56891	.54867	.55564
New York	12.05798	11.50104	10.92557	10.57027	11.05032
North Carolina	1.68601	1.98935	2.40886	2.46669	1.91139
North Dakota	.83746	.65099	.43018	.43068	.62548
Ohio	5.80597	5.72875	5.52411	5.51065	5.50424
Oklahoma	.88317	.98636	1.19771	1.25529	.94770
Oregon	1.09929	1.01102	1.03007	1.07249	1.00605
Pennsylvania	7.36517	7.01176	6.76828	6.56824	6.73698
Rhode Island	.65151	.64008	.61045	.58689	.61500
South Carolina	.65126	.89382	1.10405	1.12197	.88361
South Dakota	.72501	.59484	.46829	.46844	.57153
Tennessee	1.55257	1.68501	1.98747	2.06766	1.61898
Texas	1.99768	2.96188	3.83076	3.90908	2.84580
Utah	.82612	.68824	.60174	.53856	.66127
Vermont	.57620	.48232	.37564	.37412	.46342
Virginia	1.69721	1.93960	2.12645	2.17106	1.86359
Washington	1.74356	1.51794	1.45937	1.50134	1.45845
West Virginia	1.00751	.95177	.98307	1.05844	.96015
Wisconsin	3.61044	3.29194	2.72681	2.69859	3.16294
Wyoming	.33267	.26634	.20285	.19938	.25590
All States	100.0000	100.0000	100.0000	100.0000	100.0000

DOLLAR DISTRIBUTIONS BY FORMULA FOR THE FY 81 HEAP

	<u>.15 ENERGY</u> <u>.25 HDD x BLS</u>	<u>.5 ENERGY</u> <u>.5 HDD x BLS</u>	<u>.5 ENERGY</u> <u>.5 HDD x BLS</u>	<u>.5 ENERGY</u> <u>.SHDD x 125% POV</u>	<u>FINAL</u> <u>DISTRIBUTION 1/</u>
Alabama	\$18,750,132	\$23,964,864	\$30,906,784	\$32,238,898	\$24,982,732.95
Alaska	12,851,383	9,967,781	5,786,781	4,246,025	9,577,453.14
Arizona	8,923,841	12,615,373	16,115,799	15,137,559	12,120,988.81
Arkansas	14,808,825	16,733,570	21,171,918	21,665,761	16,077,797.82
California	76,995,748	91,617,045	122,601,333	125,285,266	131,421,302.76
Colorado	37,712,282	31,174,995	26,046,819	25,670,580	29,953,277.79
Connecticut	36,894,259	38,065,201	35,913,237	33,672,761	36,573,463.42
Delaware	4,422,076	5,071,151	5,320,419	5,641,506	4,872,417.17
Dist. of Col.	5,910,577	5,736,470	6,584,240	6,631,979	5,916,109.32
Florida	18,810,197	35,790,094	42,026,692	43,033,317	42,052,650.06
Georgia	21,634,824	26,448,058	35,133,257	37,199,277	29,419,473.73
Hawaii	1,136,403	2,272,806	2,272,806	2,272,806	3,099,070.83
Idaho	14,579,313	12,638,153	10,832,223	10,124,990	12,142,876.73
Illinois	135,597,618	135,112,931	127,467,830	130,158,578	129,617,988.58
Indiana	60,930,846	61,149,154	59,428,310	57,978,888	58,752,779.05
Iowa	43,551,969	39,054,912	33,964,558	33,654,770	37,524,388.51
Kansas	20,182,099	20,494,523	21,519,198	21,252,969	19,691,362.43
Kentucky	33,371,287	32,959,090	36,818,502	38,320,329	32,593,098.42
Louisiana	11,608,694	18,002,507	23,776,697	25,285,839	26,170,418.97
Maine	27,571,426	23,459,144	18,234,574	18,030,304	22,539,802.92
Maryland	28,351,597	31,995,339	33,560,389	34,267,933	30,741,473.61
Massachusetts	80,794,610	79,122,786	73,332,919	68,669,208	76,022,041.85
Michigan	128,967,619	116,031,156	101,568,233	103,313,326	111,484,009.22
Minnesota	90,775,165	75,539,783	55,178,098	56,557,605	72,579,453.33
Mississippi	11,457,690	14,581,946	19,861,702	20,910,208	21,613,662.55
Missouri	54,069,790	51,874,032	53,868,306	54,753,173	52,612,145.48
Montana	16,776,774	13,246,730	9,740,970	9,798,557	9,727,603.85
Nebraska	21,498,204	19,141,481	17,362,963	17,946,313	18,391,344.94
Nevada	4,463,490	4,863,249	5,344,691	5,364,528	4,672,663.41

	.15 ENERGY -25 HDD x BLS	.5 ENERGY .5 HDD x BLS	.5 ENERGY .5 HDD x 1.25% for	FINAL DISTRIBUTION 1/
New Hampshire	\$16,420,323	\$14,910,948	\$11,396,954	\$14,326,603.14
New Jersey	73,069,010	77,114,746	73,457,462	74,092,694.99
New Mexico	12,294,414	10,977,452	11,446,368	11,591,950.75
New York	251,553,375	239,934,617	227,929,164	230,531,816.71
North Carolina	35,173,318	41,501,890	50,253,670	39,875,472.09
North Dakota	17,471,020	13,581,037	8,974,506	13,048,809.61
Ohio	121,124,071	119,513,140	114,963,189	114,829,538.59
Oklahoma	18,424,704	20,577,381	26,187,940	19,770,973.92
Oregon	22,933,320	21,091,860	22,374,252	20,988,264.17
Pennsylvania	153,652,133	146,279,322	141,199,828	140,546,779.83
Rhode Island	13,591,810	13,353,404	12,735,248	12,830,097.39
South Carolina	13,586,637	18,646,777	12,243,759	18,433,910.68
South Dakota	15,125,146	12,409,634	23,406,550	11,923,312.44
Tennessee	32,389,794	35,152,731	41,462,657	33,775,130.30
Texas	41,675,512	61,790,694	79,917,394	59,369,477.80
Utah	17,234,543	14,358,087	12,553,590	13,795,407.60
Vermont	12,020,780	10,062,205	11,235,339	9,667,876.91
Virginia	35,407,107	40,463,877	44,361,899	38,878,137.33
Washington	36,374,174	31,667,267	30,445,327	30,426,298.27
West Virginia	21,018,609	19,855,787	20,508,851	20,030,603.03
Wisconsin	75,320,939	68,676,525	56,886,616	65,985,160.06
Wyoming	6,940,115	5,556,319	4,159,391	5,338,572.73
All States	\$2,086,200,000	\$2,086,200,000	\$2,086,200,000	\$2,086,200,000.00

1/ Includes \$120 minimum

Mr. CONTE. Now I realize that the statutory distribution formula is a complicated one and it does provide, as you mentioned, these four different modes of distributing the funds. In your opinion, though, do you think it is a good formula?

Mr. DRIVER. Well, I think they have gone to remarkable lengths to make it attuned to individual needs in different parts of this country.

I kind of admire that effort. I would like to reserve final judgment until I see an audit of these programs, both of them together. Maybe then we can sit down and try to assess where it served the best purpose.

Mr. CONTE. You would not be prepared today to tell us how you could improve on that formula?

Mr. DRIVER. I think we have had so many suggestions in this statute we could not improve until they get going. There is just an endless stream of things we have to look at in terms of each State's formula. Until we do that and then see some of them in action, I do not believe I would want to add anything.

Mr. MICHEL. Anybody able to interpret those formulas, cross-mixed as they are, is deserving of a Ph.D. I would hate to take an examination to qualify to interpret the damn formulas.

Mr. DRIVER. They are pretty complicated. And they provoked a good deal of discussion in the legislative process that brought them to us.

Mr. CONTE. Florida, you go down there, maybe Northern Florida, you get a little cold weather, very, very little.

Mr. DRIVER. Remember their oranges were freezing here last winter. They raised the price of oranges.

Mr. CONTE. You can put another sweater on and get by. You can put another sweater on there; up north it gets to 10, 15, 20 below zero, the chill factor sometimes goes to 40 below zero in my county.

Mr. DRIVER. I know it.

STATE ENERGY PROGRAMS

Mr. CONTE. I just can't understand this. I think they pulled the wool over our eyes in getting this thing through. Do you have any data on the number of States that developed their own home energy assistance program?

