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HOME ENERGY ASSISTANCE ACT

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HEARINGS

JUN 16 1980

BEFORE THE

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SUBCOMMITTEE ON AGING

OF THE

COMMITTEE ON

LABOR AND HUMAN RESOURCES

UNITED STATES SENATE

NINETY-SIXTH CONGRESS

FIRST SESSION

ON

S. 1724

TO AUTHORIZE THE SECRETARY OF HEALTH, EDUCATION,
AND WELFARE TO MAKE GRANTS TO STATES IN ORDER TO
PROVIDE ASSISTANCE TO HOUSEHOLDS WHICH CANNOT MEET
THE HIGH COST OF FUEL, AND FOR OTHER PURPOSES
AND RELATED BILLS

JUNE 7, 1979, WASHINGTON, D.C.

JUNE 15, 1979, KANSAS CITY, MO.

PART 1



Printed for the use of the Committee on Labor and Human Resources

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U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1980

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HOME ENERGY ASSISTANCE ACT

THURSDAY, JUNE 7, 1979

U.S. SENATE,
SUBCOMMITTEE ON AGING,
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:30 a.m., in room 1223 Dirksen Senate Office Building, Senator Thomas F. Eagleton, (chairman of the subcommittee) presiding.

Present: Senator Eagleton.

OPENING STATEMENT OF SENATOR EAGLETON

Senator EAGLETON. Good morning. The Subcommittee on Aging of the Full Committee on Labor and Human Resources is now in session to conduct a hearing on the impact of energy costs on America's elderly citizens. I have a brief opening statement.

For most Americans, energy shortages and higher energy prices are a source of bearable aggravation. Because supplies are tight, we carpool to work. Because prices are up, we set our thermostats at 68 instead of 72 degrees. Because rising energy prices have pushed up the cost of living in general, we make do 1 more year with an old suit or put off buying a new TV set.

For some 6 million elderly Americans living at or near the poverty level, however, the energy crunch is more than a matter of inconvenience. It poses a very real threat to independence, and even to life. The elderly and the poor have felt the full force of the energy crisis on cold winter days during the past few years. They have been forced to make cruel budgetary choices between heating and eating.

That is a choice no American should have to make. But as utility costs continue to race far ahead of pensions and social security benefits, it is a choice more and more of the elderly are facing each winter. Of course, there is some help available, but so far that help has been pretty spotty, at best. For the past three winters, the Federal Government has pumped some \$200 million per year into utility bill assistance, providing indispensable relief for many senior citizens. But even though I have strongly supported this program, I must admit that in the overall scheme of things it is little more than a Band-Aid approach to utility bill inflation.

A number of proposals have been advanced in Congress and in various State legislatures. One unsuccessful Senate bill last year would have required utilities to provide a basic amount of electricity to senior citizens at the lower rates charged to large industrial customers—commonly called lifeline rates. More recently, the Fuel

Oil Marketing Advisory Committee of the Department of Energy recommended a \$3.2 billion annual program to help the poor with home energy needs. President Carter has suggested that a portion of the proposed windfall oil profits tax be earmarked for heating assistance to low-income households. Just 3 days ago, Senators Javits and Jackson put forward a proposal to establish within HEW a basic fuel assistance program for any household eligible for AFDC, SSI, and/or food stamps. In addition to this basic eligibility criteria, the proposal makes adjustments which increase benefits for the elderly in high rent or high medical costs areas. The outside estimate for the Javits-Jackson approach is \$4.5 billion.

Obviously, solutions to this problem will come neither cheaply nor easily—and just as obviously, they must come quickly. It now is summertime, but in just a few months temperatures again will begin to fall, and older Americans again will face that cruel choice between warmth and food. The purpose of today's hearing, and one scheduled in Kansas City next week is to explore the most effective actions that Federal, State, and local governments can take to alleviate this burden on the elderly. It is imperative that Government act soon to eliminate the energy crisis unique threat to the well-being of our senior citizens.

I have a statement by Senator Armstrong of Colorado on this subject matter, and he is the ranking Republican on this subcommittee, and we will include his statement in the record at this point.

[Senator Armstrong's prepared statement follows:]

PREPARED STATEMENT OF SENATOR ARMSTRONG

Senator ARMSTRONG. Mr. Chairman, I welcome the opportunity to examine the issue of the effects of the energy crisis upon the elderly in this country. I hope it is the first in a series of hearings which will focus upon the difficult problems encountered by the senior citizens of the Nation in making ends meet in our current economy; too often, these persons—living on fixed incomes—are the unwitting victims of policies established many miles away in Washington.

Too often, moreover, our responses in the Congress have been to address the symptoms, rather than the causes, of the very real distress which these persons encounter. And in our rush to address the symptoms, we may do an even greater disservice to the elderly of America: we may create programs which not only are unresponsive to their needs, but which can, in fact, siphon off funds from truly needy persons to those who simply take advantage of the program, at the expense of persons such as our elderly population.

From preliminary reports, that may be what in fact has happened under the so-called emergency fuel assistance program, first established in 1976 as a temporary program. With an annual appropriation of \$200 million in the current fiscal year, it is my understanding that this program has followed the policy of making grants to persons who do not, rather than cannot, pay their fuel bills. If this is true—and I hope these hearings will shed some light on this issue—then the elderly of America have been the victims of a cruel hoax.

Commendably and traditionally, senior citizens in this Nation have been first to strive to pay their bills in a timely fashion. Therefore, when the Federal Government says it is going to provide financial assistance for energy costs, they must watch in dismay if the standard which is followed under EFAP rewards the tardy, rather than the timely payer of bills. Like so many of our ill-structured public assistance programs, this appears to encourage default, not responsibility; it appears to penalize, not reward, those who struggle to pay their own bills as they become due.

I hope that I am wrong in my understanding of the approach which has been followed thus far. I cannot believe that the standard which is followed in this important area is one which misdirects funds in such a haphazard fashion; the Congress, last year, through the Schweiker amendment, attempted to correct the situation; I will be looking forward to determining the extent to which regulatory action has followed congressional intent. Preliminary reports reaching me are that the program this year is unworkable, a failure, and the abuse of the past have not been resolved. I hope that any legislation considered on this subject will not continue—if these reports are correct—in such an unfortunate direction.

But more critically and fundamentally, Mr. Chairman, is an issue which I hope this subcommittee will address at a future time: what is it that is destroying the ability of senior citizens to survive in today's economy? Is it a food crisis—or a housing crisis—or an energy crisis? It may be all of these. But more importantly, it is a series of crises brought on by the ravages of inflation. Today's senior citizens—and those nearing retirement age—quite literally are horrified at the extent to which their fixed incomes are being not only eroded, but decimated, by today's inflation. And the cause of that inflation is right here in this city as well: a Federal Government that continues to pursue deficit spending with all of the abandon of someone who has stolen or discovered a hoard of blank checks. Like a thief in the night, Federal fiscal policy stealthily and silently has crippled many of the neediest among us—those least able to take corrective action—our senior citizens.

I do not make light of the very real problems and difficulties the energy crisis is causing among the elderly of this Nation. We must address it—and alleviate it. But truly to meet their needs, we must turn our attention to something even more basic: the critical and pressing requirement that the Federal Government get its fiscal house in order. That, I am convinced, would do more to assist America's senior citizens than all of our programs and promises put together.

Senator EAGLETON. We have four witnesses this morning, and we will start with Dr. Grace Olivarez, Director, Community Services Administration. Pleased to have you with us this morning.

STATEMENT OF DR. GRACIELA (GRACE) OLIVAREZ, DIRECTOR, COMMUNITY SERVICES ADMINISTRATION, ACCOMPANIED BY DICK SAUL, HEAD, ENERGY DIVISION, COMMUNITY SERVICES ADMINISTRATION; AND BOB SMITH, ASSISTANT DIRECTOR, OFFICE OF COMMUNITY ACTION

Dr. OLIVAREZ. I have with me Mr. Dick Saul, who is head of our Energy Division at CSA, and Mr. Bob Smith, who is an Assistant Director for the Office of Community Action.

Mr. Chairman, members of the committee, I appreciate the opportunity to come before you to discuss the impact of the energy crisis on the elderly. As you know, the Community Services Administration has since 1973 been actively concerned with the energy problems of the poor, and particularly of the elderly poor, many of whom live on low, fixed incomes. This concern led to the funding, in late 1973 and early 1974 of the first projects in weatherization and emergency energy assistance, and has more recently manifested itself in the implementation by CSA of three successive \$200 million programs of crisis intervention.

Before reviewing with you some of the differences between these three programs, I think it is important for me to describe the need which these programs were designed to meet, and particularly the needs of the elderly poor in the face of rising energy costs. In this way the committee can be a better judge of how well the CSA programs met the need, and how any future programs of assistance might be changed so as to do a better job.

Analysis of the current population survey and the annual housing survey of the Census Bureau reveal characteristics of the elderly population which compound their energy problems: they live in older, less energy efficient housing; 57 percent live in single family detached houses, which consume more energy than dwellings with common walls, and which also means that even where they rent, they often must pay for heat; their houses generally have older furnaces; they are often overhoused, living in former family residences from which children have moved, but which still cost a great deal to heat and maintain; their household size is predominantly small—usually one or two members—so that fewer are classified as low income than others at the same income levels; and as a population they are growing older, with an increasing number of persons in their eighties, less able to maintain their homes and more susceptible to extremes of temperature and accidental hypothermia.

The impact of rising energy costs on this group of Americans has been severe. Colder * * * darker, an analysis of the Federal-Energy-Administration-sponsored 1975 National Survey of Household Energy Use, shows that the average low income household energy expenditure in 1974-75, excluding gasoline, was \$370 per year, or 11 percent of annual income. For households heating with fuel oil the total was \$619, or 18 percent of income. Since that time energy items have been among the most rapidly rising of the components used to construct the Consumer Price Index. Fuel oil prices rose 29.6 percent from 1974-75 to 1977-78, and when added to the colder weather in the latter winter, this meant that the average low income household paid 41 percent more for fuel oil.

By April 1979 fuel oil was indexed at 358.5 in the Consumer Price Index, up from 100 in the base year of 1967. During the 12 months from April 1978 to April 1979 home heating oil prices rose another 21.9 percent; natural gas by 10.7 percent to an index of 286.3; and electricity rose 4.9 percent to an index of 210.4.

The latest figures available to us from the Department of Energy give an average price for heating oil of 56.3 cents per gallon in February 1979. This represents an increase of 15.9 percent from the previous winter, as compared with the nearly 22 percent increase indicated in the Consumer Price Index for April. Even using the lower DOE figure we estimate, based on the data from the National Survey of Household Energy Use, that the average annual expenditure for low income households heating with oil is \$614 per year; and at the April CPI figure it is \$646. To this we must add expenditures for natural gas and electricity, which we estimate now add an average of more than \$300 yearly, bringing the total home energy cost to well over \$900. This represents more than 20 percent of the average low income household's income on an annual basis.

Senator EAGLETON. Let me see if I can follow these figures. Back on page 3 you arrive at the 1975 National Survey of Household Energy Use, and it shows the average income expenditure, excluding gasoline, was —

Dr. OLIVAREZ. Was \$370 a year, or 11 percent of income.

Senator EAGLETON. Then we get up to —

Dr. OLIVAREZ. The CPI figures in April of this year.

Senator EAGLETON. Would the figure that would correspond with the 370 now be 646?

Dr. OLIVAREZ. Yes; this does not include expenditures for natural gas and electricity, which we know, Senator, is an average of more than \$300 to bring the total well over \$900.

Senator EAGLETON. What would be the comparison to the 900 figure back in 1974, 1975?

Dr. OLIVAREZ. If we add the increases that we indexed it was \$619 excluding gasoline.

Senator EAGLETON. And so the corresponding figure 4 years later, in 1978, is the 646 or the 900?

Dr. OLIVAREZ. The 900 figure. We go from 11 percent of income to 20 percent of income.

Senator EAGLETON. You have some of the statisticians back there. If I am not right, correct both of us.

Dr. OLIVAREZ. We are talking about national averages, and many people may pay much more, particularly if they live in colder sections of the country. There are also many low income households whose income is considerably less than the average, particularly among the elderly.

Sobering as these average figures are, I think it is important to bring their impact down to the level of individual cases, and I would like to share with you just a few examples. The south central Iowa community action program, in Leon, Iowa, has been implementing the 1979 crisis intervention program as well as the court-ordered extension of the fiscal year 1978 emergency energy assistance program. Eighty-five percent of those assisted this year have been senior citizens. Five of these persons, one 79 years old,

the others all in their eighties, had monthly fuel bills during the heating season which were between 60 and 91.7 percent of their total monthly incomes.

Senator EAGLETON. Can that be?

Dr. OLIVAREZ. Yes; we are talking about old homes that are not energy-efficient, about excessive cold, and about elderly who are more susceptible to hypothermia unless they have adequate heating in their homes.

Besides that, we are not talking about heating the whole house. In some instances, people are able to heat only two rooms, because they do live in older and larger homes, which are not energy efficient. We are not getting around with our weatherization program as we would like to.

We are talking about extreme cases, but we are also talking about individuals and human beings.

An 84-year-old with a monthly income of \$118.04 had a 1-month fuel bill of \$96.90; an 81-year-old man had a monthly income of \$160.63 and a 1-month fuel bill of \$123.30. Yet all of these persons had paid their fuel bills, and they received assistance in the form of future credits under the EEAP extended program. What is more, the figures I have cited describe the situations these persons experienced in the winter of 1977-78 when fuel oil sold locally for 47 cents a gallon. By March 1979 the price for fuel oil in southwest Iowa was 57 cents a gallon, and today it is 62.5 cents a gallon.

Senator EAGLETON. It will be even higher than the 62.5 by the time the cold weather comes around in late October or November.

Dr. OLIVAREZ. I would like to point out that this is not unique to the Midwest, or to areas like New England with a heavy dependence on heating oil. The Community Action Agency in Forest Park, Ga. kept track of the household expenditures of 20 elderly households over the 5-month heating season this past winter in order to see how expenditures changed in response to higher fuel and utility bills. In 42 percent of the cases expenditures for food went down as energy costs rose; in 37 percent expenditures for prescription medicines dropped as energy costs rose; and in 21 percent of the cases higher energy costs meant no regular visit to the doctor that month. We are talking about Georgia. Those 20 households, with ages between 63 and 79, had average monthly incomes of \$212, almost 50 percent of which went to utilities, fuel and water. In one case the percentage was as high as 65 percent. Fourteen of the households had natural gas as their principal fuel, three were on LP gas, one electricity, one coal, and one wood.

What I have described is a continuing and worsening crisis for the elderly poor and near poor of this Nation. It is a crisis which exists for all poor and near poor households, and for the elderly among them most severely. It is a crisis which is not triggered by exceptionally bad weather or a family emergency; but which has become a part of the normal condition of life for the elderly. Bad weather and family emergencies just make matters that much worse.

It is a crisis that must be dealt with by the Government, because the poor and the elderly do not have the resources or the means to deal with it themselves. Studies have told us that the elderly poor already use less energy than others, and that many experience

difficulty in purchasing the minimum amount of energy necessary to meet basic needs, even where they are sacrificing other necessities such as food and medicine. So, for the poor, unlike the rest of us, voluntary reduction in consumption of energy is not a realistic option. Providing the opportunity for real energy conservation is a viable option, and especially when combined with the use of low cost, renewable alternative energy sources, can offer even the poorest household a chance to achieve energy self-reliance, free from dependence on Government subsidy.

Research by the Center for Environmental Studies at Princeton University, in its Twin Rivers project supported by ERDA and the Department of Energy, has already demonstrated that space heating energy consumption in quite ordinary, reasonably well-built townhouses can be reduced by 75 percent through techniques that are not unreasonably costly. We expect that CSA's optimal weatherization research project, being carried out at 15 sites representing different climate zones across the United States, in cooperation with the National Bureau of Standards, will produce comparable results with regard to low income dwellings, with overall household energy consumption reduced by at least 60 percent.

Senator EAGLETON. Let us assume that you are right, and that your research project being carried out in these 15 States bears out, in essence, the conclusion of the preceding sentence, to wit, ERDA and the Department of Energy have already demonstrated that space heating, energy consumption in quite ordinary, reasonably well built townhouses can be reduced by 75 percent through techniques that are not unreasonably costly. Let us take that as a given, and assume that your study bears that out in roughly the same percentages. I will not hold you to that.

Where do we go from there? Let us assume that the study bears that out. What government, at what level, and in what amounts can we make moneys available, and under what circumstances, to modify these homes, or townhouses, to achieve this kind of energy savings?

Dr. OLIVAREZ. When we are talking about townhouses, there is a difference between reducing energy consumption in the townhouse, because it is more economical to heat a house that goes up, because heat rises. We are talking about homes that are spread out.

In other words, we do have a weatherization program in the Department of Energy. There is money to start working on the homes, particularly the elderly poor, to make sure that they are energy efficient.

Senator EAGLETON. What is the amount appropriated in this budget for this?

Dr. OLIVAREZ. \$200 million. I should point out that we are having a lot of difficulty with labor supplied to the weatherization projects. In some cases the local community action agencies are unable to get adequate CETA labor, because we are utilizing CETA labor to do the weatherization. The \$200 million provides the supplies, transportation, and equipment that is necessary to weatherize the homes. The result is some loans and grants for rural housing under the Department of Agriculture's Farmers Home Administration program, because in some instances we cannot go in and put insu-

lation in, unless we do a complete rewiring, or put in new floors, or a new ceiling and roof.