Mr. DRIVER. No, sir, I do not know of any in that category, other than wood-burning; I do not really. We do not have data. This is the sort of thing we hope to get as a result of the assessments we are making today on the 1980 program.

Mr. CONTE. Is there any State or local money going into this program?

Mr. DRIVER. Administrative matching money.

Mr. CONTE. That is it?

Mr. DRIVER. Pretty much. Half of the administrative costs would represent the State contribution.

REGULATIONS TIMETABLE

Mr. CONTE. Now in order to get this money to the needy individuals early enough this winter, how much lead time do you need to write your regulations?

Mr. DRIVER. We are writing them now, based on what we have in front of us. We will approximate the costs of the program in terms of an appropriation. We hope to have interim final regulations published by June 1 and final regulations in place by the middle of August. After that we are getting on pretty thin ice in terms of meeting a deadline.

Mr. CONTE. You will be in pretty good shape if you do that?

Mr. DRIVER. Yes, sir.

POVERTY LEVEL

Mr. CONTE. Last year the formula was based on 125 percent of the CSA poverty level. That was about \$8500, is that right?

Mr. DRIVER. The poverty level is about \$8350 in 1980.

Mr. CONTE. This year you would use the Bureau of Labor Statistics lower living standard?

Mr. DRIVER. Yes, sir.

Mr. CONTE. Which is about \$11,500?

Mr. DRIVER. \$12,600 is the figure we have for metropolitan areas.

Mr. CONTE. \$6,000?

Mr. DRIVER. \$12,600.

Mr. CONTE. \$12,600?

Mr. DRIVER. For the average.

Mr. CONTE. That certainly would account for a swelling.

Mr. DRIVER. That is about 3.1 million more; 20.7 million versus 17.6 last year.

ELIGIBLE POPULATIONS

Mr. CONTE. What provisions have been made for inhabitants of nursing homes or for households where more than one eligible recipient lives? Will each eligible person receive the same benefits as you understand it under the formula?

Mr. DRIVER. No, sir. We are restricting the States to payments on the basis of eligible households. There is a provision which is in the statute that permits a waiver if this is not possible. If you just plain can't, there is a waiver permitted, but the requirement before any consideration is given to that sort of thing is that there just be one payment per household and that is the goal we are after.

Mr. CONTE. These will go to the States in block grants?

Mr. DRIVER. Yes, sir.

Mr. CONTE. Once you approve the State program?

Mr. DRIVER. That is correct; according to our regulations.

Mr. CONTE. That will be the only criterion?

Mr. DRIVER. That is correct.

Mr. CONTE. Same as last year?

Mr. DRIVER. That is right, sir. We approve the State's plan according to our requirements.

Mr. CONTE. Again I go back, I am really concerned, I am worried about this thing going the way of the food stamps. We started in on the food stamps, we wanted to help the needy people out there, we wanted to get them a good balanced nutritional diet; boy, you go back home now and look who is getting the food stamps.

Mr. DRIVER. Right.

Mr. CONTE. I can't see giving money to Florida and California and Hawaii to keep their air-conditioning up.

Thank you, Mr. Chairman.

DIRECT PAYMENTS TO CATEGORICAL ELIGIBLES

Mr. NATCHER. Now Mr. Driver, how many of the States do you expect to make direct payments to recipients of supplemental security income, AFDC and food stamps?

Mr. DRIVER. We really won't know that until we get a good look at the State's plans. They have numerous options available to them. Those categories are all eligible but the States can make their own decisions on whom to pay. Until we really see what comes into us, we just won't be able to tell you that.

NON-CASH ASSISTANCE

Mr. NATCHER. Other than cash grants, what are the other types of assistance which a State can decide to provide?

Mr. DRIVER. They all end in cash one way or another.

Mr. NATCHER. Before it is over?

Mr. DRIVER. But they can go to vouchers, they can give lines of credit to suppliers, for example, which they did to some great extent last year.

Mr. NATCHER. Can funds be used for weatherization or to convert heating systems from oil to gas or from oil to coal?

Mr. DRIVER. No. The way we stand on this now, that is not possible.

VOUCHER SYSTEM

Mr. NATCHER. As far as the cash payments are concerned, would it be possible to issue checks in a form which would insure that they could only be used to pay a home heating bill?

Mr. DRIVER. Yes, sir.

Mr. NATCHER. Have you considered the use of fuel vouchers rather than cash payment?

Mr. DRIVER. Yes, sir, we have; that is one of the options available to the States.

DISTRIBUTION FORMULAS

Mr. NATCHER. How many States have their allocation determined under the basic formula and how many by one of the alternates under the act?

Mr. DRIVER. About 13 or 14 under one of the alternates.

Mr. NATCHER. All right. The justifications include a table showing each State's allocation last year and the estimate for 1981. Can you explain what aspect of the formula causes the New England States to get almost no increase in 1981, while California and Florida get more than \$100 million? I am going back now to Mr. Stoke's line of questioning, Mr. Driver.

Mr. DRIVER. Yes, sir.

Mr. Chairman, we start off with the fact that under two of the alternate formulas that we had to consider in deciding which to use, there is a minimum allocation per household used as a factor. In addition to that, the use of the lower living standard from the Bureau of Labor Statistics versus the 125 percent poverty level resulted in a larger universe of eligibles, 3.1 million more.

Then finally there is the switch from the consideration of heating costs to total residential energy costs. These in combination resulted in the distribution you have asked about.

Mr. NATCHER. Are we correct that the new law provides for a minimum allocation to the States of \$120 per eligible household?

Mr. DRIVER. As I said earlier, not in the sense there must be a payment like that made to an eligible household; only in the sense that that figure was used in the alternate formula computations to arrive at the distribution of moneys. But the States do not have to pay any individual household \$120.

Mr. NATCHER. Can you tell me how many States are affected by this provision and at what cost?

Mr. DRIVER. Yes, sir. Five of the thirteen States where we used the alternate formula.

Mr. NATCHER. From a programming point of view, do you think last year's formula or the new formula gets the most assistance to the most needy people, the new formula makes most households eligible?

Mr. DRIVER. If you use that as a benchmark, you would have to say the possibilities would look to be greater under the new formula than under the old formula. When you refine it and look at the results of what each of the State's plan does acting on those numbers that are eligible, you have to reserve judgment until the State's results come in. Then we will be able to audit the programs and find out exactly what happened with them.

Mr. NATCHER. If we did not have a law controlling this matter, which formula would you suggest, Mr. Driver? Assuming we had no law.

Mr. DRIVER. We have been in that situation in the past where we were making rules and we went to the formula of using the SSI rolls. You know the difficulties, the criticisms that resulted from that.

We could use the categorical eligibles, the AFDC, SSI, something like that and from an administrative standpoint that would be most desirable because you have a built-in mailing list, you obviously are heading in the direction of needy people, even if you do not necessarily settle on the most needy among them.

If you wanted to do it in a precise fashion that actually hit the most needy, I would think you would almost have to go into a census type situation where you made a current analysis of each community and then made a judgment on who would get assistance this winter. Situations change so rapidly in this country—people move, they move in with other people, with children, with parents—that it is not possible to put a gold star on one list and say I am going to stay with that. I think you would almost have to take it to the test of a census every time you did it.

1980 EXPENDITURES

Mr. NATCHER. How much of the \$1.2 billion appropriated last year for block grants is currently unspent.

Mr. DRIVER. About 10 percent as far as we know right now. They have drawn down about 95 percent and somewhere between that 5

percent not drawn down and another 5 percent I would say is probably unspent.

ELIGIBLE POPULATION

Mr. CONTE. Will the gentleman please yield?

Mr. NATCHER. Yes.

Mr. CONTE. You said earlier that 21 million households were qualified.

Mr. DRIVER. Are in the eligible pool. They won't necessarily all get money.

Mr. CONTE. The Census Bureau statistics show there are fifty-five to sixty-five million households in the United States. In other words, you are going to cover 35 to 30 percent of the total population in the United States. That was not the intent of Congress.

Mr. DRIVER. If I could, Mr. Conte, that is the area that the States are aiming at. Under the regulations that we are giving them upon which to base their plans, they must target—this is an absolute requirement—on the neediest and on those aged or disabled people among them, and on those whose energy costs are the highest relative to their income.

We are convinced that this will bring down the total substantially from the 21 million eligibles. That is the group they are looking at, but when they get finished writing the rules it won't be anywhere near that.

Mr. CONTE. I hope not. Thank you, Mr. Chairman.

Mr. NATCHER. Yes.

REALLOCATION OF FUNDS

Mr. DRIVER, the new law provides, as you know, for the reallocation of funds among the States if some States have leftover funds in their energy program. When and how will the reallocation take place?

Mr. DRIVER. We will be in the position on a quarterly basis to do it. In other words, we will get the data that will let us make the judgments and we can withdraw the funds and reapportion them. So through the year we will have at least three shots at this and we will look at this very carefully.

PARTICIPATION IN 1981 PROGRAM

Mr. NATCHER. As your statement points out to the committee, the new law expands the number of eligible households to over 20 million. How many of these families do you expect to participate?

Mr. DRIVER. I would expect a substantially lower number than that all across the country because we are requiring that the highest energy cost relative to income be considered as a benchmark to qualify with the States' plans. When they get through describing the parameters State by State, we think that we will be well below that. But I really can't give you a reliable estimate until we get a good look at a substantial number, especially of the States with the highest population of eligibles.

POVERTY LEVEL VS. BLS LLS

Mr. NATCHER. Does the Administration support the switch to the Department of Labor living standard or would you prefer to use the CSA poverty guidelines as we did last year?

Mr. DRIVER. I think that since we have the authority to describe the details of what should be the basics of the State plans, and since they have the experience of dealing with the 125 percent of poverty level last year, the ability to deal with this new element in arriving at State plans, State by State, will probably serve just as useful a purpose as using last year's did.

Mr. NATCHER. Nationally what is the average family income for this lower income living standard?

Mr. DRIVER. \$12,600.

Mr. NATCHER. Mr. Smith.

PAYING THE NEEDY

Mr. SMITH. I am really concerned about this program. We want to give the money to those who had increased energy costs but even the new formula kind of just scatters money out there to kind of get some of the money to some of the people that need it.

We are still going to give money to people who don't have increased energy costs and not have enough for others.

Mr. DRIVER. Not if States come in with plans that are in tune with the regulations and not if we do the kind of job in reviewing these plans that we have set out to do. We really intend to zero in on the needy.

Mr. SMITH. How are you going to differentiate between the people who have natural gas and those who have oil? Natural gas went up 30 percent; with oil, 65 percent.

Mr. DRIVER. They can vary the payments they make to individuals.

Mr. SMITH. Only on a census-like basis?

Mr. DRIVER. They will have to know the specifics of their communities. We think they do in large measure, especially as a result of the prior year program. They have pretty good data in this area.

Mr. SMITH. It is not an area. Some households have natural gas and the one next door has oil. One went up 36 percent and the other went up 65.

Mr. DRIVER. Using payments to vendors will zero right in on the fellow who is supplying one kind of heating fuel.

Mr. SMITH. Would there be a limitation? You wouldn't pay the vendor more than the increase in cost of energy?

Mr. DRIVER. This could certainly be a goal that a State could shoot at; yes, sir.

Mr. SMITH. They would be shooting on a kind of random basis?

Mr. DRIVER. Obviously it isn't going to be penny for penny accurate.

Mr. SMITH. To do it accurately you have to have something like a welfare file for each individual?

Mr. DRIVER. To do it that way and to be absolutely precise and certain you would have to do it on an after-the-fact basis almost. This would probably be unacceptable.

Mr. SMITH. In one State I understand they gave \$600.

Mr. DRIVER. Yes, sir.

Mr. SMITH. If you figure it out, the average oil bill went up 40 cents a gallon. That is 1500 gallons. Any family that used 1500 gallons was not trying to conserve. The average family that didn't get any of this benefit didn't use 1500 gallons.

Mr. DRIVER. Clearly I would have to say there were inequities. Without spending an enormous amount of money to administer the program on an almost individual or individual household basis, you are going to find examples like that. But I think that in the main clearly this money went to fill a sore-felt need State by State.

Mr. SMITH. I think you will find that in some cases they didn't get enough and some people who needed it badly didn't get it. In other cases they got money that didn't have any relationship to the need for energy.

Mr. DRIVER. In many cases, as we know, some people made a much harder attempt to conserve than others. This is part of the human condition, I am afraid.

TARGETING OF FUNDS

Mr. SMITH. Do you have any kind of limitation in mind?

Mr. DRIVER. We have specifics that require, for example, that the monies go first to those with the highest energy cost relative to income and that the elderly and the handicapped be a major factor in considering the distribution. With goals like this and targets that they must meet in terms of submitting their plans, we think that we are approaching the kind of delivery you need in this program to do justice.

Mr. SMITH. Last year we had \$1.6 billion. If we could have targeted it to individuals, on a one for one basis, figuring out what they needed, \$1 billion would have provided a much more equitable situation than we had with \$1.6 billion.

I have a fear that we are going to 2.4 and that we could do a lot more if we would spend a little more in administration and not quite so much on just scattering the money.

Mr. DRIVER. We are trying not to scatter in any sense. We will be very specific. You will notice this in the regulations that go out that are in draft form now. When we get the State plans back and look at those critically in a need-for-need basis, I think that overall you will be satisfied with them.

We certainly believe that the States, based on what they have learned from what they have done in the past, are going to make a better job of this than they had in the past. I think it is inevitable.

Mr. NATCHER. Mr. Stokes.

DISTRIBUTION FORMULAS

Mr. STOKES. Thank you, Mr. Chairman.

Mr. DRIVER, I suppose it really is unfair of us to continue to badger you about this inequitable formula because it was put to-

gether in a House-Senate Conference on the Windfall Profits Tax bill, wasn't it?

Mr. DRIVER. Yes, sir.

OUTREACH

Mr. STOKES. In light of the fact that we are dealing with the young, the elderly, the feeble, the blind, and those types of persons in our society, who often are not aware of this kind of program or these kinds of programs, what will you be doing with reference to outreach?

Mr. DRIVER. We are attempting to make rather an extensive effort in this area. We, for example, will authorize the States to contract with community organizations to try to contact the people and bring them into the program to make sure that they are brought into it. We feel that the community organizations this will bring them in contact with should be able to screen the community and not let anything really significant slip through the net.

Our priority in this area is on those who are most vulnerable to energy costs and least able to pay them. You can be sure this is one aspect of the State plans we will be looking at the hardest.

STATE USE OF FUNDS

Mr. STOKES. Is there any evidence that those States with the warmer climates either cannot or will not use all the funds which are allocated to them under the present existing program?

Mr. DRIVER. Actually we are not in much of a position to give you a solid answer to that. We will know in the final analysis how that works out. This is one of the areas that occurred to me where the reallocation authority was most important. If funds are not being used, and if they clearly are not going to be used within a reasonable amount of time we can put that money out to other places.

Mr. STOKES. It can be reallocated?

Mr. DRIVER. Yes, sir.

Mr. STOKES. Right now you are not in a position to do that?

Mr. DRIVER. We don't have that data yet.

AUTHORITY TO INSURE PAYMENT

Mr. STOKES. What authority do you have in terms of recalcitrant States like Ohio, for instance, that have not administered this money at all and, yet we have people who needlessly have suffered through a cold winter.

Do you have any real authority to deal with the States?

Mr. DRIVER. I suppose in the final analysis the potential for reallocation is the biggest threat that would hang over a State in terms of getting it to comply with the requirements of the program.

I would say in all candor to you, Mr. Stokes, that we have been relying on technical assistance trying to be an amicus, if you will, in the whole process, realizing that if we take an extreme action to suspend funds we are going to really hit the people who need the money harder than we are those who should be administering it.

So we have been jawboning and offering technical assistance. I am pleased to say that such efforts seem to be bearing fruit now. I would hope that "once burned, twice shy," will be true in the case of Ohio. So we shouldn't have a repetition of this problem.

INCREASES IN ENERGY COSTS

Mr. STOKES. How much have fuel costs increased in the last year and what are the anticipated fuel cost increases in 1981?

Mr. DRIVER. Yes, sir. The data that I have available to me indicates that starting with the base period September, 1978, and going to March, 1980, oil increased 112 percent. For the rest of 1980 it is expected to go up another 11-plus percent. For 1981 it is expected to go up 20 percent.

Gas in that same period increased 40 percent in the base period, increased two percent only in the rest of 1980, and now is expected to go up five percent in 1981.

Electricity went up 23 percent in the base period and is expected to increase one percent in the rest of 1980 and 1½ percent in 1981.