In other words, some of these homes need more than just caulking, weatherstripping. Some of them need very expensive repairs, but there is money available. It is just a matter of bringing all of the agencies together, to make sure that everybody is putting their share of the finances, or funds, that are necessary to make sure that we are reaching the homes, particularly in the homes in which the elderly live. But it has to be tied in with the weatherization program.

As the person comes in with a need for assistance with their utility bill, one of the things first that ought to be done is an energy audit to make sure that home—we are able to weatherize to the extent that it will make a—

Mr. SMITH. We have estimated that we have failed to weatherize over 300,000 homes, due to the allocation of the funds to that program.

Senator EAGLETON. These homes were not weatherized because—

Mr. SMITH. Because we did not have the CETA funds available to match the weatherization funds.

Senator EAGLETON. You had the money to buy the material?

Mr. SMITH. And to administer the program.

Senator EAGLETON. Insulation and storm windows, or whatever is justified, but because of CETA funds—

Mr. SMITH. The loss of jobs has been tremendous.

Senator EAGLETON. I will ask the staff to pull together for me, so we have it by the time of the next hearing, in one document, a summary of all of the weatherization, winterization, whatever it might be called, programs that are scattered throughout.

You mentioned one here. You mentioned Farmers Home.

Dr. OLIVAREZ. Farmers Home has loans and grants available to low-income people, if we need to go in and do a replacement of floors or roofs or ceilings, et cetera. There is money available for the low income, so that once that is done the weatherization team can come in and do the caulking, weatherstripping, and whatever.

Senator EAGLETON. HUD has scattered in its shop some of the kinds of operations in this regard. I think there used to be one in the Office of Aging. I can remember there was a Home Rehabilitation Agency. It was modest. Where else might there be some? Do you operate as part of CSA directly, any weatherization?

Mr. SMITH. All of those weatherization funds went to the Department of Energy. However, the Department of Energy, in administering the program, and passing the money to the States, sends the greatest bulk of that money to community action agencies to actually implement the weatherization program.

Senator EAGLETON. Is there any kind of operational task force? I am not trying to get another committee. I know you already serve on too many committees as it is now. But is there any kind of a functional, not just a window dressing, but a functional, operational task force that attempts to pull all of these things together? We mentioned the Department of Energy. We mentioned HUD. We mentioned Agriculture. We mentioned a small program in Aging.

Dr. OLIVAREZ. The Labor Department with CETA.

Senator EAGLETON. The Labor Department. Then we mentioned the shortage of CETA funds that impact on the ability to spend these funds. Is there any kind of operational task force that is trying to make sense out of this crazy quilt?

Dr. OLIVAREZ. There is a possibility of one through the Energy Coordinating Committee that the President created, and that is chaired by Mr. Schlesinger.

Senator EAGLETON. I am thinking out loud, off the top of my head, as I hear your testimony. That is why we have witnesses come and testify. It makes us think. Even if we cannot fashion a brand new program of the magnitude and compass in Senator Javits' bill which I think is \$3 billion plus, or the program recommended by the task force, and I know we will hear from those folks, the Fuel Oil Marketing Advisory Committee.

Either because of time, and we are in the month of June and winter is a few months away; or fund limitations, when you are talking \$3 billion and \$4 billion, you are talking about big dollars; and we are in the year of an austere budget, programs are not as effective as they could be. Even if we do not accept any dramatic new action from the States, and we will hear about that, as well, the very least it would seem to me that we could do is better implement and better utilize those programs, albeit badly scattered and limited, that are already on the books and partially funded in varying degrees, from the small one in the Office of Aging to some broader ones.

It would certainly be in everyone's interest to use the time from June to September, or October, to really have somebody pull that whole thing together. I think that ought to be one of our focuses here. I am not blaming you. That is not your responsibility. I know your interest is keen in this matter.

Mr. SMITH. Senator, there was one task force that the White House has pulled together to try to deal with this problem. It has met a variety of times and has been attended by people from the Department of Energy, Labor, and CSA. One of its main objectives is to deal with the labor problems. A result of this task force was a joint memorandum between DOE, CSA, and the Department of Labor, that went to the regional directors. The regional directors then developed their own agreement and sent them out to their program operators.

However, it is clear that that has not resolved the problem. Senator EAGLETON. When did that function?

Mr. SAUL. June of 1978, and the regional task forces have been meeting regularly, in each region with representatives of the Labor Department, CSA, and DOE, each agency has met to deal with the problem. But they have no resources.

We have shared with the Domestic Policy Staff of the White House an outline of a comprehensive plan. We have looked at all of the various agencies in Government, and possible resources that could be brought to bear on the numerous energy conservation problems of the poor. Home repairs, which is a very serious problem, because there have been all kinds of sins that have been covered up by insulation. Large family urban dwellings really need to be worked with, as well as public housing, home maintenance, and further development of solar energy for the poor.

If there is not a program of maintenance working with the families that are in the houses, in a couple of years the houses will have deteriorated back into the condition they were before they were weatherized. Nobody has really thought about that. Solarization: If you take the kind of situation that the Director described, those people in Iowa, and there are other examples—I have heard of examples from Kansas and elsewhere, even a reduction in consumption of 75 percent is not going to take those people out of the situation where there is going to be a need for some sort of a subsidy, especially if we get to \$1 a gallon for fuel oil.

Once you get a house in good shape, that is tight enough and insulated well enough to reduce its energy requirements to a minimum—you can then think about alternative energy. You may be familiar with our small farm energy project with the Center for Rural Affairs in Walthill, Nebr., that has put solar walls on farm houses; and new life farm in Drury, Mo., has done the same. It has been done, but you cannot do it unless you get houses in a very efficient condition. Even the \$200 million at the current level will take 20 years just to do the houses that we know exist now, that are occupied by the poor people and old people that need weatherization. That assumes that once you have weatherized a house you do not have to look at it again; and it is assuming that there will not be additional houses that poor people will not start living in.

The choice will be recognized: that it will be \$4 or \$5 billion a year to pay people's bills if we don't carry out a really effective program of conservation/weatherization. I think an analysis of the subsidy costs will show, if we really bring the necessary resources to bear, that we cannot afford to do that.

Senator EAGLETON. It is a grim picture. Solarization, I do not want to go off on a huge digression, but it is relevant that the limited funds you are talking about, the \$200 million for the winterization, and some of these other funds pulled together, really cannot impact much on the solar business, can it?

If we are having difficulty inducing new homebuilders to build new homes with solar heat, are we going to be anywhere successful in converting older homes into solar?

Mr. SAUL. I think things can be done, and things are going on out there. Lancaster, Pa., has been doing solar retrofitting of mobile homes for \$150, with CETA labor from the area, with no storage, but which even on the coldest winter day provide all the heat required when the Sun is out. That kind of thing can make a dent, and a very important one.

Senator EAGLETON. That is done by you folks?

Dr. OLIVAREZ. Yes.

Senator EAGLETON. Give us an analysis of that program to date, your own in-house analysis, how many homes, break it down by regions, and what have you, the cost involved, your appraisal of the pitfalls, if there are any, in the program.

Mr. SMITH. I might point out, in our current appropriations request we asked for a limited sum to demonstrate a small solar program.

As Dick said, it is our belief that we can go back into the homes we have weatherized, and do a lot of low-cost solar work, but we have not really had the funds to do this in any comprehensive

manner. But it is in the President's request to Congress for this type of a program. It is within our demonstration section.

Senator EAGLETON. How much?

Mr. SMITH. I think we cited that we would spend approximately \$3 million to develop—to test out that program on a broader based scale.

Senator EAGLETON. What are you testing now that you do not already presumably know? I am asking as the devil's advocate.

Mr. SMITH. Our solar program has been done on an ad hoc basis. We have tried a few things in one place, a few things in another place. As with our weatherization program, as it expands, it could be tested as to the feasibility of doing it on the national level, and I guess these funds would allow us to test this on a much broader based level than is currently being done, and in comprehensive manner.

We could even tie it to the weatherization program, where you not only weatherize, but do low-cost soft solar retrofitting of existing facilities at the same time.

Senator EAGLETON. Are you doing some of that now?

Mr. SMITH. On a limited basis.

Senator EAGLETON. Weatherization, normally that term means just tidying up the existing heating system of the house, does it not?

Mr. SAUL. It is insulation——

Dr. OLIVAREZ. Weatherstripping, caulking.

Senator EAGLETON. But using the method of energy of that home, if it is propane or gas or oil. That pretty much stays in place. You even have one home that was wood, and then you weatherized to better utilize that heating mechanism. In a few you have done that, plus you have solarized the leased part of their system, maybe their water heat, or whatever it is.

Dr. OLIVAREZ. In some instances the solar energy units are being used as hot houses, and people are growing their own vegetables, not for outside sale. They are attached to the southern exposure of the house, and are able to furnish 40 percent of the heat when there is sun. In some of those homes, though, it is difficult to put in a collector.

For example, we do not know how long we can collect heat, and when it can be released, and this is the difficulty of doing it in residences as opposed to buildings.

Senator EAGLETON. I used to be gung ho on demonstration projects, and I am not totally adverse to them now, but I worry about the demonstration business, because once you get through the demonstration, and something shows itself to be fruitful and beneficial, many times that is just the end of the line. There are not the mega-bucks to go forward with that which has been demonstrated, or proved. It is frustrating.

I guess it is more frustrating for you folks.

Mr. SAUL. One of the real problems is that very few of the homes are being weatherized to the optimum level.

Senator EAGLETON. There is more band aid than substance.

Mr. SAUL. One of the problems with that is that the work force that is doing the weatherization, not only is it difficult to get, but particularly under the new CETA regulations, with the average

wage levels—for example, in Wisconsin the minimum wage is \$3.19 an hour. For many States where people make more by not working than by taking those jobs, when they do take those jobs, from the manpower point of view it is very successful, because the turnover of people that are hired out of the weatherization crews after 6 months is high. It is fine for them, but not for the weatherization program.

There is a real problem in maintaining a qualified work force to make the houses energy efficient. That problem has never been solved. Unfortunately, in Maine, what happened, that first project in Maine in 1973, they bragged about having the Girl Scouts weatherize the house, sort of a PR thing. I can remember the Director saying that.

Unfortunately, out of that experience the Congress, I think, got the impression that all they had to do was apply material and they would somehow get themselves into the housing. It does not work that way. You have to have the work force.

Ideally, the program should be funded as a complete program. Somebody said last week there is no other Federal program where only half of it is funded. The manpower for weatherization has never been dealt with adequately. There ought to be a program of real training. It is a marvelous place to train people for jobs in the private sector, but where it is left up to the kinds of rules that are now in force with CETA, it just does not work.

Senator EAGLETON. We have heard a lot of grim news here, and it is, in many respects, justifiably grim, not that we are proud of them. Good news along the lines you were talking about.

Mr. Watson, from the White House, was in Kansas City a month ago. I visited various federally sponsored projects that were on the west side, the Hispanic section of Kansas City. They were going block-by-block, very systematically, house-by-house. This was not just the elderly, the whole block. There was some elderly, but some younger people, as well, using CETA workers from the neighborhood. The manager of this program thought that was essential, neighborhood pride, CETA workers from the neighborhood with a qualified supervisor rehabing those houses, both rehabing and winterizing as part of the process. Some of the homes were done for as low as \$2,500. Some cost—I think the highest was \$4,000.

We saw the before and after. We could see there, as they were working their way down the block. We went in a couple of houses that had not been touched. There was a great sense of neighborhood pride, and these young men and women who were working these projects, after a few months, went on to good skilled jobs, which is part of CETA, but they were getting enough people who wanted into the program. I thought it was a marvelous example, that appeared, to an untrained eye, to be working. That is fine for that one- or two-block portion of Kansas City.

The sad truth is I imagine 20 or 30 blocks in that area would need the same kind of work. That is what is so terribly frustrating. I do not know where we interrupted you.

Dr. OLIVAREZ. On page 8.

What the elderly poor need is a comprehensive program that will offer them energy efficient housing, utility rate structures that reward conservation, alternative energy sources, and proper home

maintenance. If a program of energy payment assistance is also contemplated, perhaps a brief discussion of CSA's experience over the past 3 years will be helpful in deciding how it should be done.

As you know, the first of the three \$200 million special programs was funded through the State governments in fiscal year 1977, and was known as the special crisis intervention program (SCIP). Under SCIP, which ran from May to September of 1977, \$163.4 million was obligated and 1,060,712 households were assisted. Funds were made available to States on a formula basis, payments of up to \$250 per eligible household were authorized to assist families who were threatened with utility shutoff or nondelivery of heating fuel due to unpaid bills. A one-time cash payment of up to \$50 was allowable—within the \$250 ceiling—for households in dire financial need as the result of having paid large heating bills. Importantly, a future credit was authorized to such families. Governors were required to provide up to 10-percent administrative costs to local operating agencies.

The future credit aspect of the program was particularly beneficial to senior citizens who in many cases had paid their fuel bills but at the expense of other necessities. The provision of future credits made it possible for us to extend services to these persons.

Both special crisis intervention program and its successor, the emergency energy assistance program (EEAP) had the common goal of assisting poor households by relieving the energy cost burden resulting from severe weather and rising costs. However, SCIP had the unique goal of facilitating the continuation of energy supplies and promoting energy conservation. SCIP funds unused for crisis intervention during the program period were reprogrammed for weatherization. That was before the program was spun off to the Department of Energy. EEAP, on the other hand, was specifically focused on responding to crisis situations which endangered health and survival.

EEAP was conceived as a winter-time program designed to intervene in situations of genuine emergency. Unfortunately, funds did not become available until March and the program ended in June 1978 with only \$143.3 million obligated and 865,680 households certified.

Unlike the first program, the second program was administered through the community action agency network and, apart from an initial allocation advanced on the basis of 25 percent of the SCIP formula, funds were made available to areas on the basis of my determination that an energy emergency existed. The \$250 limit on benefits per household was retained, but future credits and cash payments in cases of dire need were not allowed. Instead, in cases where payment of a high energy bill caused extreme hardship, EEAP payment for supportive services such as health, nutrition and clothing were authorized. Unfortunately, because of the time constraints imposed by the late startup of the program, most local agencies were not able to provide a delivery system capable of delivering these services on a broad basis.

Eligibility of older persons was expanded by giving program priority to persons aged 60 and over (as opposed to 65 under SCIP) and by making older SSI recipients income eligible even if their income exceeded 125 percent of the poverty guidelines. Up to 15

percent of the program costs were authorized to be utilized by grantees to meet administrative expenses.

Senator, it should be pointed out that even though the guidelines were expanded to make more senior citizens eligible for the program, approximately 400,000 fewer senior citizens were assisted under the EEAP program. To a very large extent this goes back to the point I mentioned previously that many senior citizens will pay their fuel bills before they buy other necessities. They do not want the stigma of having their utilities turned off, so they pay their utility bills before anything else.

Since the EEAP funds unobligated on June 30, 1978 were not authorized to be carried over to weatherization (as under SCIP), nearly \$47 million would have been returned to the U.S. Treasury were it not for a court order under *Greig v. Olivarez* which required CSA to reopen the program to serve beneficiaries not previously assisted. A total of \$45.8 million was made available under the extended EEAP program, which now terminates June 30, 1979.

The court also required that future credits be authorized under the extended program.

Senator EAGLETON. Administratively you could not have done this. I take it, you are the named defendant in this suit. Welcome to the ranks of the sued. I was attorney general of Missouri. I was sued every day of the week.

Anyway, without the benefit of this fellow Greig having sued you, you could not have made these funds available. It took the lawsuit to give you this authority?

Dr. OLIVAREZ. Under the court order we were able to extend future credit, which we were not able to do under the original program. But the court order did——

Senator EAGLETON. Will the \$5 million be fully obligated?

Dr. OLIVAREZ. I think that is pretty much already gone.

The fiscal year 1979 crisis intervention program extends from January to August 1979, and is composed of three separate programs. The regular program made available \$23.6 million on a formula basis to CSA grantees in States or areas within States having 3,000 or more heating degree days. Eligibility for the supplemental program was based on a Governor's finding and the CSA Director's determination that a State or an area within a State met at least 1 of 5 criteria relating to fuel availability, fuel cost and/or excessively cold weather. Grantees in 48 States and the District of Columbia have received \$160.4 million under this supplemental program. Three States, Illinois, Wisconsin, and New Hampshire, received additionally a total of \$2.5 million under the third program, which is for winter-related disaster relief. Under the fiscal year 1979 program, the greater of 15 percent of \$8,000 per grantee was set aside for administrative costs under the regular program, and up to 10 percent of supplemental or disaster relief funds subsequently received could be utilized for administration.

Given our experience in 1977 and 1978, and the intent that the 1979 program be better directed to truly emergency situations, the eligibility criteria for the 1979 program were significantly tighter than in the previous two programs in that a household had to present a disconnect notice or evidence that they had only a week's supply of heating fuel left, and were unable to acquire additional

fuel if the fuel bill was to be paid. In addition it was possible to provide the various supportive services to households in emergency situations. Cash payments and future credits were not permitted under the 1979 CIP program. It is not clear at this time what the impact of these more strictly defined guidelines will be.

I want to thank the committee for this opportunity to speak to you today, and I hope I have been successful in underlining to you the urgency of the problem we are facing.

Thank you.

Senator EAGLETON. Did you engender these guidelines, or did OMB engender them?