Mr. STOKES. Thank you, Mr. Chairman.

Mr. NATCHER. Mr. Michel.

USE OF BLS LOWER LIVING STANDARD

Mr. MICHEL. Mr. Driver, in referring to this labor statistics lower living standard level, you have spoken several times of the average being \$12,600. But what are the limits? What is the low, what is the high?

Mr. DRIVER. It goes to about \$20,000 in Alaska; and the bottom figure is about \$11,000. This is for families of four, I am reminded.

Mr. MICHEL. That is by State?

Mr. DRIVER. No, sir, by major areas of the country.

Mr. MICHEL. Let's have it put in the record by State so we know. The people in the small communities are saying who is figuring these out?

Mr. DRIVER. We have them by major areas by region.

[The information follows:]

Bureau of Labor Statistics—Annual costs of a lower budget for a 4-person family (autumn 1979)

	<i>Total budget</i>
Urban United States.....	\$12,585
Metropolitan areas.....	12,722
Nonmetropolitan areas ¹	11,972
Northeast:	
Boston, Mass.....	13,623
Buffalo, N.Y.....	12,409
New York-Northeastern, N.J.....	12,949
Philadelphia, Pa.-N.J.....	12,861
Pittsburgh, Pa.....	12,406
Nonmetropolitan areas ¹	12,420
North Central:	
Chicago, Ill.-Northwestern Ind.....	12,885
Cincinnati, Ohio-Ky.-Ind.....	12,359
Cleveland, Ohio.....	12,534
Detroit, Mich.....	12,582
Kansas City, Mo.-Kans.....	12,234
Milwaukee, Wis.....	12,685

Minneapolis-St. Paul, Minn	12,787
St. Louis, Mo.-Ill	12,436
Nonmetropolitan areas ¹	12,243
South:	
Atlanta, Ga	11,622
Baltimore, Md	12,772
Dallas, Tex	11,687
Houston, Tex	12,100
Washington, D.C.-Md.-Va	13,631
Nonmetropolitan areas ¹	11,180
West:	
Denver, Colo	12,517
Los Angeles-Long Beach, Calif	13,399
San Diego, Calif	12,974
San Francisco-Oakland, Calif	13,910
Seattle-Everett, Wash	13,914
Honolulu	16,507
Nonmetropolitan areas ¹	13,540
Anchorage, Alaska	19,694

¹Places with population of 2,500 to 50,000.

STATE PLAN GUIDELINES

Mr. MICHEL. In your instructions to the States to develop their plans, what is the smallest geographical area in which they can make a determination?

Mr. DRIVER. It is up to them. If they find it useful to go below the county they can make it smaller, they can make it a small community, as long as there is a useful distinction in what they are doing. We expect to provide a system for making these distinctions in our regulations.

Mr. MICHEL. I have a little concern on this State question when it comes to just letting them develop a plan without certain guidelines. For example, if a State doesn't want to go to the legislature and ask for an increase in AFDC payments they may just figure, "Let's hold the line on AFDC and the Federal Government will make up for it through the fuel subsidy program?"

Mr. DRIVER. The goals that I have mentioned, for example, of considering the highest cost relative to income, of considering the aged, the disabled, will be real requirements for consideration when we come to evaluate their plans. It won't be acceptable for the States to just rely on categories.

I really have confidence in that. But there, again, we will have a better idea of what we are up against in this area when we do get the State plans for examination. Then, of course, we will deal with them and we will try to deal with them in an even-handed way. Also we will try to pass around the benefits of experience by sharing what we have picked up from one State to another so they all have a fair opportunity to look at the possibilities.

One of the aspects of this that I think would be very important is that States must publish a summary of their plans in the newspapers. That must be available for the public to examine. I think that the light of public opinion in that area will be useful.

Mr. MICHEL. I hope we get the point across by the number of our questions and the area, that people will all be aware of the kind of criticism that always comes after the fact. I asked you when do the States submit their plans. September 15. We will have, by that

time, marked up this bill, maybe have it through the House, maybe through conference, and we are rid of it.

Then the newspapers start carrying the stories about how this or that distribution is being planned, and then all hell breaks loose and we look like a bunch of monkeys because the dye has been cast. Then it is too late for us to make an adjustment even if we had a veto power over a State plan. We don't have that opportunity but you have.

Mr. DRIVER. You will probably hear from your constituents who will see this summary in their local newspapers and we undoubtedly will have conversations about all that. I think this is the healthy way to approach this. We hope there is as much participation as possible by citizens all around the Nation in every community to make sure that we are hitting the goals that we are aiming at.

Lord knows our intentions are there. If we can just make a reality of it.

MODIFYING THE FORMULAS

Mr. MICHEL. Mr. Stokes is right on target when he said you were thrust with these formulas as a result of the Conference Report on Windfall Profits. That wasn't exactly the best kind of environment in which to, in my judgment, really legislate finitely a program of this kind.

Be that as it may, that is what we have to live with until we change it.

Is there any way through the appropriations process by limitations, as we are limited to under the Holman rule in an appropriation bill, to amend or modify those formulas?

Mr. DRIVER. You are a far greater authority than I am on this. I would say this is all subject to a point of order so you are just flirting with all kinds of things when you go that route.

I have to say as an administrator of the program that anything you do that slows down the process faces us with certain dilemmas in terms of dealing with the State plans, with the legitimacy of their getting them to us in some kind of time schedule and with us all getting off the mark so we can implement the program in a timely fashion. I don't want to encourage you.

Mr. MICHEL. I understand.

Last year everything was speed. We had so much dispatch and speed that we received all kinds of criticism for it. If you learn anything by experience maybe the second time you better take a little closer look, and speed isn't as important as is developing a really workable formula that doesn't come under such caustic criticism.

Mr. DRIVER. Last year we didn't get the money until late November and it was difficult to get it out. We went the route of the SSI list, as you know. The later we get the money, the more the temptation for anybody who is reasonably prudent and responsible to administer it in all these States will be to go ahead with other than a pinpointed approach, to go a categorical approach.

I don't think that is what you want. Therefore, I make a plea again for speed of the appropriation process.

Mr. MICHEL. I know you have been asked for a number of tables. I want to ask you for one more, a table showing each State's heating degree days, the percentage which each State's heating degree days times its population is of the total for the Nation, and the percentage of total fuel assistance funds which each State will receive.

[The information follows:]

FISCAL YEAR 1981 LOW INCOME ENERGY ASSISTANCE PROGRAM

State	Heating degree days	Percentage of HDDSxPOP	Percentage of funds
Alabama	2,700	.98	1.20
Alaska	11,492	.49	.46
Arizona	2,298	.54	.58
Arkansas	3,217	.68	.77
California	2,739	5.77	6.30
Colorado	7,013	1.79	1.44
Connecticut	6,137	1.83	1.75
Delaware	4,782	.31	.23
District of Columbia	4,211	.27	.28
Florida	700	.60	2.02
Georgia	2,687	1.31	1.41
Hawaii	1	.00	.15
Idaho	6,931	.59	.58
Illinois	6,072	6.72	6.22
Indiana	5,730	3.05	2.82
Iowa	6,853	1.90	1.80
Kansas	4,913	1.15	.94
Kentucky	4,423	1.51	1.56
Louisiana	1,700	.65	1.25
Maine	8,013	.85	1.08
Maryland	4,785	1.93	1.47
Massachusetts	6,243	3.59	3.64
Michigan	6,752	6.18	5.34
Minnesota	8,748	3.35	3.48
Mississippi	2,413	.56	1.04
Missouri	5,034	2.36	2.52
Montana	8,308	.71	.61
Nebraska	6,359	.95	.88
Nevada	4,377	.28	.22
New Hampshire	7,551	.64	.69
New Jersey	5,478	3.96	3.55
New Mexico	4,764	.51	.56
New York	5,906	10.55	11.05
North Carolina	3,394	1.81	1.91
North Dakota	9,496	.61	.63
Ohio	5,791	6.16	5.50
Oklahoma	3,510	.97	.95
Oregon	5,275	1.23	1.01
Pennsylvania	5,766	6.75	6.74
Rhode Island	5,930	.50	.61
South Carolina	2,697	.75	.88
South Dakota	7,696	.49	.57
Tennessee	3,809	1.62	1.62
Texas	2,008	2.48	2.85
Utah	6,588	.84	.66
Vermont	7,886	.34	.46
Virginia	4,288	2.10	1.86
Washington	5,778	2.09	1.46
West Virginia	5,116	.87	.96
Wisconsin	7,552	3.53	3.16
Wyoming	7,903	.34	.26
All States	269,813	100.00	100.00

Mr. MICHEL. I think you have pretty much told us the new formula does take into account air conditioning expense.

Mr. DRIVER. In the sense that it uses energy costs in the distribution formula but not in the sense that you would set up an air conditioning system to maintain a medically needed person. That has to be adjudicated on an individual basis.

ELIGIBLE POPULATIONS

Mr. MICHEL. Under the new law do we say flat out anybody who is a recipient of food stamps is an automatic recipient of fuel assistance?

Mr. DRIVER. No, sir. You cannot say that at all, sir. This is an area or a category that will be considered eligible for consideration.

Mr. MICHEL. But everyone on AFDC is not an automatic recipient?

Mr. DRIVER. No, sir. The State has to submit a plan and pick and choose among these eligible categories and consider all the other criteria.

Mr. MICHEL. And we can no longer say every SSI recipient is an automatic recipient?

Mr. DRIVER. No, sir; you can't.

POVERTY LEVEL VS. BLS LLS

Mr. MICHEL. What percent of poverty is this lower living standard level?

Mr. DRIVER. It is higher than the poverty level.

Mr. MICHEL. Is it 125?

Mr. DRIVER. It is about 170 percent.

Mr. MICHEL. One hundred seventy percent of poverty?

Mr. DRIVER. Yes, sir. It varies by State and by family size.

Mr. MICHEL. I understand that. Does that mean it is 170 percent above the poverty level in each State?

Mr. DRIVER. No, sir. It varies by State.

Mr. MICHEL. I understand. But you have a different poverty level in every State, do you not? What is so magic about this level and then when it is 170 percent of poverty, what is so magic about that? Why wasn't it 150?

Mr. DRIVER. The poverty level is standard for all States except Alaska and Hawaii.

Mr. MICHEL. OK.

Mr. DRIVER. This varies from the poverty level by State and by subdivision within the State.

ERROR RATE

Mr. MICHEL. I understand that the error rate for AFDC is 10 percent. If we are automatically funneling your program through a program that has a 10 percent error rate, it stands to reason there is a 10 percent error rate in your program.

I am at least happy to hear that it isn't automatic, that because you are an AFDC recipient you get this payment, because if so, then you automatically come under the criticism that you have a 10 percent error rate applicable to your program. I don't want that to happen.

Mr. DRIVER. Right.

Mr. MICHEL. Do you have any idea at all? Are you going to be charging in your administration of this program some benchmark in which you say there can't be an error rate in excess of such and such? What is your standard of measurement going to be?

Mr. DRIVER. We have dealt with each of these jurisdictions in this whole area as you have indicated in the other programs and we are currently discussing the subject of error rates. We are doing everything we can, and we hope that the States are also, to lower the error rates in all of these programs and clearly that is in front of all our minds as we work out these programs.

The more detailed we make it, the more subject to computation and this, that and the other, the more the possibility exists there is going to be a higher error rate.

We are trying to avoid that. On balance we are trying to have a program geared to those most vulnerable to the increased cost who can least afford to pay for it but at the same time to keep administrative complexities to a minimum so we will keep the error rate to a minimum.

MAXIMUM PAYMENT IN 1981 PROGRAM

Mr. MICHEL. In this overall, is there a limitation on what a household can receive?

Mr. DRIVER. No, there isn't a dollar limitation. The limitation is in terms of the description of the kind of program. We will be looking at this, of course, and the results State by State when they get their plans in.

Mr. MICHEL. Is there any requirement that a recipient must show proof of an energy need?

Mr. DRIVER. The thrust is toward that, that there be a demonstrated energy need on the part of each recipient.

PAYMENTS TO LANDLORDS

Mr. MICHEL. Then you have talked a little about this voucher system and the fact that payments can be made directly to landlords. How do we assure them that landlords don't automatically increase their rent to reflect the Federal subsidy?

Mr. DRIVER. Our regulations will prohibit this and we expect States to monitor for it. We are working with the HUD to insure coordination.

Mr. MICHEL. Does that mean the States' plan is always subject to that oversight of the Federal bureaucracy, in this case HUD?

Mr. DRIVER. No, but we are trying to bring it all into a coordinated mesh so that we don't have an overlap. This is what we are trying to avoid.

Payments can only be made to building operators in certain public housing projects and in order to get them they have to assure the State in writing that tenants eligible for assistance are not discriminated with regard to the rent. Therefore, we intend to use any oversight we have.

PAYMENTS TO NURSING HOMES

Mr. MICHEL. How about nursing homes? I had some criticism at that time. Here are a number of them and off the wall they got a check for one hundred sixty some bucks and the person didn't know anything about it.

Mr. DRIVER. This is one of the areas where the States are being given a detailed goal they have to satisfy in their plan, that they will only authorize the payments to people who are vulnerable to the increased costs.

If they are not, they should not be made and their plan won't be approved in that respect.

Mr. NATCHER. Mr. Smith.

STATE PLAN GUIDELINES

Mr. SMITH. One follow-on question. I am still not clear. Under these guidelines will they be expected to differentiate as to the kind of fuel they use?

Mr. DRIVER. Certainly they will take recognition of the kind of fuel they use in terms of dealing with vendors in authorizing payments realizing that there are higher costs associated, for example, with petroleum heating than with electric heating.

Mr. SMITH. As you illustrated, there is a tremendous difference. Electricity only went up a fourth as much as oil.

Mr. DRIVER. Yes, sir. They can recognize these differences and target in on them.

Mr. SMITH. But there is no assurance they will. Are they expected to do so?

Mr. DRIVER. Yes, sir. This will be an aspect of our review of their programs. I would think that to the extent that this knowledge is available to them this will be an area they will be very anxious to take advantage of.

ADMINISTRATIVE COSTS

Mr. NATCHER. Mr. Driver, how much of the \$2.1 billion in State grants will be used for administrative costs?

Mr. DRIVER. Federal administrative costs will amount to about \$4 million.

Mr. NATCHER. By State?

Mr. DRIVER. They will match.

Mr. NATCHER. As to the administrative costs now?

Mr. DRIVER. Yes, sir.

Mr. NATCHER. The same amount?

Mr. DRIVER. Yes, sir. May I ask my colleague to state this. This is important and I would like him also to tell you, Mr. Chairman, that we are using monies available to us from the '80 program in getting the '81 program off the ground in anticipation of an appropriation.

Mr. NATCHER. I believe there is a limitation, five percent?

Mr. ROTHENBERG. For the 1981 program, five percent with an exception up to two-and-a-half percent more to match the States for administration costs. That would mean the Federal Government would pay anywhere between \$110 million and \$165 million and the State would put up the same amount.

In addition, there is \$4 million allocated for Federal administrative costs to oversee the block grant program.

CRISIS ASSISTANCE PROGRAM

Mr. NATCHER. The new law authorizes an appropriation of \$100 million for the Community Services Administration to continue the crisis intervention program. How will these funds be used?

Mr. DRIVER. This will be administered by the Community Services Administration and they would have to give you the details of what they will include and how they will go about handling this particular program. It is in addition to anything that we will do. It comes out of the monies available in the total but they would be your best authority in terms of describing the details.

Mr. NATCHER. How many States do you expect to contract with the local Community Action Agencies to run their program? Can you give us some idea as to the number of States?

Mr. DRIVER. I am afraid that will come in after we have audited the '80 program and get a better look at the State plans.

I would think it would be a limited number but certainly we would hope that in any place where it would be useful to go this route, they will consider it.

One of the balances that they all have to perform is an effort to keep administrative costs within reason and they will have to consider that.

REGULATIONS TIMETABLE

Mr. NATCHER. When will you be issuing final regulations as to the 1981 program?

Mr. DRIVER. By the middle of August.

GRANTS TO PUERTO RICO AND THE TERRITORIES

Mr. NATCHER. Your budget includes \$2.5 million for the section of the law which authorizes grants to territories. How can we justify giving this money to Guam, Puerto Rico, American Samoa and the Virgin Islands? How do you justify that?

Mr. DRIVER. Mr. Chairman, of course those monies can be used for more than just heating costs under the statute, Mr. Chairman. In an effort to deal with all of the States and all of the Territories, they were included. I think probably the proof will have to be in the pudding. We will have to see what they submit to us in terms

of whether we can consider it reasonable.