Dr. OLIVAREZ. We negotiated with them. The idea was, given a limited amount of money, and the fact that we were already—you noted the Javits-Jackson bill, they are talking about billions of dollars to address the issue. When you only have \$200 million, we have to limit ourselves to life and death situations.

I certainly want to thank you for the opportunity to share these thoughts with you. I hope we have been successful in underscoring the problem as we see it.

Senator EAGLETON. Let me give you a hypothetical, and put this in perspective. Suppose the President calls you over today and said this to you: "Well, next winter is probably going to be as cold as last winter, maybe a little colder, or maybe a little warmer, but there is always some cold weather." Also the President tells you that home heating costs are going to be substantially higher this winter than last winter. He then says, I know that CSA, insofar as crisis intervention is concerned, has had a program for 3 years, although he recommended only \$45 million for crisis intervention, he says maybe the Congress will add some money, maybe go back to the \$200 million, maybe \$250. This is all in a conversation with the President.

He says, I know various agencies of the Government have a bit and a piece of the action, including the people with CETA workers. I hereby instruct you, Mrs. Olivarez, whatever program we have, let us assume the money is available next winter, I want you to pull together all of these programs that are in HUD, Farmers Home, Energy, and instruct you to get going with the Labor Department on the CETA aspect of this thing so that whatever program we have this winter, at least we will be getting the best bang for the buck, albeit a limited amount of bucks.

Let us assume he gives you that charge or mandate. What would you begin to do?

Dr. OLIVAREZ. First of all, I do not think it should be the responsibility of the Federal Government exclusively to address these issues. I think it has to be a partnership with the State government and the fuel suppliers, too. In the case of the elderly, I do not believe that the elderly should be required to go to a central location to file reimbursal or forms for assistance with utility bills. So I think the utility companies, or the fuel suppliers have to be involved in this, so that whatever subsidy or relief the elderly are going to get with utility bills has already been deducted from their bill.

I think it should be more efficient, if the utility companies deal with that issue, rather than the Federal Government having to

deal with it individually. I would see the Federal Government in more of a partnership with the State government, and in partnership with the energy supply companies, with special provisions for the small dealers, because—in rural areas and central cities there is sometimes only one supplier.

In the winter of 1977, I believe the New England congressional delegation pointed out to us that they had hundreds of small fuel dealers go bankrupt because of the lack of finances among the poor. So some provision has to be made for the small dealer.

Second, I would say to the President that the utility repayment program has to be tied into the weatherization program. As people become certified for assistance under a utility repayment program, automatically that household should have an energy audit done of their home, and the weatherization team should be assigned to go in and make as many improvements to that home as possible to cut down on consumption, and hopefully cut down on the utility bills. But also the program has to be flexible enough to be able to be adjusted as utility rates go up, so we do not have to come back here year after year to redesign the program because utility companies' rates went up, or energy costs went up.

So there has to be some flexibility, and the maximum amount offered should not be set at only \$250 per year, because what if next year the utility rates have gone up another 100 percent? It should have some flexibility within the program itself.

Then I think that energy conservation and family counseling on how to cut down on energy consumption should be included. I guess you call it energy conservation education. But I would say that unless the State and the energy suppliers are part and parcel of the program, I really do not think we in the Federal system have enough money to address all of the issues.

Senator EAGLETON. What States, if any, have been, in your opinion, aggressive in coping with this program on a State level?

Dr. OLIVAREZ. Connecticut had a good reputation. Indiana very recently passed legislation that set aside funds for helping with utility bills. Oddly enough, some of the States that have very severe weather, for example, Illinois, does not have any State provisions. Maine introduced legislation in September of last year, but it has not gone anywhere. Rhode Island does have \$450,000; Vermont, \$500,000, and then we go to Massachusetts, New Hampshire, New York, New Jersey, Pennsylvania, Delaware, West Virginia, the District of Columbia, Virginia, Maryland; those States do not have any programs.

There are no programs in Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee, or Alabama. Kentucky, oddly enough, has probably the most exciting State program. They have an emergency assistance fund at \$1,631,000, and then they have a separate program to help 60-year-olds and older citizens, to the tune of—they spent \$1 million in 1978 to help the elderly in Kentucky.

I mentioned Indiana. They have Project Safe. It is an open-ended program that goes up to \$20 million, but only for the elderly, to help with utility bills.

Minnesota has a sometime State-supported program. They funded in 1977-78 a one-time program to the tune of \$2 million,

and the elderly received priority for assistance. The State will not run the same program unless there is a crisis which warrants a program. In fact, the legislature has just voted down an \$80 million appropriation for the program's continuation.

Michigan has an energy fuel assistance program, run by the Department of Treasury, where the elderly are a priority and their funding is \$38 million.

Wisconsin has one for \$2 million. Ohio has a tax credit, and they have proposed legislation to help, to the tune of \$10 million, with the elderly being a priority.

Senator EAGLETON. Tax credit program. That is supposing that someone has an income on which tax is owed?

Dr. OLIVAREZ. It is a tax credit, but it is not helping the poor.

Arkansas, Oklahoma, Texas, New Mexico, have no programs. Kansas and Nebraska have no program. Iowa and Nevada have legislation for fuel assistance before their State government, but no definite project has been proposed.

North Dakota, South Dakota, Utah, and Wyoming, have no programs. Colorado has legislation before the State House, reducing the sales tax on home heating fuel, but no other program.

California, Nevada have no program. Arizona has one part-time staff employee employed in the crisis intervention program, supported by the—State.

Senator EAGLETON. One part-time person?

Dr. OLIVAREZ. One part-time person.

Senator EAGLETON. Answering the phone?

Dr. OLIVAREZ. Probably. Alaska, Hawaii, Washington have no program. Oregon has a proposal in the State legislature, but no budget as yet. Some States are doing very well. Other States are depending on the Federal Government to carry the whole load.

Senator EAGLETON. What action, if any, has taken place on behalf of the private utilities, private or public utilities? There is an association for everything, so there must be an association of utilities. The electric people have theirs—has the industry come forth with any kind of functional program?

Dr. OLIVAREZ. The only one that I have heard of, I believe is in Wisconsin, where they sent out a notice they expect a person to come into the utility company to negotiate the bill. At that point they will then discount and set out a staggered payment of the utility bill. But other than that, I do not know that any of the utility companies, the energy suppliers, are doing anything.

Mr. SMITH. I heard of one program in Michigan, where the utility company discussed providing loans to individuals, with a prorated payback if they did energy efficient improvements on their houses. I have heard of spot things, but nothing in a comprehensive nature.

Senator EAGLETON. What about these oil dealers. You were talking about the small dealer, assuming that oil is tight this fall, part of the reason there is a shortage, not the only reason, but part of the reason there is a shortage of gasoline now is that oil is being laid up, and refined, to be available for home heating this fall. At least that allegation is made.

Assuming that there is a tight supply for home heating oil this fall, what can oil distributors do, either big or small, to be of assistance in this area?

Dr. OLIVAREZ. I would say they should give some priority allocation to the elderly—unless they provide some priority allocation and allow the use of credit, the elderly will not be able to obtain the supplies of fuel oil they need to survive.

Mr. SAUL. In the rural areas, frequently elderly people are taken care of, and have been, just because they know them. They have extended them credit, and this sort of thing. But one of the things is they have a severe cash flow problem. Big oil suppliers that supply the dealers have been putting pressure on them—on the dealers, and the dealers—Dr. Olivarez mentioned in Massachusetts, it was a large number of fuel dealers that went out of business because of the cash flow problem. There is very little they can do.

I am sure there are a lot of them that have extended credit.

Mr. SMITH. In terms of the question, there should be something that we could do, using whatever block of money is available as a leverage to force service among those who do not have the money to pay.

One of the interesting things with SCIP was that if any utility received money, for an individual's bill, they could not disconnect that individual, no matter how delinquent they had been in paying their bill. This forced equity in the treatment of their customers. You may be able to use, in any program created—some sort of pressure that says if you accept any money from this program whatsoever you cannot just deal with those customers that have the best ability to pay, but there must be some equitable way of reaching those from the top to the bottom, and not just those who have good payment records.

You might have a lot of poor individuals that may take up to 1 year or longer to pay, and as soon as the crunch comes, it would be likely that those would be the first individuals dropped from somebody's route.

Dr. OLIVAREZ. I would like to say this, we can do a lot of coordination, bring in all the programs. But I think we are kidding ourselves if we think we can go into next winter without a substantial sum of money being available, particularly for the elderly poor, to help them with their utility bills.

It is as blunt and cold as that. We can come up with all these other ideas, which I am not discounting, but I do not feel, and this is my personal opinion—we can get as dramatic and realistic as we want, but we cannot go into this winter without a big chunk of money being made available, particularly for the elderly poor, for energy costs. I wish I could tell you there are other ways.

Senator EAGLETON. I agree with you 100 percent. I appreciate your candor.

Mr. SAUL. I should also like to offer a personal opinion. I do not think we should pretend that it is only to respond to emergency situations. I think one of the best things about the first program was that the money was allocated by formula. It went out. It went out at the beginning. It was in July when we got it. But I think all of the money should be distributed by formula at the outset. I think if possible we should try to leverage some State money, but

the local communities and the State should know what resources they have to deal with for the forthcoming season, or this coming winter, as quickly as they can, so they can plan.

But to have a scrambling for money by agencies—the faster they spend it, the more they can ask for, there is no other way to do it—the process of getting the money out in bits and pieces the way it has been done in the last 2 years is a terrible thing for the administration of the program. Most of their time this past 2 years has been spent trying to cut grants, trying to get money out of these programs, instead of putting it out at the outset.

Senator EAGLETON. I agree with you also. To use your words, it is the blunt truth, and it is the cold truth, that despite all of the good intentions we are not going to have tens of thousands of homes properly winterized this fall, homes that ought to be, whether by solar, or something else, and we are going to have elderly people, and poor nonelderly people faced with utility bills that are going to be higher. We are not in any better shape right now to cope with that today than we were 1 year ago. We are still playing catchup ball to spend this money by June 30, pursuant to that court decree.

I would like to think that the States are going to respond but, as you went down that list—Kentucky is doing something interesting. Many States are doing absolutely nothing. One State had a part-time person in that office. Others have a few thousand dollars.

So we are not comforted by that. There is no way you can hit the States over the head. On the leverage factor, to highly leverage that—like the UDAC program, it was a classic example of how leverage programs can work. But you have to have some authorization for that. Time is short.

I think we ought to do some crisis planning now for a crisis that we know will be on us.

Dr. OLIVAREZ. I think it ought to be a year-round program. I know this sounds terrible, because we have done nothing about that. I think it is apparent as the Southwest—and Senator Javits reminds me that he put into his opening words in his bill that last year 41 persons died of heat prostration, 21 elderly in Dallas, and we were not able, even though we had money, we were not able to help them, because the program was designed for winter-related emergencies. So we have to deal with that part of the energy issue, too, not just the winter, although the winter is a lot more severe, and covers a lot more territory. But we cannot ignore the other seasons.

Senator EAGLETON. I yield to Senator Javits. We made reference a couple of times to the bill you and Senator Jackson have. We have had a very good exchange.

Senator JAVITS. Thank you. I came by, although I am under pressure in another committee, to thank you for bringing up our bill, and for giving us such early consideration, and to explain publicly the reason we introduced it as we did. Not that we did not believe the administration would address itself to the same program—we know it will, but we have so much more free will as individual Senators that we thought we would shortcut a course which is perhaps what we consider the best as far as helping the situation, and that might inspire the administration to go a little

further than it might otherwise go to attract interest and support among Senators.

But our purpose was in no way to preempt the administration. We know they are coming in with a bill, and we are hopeful that it is a bill which we deal with, and I hope we can work very cooperatively with them in putting through a bill.

Thank you.

Senator EAGLETON. Off the top of my head, and this is really a statement rather than a question, I think in order to, in essence, assist you with this forthcoming winter—since you are sort of the point agency for this—the crisis intervention program has been in your ballpark. You are out there in the firing line. You have to get the checks out. Although you do not do the winterizing, there is an interrelationship in any event. I think I will attempt in some way or another to convene the interested agencies, appropriate individuals from them, and to express my keen interest in this.

I know Senator Javits and every other member of this committee shares that, to do that fairly promptly, and thereby assisting in getting some assistance to face up to the inevitable reality, and not forgetting the heat prostration as the cold of the winter crops up. I would hate a year from now to have a similar hearing.

Then another lawsuit has been filed, and you are playing catch-up ball again, and have to make a deadline of June 30 for bills for a winter long since gone by.

I thank you.

Next we will have Mr. Larry Young of the National Conference of State Legislatures.

STATEMENT OF LARRY YOUNG, NATIONAL CONFERENCE OF STATE LEGISLATURES, ACCOMPANIED BY KARL GILBERT, LEGISLATIVE ASSISTANT

Mr. YOUNG. I have with me today Karl Gilbert, my legislative assistant.

Thank you very much, Mr. Chairman and members of the committee. I appreciate this opportunity to appear before this Senate Subcommittee on Aging to speak about the impact of the energy crisis on the elderly. I am here today in my capacity as a representative of the National Conference of State Legislatures and as a delegate of the Maryland State Legislature. I consider this topic to be one of the most urgent problems facing older Americans today.

With that in mind, I will not take up your time with a lengthy presentation of purely statistical data. This subject is most important to me, personally, because of its persuasive impact on my constituency and yours, in terms of basic human needs. However, some basic observations are in order for placing this urgent problem into proper perspectives.

First, plainly and simply, there is an energy crisis. Public opinion polls show that a near majority of Americans believe there is not an energy problem facing our country. However, rising costs from foreign producers, who provide 50 percent of our oil needs, contribute to our foreign balance of payments deficit—and most persuasively to a rising inflation at home that overwhelms those Americans on fixed incomes. This, in turn, causes a deprivation which impacts most critically in the area of home heating supplies.

The elderly, as well as the low-income, are being forced to make the ultimate choice between heating and cooling in their homes or putting food on the table—choices that may be life and death decisions. For example: Lowering the thermostat to 65° could cause hypothermia and spell tragedy for many elderly residents suffering from cardiovascular disease and diabetes.

In short, the elderly as well as the poor and those on fixed incomes should be protected from disproportionately adverse effects on their income. Energy is as necessary to life as are food and shelter.

Unfortunately, the cost of energy is such that most elderly persons, impoverished by inflation, are forced to seek help in stretching fixed or meager incomes to meet basic necessities of life, after they pay their monthly heating bills. A poignant statistic is the fact that over 7 million senior citizens, or 25 percent of today's 28 million elderly Americans, live in poverty. They are spending an average of 30 percent of their income on energy essentials. This produces a relatively simple scenario. Many of the elderly are at the lowest economic end of our society, and are already accustomed to conserving because they are forced to conserve. Conservation has been, and is, for them a way of life. Their energy needs extend to essentials, not luxuries. There is little, if any, way for them to reduce consumption, much less eliminate waste. Their choice is not to conserve, but to forgo other needs—a choice that too frequently has deep-set, long-lasting consequences. The choice between heat in the winter and food on the table is more than a sacrifice.

Some say—I should say this is the reason why some of the States are not doing what they should—that energy policy and social policy should be separated. But a policy which seeks to dampen demand through price increases affects the economic consequences of those who are forced to make choices between essential needs. Therein is the problem: to reduce domestic energy consumption and, at the same time, still assure that essential energy needs of all our citizens are met. Our record during the past decade has not been exemplary in terms of addressing this problem. The problem has become worse, not better.

Fuel prices have risen sharply since 1971, and more substantially in recent months. In the first quarter of this year, prices on necessities, including energy, rose 16.4 percent while the Consumer Price Index increased only 7.8 percent. Energy prices rose 24.4 percent—food 21.6 percent, shelter 13.3 percent, medical costs 11.1 percent. There is much literature and testimony providing many summaries and case studies of the impact of rising energy costs on the elderly, but there is little hard data regarding the likely effect of these costs on the low-income elderly. This lack of vital information is especially critical.

In recent testimony before the House Subcommittee on Energy and Power, reference was made to the Fuel Oil Marketing Advisory Committee of the Department of Energy, which was cited regarding recently released data showing that poor families, nearly half of whom are elderly, paid over \$3 billion more for energy above what they would have had to pay for energy if energy prices since the 1973 oil embargo had just kept pace with inflation. This

represents a loss of purchasing power of over \$500 dollars, or about two social security checks per family.

Furthermore, "prior to the most recent upsurge in energy prices, 1 million elderly households with incomes of less than \$2,000 spent over half of it on home fuels," according to a 1976 report by the Department of Energy's predecessor, the Federal Energy Administration. Five years ago an elderly couple would spend \$500 annually on fuel. Now in 1979 those costs run about \$1,000 a year.

Clearly this data underlines our failure to grasp the problem of reducing domestic consumption while assuring the essential energy needs of the low-income elderly in a manner that does not render them totally destitute with respect to meeting their other basic needs. This situation further stresses the interdependence of energy policy and its evolution with overall social policy. The notion that these policy areas can be isolated as unrelated segments must be dismissed.

In short, a fundamental problem we face is a conceptual one reflected in the conventional tendency to fragment areas of social and economic policy that are inevitably related. The elderly, and other disadvantaged Americans are unwittingly victimized by such a fragmented policy process, and our Nation is the ultimate loser. What are our responsibilities at the Federal, State and local levels?

Let me review several concerns:

First, financial assistance.

Second, energy education.

Third, governmental programs, and

Fourth, legislative action.