Mr. NATCHER. If the Territories had to qualify under the basic program, how much would they receive? Do you have any idea?

Mr. DRIVER. We just don't know.

STATE INCENTIVE GRANT PROGRAM

Mr. NATCHER. Would you explain how the State incentive grant program will operate?

Mr. DRIVER. I will say a few words and if anybody has a better idea I hope he will join in. What we would hope here is that this roughly \$4 million will bring to us the best thinking in a State to demonstrate an ability to target on priorities. We think that clearly we don't have a corner on the market on ideas. I am sure that the States would agree with that.

What this is is a good faith effort to set up a sufficient economic incentive to get them to thinking about how to target in on priorities and what this program is geared to and to get them to submit them so we can all benefit from it.

Mr. NATCHER. Does it make good sense to you that only \$7.3 million is to be used for this purpose? Does that seem reasonable?

Mr. DRIVER. When I look at it, and I would like to ask Ira Goldstein to talk to you about it too, \$7.3 million can bring a lot of ideas, to my way of thinking. When you spread it out all across the country it gets down to a small amount but we think there is an incentive in it.

Mr. GOLDSTEIN. Mr. Chairman, I think the value of the \$7.3 is in the incentive that it can create even for those programs which compete for the funds but perhaps in the end qualify for a smaller proportion of them.

We hope that we will be able to stimulate some movement on the part of the States with that.

ADMINISTRATIVE COSTS FOR SSA

Mr. NATCHER. How will the \$4 million for Federal administrative costs be used?

Mr. DRIVER. We are using some of our 1980 funds now in the sense of preparing the regulations. Regarding the \$4 million for 1981 Federal administrative costs, a great deal of it will go into the preparation of procedural instructions, into evaluating the State programs on a State by State basis. In talking to the States, meeting with the States to discuss their plans, to getting them to make adjustments where they think that is necessary, to bring some order and determination into the program.

In addition to that, a great deal of it will be spent in terms of data collection. The act itself requires that we monitor the program while it is in effect, as I indicated, and we will be doing this on a regular basis. We will do some of this through the Department of Energy—we will collect a good deal of data so when we are finished we can all benefit.

In addition to that, a great deal of it will be spent in data collection. The act itself requires that we monitor the program as I indicated. We will be doing this on a regular basis. We will do some of this through the Department of Energy—we will collect a good deal of data so when we are finished we can all benefit.

Mr. NATCHER. Which office within the Social Security Administration will have administrative responsibility for the energy assistance program in 1981?

Mr. DRIVER. Basically and starting out with the regulations, the Office of Family Assistance is most heavily involved. In addition to that, as with almost everything we do, our Budget Office will be heavily affected. When we get in on the field structure the regional activities will all be affected. The Supplemental Security Income people will be brought into it.

It is kind of a team activity but those basically are the principal areas of impact.

Mr. NATCHER. Can you tell me how many HEW positions are currently assigned to this program?

Mr. DRIVER. We are saying just at the moment and it seems less than reasonable to me the longer it goes on that it is not enough, but we will commit 20 additional positions in effect to the activity.

Mr. NATCHER. How many do you have currently assigned?

Mr. DRIVER. None, Mr. Chairman. Everyone is doing this on an extra duty basis.

Mr. NATCHER. Twenty additional positions.

Mr. Stokes.

MINORITY DECISIONMAKERS

Mr. STOKES. Thank you, Mr. Chairman.

This low income energy assistance program is going to affect a large number of minorities in the country. One of my concerns is the participation of minorities at the policy-making level within the SSA.

Do you have any minorities in your department at the policy-making level?

Mr. DRIVER. Yes, indeed, we do, sir. The principal in the Office of Operational Policy and Procedures for the entire Social Security Administration is a minority.

Mr. STOKES. Minority male or female?

Mr. DRIVER. Male.

Mr. STOKES. With reference to the 20 additional positions you are requesting, is there any plan which provides assurances that minorities will be included in those positions?

Mr. DRIVER. There is in every single aspect of the department, Mr. Stokes. I can give you that as an absolute commitment. We recognize what you have said by way of introduction to your questions. There is no question about that. We are aware of that and we are also, therefore, aware of the need to be sensitive in this area and we will be.

Mr. STOKES. Do you have any of those people with you today?

Mr. DRIVER. I had a number of them with me just before I came in this room, preparing for this meeting. Evelyn Ohki is one of the principals in the Office of Family Assistance with me today.

Mr. NATCHER. Mr. Michel.

CUTOFF DATE ON PAYMENTS

Mr. MICHEL. Mr. Driver, is there any cutoff date during the year after which no payments of assistance can be made? Would that be in any kind of instructions to the State?

Mr. DRIVER. The end of the fiscal year would be about it.

Mr. MICHEL. So it is quite conceivable there will be a lot of reimbursement after the fact?

Mr. DRIVER. Oh; yes, sir. Of course, in last year's program some of it is still going on, as you know.

Mr. MICHEL. I am not sure that I understand what has come to light thus far in terms of administrative costs.

This whole program isn't being run with \$4 million of administration funds, is it?

Mr. ROTHENBERG. The \$4 million and the 20 positions, are basically for the oversight of the block grant programs.

Mr. MICHEL. That is just the Federal Government. That is sending the checks to the States?

Mr. ROTHENBERG. Monitoring the quarterly reports, reallocating funds, making sure the money is spent properly. Some of the data collection efforts will probably need additional funds. We may need to get that from funds currently allocated to the State grants.

Mr. MICHEL. The checks themselves are disbursed from where?

Mr. ROTHENBERG. From the States, except unless the States were to ask us to pay their SSI population. However, if they do that they are also required to pay us administrative costs.

ADMINISTRATIVE COSTS

Mr. MICHEL. What are the total administration costs among the 50 States for administration of this program?

Mr. DRIVER. Approximately 10 percent, including the Federal share.

Mr. MICHEL. So if we are talking about 2.2 billion, is it 220 million?

Mr. DRIVER. In 1981, the Federal share can't be more than 165 million total. \$110 million represents 5 percent. Then there is an additional 2½ percent for exceptional circumstances.

Mr. MICHEL. You are asking for 20 more people at the Federal level and currently you say you are borrowing, begging and stealing from other departments. How many are we talking about being borrowed for the moment who are doing something here that has not really been authorized?

Mr. DRIVER. We would feel it is in the range of 20 people. We are really doing on a beg, borrow and steal basis what we would propose to regularize with 20 positions.

Mr. MICHEL. I guess what I am saying is they were authorized for some other program. It suggests to me that we gave you too many people for those other programs from which they can be borrowed, bought and stolen.

Mr. ROTHENBERG. The people we are talking about here are doing energy work in addition to their regular workload. In 1980 it was specified that the work be done primarily on overtime or with part-time or temporary employees.

Mr. MICHEL. How many people are actually involved in the administration of this program out in the States? Do the States have to submit that?

Mr. DRIVER. We would know that on an audit basis after the fact but we certainly don't know it at this point. We would be glad to supply that.

[The information follows:]

The States are required to submit to us an accounting of their administrative costs. This is due after September 30, 1980 because the States will be working on the program until that time. We will provide this information when it becomes available.

Mr. MICHEL. When the States get their instructions for developing their plan, are they told you have up to 10 percent of this block grant for administration?

Mr. ROTHENBERG. For \$2.2 billion?

Mr. MICHEL. Yes.

Mr. ROTHENBERG. Funds will be made available from the block grant to match State administrative costs up to five percent with an additional 2½ percent for exceptional circumstances. The most a State can get is 7½ percent of the block grant and they have to put up an equal amount.

Mr. MICHEL. I think that is all I have, Mr. Chairman.

Mr. NATCHER. We want to thank you and your associates for appearing before our committee at this time in behalf of the low income fuels legislation request that is before the committee for \$2 billion 200 million.

Again, Mr. Driver, we wish you the best of everything in your assignment.

Mr. DRIVER. Thank you very much, Mr. Chairman.

Mr. NATCHER. We certainly appreciate your appearance.

The committee will now adjourn subject to the call of the Chair.