With regard to financial assistance, one elderly witness testifying before the House Select Committee on Aging and the House Subcommittee on Housing and Consumer Interests noted that:

We need a 25-percent reduction in utility bills, especially lifesaving oil, gas, electricity, coal, firewood and others necessary to the well-being of the elderly. No sales tax on any of the above. Meaningful tax relief on our properties, especially eliminating social security funds as taxable income—eliminate taxing our fast dwindling savings. Reductions of 50 percent of all transportation costs, lower rates on our insurance policies * * *

One proposal put forth by the Department of Energy's Fuel Oil Marketing Advisory Committee concerning a tax rebate would call for a scheme basing eligibility on income and the percentage of income spent on home energy use, insuring that assistance would be afforded exclusively on the basis of need. This proposal has merit, particularly in terms of linking amounts of assistance to differences between the percentage of income currently spent on home fuel and a sliding scale percentage of income that should be spent on energy. This proposal, I think, would alleviate much of the disproportionate burden shouldered by our elderly population because of the lack of equity in our current energy nonpolicy structure. Other measures could include a Consumer Price Index for the elderly, utility rate reform, and price limits and controls for the elderly.

In the area of energy education I strongly believe that further analysis is needed to determine the impact, that the decontrol program coupled with the impending rise in fuel oil prices might have on elderly Americans. For purposes of this analysis, I suggest

Federal moneys be made available to existing senior citizen organizations so that they may develop energy education programs centered around their own key issues, and be included in the energy lobbying process. I feel that the learn by doing approach is necessary for a successful partnership in designing a national energy policy that will be prudent and successful.

As an example of governmental programs, let me briefly review activity in my home State of Maryland regarding energy initiatives for the elderly. Maryland's General Assembly this year passed house bill 554, which I sponsored, to create an energy assistance and information program. My home State now has an outline of agency responsibility for providing citizens with energy information and service needs. The legislation allows distribution of financial assistance, requires education materials for teaching energy conservation, permits home weatherization assistance and directs that a comprehensive energy assistance and information plan be developed. This new law formulates a beginning for guaranteeing necessary energy supply distribution to elderly citizens, and others, who must make ends meet for comfortable living.

The bill originally had a fiscal note of \$2.1 million. It went before the appropriate committees, and when it finally passed the fiscal note was \$22,000. The legislature had completely wiped out everything that the State would have put into the program except for the fact of having two staff persons to work in the information office, to support the present office that was administering the Federal dollars.

One disappointing fact, which I want to emphasize, is that funds for the Maryland crisis intervention program and similar programs across the country are cut seriously in President Carter's fiscal 1980 budget. Funds which presently total \$200 million nationwide will soon total only \$40 million. This is a severely crippling prospect for elderly persons who depend on supplemental assistance for basic survival.

Other programs from the State level are limited or nonexistent. Community programs such as neighborhood fuel fund cooperatives do exist. In the city of Baltimore, Councilwoman Victorine Adams was so concerned about the fact that she was constantly getting calls for assistance, that she went to the Baltimore Gas & Electric Co. and said, "What can we do to help?" The company said they had a "phasein program." She finally was able to propose the creation of a Baltimore fuel fund. The Baltimore fuel fund is an arrangement where, for every dollar that is raised by the community the Baltimore Gas & Electric Co. will match it by \$2, up to the amount of \$200,000. This will be given to and administered by the Baltimore Social Services Bureau, in cooperation with this particular fuel fund committee. They are having problems raising the money. They only started in the past 3 months.

I am hoping the program will catch on, and perhaps the situation where local government and private industry at least tries to do something. Though admirable in concept, cooperatives provide little significant help in battling the elderly's energy purchasing paradox.

Finally, I refer to NCSL's position of support for a comprehensive national energy policy which is attached as an appendix to my

address today. Please examine these recommendations regarding windfall tax revenues and an accompanying energy security fund. These moneys, we recommend, be used for purposes including but not limited to:

A. Aiding low-income persons hardest hit by energy price increases;

1. Rising utility rates profoundly affect the price of other essential commodities and services needed by elderly citizens and the poor.

2. Poor, elderly and minority households are more likely victims of routine utility billing practices. These include deposits, discounts, billing charges, penalties and disconnections.

3. Utility costs impact not only on low-income, elderly, poor, and minority households but also on community-based and social service institutions which reflect these households.

Social equity would require that energy policies should neither help the affluent at the further expense of the less affluent nor ignore the need for remedial action to reverse the relative lack of access minorities, low-income and elderly have to energy resources.

B. Helping provide energy-conserving improvements in low and moderate income homes;

Eunice Grier argues that:

* * * In the aggregate, direct household energy costs for American households mount well into the billions of dollars. Still, for the average household they are—relatively small compared to incomes at this time. For low-income households, however, the financial burden created by rising energy costs is not a minor one. Furthermore, each unit of energy they consumed in their homes cost them more, on the average.

During the past few years of our energy crunch, low-income households, and most notably, the elderly, without benefit of a house weatherization program, reduced their consumption of natural gas use by slightly under 5 percent. Interestingly enough, they simultaneously increased their consumption of electricity, a more expensive fuel. My personal evaluation would suggest that the elderly had turned to electric space heaters over the last couple of cold winters in the belief that it would be less costly.

C. Expanding and improving mass transit; NCSL supports enactment of a transportation package only if sufficient funds for mass transit are included, and a stronger role for State governments is preserved.

I hope my remarks today will be helpful in your study of the energy crisis impacting upon the elderly. Again, I am honored to be here, and I welcome any questions you might have.

[The following was received for the record:]

ENERGY COMMITTEE

AMENDMENTS TO EXISTING NCSL ENERGY CONSERVATION POLICY ON
OIL PRICE DECONTROL, WINDFALL PROFITS TAX, AND ENERGY
SECURITY FUND

Current NCSL policy on energy pricing, adopted in 1976 as a part of a comprehensive energy policy, on energy conservation, is that:

Energy Prices: The real costs of energy should be reflected in the prices paid by consumers. This internalization of energy costs is the most feasible basis for the allocation of energy among competing uses and users. Implementation of this principle requires the elimination of existing tax and regulatory subsidies for energy industries and the rejection of proposals such as "energy stamps" which would subsidize the consumption of energy. While recognizing the need to alleviate the increased burden on persons in need of assistance occasioned by the internalization process, solutions to these hardships, such as conservation measures, must be found that are consistent with the internalization of costs principle.

During its May 16-18 meeting the State-Federal Assembly adopted the following amendments to address the President's recent energy proposals:

Specifically, the National Conference of State Legislatures supports the removal of price controls on domestically-produced crude oil, provided the transition to world market prices is phased to minimize significant adverse impacts on the nation's economy.

To minimize unearned profits from price decontrol, however, such decontrol should be accompanied by more stringent taxation of resulting additional oil industry revenues to recapture the maximum reasonable amount of such revenues for public use, allowing the industry sufficient capital for the development of domestic energy resources.

Revenues from such additional taxation should be earmarked for a fund with half the proceeds devoted to expanding federal research and development of new technologies for energy conservation and the enhancement of domestic energy supplies. The remainder of the fund should be returned to the states, allowing them maximum discretion in the use of the proceeds, for purposes including but not limited to:

Energy Committee
Amendments to existing NCSL Energy Conservation Policy on
Oil Price Decontrol, Windfall Profits Tax, and Energy
Security Fund
Page Two

- A. Aiding low-income persons hardest hit by energy price increases;
- B. Helping provide energy-conserving improvements in low and moderate income homes; and
- C. Expanding and improving mass transit.

FISCAL NOTE: Depending on assumptions about OPEC price increases, estimates vary on the revenue that would accrue to the Energy Security Fund. The administration estimates that in 1982, the first full year of crude oil price decontrol, the President's proposal would generate \$7.8 billion, with \$4.5 billion coming from the windfall profits tax, and the remainder from income taxes on the increased revenues to the oil companies from decontrol.

If, as this policy resolution recommends, half of these revenues are returned to the states, there would be a substantial net positive impact on state revenues. If no Energy Security Fund revenues are returned to the states, the states suffer a net adverse fiscal impact, since the energy conserving effects of oil price increases may reduce state motor fuel tax revenues.

NOTE: This Resolution was passed at the May 16-18 meeting of NCSL's State-Federal Assembly.

1777 INITIATIVES
Assistance to the Low Income and Elderly

New York: S 180/S 162

Exempts fuel oil, natural and bottled gas from sales and use taxes when used for domestic cooking and heating, for certain persons 65 and over.

Missouri: H 304

A bill to establish a plan providing emergency assistance to needy persons to pay utility bills.

Missouri: H 485/S 95

Establishes an energy stamp program in the Department of Social Services.

Missouri: H 225

Prohibits public utilities providing residential heating services to certain elderly persons from discontinuing heating service between Oct. 15 and April 15.

Massachusetts: S 383/H 2160

Protecting residential customers who are in financial hardship from termination of gas and electric service.

Missouri: H 545

Requires a plan be promulgated to provide financial assistance to the elderly to help them pay for home heating costs.

Connecticut: H 5001/S 582

Extends the emergency heating fuel program so that families receiving public assistance have adequate heating.

Minnesota: S 48

Provides that between September 1 and April 30, a utility or fuel distributor shall not discontinue or refuse service that would endanger human life or health.

Rhode Island: S 52

Resolution creating a special legislative commission to study the entire field of emergency heating assistance.

South Carolina: H 2110

Exempts the gross proceeds of the sale of electricity, natural gas or fuel oil used for residential purposes to persons 65 years of age or older.

New York: S 779

This bill would require that public utilities charge customers 65 or over, not sharing the same unit, 25 percent less than that charges other customers.

Tennessee: S 54

Exempts sales taxes on utility services for certain persons. (Not specified.)

Indiana: H 1312

Establishes an energy assistance program for the elderly.

Missouri: H 697

Provides an income tax credit for certain taxpayers to heat their homes.
(Unspecified)

Prepared By: National Conference
of State Legislatures

Mississippi: S 2589

Require the PSC to consider evidence of consumer's ability to pay increased rates.

Arkansas: S 48

A bill to permit energy credits in computing state income tax.

Missouri: H 675

No utility or sales taxes shall be collected on the sale of natural gas, fuel oil, electricity, propane, wood or other fuel or energy source made to persons who qualify for homestead tax relief.

Washington: S 2077

Permits reduced rates for utility services to low income senior citizens.

West Virginia: S 50

Providing utility rate relief to low income senior citizens.

Connecticut: H 5335

Prohibiting residential utility shutoffs during the winter months in hardship cases.

Missouri: H 810

To provide state aid for certain needy persons who are unable to pay their utility bills.

Virginia: H 1488

Special rate schedules for specified electric utility customers. (Unspecified)

Oregon: S 311

Establishes energy relief coupon program for low income households until July 1, 1983. Repeals fuel and utility rate relief refund provision.

New York: S 6

Requires each utility to provide the first 200 KWH of electricity per month as a life-line block (for domestic human needs) to customers 62 and over.

Rhode Island: S 221

Providing for reduced utility rates for elderly persons.

Texas: S 318

Establishes a program for the relief of certain customers of residential gas and electricity. (Unspecified)

Montana: H 395

Authorizing an energy stamp program to assist the elderly.

Montana: S 191

Prohibiting public utilities from discontinuing power during the winter months.

Connecticut: H 6484

Emergency energy assistance for families with children.

Connecticut: S 592

Reduction in the cost of gas and electric service for low income households.

Connecticut: S 656

Provides for the establishment of minimum energy needs at affordable rates.

Connecticut: S 782

Providing for energy conservation and utility subsidies in state assisted housing projects.

Illinois: H 275

To establish special utility rates for persons entitled to exemptions or grants under Senior Citizens and Disabled Persons Property Tax Relief Act.

Maryland: H 554

RE: Human resources - creating an office of energy assistance and information.

Colorado: S 359

Providing for special utility rates for elderly and disabled customers.

Oregon: H 2321

Extends eligibility for weatherization income tax credit to owners of mobile homes and multifamily residential housing.

New York: S 1965

As of January 1, 1980, a residential customer shall pay no more than 50 cents per month for nonheating gas service if he does not consume any.

Minnesota: H 407/H 726/H 979

Establishes an energy assistance program to provide financial assistance for payment of utility and fuel bills to eligible households.

Connecticut: H 7548

Emergency fuel assistance program - implement the Governor's budget recommendation.

Iowa: H 246

Establishing a utility service stamp program for senior citizens.

New York: S 2780

A measure to establish an energy stamp program.

Rhode Island: S 611

Resolution to study the feasibility of establishing a fuel stamp program.

Pennsylvania: H 516

Providing utility service assistance to certain persons with limited income.

Maine: LD 1382 - S 431

Provides for an elderly home heating and cooking fuels program.

Rhode Island: S 1100

Providing for insulation loans to certain low and moderate income homeowners.

New York: S 4811

Before allowing percentage increase in rates of public utility companies, the PUC shall consider economic data and information.

New Jersey: SCR 3015

Requests the federal government to properly consider the energy needs of all segments of the economy in the imposition of any fuel allocation plan.

New York: S 5235

Regarding allocation during energy or fuel emergency - priority to consumers who are elderly, disabled or infirm.

New York: S 5606

Public Service Commission standards relating to deposit exemptions for individuals 62 or older - must be reasonable and designed to address special needs.

New York: A 7166

A bill to extend definition of eligible customer for purposes of home insulation and conservation plans to include owner or lessee of a 4 family home.

Minnesota: H 1643

Urging the President and Congress to increase funding for weatherization and home energy conservation programs and expand emergency fuel assistance programs for low income persons.

Ohio: H 648

Provides financial assistance to certain persons for heating bills.

Ohio: H 657

Adopts a permanent energy credit program to aid those least able to heat their home, if enacted.

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Senator EAGLETON. Thank you.

Let me say at the outset that your statement is extraordinarily well researched, and well documented, and a very, very thoughtful one. Quite obviously you yourself have given lots of time and thought to this problem. I commend you for it. It is an area that has not received the kinds of focus or attention in the States, but I think the situation warrants. I share your keen disappointment in the fact that after you put a lot of work into seeing that house bill 554 passed and became law, to see that the law itself was almost executed the very day it became operative, a gun was put to its head with \$22,000 for individuals to do the best they could.

But 554 will not get off the ground with \$22,000, so that indeed is very sad.

Let me explore, just based on your experience as a member of the general assembly, let me explore this leverage with you.

I used to be Lieutenant Governor of Missouri, and presided over the debates in our Missouri Senate. Seldom did a day go by, never did a week go by, where a member of the State senate did not get up and decry the Federal Government for being heavyhanded, intrusive, dictatorial, domineering, you could add a whole bunch of buzz words to that list. On some days that is all they talked about, and a whole host of senators would decry that. The favorite back then was Ladybird Johnson's Highway Beautification Billboard Removal Act.

We had great States rights senators that talked about the freedom of billboards, and all these great issues. That has been 10½ years ago.

Since then, although I know through my friends and read in the newspapers that the antipathy at the State level against the Federal Government has exacerbated. The Federal Government has—I guess sometimes there is justification. Not all these complaints are frivolous, I am sure.

Against that background of suspicion of the Feds by the State legislatures, how could we face a program that might bring about some leverage, using some Federal funds, some State funds, and hoping that that leverages some private funds, because you were talking about this thing in Baltimore City, where the utility said for every dollar raised locally they would match it with 2.

Is there, looking at the total picture, is there a way, not that we get into the specifics of it now, but is there a way that we could build a program that had this kind of a mixture in it that would not be castigated and bitterly resented at the State level?

We would rather build something together, rather than having something thrown at you again on a take it or leave it basis. Is there any way of building a program—I am not thinking of this winter. I think we have to do some more crisis intervention. But there are a lot of winters coming in the world.

Looking toward subsequent winters and summers, do you think that such a possibility—or is there an atmosphere so poisoned that any cooperative attempt like that would prove to be an exercise in futility?

Mr. YOUNG. Senator, I think it would depend on the region of the country. I think the interest in that type of arrangement, for example, you mentioned the UDAC program, could be turned into

a concept similar to what I think you and I are looking for, a program which translates into an energy concern. In New England the response would be much more receptive than in other parts of the country.

If you will, the Southern regions would perhaps follow closely behind New England. I am not totally aware of what is going on outside those particular two regions. I would feel comfortable in saying that New England and the Mid-Atlantic States, could probably find the necessary sensitivity, with a cost-sharing of 80 to 20, perhaps, so we could get something going.

Also, though Maryland's legislature reduced House bill 554's funding to \$22,000, I look at the situation and say, "We have two people on staff. We are going to be able to provide information." I assume that if we provide the citizenry with information they will get interested. Citizens will be told where to go. Some doors will be shut. They will start yelling, and some people might start yelling at their delegates and senators who did not support an energy assistance program, and in turn demand adequate funds. There is a \$200 million budget surplus we have in our State, yet we cannot put more than \$22,000 to this type of program. Perhaps we will change that attitude in a year, and we will be able to increase funding. I do not know how many other States have that type of surplus, but I think by demand that the citizenry looks to the Federal Government.

Certainly they are not pressuring State legislatures to address this problem. For that reason, as you mentioned to a previous witness, the Community Services Administration seems to be the pinpoint, and yet the Maryland office runs only a Federal program. I think we have to turn it around.

Senator EAGLETON. Might it be alleged, and accurately alleged, that the existence, the near existence, of the Federal crisis intervention program, albeit an inadequate program, but the existence of it, that in and of itself acts as a deterrent to States and cities and private utilities and public utilities in that area?

They say, well, the Feds are doing that. That is their thing.

Mr. YOUNG. I would have to say that some of my colleagues in the legislature look at assistance as a social program, and feel it is like an extension of the food stamp program, an extension of a welfare situation, and do not need to be rendered. Therefore, I would have to say that perhaps with having only a Federal program available, the answer is yes to your question, to a large extent.

Mr. GILBERT. If I could add to that, as Delegate Young introduced house bill 554 one of the only ways this bill could pass in Maryland was by putting in a proviso that the program would only be run by Federal funds, and that no State funds would go into the program unless specifically appropriated in the Maryland budget.

Senator EAGLETON. Not to put the finger of blame on the States, there are some within the Congress, and in this regard I might even be part of that group, there has been a proposal for saving—you mentioned food stamps. Some people have suggested that we ought to have an energy stamp program, because if food is necessary for human survival, energy is just as necessary for human survival.

I happen to be chairman of the Agriculture Appropriations Subcommittee, and the food stamp appropriations comes through that budget. I think Mrs. Sullivan of Missouri was one of the original authors of the food stamp program. I think in its first, or earlier years, the budget for food stamps was about—perhaps even started out as low as \$35 million.

Let us get that for the record, and put in the accurate figure. It started at that level. I met with my staff yesterday. There is going to have to be a supplemental of up to \$1 billion on top of \$6 billion for the food stamp program this year. Food costs have gone off the map. The economy is declining a bit, so on and so forth. We are living longer through the genius of the medical science, and the elderly are living longer, and need food.

So what started as a modest program in the Federal scheme of things, \$35, \$50 million, a \$6 billion plus this year, that we will have to put into it. That causes me to say, well, energy stamps, that sounds pretty good, but look what happened with food stamps.

This is the year of the austere budget, et cetera. So there are apprehensions on the Federal level.

Thank you very much, Representative Young. We will keep in touch with you. We would like to draw upon you and other State legislators for some input, for at least talking about a partnership kind of program where we can leverage various moneys and maybe get a better outreach and a better bang for our dollars. We will keep in touch.

Mr. YOUNG. Thank you.

Senator EAGLETON. Our next witness will be Mr. Anthony Maggioro, chairman of the Subcommittee on Energy Assistance Program of the Fuel Oil Marketing Advisory Committee, Department of Energy.

STATEMENT OF ANTHONY MAGGIORE, JR., CHAIRMAN, SUBCOMMITTEE ON ENERGY ASSISTANCE PROGRAM OF THE FUEL OIL MARKETING ADVISORY COMMITTEE, DEPARTMENT OF ENERGY, ACCOMPANIED BY GEORGE GERHART

Mr. MAGGIORE. This is George Gerhart, a member of my staff.

My name is Anthony Maggioro, Jr., I am the associate director of programs for the Community Relations-Social Development Commission in Milwaukee County, the Milwaukee County Community Action Agency.

Senator EAGLETON. You are a CAP director? That is your calling?

Mr. MAGGIORE. Exactly. We are a Community Action Agency, and we are also a Social Planning Agency in Milwaukee County.

In addition, I am a member of the Fuel Oil Marketing Advisory Committee of the Department of Energy and served as chairperson of a design committee which developed a program of energy assistance for low income and elderly persons.

I want to thank you for the opportunity to testify before your committee today on the energy problems and needs of the low-income persons and households and especially on the needs of the elderly poor.

The major issues confronting all energy consumers today are partially the result of a Government policy which promotes in-

creased costs for energy in order to promote needed conservation and increased domestic production.

In my opinion, another policy is essential, a policy which relieves low income and elderly of the immediate and intolerable burdens imposed by this policy of increased costs. Without such a policy, the health and safety—even the lives—of low-income persons, and especially the elderly, will be jeopardized.

I believe that now is the time to implement a comprehensive energy assistance approach to the problems of low-income persons and especially the elderly. Only a comprehensive systematic approach will both meet the needs of the low-income persons, especially the elderly, and at the same time promote needed conservation. The present piecemeal approach is failing to address the needs of low-income people in a comprehensive manner and resulting in the waste of precious energy resources.

In my opinion, there are six critical elements in such a comprehensive approach:

One, provision of ongoing assistance for payment for needed energy.

Two, broadened and coordinated weatherization services for both renters and owners.

Three, systematic implementation of energy audits.

Four, broadened energy conservation education which includes both skill training and motivation.

Five, encouragement of the development and immediate application of appropriate technologies, especially those which utilize renewable resources.

Six, maintenance of a crisis intervention effort to meet "emergency" situations.

Before outlining this approach in more detail, I would like to comment briefly on the growing elderly and elderly poor population and their present and future energy problems and needs.

While the bulk of my statements regarding the problem will be specifically about energy, I feel it extremely important to view the energy problem in the context of the fundamental problem of the elderly poor: the lack of money to pay bills for all of life's essentials. In this context, the impact of increased prices on the poor is devastating both nationally and in my community, Milwaukee, Wis.

The increasing cost of energy has had an impact on every American family. In most instances, the high cost of energy has required a reexamination of family budgets and a reallocation of family resources to meet high heating costs during the winter months. The greatest impact on the majority of American families has been a readjustment in spending patterns: fewer new clothes purchased, fewer dinners out, vacations postponed, new car purchases delayed. But one could hardly view these sacrifices as debilitating or life-threatening.

For many other Americans, however, the high cost of energy represents a crisis situation. For those families whose budgets allow no reallocation and no postponement of amenities, energy costs compete with other basic necessities of life for low-income families' scarce dollars. Especially during winter months, many poor families are forced to make choices most of us never contem-

plate having to make; food or heating, health needs or heating. Budgets which cannot meet basic living needs to begin with, cannot reallocate resources to pay for energy without taking money away from other basic needs.

This problem is most critical for the approximately 7 million elderly Americans who are poor or near poor. Increases in the cost of the basic necessities of life—food, housing, health care—have already forced many elderly to choose between expenditures critical to survival. Confronted by the monthly choice between energy and food, many elderly poor pay utility bills rather than buy food, or pay fuel bills rather than obtaining needed medical care or drugs.

Nationally, the population over age 60 is 32.8 million. Medical advances coupled with a declining birth rate has resulted in the elderly population growing at a faster rate than any other population segment. Estimates are that by 2035, elderly will constitute one-third of the adult population.

In addition to the increasing size of the elderly population, other changes are taking place. The number of older elderly Americans is increasing.

A recent HEW report stated: "While the size of the population 60 and over has increased nearly seven times since 1900, the population 75 and over has experienced a 10-fold increase, and the age-85-plus age group has grown by about 17 times."

The elderly population is also changing in composition; that is, minorities and women are comprising a greater than ever proportion of the elderly. These are the groups that are most likely to be poor.

The number of elderly persons living alone has also increased over the past several years. Now, approximately one in four elderly persons lives alone; in 1960, only one in six lived alone.

The largest number of elderly live in the north-central region—Michigan, Illinois, Indiana, Minnesota, Ohio, and Wisconsin. Most live primarily in urban areas; minorities especially are much more likely to reside in central city areas.

Generally, the elderly population experiences a higher rate of poverty than does the population at large. In 1973, 16 percent of the population over age 60 was below poverty level compared to 11 percent of the total population. The data indicates that the incidence of poverty among the elderly, as defined by eligibility standards, has been decreasing in recent years. Still, in 1976, approximately 4.3 million older Americans had incomes below the poverty levels. This represents 14.3 percent of the population over age 60. An additional 3 million older adults are classified as near-poor; that is, their incomes were 125 percent of poverty level.

Although there has been a decrease in the poverty rate for elderly, particular groups continue to have a high incidence of poverty. Elderly women and elderly minorities, those groups which are comprising an increasing proportion of the elderly population, continue to be severely affected by the poverty. Minority males over age 60 have a poverty rate three times that of white males over age 60. Elderly females in all categories have a higher rate of poverty than males. Nearly 25 percent of elderly white females

have below-poverty-level income. This is, however, only half the rate experienced by minority women, 49.9 percent.

For many elderly, the retirement years brings their first encounter with poverty. Many older people, having worked all their lives in low-paying jobs, receive only the lowest scale of social security benefits. This is especially true for minorities and women who have historically had limited employment opportunities.

While many elderly are dealing for the first time with the difficult problem of severely reduced incomes, they are also faced with questions of health care, adequate nutrition, and adequate housing that were never before problematic. Even for those elderly who have lived their whole lives in poverty, the increased problems of age places new stress on their financial resources.

I would like to move quickly to the energy impact, which is on page 8, in order to save some time.

The ever-increasing price of fuel has had a crippling impact on low-income families across the country, and has especially affected the elderly poor. A review of the Consumer Price Index indicates that in the years since 1970, the cost of fuel and utilities—combined—has increased 100.5 percent. Fuel oil and coal prices have increased 168.5 percent during the period, natural gas and electricity by 117 percent. We have attached a chart to illustrate this.

These price increases, coupled with a similar increase in the cost of health care and less drastic price increase in food and housing, have placed an intolerable burden on the elderly poor. For many reasons, the elderly poor are less capable than other groups of adjusting to these rising prices. As mentioned before, elderly incomes—most often derived solely or predominantly from social security—have not kept pace with the rise in the cost of living. In addition, the elderly poor very often share certain characteristics which make it nearly impossible either to adjust to the rise in energy prices or to reduce their consumption of fuel.

Recent studies have found that half the Nation's elderly homeowners live in houses built over 30 years ago. These are homes generally constructed prior to the time that most localities required adequate insulation in new housing units. Only about one-third of the total population lives in such inadequately insulated units. In addition, elderly owned homes usually have a lower dollar value than other owner-occupied homes—which suggests that the elderly are living in homes that are less well-constructed and less adequately insulated than is the norm. Units that are rented by the elderly are generally older than the average, as well. Both rental units and homes occupied by the elderly are less likely to have adequate insulation, a condition which increases elderly fuel use and bills.

Studies have also indicated that the elderly spend less for home improvements and maintenance than does the general population. This would also support the conclusion that their homes are less likely to be adequately insulated.

Much has been written about the inability of the poor to cut energy consumption in order to conserve fuel and reduce costs. Several research projects have concluded that the poor—particularly the elderly poor—consume a minimal amount of energy. The elderly poor consume less than any other age group, including the

poor in younger age categories. Yet the elderly poor spend a greater portion of their incomes on fuel costs than do nonpoor households. They have, through necessity, made a significant effort to reduce expenditures, yet are still overburdened with energy costs. The elderly cannot readily use alternative fuel sources or easily reduce consumption. The 1975 National Survey of Household Energy Use supported this conclusion by stating:

* * * some of the variables most related to heat energy consumption are "built-in" to the basic characteristics of the dwelling itself—factors like its location, its size, and its structural characteristics. Only drastic and expensive changes to the structure could measurably affect these variables.

This report continues on to note that low-income households generally keep thermostats turned down, except for elderly whose circulatory problems often require a higher temperature in the home.

I think we are aware of the concept of hypothermia, and what that can do to the elderly.

The cost of weatherization is generally far out of the reach of the elderly poor. Current costs of weatherization conducted by private contractors runs from \$800 to \$1,200. Clearly, this sum is unrealistic for the elderly poor who are barely able to pay existing survival costs. Community Services Administration and Department of Energy weatherization activities, though significant, have made only a dent in the national need for weatherization of elderly occupied homes.

Consequently, the low-income elderly are placed in a double bind. Unable to further reduce consumption or to weatherize their homes, the elderly poor are almost completely at the mercy of rising energy prices. This situation exists for elderly poor across the country. Some examples from the Milwaukee community will graphically illustrate this national problem.

Data from the emergency energy program of the Community Relations-Social Development Commission in Milwaukee County illustrates the impact of rising energy costs on low-income households. This Community Services Administration funded program prevents potential health hazards created by actual or threatened utility shutoffs and lack of fuel oil.

Information collected from emergency energy program clients indicates that during the winter months of the 1977-78 program year, prior to dramatic price increases, clients with incomes at 100 percent of poverty level were spending one-fifth—20.5 percent—of their incomes every month during this period in gas bills alone. Oil users at 100 percent of poverty level were spending an average of 31.8 percent of their monthly incomes on fuel oil.

During the winter months, total monthly utility bills for persons with poverty level incomes represented 25.7 percent of monthly income for gas users and 45.7 percent of monthly income for oil users. These are actual cases.

When one looks at the total income and what appears to be unrealistic to some people, or too dramatic, percentages are actual facts documented that we will make available to members, assuming that we have the permission of the client to release such information.

When heat and utility bills are combined with house or rent payments to arrive at figures indicating the proportion of low-income persons' monthly income going toward all basic shelter costs, the figures become even more disturbing.

During the 1977-78 winter months, poverty level program clients using gas heat were spending an average of 81.7 percent of their monthly income on shelter costs. Poverty level program clients using oil heat were spending 92.9 percent of their monthly income on shelter costs.

Translating these figures into dollar amounts may help to clarify the problems.

A single elderly person at poverty level has a monthly income of \$262. If he/she has oil heat, \$234 of the \$262 would be spent on shelter costs during each of the winter months. On the average, this would leave only \$19 to pay for food, health care, and any other expenses during the month. If this person used gas heat, he/she would spend \$214 of the \$262 monthly income on shelter costs during a typical winter month and only have \$48 remaining for all other life necessities.

An elderly couple using gas heat with a poverty level income would spend \$283 of its \$347 monthly income on shelter costs, with \$64 left for all other expenses. The same couple, using oil heat, would spend \$322 of the \$347 monthly income on shelter costs, with only \$25 remaining for food, health care, and other necessities.

The samples I have indicated here we randomly collected from our files. If you look at the samples, the amounts of money remaining for food, health, transportation, and other necessities, it averages from \$10 to \$63, with several examples listed as a minus \$9, minus \$20, et cetera.

So rather than read those, I think you have copies of it.

If the above is disturbing, projections of what will happen to the low-income elderly when prices increase are clearly alarming.

By the way, I would like to point out that this data is based on a year ago's data. So when we talk about the increases, it is based on a figure that is much lower now—much higher now than at the time we did the analysis.

Utilizing the 1977-78 winter fuel oil usage of the poor as a constant, cost estimates were projected to determine the consequences if fuel oil prices increased 20 percent and 50 percent and if fuel oil prices went to \$1 per gallon.

For elderly persons in poverty, a 20-percent increase in the cost of fuel oil would mean that during the winter months, 38 percent of their income will go for fuel, 99 percent of their income will go for shelter costs. If fuel oil prices increase by 50 percent, then 48 percent of their income would go for fuel oil and 109 percent of their income will go for shelter. At a dollar per gallon, which I think many of us anticipate will occur this winter, especially in the east coast, 67 percent of low-income household income would be used for oil and a low-income elderly family would need 28 percent more income than they currently have just to pay shelter costs.

Unfortunately for the elderly poor, the 20-percent increase has already been exceeded in our local community for oil users and the 50 percent increase level is now approaching. The most recent billings from our crisis intervention program indicate oil prices of

65.9 and 66.9 cents per gallon, an increase of approximately 40 percent over 1977-78 prices. If our dire predictions are correct—unfortunately this year's crisis program data, for elderly has not yet been analyzed—many elderly poor were without any money to purchase essential food and health care during the 1978-79 winter months.

Gas price increases are, and will have similar dramatic and very likely criminal crippling effects on low-income elderly households. My misuse of the term criminal may be as accurate as the term crippling.

Major (20 percent or more) increases in the price of gas or oil over 1977-78 levels place absolutely intolerable burdens on low-income families who are already stretched beyond their financial limits and are already being forced to forego basic necessities of life in order to pay heating bills.

The present cost of energy is jeopardizing the health and physical survival of thousands of America's elderly poor. Continued price increases, particularly those of a drastic nature, will intensify the hardships of low-income elderly and will critically endanger their lives.

The recommendations are listed from page 18 on. I will try to summarize these.

The first recommendation is that we have a payment program to help low-income people. The design indicated here is the design of the Fuel Oil Marketing Advisory Committee. We are currently revising the working paper, and we anticipate, during the next week, to issue a final report from the committee. This is the design that we indicate in our document that was published several months ago, and the cost would be \$3.2 billion.

I understand there is a concern about the size of the money. I would like to point out that our analysis shows that 16.2 million households would probably be eligible. If one was to agree with the President, which I happen to disagree, whereby he would give everybody, every household, the same cost, it would still be \$1.6 billion. So even then the approaching cost will be over \$1 billion, no matter how you look at it. The question is how do we do it, do we do it in a haphazard way, or do we do it in a way that really helps people; \$100 annually for every person that is poor is not enough to solve their problems. It will create others.

So what we have done is propose this, and I think it is realistic. It may appear to be small in the light of the problems we are currently experiencing, and those we are likely to experience next winter, in comparison to the size of the program that is required. Certainly a program size of at least \$2 billion is necessary to begin to relieve the burden, and to certainly minimize the health hazards that will emerge as a result of skyrocketing costs of fuel.

When one looks at our data, relative to the individualized examples, and doubles the cost of fuel oil, because that is what it was at the time we did it, one would have to double it now for next winter. There is no way that I am aware of that low-income elderly could possibly pay next winter's fuel bills, which is why I indicated earlier that the health and safety of thousands of people would be jeopardized, unless there is a major program. A \$200 million assistance program will not solve the problem.