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[JUSTIFICATION OF THE BUDGET ESTIMATES]

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

SOCIAL SECURITY ADMINISTRATION

Home Energy Assistance Program

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SOCIAL SECURITY ADMINISTRATION

Home Energy Assistance Program

For expenses necessary to carry out the provisions of title III of the Crude Oil Windfall Profit Tax Act of 1980 (Public Law 96-223) \$2,200,000,000 to remain available until expended. 1/

1/ This language reflects the authorization for the Home Energy Assistance Program included in the Crude Oil Windfall Profit Tax Act of 1980 (Public Law 96-223).

DEPARTMENT OF HEALTH AND HUMAN SERVICES

SOCIAL SECURITY ADMINISTRATION

Home Energy Assistance Program

Amounts Available for Obligations

	1980 Estimate	1981 Estimate
Appropriation.....	\$1,600,000,000	\$2,200,000,000
Total Budget Authority.....	\$1,600,000,000	\$2,200,000,000
Total Obligations.....	\$1,600,000,000	\$2,200,000,000

Summary of Changes

1980 Budget Authority.....	\$1,600,000,000
1981 Budget Authority.....	<u>2,200,000,000</u>
Net Change.....	+\$600,000,000

	<u>1980 Base</u>	<u>Change from Base</u>
Increases:		
A. 1. Increase level of grants to States for low income energy assistance to provide coverage for SSI recipients and additional low income households.....	\$796,000,000	\$1,292,667,000
2. Provide grants to other jurisdictions for low income energy assistance.....	0	+2,500,000
3. Provide incentive grants to States for additional State established programs for low income energy assistance....	<u>0</u>	<u>+4,833,000</u>
Subtotal.....		\$1,300,000,000
Decreases:		
A. Program		
1. Eliminate direct Federal payments to SSI recipients..	\$400,000,000	-\$400,000,000
2. Decrease energy crisis assistance program funds....	<u>400,000,000</u>	<u>-300,000,000</u>
Subtotal.....		-700,000,000
Net Change.....		+\$600,000,000

Budget Authority by Activity

	1980 Estimate	1981 Estimate	Increase or Decrease
Grants to States for Home Energy Assistance.....	\$796,000,000	\$2,088,667,000	+\$1,292,667,000
Payments to SSI Beneficiaries for Low Income Energy Assistance.	400,000,000	—	-400,000,000
Grants to other juris- dictions for Home Energy Assistance.....	0	2,500,000	+2,500,000
Grants to States for Energy Crisis Assistance.	400,000,000	100,000,000	+300,000,000
Grants to states for Home Energy Assistance Incentive Payments.....	0	4,833,000	+4,833,000
Federal Administrative Costs.....	<u>4,000,000</u>	<u>4,000,000</u> ^{1/}	<u>0</u>
Total.....	\$1,600,000,000	\$2,200,000,000	+\$600,000,000

^{1/} Excludes reimbursable funds for SSA distribution of energy payments to SSI recipients.

Budget Authority by Object

	1980 Estimate	1981 Estimate	Increase or Decrease
Other Personnel Compensation.....	\$4,000,000	\$4,000,000 ^{1/}	-0-
Grants, subsidies and contributions.....	<u>1,596,000,000</u>	<u>2,196,000,000</u>	<u>+\$600,000,000</u>
Total Budget Authority.	\$1,600,000,000	\$2,200,000,000	+\$600,000,000

^{1/} Excludes reimbursable costs for SSA distribution of energy payments to SSI recipients.

Authorizing Legislation

<u>Legislation</u>	<u>1980</u>		<u>1981</u>	
	<u>Authorized</u>	<u>Appropriated</u>	<u>Authorized</u>	<u>Appropriation Requested</u>
Section 222 (a) (5) of Community Services Act.....	Indefinite	\$1,600,000,000	---	---
Home Energy Assistance Act of 1980.....			\$3,115,000,000	\$2,200,000,000

Table of Estimates and Appropriations

<u>Year</u>	<u>To Congress</u>	<u>House Allowance</u>	<u>Senate Allowance</u>	<u>Appropriation</u>
1980	\$1,600,000,000	\$1,600,000,000	\$1,600,000,000	\$1,600,000,000
1981	\$2,200,000,000			

Justification

Home Energy Assistance Program

	1980 Estimate	1981 Estimate	Increase or Decrease
Home Energy Assistance Program Budget Authority.....	\$1,600,000,000	\$2,200,000,000	+\$600,000,000
Permanent Positions.....	—	20 1/	+20
Work-Years.....	100	100 1/	0

1/ Does not include reimbursable cost or work-years for those states which elect SSA distribution of payments to SSI recipients. 20 permanent positions is a preliminary estimate of core staff needed to put the Home Energy Assistance program in place. As the program takes shape we will have a better idea of our permanent position needs and will request additional permanent positions if necessary.

As authorized by the Home Energy Assistance Act of 1980 enacted by the Congress as title III of the Crude Oil Windfall Profit Tax Act of 1980, this appropriation request will provide assistance in 1981 to low income persons in order to help them meet the rapidly rising costs of home energy. Assistance to eligible households will be provided through block grants to the States and other jurisdictions. Grant funds will be distributed according to a formula which takes into account a State's residential energy expenditures and climatic conditions. The program is different from that conducted in 1980 in that all funds will be granted to the States and other jurisdictions. No funds are authorized for direct payment by the Federal government to a particular group, such as SSI recipients in 1980. However, at the option of a State, the Secretary of HHS may retain a portion of the State's grant allotment for making direct Federal payment to SSI recipients.

The proposed funding by activity is:

	1980 Estimate	1981 Estimate
Grants to States:		
1. Home Energy Assistance.....	\$796,000,000	\$2,088,667,000
2. Home Energy Assistance Incentive Payments.....	0	4,833,000
3. Energy Crisis Assistance.....	400,000,000	100,000,000
Grants to Other Jurisdictions:		
1. Home Energy Assistance.....	0	2,500,000
Federal Costs:		
1. Payments to SSI Recipients.....	400,000,000	0
2. Administrative Costs.....	4,000,000	4,000,000 1/
Total.....	\$1,600,000,000	\$2,200,000,000

1/ Excludes reimbursable funds for those States which elect SSA distribution of payments to SSI recipients.

Grants to States for Home Energy Assistance (\$2,088,667,000)

These funds are granted to the States to assist eligible households in meeting their energy costs. An eligible household is one in which one or more individuals are eligible for:

*AFDC (except Foster Care)

*SSI (except those in a Medicaid institution, a child living with a parent or spouse or an individual receiving a one-third reduction in his or her benefit because of residence in the household of another)

*Food Stamps

*Certain veterans benefits.

Any other household determined to have an income below the Bureau of Labor Statistics Lower Living Standard is also eligible. The amount of assistance provided will be determined by each State but the highest level of assistance must go to those households with the lowest incomes and the highest energy costs in relation to income. Priority for benefits must go to the elderly and the handicapped.

The States must develop plans for providing assistance which must be approved by the Secretary of HHS before funds can be allocated. The State may use a variety of methods to provide assistance including cash, coupons or certificates to eligible households; payments to suppliers of energy; or payments to operators of low rent subsidized housing on behalf of eligible tenants. The State may also request HHS to reserve any portion of its allocation for direct payments to SSI recipients.

Funds will be allocated to the States according to the following formula: 50 percent will be distributed based on heating degree days and the number of households at or below the Lower Living Standard established by the Bureau of Labor Statistics (about 18 million households). The other 50 percent will be distributed on the basis of residential energy expenditures in the States relative to total energy expenditures. The table following this justification shows the estimated distribution by-State.

Grants to States for Home Energy Assistance Incentive Payments (\$4,833,000)

These funds will be used to pay the Federal share (up to 25 percent) of selected fuel assistance programs for residential energy costs established by the States which will serve the same low income group as the program outlined above.

Grants to States for Energy Crisis Assistance (\$100,000,000)

These funds will be transferred to the Community Services Administration (CSA) and provided to the States for energy related activities authorized by the Economic Opportunity Act of 1964. Eighty percent of these funds will be allocated to the States according to the formula previously outlined; the balance may be utilized as the Director of CSA determines to be most effective. Up to \$3,000,000 will be used for outreach activities through national aging organizations to ensure that elderly individuals are aware of the program. Approximately \$1.2 million of these funds will be used for CSA administrative costs, including salaries and expenses for 50 temporary employees.

Grants to the Territories for Home Energy Assistance (\$2,500,000)

These funds will be provided to the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands and the Trust Territory of the Pacific Islands for the same purpose as the grants to states for Home Energy Assistance.