The way that program has been implemented has been tragic. It comes after the winter. It has yet to occur here in the winter, when its whole desire is to help people in the winter. Once it occurs, and it does not help people during the winter, \$200 million will not begin to deal with the demands on the program. The skyrocketing costs, plus the style of implementation and the design and the guidelines of that program, if it made sense, if they were put into a logical sequence, the amount of money just couldn't begin to touch the cost.

The second recommendation is in the broadened and coordinated weatherization services for both renters and owners. At the present time, the weatherization effort of the Federal Government is incredibly fragmented. Senator, you were right, there were a number of different pieces in different Federal agencies all over. But the two major agencies involved in weatherization is the Department of Energy and the Community Services Administration. The other kinds of programs—now this has been an analysis of the Federal budget, relative to what money are available in the Federal budget to help low-income people, theoretically—the others really do not quite fit into a mold of getting them altogether, and as a result of that, one can save some money. But certainly, the amount of money saved would not be significant enough to relieve the problem in any major way. It would be an important effort, though. The combination of many of these programs, I think is crucial, and certainly, worthwhile to pull the agencies together.

But in terms of relieving what we anticipate to be an enormous demand, I find that hard to say.

Both programs, historically, have had separate guidelines, separate reporting requirements. Neither of the programs have had sufficient funding for labor, to actually carry out the weatherization program. In addition, a critical assumption in both programs, now no longer true in many localities, is that the Department of Labor, through the CETA program, will provide the labor. Local prime sponsors have discretion as to whether or not they will provide to make this labor available, and also, the availability of CETA labor has been drastically reduced by the recent legislation.

At the local level, the weatherization program operators, for the most part Community Action Agencies, must juggle accounting and reporting to these various funding sources and struggle on a year-to-year basis to obtain labor commitments.

Congress must make a commitment to a comprehensive weatherization program. In my opinion, this program should be administered by the Community Services Administration. The Department of Energy funds should be transferred to CSA. The Department of Labor should be required, either through CETA or through some other source, to provide earmarked funds for labor. Total funding for such a program, which includes labor and materials, should total about \$400 million per year.

At a total cost of \$800 to \$1,000 per house, some 400,000 to 500,000 homes could be weatherized annually. Local CAA's currently have the capacity to implement an expanded weatherization program. What is required is Federal commitment to a national program.

My recommendation that CSA be designated as the single administering agency is based on three principle reasons:

One. Weatherization should be centralized in a single agency whose purpose is service to the poor.

Two. CSA has developed the weatherization program, and the capacity for provision of weatherization services have been implemented by many CAA's.

Three. Within CAA's, weatherization efforts are a part of an integrated energy and social service effort to assist the poor.

Weatherization is basically a program for low-income persons, especially the low-income elderly homeowners. CAA's central mission is to serve the needs of low-income persons. Only if energy problems are seen and understood by those administering the program as problems of poverty as well as problems of energy can they be dealt with effectively. The Department of Energy is neither a poverty nor a housing rehabilitation agency.

I would like to also point out that currently, in 1978, the Department of Energy had \$65 million to distribute for purposes of weatherization. It is my understanding that only 80 percent of the 1978 appropriation has been received on a local level. For example, it is also my understanding that in the State of New York, \$83,000 of \$570 million is all the city of New York has received—in other words, \$83,000 out of \$5.7 million. In 1979, in most communities throughout the country, there is very little, if any, Department of Energy weatherization funds on the string. So that what we have is the situation of a program being located in an agency that does not have support mechanisms within that agency to focus on the needs of the poor and that program. There may be political reasons, political necessities to have that program located in the Department of Energy, but whatever those political reasons are, they are outweighed, by, obviously, the manner in which the program is currently being conducted. It should be in a social service/poverty type agency or, if not that, one would then have to argue for HUD. The Department of Housing and Urban Development—it would make sense to have the program there, if not in the Community Service Administration. Certainly not in the Department of Energy. It does not mix well with its heavy emphasis on supply and demand in the Department.

In addition, only the Community Services Administration has in place an extensive outreach and follow through mechanism to reach those most in need of services and to insure the effectiveness of weatherization efforts.

I will move to the next recommendation so we can conserve time, energy audits. Energy audits are crucial. As most of you are aware, an energy audit consists basically in determining the areas of a building which are most responsible for the transfer of heat. In most cases, many audits include recommendations as to possible steps which can be taken to reduce heat transfer. A variety of technically sound audit approaches have been developed and implemented throughout the country. A systematic and coordinated approach to energy audits needs to be developed and implemented for all households, and especially for the residences of low income and elderly persons. And I have some other recommendations on that subject.

The next recommendation is in the area of energy education. Obviously, one of the goals of the Nation is to conserve, and we need to strengthen, expand, in a major way, educational efforts to convince the public, one, that we have a real energy crisis, and two, how they can conserve. In Milwaukee, Wis., one of the things we have done to get into people is we have designed what is called a School Date Energy Calendar. It is a calendar that goes to kids and parents, whereby it indicates what days you go to school in red colors, red and blue or whatever. We have energy tips located in the calendar every month, so parents have to utilize the calendar to find out when the kids go to school and they also pick up the energy tips. So we are playing on the psychology of how people operate in terms of what is necessary for them, and at the same time, trying to get into them, the idea of energy conservation. So an expanded effort in energy education is crucial.

Appropriate technology, and I think we have mentioned earlier, relative to solar, is crucial. It certainly needs to be expanded to, on the local level, especially in local communities and neighborhoods, the probabilities of utilization of appropriate technology techniques, solar and a variety of other techniques, have already proven to be useful in conserving enormous amounts of money, and certainly, in saving our energy supplies.

Crisis intervention, finally; even if one was to have a major assistance program, we still would need a small crisis intervention program. Such a program would be available to help people, theoretically, once a year, not more than that, on an actual crisis.

Such a fund could be used, for example: When a danger to a person's health and safety exists as a result of severe weather or fuel supply conditions; when the assistance is needed to maintain essential home heating supplies, for example, emergency repairs or equipment; or when evacuation and emergency shelter are required in the event of heating supply interruption.

So that having a national energy assistance program, plus a crisis program, is important. One would be obviously much smaller.

And finally, in closing, I would like to make the following comments: Senator Javits' bill, as I mentioned earlier, is realistic. I agree with most of what he has in the bill. I have some disagreement with some items, but generally, the figures that he is proposing are realistic, though they appear to be unrealistic to Members of Congress. And it is equally understood that Members of Congress are under extreme pressure to balance the budget and develop an energy policy which meets the Nation's needs and results in increased energy production. Those pressures, though, should not result in actions that jeopardize the health and safety of hundreds of thousands of older Americans.

Current available data clearly supports the enormous burden of rising energy costs on low-income persons, especially the elderly. Projections based on anticipated increases have indicated that the price of home heating oil will rise dramatically and indeed may reach 90 cents or \$1 on the east coast next winter. And in addition, I think we are also aware that there will be a problem of availability of oil—not just cost, but also availability.

Unless a major program of energy financial assistance is enacted during this session of Congress, next winter, the elderly will be

forced to choose between food and fuel, and they cannot exist without both.

Thank you.

Senator EAGLETON. Thank you very much, Mr. Maggiore, for your very thorough and very thoughtful presentation and for the fine work that you have done as chairman of the Fuel Oil Marketing Advisory Committee.

As I listen to your recommendations, for the audits, the education, and the utilization of technology, et cetera, these are very worthy recommendations. Give me your pecking order of priorities in this context.

Assume that the Congress will not embark upon a \$3 or \$4 million program. Assume, second, that in terms of the winterization, weatherization and what have you, the Congress might put a few additional dollars into these programs, some in Department of Energy, scattered around; and assume that Congress might mandate the better enforcement and implementation of those programs—the New York City situation, you mentioned, where New York City spent only I think \$87,000, you said, out of one of these accounts. And that may even be too bold an assumption, but let's assume that, too, that Congress will somehow, through committee report language or directives in the appropriations bills or whatever mechanism we can devise, try to see that those programs are better pulled together.

If that is how Congress feels, wisely or unwisely, and you would say unwisely, it can do at this point in time, what kind of a crisis intervention program do we need—because your conclusions were—you said the crisis intervention program, you said it was all right—or I forget your exact words—page 28, funding at the \$40 million would be adequate if the other elements which I noted above were put in place. Now I am painting a much more limited picture. I am saying it is highly unlikely that any or most of those elements to which you have given great attention and thought, would be in place, certainly by this winter, maybe not even by the winter of 1981-82. But talking about this winter, let us assume that we can make some modest improvements in the winterization program, then what kind of a crisis intervention program do you think we are going to need?

Mr. MAGGIORE. Assuming we do not have an energy efficient program this winter, of the size that we are talking about, a major increase in crisis intervention would be required. I would estimate at a minimum, that the minimum would have to be \$1 billion.

Senator EAGLETON. \$1 billion?

Mr. MAGGIORE. \$1 billion.

If one was to take, to look at the data, 16.2 million households, people, currently who are employed, may be eligible for this kind of program. And if you just gave them \$100 each, it comes to \$1.6 billion. So we are talking about a crisis program. We are talking about a crisis program, helping people through the winter—I disagree with the President's \$100 a year that was explored a month or so ago—it would appear to me that a billion dollars would be necessary to make sure that we have nobody's health being jeopardized next winter. This is not to say that one would—if one had to cut it back to, let us say, \$500 million, with strict guidelines—

and here we get into the problem that the Community Services Administration has had, that once we start reducing the money, we are going to have to reduce the guidelines and have to cut out a number of people, possibly reduce the people who are eligible from 125 percent of poverty to 100 percent of poverty, and once you do that, you are going to lose millions of elderly, the moment you reduce this from 125 percent to 150 percent [sic] you—at our committee hearings, there were strong feelings from especially east coast representatives and Midwest, that the eligibility income be increased to 150 percent of poverty as opposed to 125. So the moment you reduce the dollar amount, then you are going to have to cut the guidelines, and you can do it for \$500 million, but you are going to lose a lot of people in the process, and you are going to jeopardize the safety of many of those people—and I mean, quite frankly, hundreds of thousands of people. We are talking about the prices in Milwaukee, Wis., were 46.9 October 1. They are currently 67,669. We are expecting to be paying 75 cents by October. So you are almost talking about a doubling of cost. Certainly in New England, their costs would be doubled. So you are talking about a \$200 million program is like dealing with the problems of the poor from a medieval prospective.

So unless you talk about \$500 million to over \$1 billion, at least \$1 billion, I do not think we can deal effectively with this problem, and certainly assure the health and safety of people.

We are talking about very basic things when we are talking about assuring their health and safety. We are not talking about giving them a TV or a frozen dinner. We are talking about their health and safety, food and fuel, so I understand the figures present problems to Senators and Congressmen. Our committee, we are very honest. We said what had to be, what should be. We didn't exaggerate. We tried to hold figures down. Our design, as you are probably aware, is that a low-income consumer has to contribute up to 10 percent of their income against their fuel bills. That could be construed by many people as conserving, so that everything above 10 percent, above what the norm would pay, should come from the subsidy.

So within a conservative mentality, we still came up with \$2.2 billion for the program. I know that is not encouraging. I wish I had come up with a figure that would be more acceptable, but I would be dishonest.

Senator EAGLETON. Would we be better advised to consider scrapping crisis intervention to do a better job with, hopefully a much better job, with what we are doing in winterization. Scrap crisis intervention and pour that money, plus additional moneys, into increased welfare benefits, and have a program where, perhaps, people come in with bills and have defaulted 1 month, or whatever these guidelines—either require an inspector go out or whatever—and say look, like many problems that effect the poor and the elderly, this is a gut problem of income maintenance. We know fuel bills are going up, so let us just increase welfare benefits and then let the person sort of decide for him or herself? I am not espousing, I am just asking that as a point of a question.

Mr. MAGGIORE. Right.

I think that strategy is the strategy we generally oppose, because it hurts particularly the elderly. Elderly people cannot go to welfare departments for a variety of reasons, for service, and many people in our country are poor, but not on welfare. It has been estimated that up to 50 percent of the poor of the United States are not on welfare, therefore, they would not receive benefits from such assistance. So even if we added money to social security and added money to welfare, it does not reach a very sizable number of people. I am not sure it is good public policy to do that, either. When things get into the welfare system, they truly do skyrocket. I mean I think we have more than adequate information on that. I am not necessarily convinced people have the fear.

I also think that—our committee is also concerned about another group besides the poor, which is the middle income, that there will be increasing pressure on Congressmen and Senators, to have some sort of a tax rebate system, which we endorsed, but we did not develop, because we did not have time, and we felt the poor were priority. But certainly after next winter, I would not at all be surprised if we will not see legislation enacted that will help the middle income, because the strains on their budgets are rapidly skyrocketing to the point of anger. And I think we will feel the anger within the next year, substantially.

Senator EAGLETON. All right.

If that prediction of yours is accurate—I mean there is a lot of anger out there right now, so just among the poor, in view of the most grievous problems, those beyond poverty indicated they were severely hardpressed. There is a lot of anger out there, and I think this winter, that anger is going to intensify. There is no question about it.

Mr. MAGGIORE. There is also another issue, Senator, that as decontrol takes effect, the money coming in from decontrol, and there is a document from John Buckley who is the chairperson of our Fuel Oil Marketing Advisory Committee, indicating that there will be substantial tax dollars without decontrol, without a wind-fall profits tax, that if decontrol continues—and I am not a proponent of decontrol, I can assure you—

Senator EAGLETON. Nor am I.

Mr. MAGGIORE. Yes.

Senator EAGLETON. You can be sure of that.

Mr. MAGGIORE [continuing]. That the amount of money coming in will be more than substantial, just on normal taxing, to cover this kind of program as well as other programs.

It is my understanding at a meeting I had in the past few days, that one of the goals is to take oil out of oil shale, and that currently, we have substantial amounts of the product that could be derived from that source. But to do that, it would require the prevailed cost of \$35 a barrel, and that part is the concern of many oil companies, and certainly people promoting that approach, is to raise the price of the barrel of oil to \$35, so that it would be cost-effective to produce and take such oil. Now if it goes to \$35, the impact of that on consumers, which—currently, I think, we have \$19 to \$21 a barrel—would be extremely dramatic. So that a major energy assistance program for poor people, and a tax rebate pro-

gram for middle income people, I think is absolutely necessary. And we should do it before we lose lives.

Senator EAGLETON. The spot price for oil has gone as high this week as \$36 or maybe more, \$38 a barrel. It was in the midthirties. That is the spot market.

Mr. MAGGIORE. Yes.

Senator EAGLETON. The so-called official market, it is hard to find out what the official market is, because every OPEC, many OPEC nations have added surcharges and one time only charges and what have you—Algeria has got a higher price, Iraq just went up, Iran has gone up a couple of times—so it is hard to get the meaning of it. With the spot price going up in the thirties, I could see oil this time next year, by the time President Carter gets his way, decontrol will be even further down the road—you know, we are just in the early days of it right now, since it is phased in until 1981—so by this time next year, we will be able halfway down that cycle. So taking into account that, as well as OPEC price increases that I think we are just going to have to anticipate for the foreseeable future—you know, they used to raise it once a year, and now they have started raising it twice a year, and then three times a year, and by next year, they may be raising it once a week. And so I could see oil selling next year for \$30 a barrel. I am not forecasting that—Jack Anderson and people like that make forecasts—but I would not be stunned.

Mr. MAGGIORE. It is my understanding that in a few weeks, it may go to \$22 or \$23 a barrel, so you are awful close in your estimates.

Senator EAGLETON. Before I went on the Appropriations Committee, a few years ago, when I was just on authorizing committees, and this is true whether it was the Older Americans Act, whether it was the Elementary and Secondary Education Act, or other nobly motivated programs, we would sit around the table and the last thing we would get to on a markup of any of these social program bills in this Human Resources Committee, was usually funding levels. We would argue for days and weeks on that, the substantive provisions of the bill, concepts of the programs and what have you, and usually the last part of the thing was, "Well, how much money shall we authorize for these programs?" Somebody would say, "Well, you know, how about a billion dollars? That would be pretty good for that." Somebody would say, "Well, do you think a billion will do it?" We'd say, "Well, let's give or take a—oh well, round it off. We will give it 2 billion." We would say, "OK, yeah. Sure, fine." It was really sometimes done that spontaneously. And we would all vote "aye," and go to the floor. Anyway, we would authorize all these things. And those usually would get a headline when that bill would come out of committee, saying that the Congress or whatever votes, "multibillion-dollar program," and do this, always with noble objectives. And then the Appropriations Committee had to later split up the pie.

Now that I am on Appropriations, and still on Human Resources on the authorizing end, and we are using that committee and the Subcommittee on Aging for the purpose of this hearing, then I have got to, in this same room, as a matter of fact, because this is where we have Appropriations Committee hearings, face up to the

grim reality of divvying up the Federal pie, and there are some enormous difficulties where we know the need is just compelling. It is just as compelling as you have stated it to be, in your very well researched testimony with these real live cases, these individuals who have put their budgets in here and the statistics, but these are real people that you know about. You looked at the bills. You know it is going to be worse this winter than last winter.

Mr. MAGGIORE. Which is why I indicated that the figures I know are not improbable.

If money was a consideration, what one could do is go with a billion dollar energy assistance program and a small crisis program. There is a difference. When one talks about \$200 million, that is an energy assistance program. If we are talking about crisis, fuel crisis, where they are just totally without fuel, period, and you have to evacuate them or whatever, if there is an energy assistance program that limits the number that get into crisis, one can implement that for \$40 or \$50 million. But if you do not—if there is no energy assistance program, your crisis program becomes an energy assistance program, no matter what time we say, and then you expand it to \$200, \$400, \$500, \$800 million or \$1 billion, in terms of whatever the size is, it is an energy assistance program. And we are kidding ourselves trying to run a crisis program on \$200 million, when in reality, it is an energy assistance program. Therefore, when you asked the question of what would be required next winter, it is clear, one has to have a minimum of \$1 billion, and that is conservative, quite frankly. It is going to cause a lot of problems. But at least one can make it through the winter at that figure.

The other element that we talked about earlier was weatherization. All that money is sitting, is not a whole lot of money, but it is substantial, is in the Department of Energy. Labor is a major problem. I had meetings with White House staff several months ago. I predicted that eventually "60 Minutes" would pick up on this and they would take pictures of community action agencies stockpiling weatherization materials, because we do not have the labor to implement it. And it is sort of stupid to know that months ago, and eventually it is going to happen, that somebody from "60 Minutes" will hear about it, and then action will occur in the White House to somehow change that. Well, hundreds of thousands of homes are not going to be weatherized because of that situation. A solution could be to transfer part of that money that is unexpended to use it for labor, rather than force everyone to go to CETA which is being drastically cut, with an enormously big backlog, and then if one was to transfer half of that to the Community Service Administration for just labor, which I think they can do under their authority, I do not think the Department of Energy could, that would partially relieve or substantially relieve the labor problem in the weatherization program.

The problem with this is that——

Senator EAGLETON. Where would we—you say transfer that to CSA?

Mr. MAGGIORE. Transfer half of the money.

Senator EAGLETON. Where would CSA get the labor? How would they get it, just go out to the available labor market?

Mr. MAGGIORE. Exactly.

Senator EAGLETON. At market rates?

Mr. MAGGIORE. Not at necessarily—we are talking about hiring poor people, and not necessarily at market rates, because market rates could be—well, I am not suggesting that, no.

Senator EAGLETON. No.

Mr. MAGGIORE. I am suggesting the employment of low-income people that could be employed under currently DOE, which I am recommending to become CSA funds—that the millions of people who generally meet the low income definition—

Senator EAGLETON. Yes.

Mr. MAGGIORE. But the problem with all of this, both the energy assistance and the weatherization, is that we have not agreed on an energy policy for consumers, neither poor people nor middle income people. But if we have an energy policy that is putting together the pieces into the pie, it becomes fairly logical. It is not very difficult, quite frankly, but there has to be the commitment to want this. You have an energy policy now on conservation, an energy policy on cost—increase the cost for purposes of conservation and production—but we do not have an energy policy relative to the people 'whether they are poor or middle income. There is not a people in there. This is why I am recommending that the program be transferred, the weatherization program be transferred. The Department of Energy is not a people agency, and the synthesis is not there. And as a member of one of the advisory committees, I can assure you it is not there, because our committee, which is composed of fuel oil marketers, refinery representatives, State representatives, consumers, all came to the agreement that this was absolutely essential. You have different people and different philosophies present in those series of meetings that were held.

Senator EAGLETON. All right.

Let me ask you a favor, now, if you can give me the answer to this. Is your group, your advisory committee, still in existence?

Mr. MAGGIORE. Exactly.

Senator EAGLETON. I would like to ask you and your group to take a look at this concept—and maybe it is inoperable—if you think it would be, just be frank and tell me. Take a look at trying to devise a program that leverages the mix of moneys, Federal, State, even county and municipal, and with the private sector, and I am talking more about utility bills, but if you can conceive of it also in a leverage way, say in terms of winterization, fine. There has been a remarkably successful program over in HUD—I do not know if you followed that much or whether Milwaukee has got the UDAG grant. For instance, St. Louis got almost \$11 million of Federal funds, and by the time that all rippled, leveraged and what have you, they came out with about \$145 million of Federal funds. In downtown St. Louis, there is a very substantial urban development project down there, and I may be off with the figures, but I am not going to forget about that 10-to-1 leverage. But bear in mind the antipathy of the—I think you were here earlier when I talked to Representative Young—

Mr. MAGGIORE. Yes.

Senator EAGLETON. But take that into account. There cannot be a federally bludgeoned program, or else it will die on the vine.

So give some thought to a cooperative mix, with perhaps leverage and better results from Government at all levels and then get the private sector involved, too. Give it a little thought, you know. If you think it is just one of those sort of a utopian, unrealistic things, tell me. But I would like you to give some thought to that.

Thank you very much, Mr. Maggiore.

Mr. MAGGIORE. Thank you, Senator.

[The prepared statement of Mr. Maggiore follows:]

DRAFT

TESTIMONY OF

ANTHONY J MAGGIORE, JR.

ASSOCIATE DIRECTOR OF PROGRAMS

OF

THE COMMUNITY RELATIONS-SOCIAL DEVELOPMENT COMMISSION

IN

MILWAUKEE COUNTY

TO

THE UNITED STATES SENATE COMMITTEE ON AGING

"ENERGY NEEDS OF THE ELDERLY POOR"

Thursday, June 7, 1979

Senator Egelton and Members of the Committee:

My name is Anthony Maggione, Jr., I am the Associate Director of Programs for the Community Relations-Social Development Commission in Milwaukee County, the Milwaukee County Community Action Agency. In addition, I am a member of the Fuel Oil Marketing Advisory Committee of the Department of Energy and served as chairperson of a design committee which developed a program of energy assistance for low income and elderly persons.

I want to thank you for the opportunity to testify before your committee today on the energy problems and needs of the low income persons and households and especially on the needs of the elderly poor.

The major issues confronting all energy consumers today are partially the result of a government policy which promotes increased costs for energy in order to promote needed conservation and increased domestic production.

In my opinion, another policy is essential, a policy which relieves low income and elderly of the immediate and intolerable burdens imposed by this policy of increased costs. Without such a policy, the health and safety--even the lives--of low income persons, and especially the elderly, will be jeopardized.

I believe that now is the time to implement a comprehensive energy assistance approach to the problems of low income persons and especially the elderly. Only a comprehensive-systematic approach will both meet the needs of the low income persons,

especially the elderly, and at the same time promote needed conservation. The present piecemeal approach is failing to address the needs of low income people in a comprehensive manner and resulting in the waste of precious energy resources.

In my opinion, there are six critical elements in such a comprehensive approach:

1. Provision of ongoing assistance for payment for needed energy.
2. Broadened and coordinated weatherization services for both renters and owners.
3. Systematic implementation of energy audits.
4. Broadened energy conservation education which includes both skill training and motivation.
5. Encouragement of the development and immediate application of appropriate technologies, especially those which utilize renewable resources.
6. Maintenance of a crisis intervention effort to meet "emergency" situations.

Before outlining this approach in more detail, I would like to comment briefly on the growing elderly and elderly poor population and their present and future energy problems and needs.

While the bulk of my statements regarding the problem will be specifically about energy, I feel it extremely important to view the energy problem in the context of the fundamental problem of the elderly poor: the lack of money to pay bills for all of life's essentials. In this context, the impact of increased prices on the poor is devastating both nationally and in my community, Milwaukee, Wisconsin.

ENERGY PROBLEMS OF
LOW-INCOME ELDERLY -
A CONSUMER PERSPECTIVE

The increasing cost of energy has had an impact on every American family. In most instances, the high cost of energy has required a re-examination of family budgets and a re-allocation of family resources to meet high heating costs during the winter months. The greatest impact on the majority of American families has been a re-adjustment in spending patterns: fewer new clothes purchased, fewer dinners out, vacations postponed, new car purchases delayed. But one could hardly view these sacrifices as debilitating or life-threatening.

For many other Americans, however, the high cost of energy represents a crisis situation. For those families whose budgets allow no re-allocation and no postponement of amenities, energy costs compete with other basic necessities of life for low income families' scarce dollars. Especially during winter months, many poor families are forced to make choices most of us never contemplate having to make: food or heating, health needs or heating. Budgets which cannot meet basic living needs to begin with, cannot re-allocate resources to pay for energy without taking money away from other basic needs.

This problem is most critical for the approximately 7 million elderly Americans who are poor or near-poor! Increases in the cost of the basic necessities of life (food, housing, health care) have already forced many elderly to choose between expenditures critical to survival. Confronted by the monthly choice between energy and food, many elderly poor pay utility bills rather than buy food, or pay fuel bills rather than obtaining needed medical care or drugs.

DEMOGRAPHIC PROFILE OF THE ELDERLY POOR IN THE UNITED STATES

Nationally, the population over age 60 is 32.8 million. Medical advances coupled with a declining birth rate has resulted in the elderly population growing at a faster rate than any other population segment. Estimates are that by 2035, elderly will constitute one-third of the adult population.²

In addition to the increasing size of the elderly population, other changes are taking place. The number of "older" elderly Americans is increasing.

A recent HEW report stated:

While the size of the population 60 and over has increased nearly seven times since 1900, the population 75 and over has experienced a ten-fold increase and the 85 + age group has grown by about seventeen times.³

The elderly population is also changing in composition: that is, minorities and women are comprising a greater than every proportion of the elderly. These are the groups that are most likely to be poor.

The number of elderly persons living alone has also increased over the past several years. Now, approximately one in four elderly persons lives alone: in 1960, only one in six lived alone.⁴

The largest number of elderly live in the north-central region—Michigan, Illinois, Indiana, Minnesota, Ohio, and Wisconsin. Most live primarily in urban areas; minorities especially are much more likely to reside in central city areas.⁵

Generally, the elderly population experiences a higher rate of poverty than does the population at large. In 1973, 16% of the population over age 60 was below poverty level compared to 11% of the total population.⁶ The data indicates that the incidence of poverty among the elderly as defined by eligibility standards has been decreasing in recent years. Still, in 1976, approximately 4.3 million older

older Americans had incomes below the poverty levels. This represents 14.3% of the population over age 60. An additional 3 million older adults are classified as "near-poor", that is their incomes were 125% of poverty level.⁷

Although there has been a decrease in the poverty rate for elderly, particular groups continue to have a high incidence of poverty. Elderly women and elderly minorities, those groups which are comprising an increasing proportion of the elderly population, continue to be severely affected by poverty. Minority males over age 60 have a poverty rate three times that of white males over age 60.⁸ Elderly females in all categories have a higher rate of poverty than males. Nearly 25% of elderly white females have below poverty level incomes. This is, however, only half the rate experienced by minority women. (49.9%)⁹

For many elderly, the retirement years brings their first encounter with poverty. Many older people, having worked all their lives in low paying jobs, receive only the lowest scale of social security benefits. This is especially true for minorities and women who have historically had limited employment opportunities.

While many elderly are dealing for the first time with the difficult problem of severely reduced incomes, they are also faced with questions of health care, adequate nutrition, and adequate housing that were never before problematic. Even for those elderly who have lived their whole lives in poverty, the increased problems of age places new stress on their financial resources.

IMPACT OF RISING PRICES OF THE BASIC NECESSITIES OF LIFE ON THE ELDERLY POOR

Simply maintaining life is a difficult endeavor for older Americans living below poverty level. The most recent CSA guidelines (1979) set the poverty level at \$3,400 for a single individual (non-farm household), and \$4,500 for a non-farm household of two. Out of this income, the elderly poor must provide themselves with shelter, food, and health care as well as transportation, clothing, recreation and other essentials. The incomes of many elderly, however, do not stretch to cover even the basic necessities of life. Inflation has meant that many elderly cannot hope to keep pace with rising costs. Periodic adjustments in social security benefits increase only slightly the incomes of those whose social security benefits are small to begin with and fail to keep pace with rapid inflation.

Between 1974 and 1978, prices of basic necessities of life have dramatically increased. Nationally, food prices increased 13.7%; health care costs by 47.4%; shelter costs by 36.5% (rental costs up 25.8%, homeownership costs by 39.6%):. In addition, the price of fuel and other utilities increased by 45.2% (oil and coal cost by 40.1%; natural gas and electricity by 61.8%).¹⁰

The elderly poor must contend with these increasing prices while their incomes stay at the same level or increase only slightly.

Essentially, the elderly must satisfy the same level of requirements of life with significantly reduced spending power.

While all low income households feel the impact of rising prices, particular problems of the elderly poor intensify the impact rising prices have on their incomes.

IMPACT OF RISING ENERGY PRICES ON THE ELDERLY POOR

The ever-increasing price of fuel has had a crippling impact on low income families across the country, and has especially affected the elderly poor. A review the Consumer Price Index indicates that in the years since 1970, the cost of fuel and utilities (combined) has increased 100.5%. Fuel Oil and coal prices have increased 168.5% during the period; natural gas and electricity by 117.0% (see attached Chart A)

These price increases coupled with a similar increase in the cost of health care and less drastic, price increase in food and housing have placed an intolerable burden on the elderly poor. For many reasons, the elderly poor are less capable than other groups of adjusting to these rising prices. As mentioned before, elderly incomes (most often derived solely or predominantly from Social Security) have not kept pace with the rise in the cost of living. In addition, the elderly poor very often share certain characteristics which make it nearly impossible either to adjust to the rise in energy prices or to reduce their consumption of fuel.

Recent studies have found that half the nations' elderly homeowners live in houses built over thirty years ago. These are homes generally constructed prior to the time that most localities required adequate insulation in new housing units. Only about one-third of the total population lives in such inadequately insulated units.¹⁶ In addition, elderly owned homes usually have a lower dollar value than other owner-occupied homes--which suggests that the elderly are living in homes that are less well-constructed and less inadequately insulated than is the norm.¹⁷ Units that are rented by the elderly are generally older than average, as well.¹⁸ Both rental units and homes occupied by the elderly are less likely to have adequate insulation, a condition which increases elderly fuel use and bills.

Studies have also indicated that the elderly spend less for home improvements and maintenance than does the general population.¹⁹ This would also support the conclusion that their homes are less likely to be adequately insulated.

Much has been written about the inability of the poor to cut energy consumption in order to conserve fuel and reduce costs. Several research projects have concluded that the poor - particularly the elderly poor - consume a minimal amount of energy. The elderly poor consume less than any other age group, including the poor in younger age categories.²⁰ Yet the elderly poor spend a greater portion of their incomes on fuel costs than do non-poor households.²¹ They have, through necessity made a significant effort to reduce expenditures, yet are still overburdened with energy costs. The elderly cannot readily use alternative fuel sources or easily reduce consumption.

The 1975 National Survey of Household Energy Use - supported this conclusion by stating:

...some of the variables most related to heat energy consumption are "built-in" to the basic characteristics of the dwelling itself factors like its location, its size, and its structural characteristics. Only drastic and expensive changes to the structure could measurably affect these variables.²²

This report continues on to note that low income households generally keep thermostats turned down, except for elderly whose circulatory problems often require a higher temperature in the home.²³

The cost of weatherization is generally far out of the reach of the elderly poor. Current costs of weatherization conducted by private contractors runs from \$800 to \$1,200. Clearly, this sum is unrealistic for the elderly poor who are barely able to pay existing survival costs. Community Services Administration (CSA) and Department of Energy (DOE) weatherization activities, though significant, have made only a dent

in the national need for weatherization of elderly-occupied homes.

Consequently, the low income elderly are placed in a double-bind. Unable to further reduce consumption or to weatherize their homes, the elderly poor are almost completely at the mercy of rising energy prices. This situation exists for elderly poor across the country; some examples from the Milwaukee Community, will graphically illustrate this national problem.

Data from the Emergency Energy Program of the Community Relations-Social Development Commission in Milwaukee County illustrates the impact of rising energy costs on low-income households. This Community Services Administration (CSA) funded program prevents potential health hazards created by actual or threatened utility shut-offs and lack of fuel oil.

Information collected from Emergency Energy Program clients indicates that during the winter months of the 1977-78 program year, prior to dramatic price increases, clients with incomes at 100% of poverty level were spending an average of one-fifth (20.5%) of their incomes every month during this period in gas bills alone. Oil users at 100% of poverty level were spending an average of 31.8% of their monthly incomes on fuel oil.

During the winter months, total monthly utility bills for persons with poverty-level incomes represented 25.7% of monthly income for gas users and 45.7% of monthly income for oil users.

When heat and utility bills are combined with house or rent payments to arrive at figures indicating the proportion of low income persons' monthly income going toward all basic shelter costs, the figures becomes even more disturbing.

During the 1977-78 winter months, poverty level program clients using gas heat were spending an average of 81.7% of their monthly income on shelter costs. Poverty level program clients using oil heat were spending 92.9% of their monthly income on shelter costs.

Translating these figures into dollar amounts may help to clarify the problems.

A single elderly person at poverty level has a monthly income of \$262.00. If he/she has oil heat, \$243 of the \$262 would be spent on shelter costs during each of the winter months. On the average, this would leave only \$19 to pay for food, health care, and any other expenses during the month. If this person used gas heat, he/she would spend \$214 of the \$262 monthly income on shelter costs during a typical winter month and have only \$48 remaining for all other life necessities.

An elderly couple using gas heat with a poverty level income would spend \$283 of its \$347 monthly income on shelter costs, with \$64 left for all other expenses. The same couple, using oil heat, would spend \$322 of the \$347 monthly income on shelter costs, with only \$25 remaining for food, health care, and other necessities.