Federal Administrative Costs (\$4,000,000)

These funds are needed to pay administrative expenses related to managing the Home Energy Assistance Program. HHS is responsible for allocating funds to the States and other jurisdictions, developing policies and regulations, reviewing and monitoring State plans, evaluating and auditing State programs, providing guidance and technical assistance to the States and other jurisdictions and establishing uniform standards for data collection. In 1981, the program is no longer the one-time effort it was in 1980. For this reason we are requesting 20 full-time permanent positions. This is a preliminary estimate of the core staff needed to put the Home Energy Assistance Program in place. We are now in the process of developing plans for the day to day operations of the program. When these plans are complete we will advise the Congress if 20 permanent positions, complemented by temporary positions and overtime, is adequate to ensure proper management of this program. If not we will request additional permanent positions.

In the case of States that choose to have direct payments made to SSI recipients, appropriate reimbursement rates will be established to cover these administrative costs. The funds and work-years requested here do not reflect reimbursement from States which elect to have SSA make payments to SSI recipients.

Estimated Distribution of Payments to States for Home Energy Assistance
(Dollars in Thousands)

State	1980 Funds for Low Income Energy Assistance 1/	1981		Total Grants to States
		Grants to States for Home Energy Assistance 2/	Grants to States for Energy Crisis Assistance 3/	
Alabama	\$14,209	\$25,012	\$958	\$25,970
Alaska	5,271	9,588	367	9,956
Arizona	5,190	12,135	465	12,600
Arkansas	9,557	16,097	617	16,713
California	65,543	131,577	5,040	136,616
Colorado	19,148	29,989	1,149	31,137
Connecticut	36,989	36,617	1,402	38,019
Delaware	4,847	4,878	187	5,065
District of Columbia	5,862	5,923	227	6,150
Florida	13,573	42,102	1,613	43,715
Georgia	17,824	29,454	1,128	30,582
Hawaii	487	3,103	119	3,222
Idaho	9,090	12,157	466	12,623
Illinois	85,275	129,971	4,978	134,950
Indiana	40,372	58,822	2,253	61,075
Iowa	26,882	37,569	1,439	39,008
Kansas	10,195	19,715	755	20,470
Kentucky	21,256	32,632	1,250	33,881
Louisiana	9,813	26,201	1,004	27,205
Maine	21,759	22,566	864	23,431
Maryland	27,147	30,778	1,179	31,957
Massachusetts	74,112	76,112	2,915	79,027
Michigan	85,898	111,616	4,275	115,891
Minnesota	61,474	72,665	2,783	75,448
Mississippi	9,635	21,639	829	22,468
Missouri	32,342	52,674	2,018	54,692
Montana	9,293	12,743	488	13,231
Nebraska	12,362	18,413	705	19,118
Nevada	3,062	4,678	179	4,857
New Hampshire	13,234	14,344	549	14,893
New Jersey	66,008	74,180	2,841	77,022
New Mexico	6,712	11,606	445	12,050
New York	214,774	230,804	8,840	239,645
North Carolina	34,331	39,923	1,529	41,452
North Dakota	11,740	13,064	500	13,565
Ohio	75,431	114,965	4,403	119,369
Oklahoma	11,383	19,794	758	20,553
Oregon	19,962	21,013	805	21,818
Pennsylvania	109,248	140,713	5,390	146,103
Rhode Island	11,792	12,845	492	13,337
South Carolina	12,405	18,456	707	19,163
South Dakota	9,827	11,937	457	12,395
Tennessee	22,351	33,815	1,295	35,110
Texas	27,566	59,439	2,277	61,716
Utah	7,701	13,812	529	14,341
Vermont	9,394	9,679	371	10,050
Virginia	32,122	38,924	1,491	40,415
Washington	32,730	30,462	1,167	31,629
West Virginia	13,881	20,054	768	20,822
Wisconsin	55,489	66,063	2,530	68,594

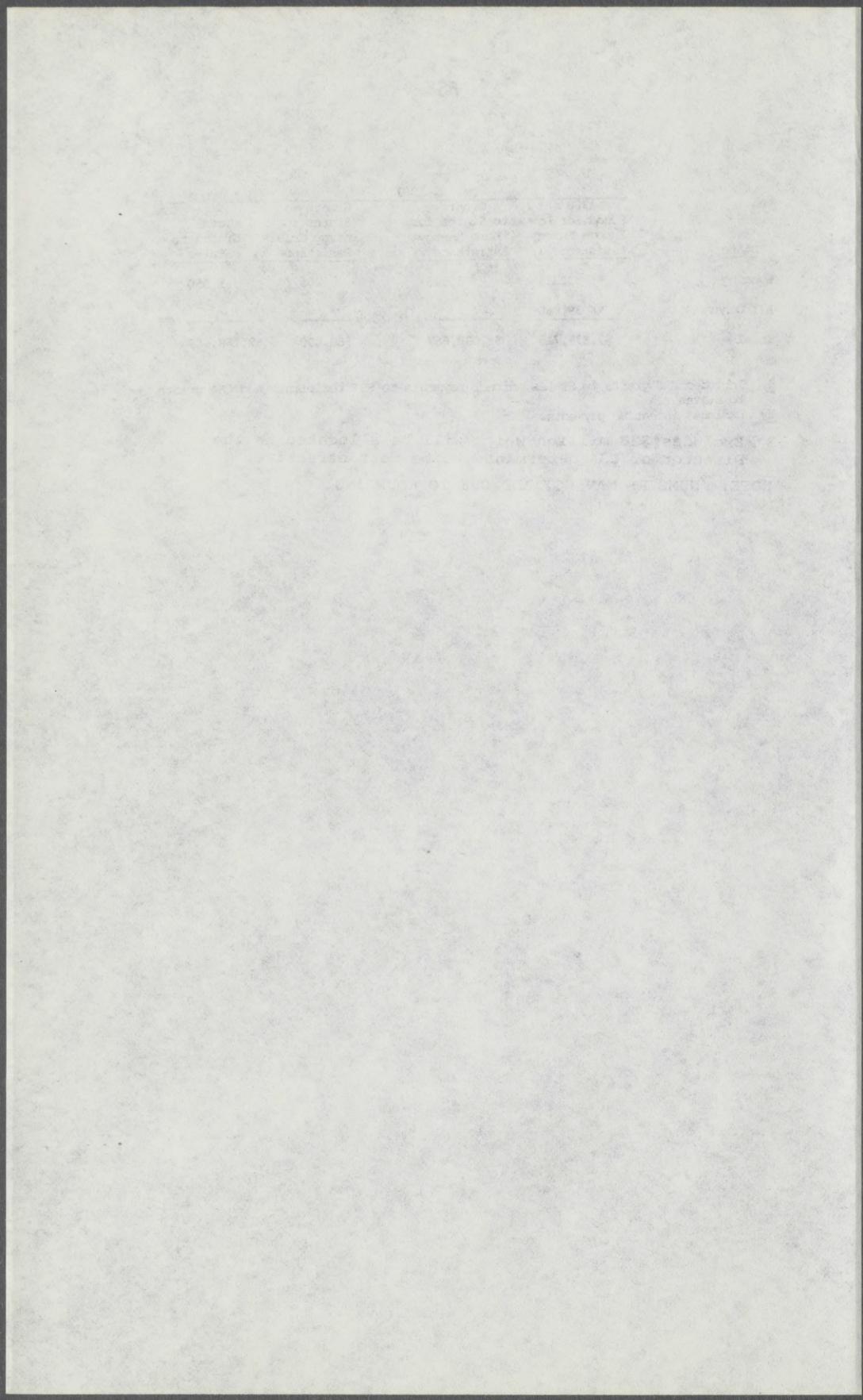
<u>State</u>	1981			
	1980 Funds for Low Income Energy Assistance 1/	Grants to States for Home Energy Assistance 2/	Grants to States for Energy Crisis Assistance	Total Grants to States
Wyoming	3,313	5,345	205	5,550
All Other	39,860			
Total	\$1,579,719	\$2,088,667	\$80,000	\$2,168,669

1/ Includes HHS grants to States, direct payments to SSI recipients and CSA grants to States.

2/ Excludes incentive payments.

3/ Excludes \$20 million which will be allocated as the Director of CSA determines to be most effective.

NOTE: NUMBERS MAY NOT ADD DUE TO ROUNDING.



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