The conclusions from this data are alarming; however, the experience of the Emergency Energy Program has been that individual cases support those conclusions. Following, are three case examples; all three have household heads over age 60 with social security as the sole source of income:

EXAMPLE A

1. Name and Age: Mr. A.	Age 73
2. Number in Household: 2, wife over age	60
3. Source of Income: Social Security	
4. Total family income per month	\$348
5. Type of costs of Housing: Rental	\$175 per month
6. Type of heat source: oil	
7. Average monthly oil costs during winter:	\$130
8. Other utility costs (gas and electricity) throughout the year on a monthly basis	\$ 33

- | | |
|---|-------|
| 9. Income remaining for food, health,
transportation and other necessities | \$ 10 |
|---|-------|

EXAMPLE B

- | | |
|--|-----------------|
| 1. Name and Age: Mrs. B. | Age 76 |
| 2. Number in Household: | 3 |
| 3. Source of Income: Social Security | |
| 4. Total family income per month: | \$298 |
| 5. Type and costs of housing: rental | \$100 per month |
| 6. Type of heat source: oil | |
| 7. Average monthly oil costs during the Winter | \$100 |
| 8. Other utility costs (gas and electricity)
throughout the year on a monthly basis | \$ 35 |
| 9. Income remaining for food, health, trans-
portation and other necessities | \$ 63 |

EXAMPLE C

- | | |
|--|-----------------|
| 1. Name and Age: Mrs. C | Age 64 |
| 2. Number in Household: | 2 |
| 3. Source of Income: Social Security | |
| 4. Total family income per month: | \$216 |
| 5. Type of costs of housing: rental | \$125 per month |
| 6. Type of heat source: oil | |
| 7. Average monthly oil costs during the winter | \$ 80 |
| 8. Other utility costs (gas and electricity)
throughout the year on a monthly basis | \$ 20 |
| 9. Income remaining for food, health, trans-
portation and other necessities | -\$ 9 |

If the above is disturbing, projections of what will happen to the low income elderly when prices increase are clearly alarming.

Utilizing the 1977-1978 winter fuel oil usage of the poor as a constant, cost estimates were projected to determine the consequences if fuel oil prices increased 20% and 50% and if fuel oil went to \$1.00 per gallon.

For elderly persons in poverty, a 20% increase in the cost of fuel oil would mean that during the winter months, 38% of their income will go for fuel, 99% of their income will go for shelter costs. If fuel oil prices increase by 50%, then 48% of their income would go for fuel oil and 109% of their income will go for shelter. At a dollar per gallon, 67% of low income household income would be used for oil and a low income elderly family would need 28% more income than they currently have just to pay shelter costs. (For further detailed information, see Chart B.)

Unfortunately for the elderly poor, the 20% increase has already been exceeded in our local community for oil users and the 50% increase level is now approaching. The most recent billings from our crisis intervention program indicate oil prices of 65.9 and 66.9 per gallon, an increase of approximately 40% over 1977-1978 prices. If our dire predictions are correct--unfortunately this year's crisis program data, for elderly has not been yet analyzed--many elderly poor were without any money to purchase essential food and health care during the 1978-1979 winter months.

Gas price increases are and will have similar dramatic and very likely crippling effects on low income elderly households.

Major (20% or more) increases in the price of gas or oil over 1977-1978 levels place absolutely intolerable burdens on low income families who are already stretched beyond their financial limits and are already being forced to forego basic necessities of life in order to pay heating bills.

The present cost of energy is jeopardizing the health and physical survival of thousands of America's elderly poor. Continued price increases, particularly those of a drastic nature, will intensify the hardships of low income elderly and will critically endanger their lives.

FOOTNOTES

- 1 U.S. Department of Commerce, Bureau of the Census.
Current Population Reports. "Characteristics of the Population Below the Poverty Level; 1974;" U.S. Government Printing Office, Washington, D.C. 1976 and U.S. Department of Commerce, Bureau of the Census, Current Population Reports, "Money Income and Poverty Status of Families and Persons in the United States: 1975-1974 Revision. (Advance Report)" U.S. Government Printing Office, Washington, D.C. 1976. See also 1977 & 1978 reports in the same series.
- 2 U.S. Department of Health, Education and Welfare, Administration on Aging, "Some Prospects for the Future Elderly Population". No. 3 Statistical Reports on Older Americans, p. 3.
- 3 Ibid..p. 3
- 4 Ibid..p. 4
- 5 Federal Energy Administration, "The Effects of Rising Energy Prices on the Low and Moderate Income Elderly, Washington, D.C., March, 1975, p. 1.13.
- 6 Ibid..p. 1.8
- 7 Same as 1
- 8 Same as 1
- 9 Same as 1
- 10 Consumer Price Index
- 11 Same as 5
- 12 U.S. Department of Health, Education and Welfare, Public Health Service, Health Resources Administration, Health: United States 1975, p. 546.
- 13 Same as 5
- 14 Southeastern Wisconsin Health Systems Agency, Health Systems Plan for Southeastern Wisconsin, 1978-79, December, 1977, p. 335.
- 15 Ibid, p. 337
- 16 "The Effects on Rising Energy Prices on the Low and Moderate Income Elderly, Federal Energy Administration, Washington, D.C. March, 1975, p. 1.17
- 17 Ibid

Footnotes Cont'd

18 Ibid

19 Ibid..p. 1.19

20 Ibid..p. 1.22

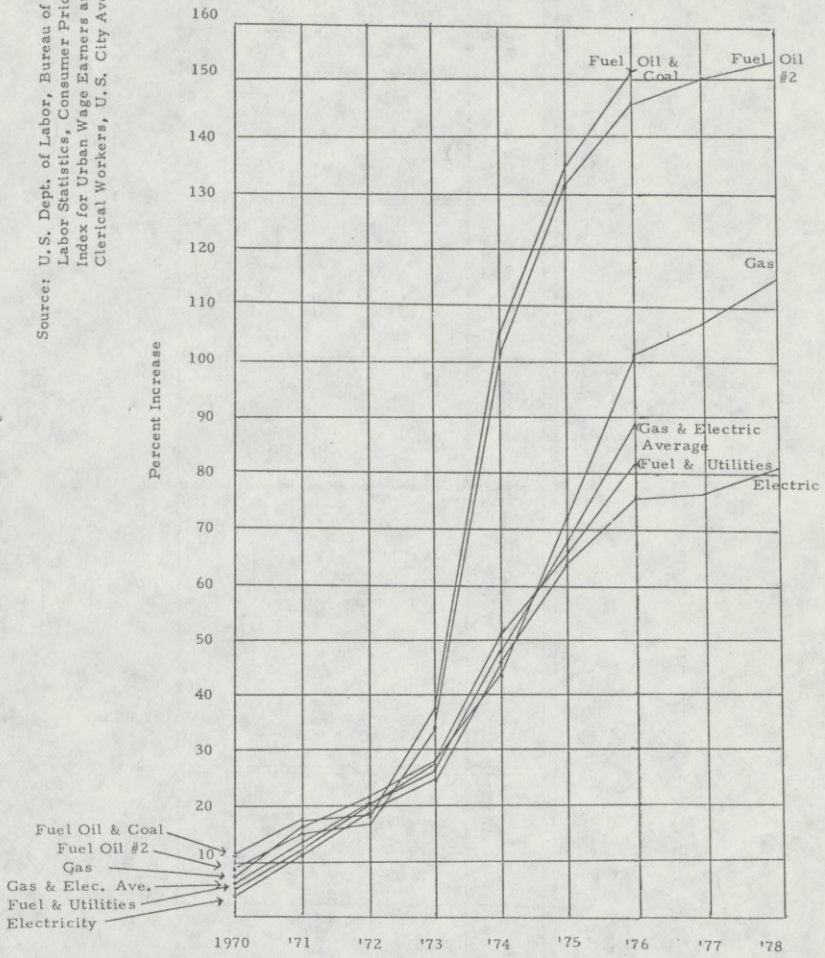
21 Ibid..p. 1.22

22 "1975 National Survey of Household Energy Use", Washington
Center for Metropolitan Studies, 1975

23 Ibid

CHART A

Source: U.S. Dept. of Labor, Bureau of
Labor Statistics, Consumer Price
Index for Urban Wage Earners and
Clerical Workers, U.S. City Average



RECOMMENDATIONS FOR A
COMPREHENSIVE POLICY/PROGRAM
FOR THE POOR.

Now is the time to develop a comprehensive policy both to address these immediate and future needs of the elderly and other low income persons and at the same time promote needed conservation. Now is the time to simultaneously alleviate hardships and dangers to health and survival for the low income elderly and reduce waste of precious energy resources.

There are six critical elements in such a policy:

1. Provision of ongoing assistance for payment for needed energy.
2. Broadened and coordinated weatherization services for both renters and owners.
3. Systematic implementation of energy audits.
4. Broadened energy conservation education which includes both skill training and motivation.
5. Encouragement of the development and immediate application of appropriate technologies, especially those which utilize renewable resources.
6. Maintenance of a crisis intervention effort to meet truly emergency situations.

I would like to expand on each of these elements.

I. ONGOING ASSISTANCE FOR NEEDED ENERGY

As a member of the Fuel Oil Marketing Advisory Committee (FOMAC) of the Department of Energy, I worked closely with other committee members to develop a program for ongoing energy assistance for the total low income population, with a special emphasis on the needs of low income elderly. I believe this program will meet, in an equitable fashion, the immediate needs for assistance in paying energy bills. While the details of this program are available in the committee's initial draft report and the soon to be released final report, I would like to briefly outline the basic elements of the program.

A. ELIGIBLE POPULATION

All households at or below 125% of poverty, and all elderly (60 and above) households at or below 150% of poverty would be eligible for the ongoing energy assistance program. At the present time (6/15/79) 125% of poverty is \$8,375 per year for a family of four (4) and \$5,625 for a family of two (2). Using such income eligibility criteria, there would be approximately 16.2 million households eligible for assistance; approximately 7.2 million of these households (44%) are headed by persons 60 or older.

B. TYPE AND AMOUNT OF ASSISTANCE

Assistance would be provided to each eligible household for a given heating or cooling season according to the following formula:

$$\text{(Assistance = (normative energy usage x present energy cost) less 10\% of household income)}$$

A normative usage (e.g. gallons, cubic feet, kilowatts) for a household would be determined on the basis of degree days and number of

rooms and/or number of persons in the household. This usage level, once set, would determine the amount of energy for which assistance would be provided. Energy cost would be determined by current unit price of the fuel (s) used by the household.

By multiplying normative usage by unit price(s) a dollar figure would be established for household energy expenditures. However, this figure would not represent the subsidy which the household would.

The formula assumes that the household should assume responsibility for payment of 10% of their own energy costs, a higher percentage of household income than the average family expends on needed energy. Ten (10) percent of the households annual income would be subtracted from the amount established by multiplying cost times normative usage, to determine the subsidy which the low income household receives.

C. METHOD OF PROVIDING ASSISTANCE

After the amount of the subsidy is established, the eligible household would receive a line of credit for this amount at a one or two energy suppliers. If many suppliers exist, the client would select the vendor(s). This line of credit would represent the total annual assistance which a household would receive.

The line of credit would be established in such a way that a proportion related to usage in each month in the heating/cooling season could be drawn down. Only the amount for a given month could be used in the month; in no case could additional amounts or the total amount be used.

For example, in one midwestern state the use of energy for heating is concentrated in a seven month period from October through April. In this period, 92% of home heating energy is used. Even within this period, however, there is a great variation, as the chart below

illustrates:

	OCT.	NOV.	DEC.	JAN.	FEB.	MAR.	APRIL
PERCENT USED	6%	11%	17%	20%	16%	14%	8%

If the total subsidy for the family were \$490, the household would receive \$30.00 in October and \$100 in January.

In almost all cases, households will have payments to make on a month to month basis for the balance of costs not covered by the subsidy. In the examples noted above, if the bill in October was \$36.00, the household would have to pay \$6.00. If the bill in January was \$156.00, the household would have to pay \$56.00. Such a payment should be expected since the financial assistance formula requires an expenditure of household income for the household's own energy supplies.

Assistance in this program would be available for both homeowners and renters; special provisions are made for households for which energy costs are included in rental payments. Regional differences are recognized through inclusions of area degree days and prices in the formula.

We believe such a program addresses needs in an equitable fashion and can provide assistance prior to severe crisis energy emergencies.

It must be noted that while financial assistance is envisioned as a critical element in the FOMAC design, it is only one element in the total approach. Conservation programs and incentives are viewed as equally important. I would now like to address these conservation measures as essential elements in a comprehensive energy policy/program for the poor and elderly.

II. BROADENED AND COORDINATED WEATHERIZATION SERVICES FOR BOTH RENTERS AND OWNERS

At the present time, the weatherization effort of the federal government is incredibly fragmented. Both the Community Services Administration (CSA) and the Department of Energy (DOE) fund weatherization programs. Each has their separate guidelines and separate reporting requirements. (Fortunately, the recent suggested changes in guidelines for DOE make their guidelines more congruent with those of CSA.) However, neither of these programs has sufficient funds for labor to actually carry out the weatherization program. In addition a critical assumption in both programs, now no longer true in many localities, is that the Department of Labor (DOL) through the CETA program, will provide the labor. Local prime sponsors have discretion as to whether or not they will provide this labor available. Also the availability of CETA labor has been drastically reduced by the recent legislation.

At the local level, the weatherization program operators, for the most part Community Action Agencies, must juggle accounting and reporting to these various funding sources and struggle on a year-to-year basis to obtain labor commitments.

Congress must make a commitment to a comprehensive weatherization program. In my opinion, this program should be administered by the Community Services Administration. DOE funds should be transferred to CSA. DOL should be required, either through CETA or through some other source, to provide earmarked funds for labor. Total funding for both labor and materials should total at least \$400,000,000 per year.

At a total cost of \$800 to \$1,000 per house, some 400,000 to 500,000

homes could be weatherized annually. Local CAA's currently have the capacity to implement an expanded weatherization program. What is required is federal commitment to a national program.

My recommendation that CSA be designated as the single administering agency is based on three principle reasons:

1. Weatherization should be centralized in a single agency whose purpose is service to the poor.
2. CSA has developed the weatherization program, and the capacity for provision of weatherization services has been implemented by many CAAs'.
3. Within CAAs, weatherization efforts are a part of an integrated energy and social service effort to assist the poor.

Weatherization is basically a program for low income persons especially the low income elderly homeowners. CAA's central mission is to serve the needs of low income persons. Only if energy problems are seen and understood by those administering the program as problems of poverty as well as problems of energy can they be dealt with effectively. DOE is neither a poverty nor a housing rehabilitation agency.

In addition, only CSA has in place an extensive outreach and follow-through mechanism to reach those most in need of services and to insure the effectiveness of weatherization efforts.

Also, the existing weatherization program should be modified and expanded to provide what I have termed "crisis weatherization" for low income renters. Crisis weatherization would consist of taking these steps which will significantly diminish infiltration without adding appreciably to the value of the building: for example, removable storm doors and storm windows, caulking, weatherstripping, material to plug holes in the structure, etc. This form of weatherization would eliminate the need for complex landlord-tenant rent/lease

agreements and would avoid the problem of the use of governmental funds to improve properties of landlords. I would suggest that in no case would materials cost per household be able to exceed \$100 and also feel that it would be necessary to provide CETA or other publicly subsidized labor to carry out these activities in homes where the residents themselves could not carry out these functions.

Both general weatherization and "crisis weatherization" can be effectively implemented if a comprehensive and coordinated approach to energy audits is made available to all low income persons.

III. ENERGY AUDITS

As most of you are aware, an energy audit consists basically in determining the areas of a building which are most responsible for the transfer of heat. In most cases, such audits include recommendations as to possible steps which can be taken to reduce heat transfer. A variety of technically sound audit approaches have been developed and implemented throughout the country.

A systematic and coordinated approach to energy audits needs to be developed and implemented for all households, and especially for the residences of low income and elderly persons.

One approach would be to place audit responsibility on suppliers of energy and, especially, on public utilities. Public utilities should be required to provide audit services for no cost or a token fee which in no case should exceed the cost of the audit. In addition, government assistance may be required where charges are made so that qualifying low income and elderly persons can receive financial assistance in paying the minimal cost of audits.

Another approach would be the development of a corps of trained personnel who could carry out the audit function in all households, with payment based on ability to pay. The cost of developing such a corps would, in my opinion, be quickly offset by the amount of energy which would be saved if conservation steps based on good audits were put in place.

A comprehensive energy audit program is required both to implement an effective weatherization program as noted above and is equally essential in promoting and implementing the concrete and understandable energy conservation and appropriate technology programs which I will now discuss.

IV. ENERGY EDUCATION

Given adequate information, skills and incentive, low income persons can take steps to effectively use energy.

Energy conservation is the responsibility of every person and low income persons can assume a vital role and responsibility in implementing such. It is important that low-income people have the information, skills and appropriate incentives so that they can fully participate in conservation activities.

Energy conservation practices by low income persons are essential to maximize the benefits which weatherization and use of alternative technologies can produce. Conservation behavior and practices can greatly increase the effectiveness of these energy-saving improvements. (However, it should be noted that without appropriate weatherization and/or other basic improvements in the housing structure, it is virtually impossible for low income persons to implement effective conservation practices.)

In addition to informing low income persons of conservation practices, educational activities can be used to instruct persons in partial or total weatherization of their own homes, and in construction and use of appropriate technology applications to produce energy.

Materials, curricula and education programs for instructing, training and motivating low income persons on the use of conservation and appropriate technology techniques must be developed and disseminated. Energy education programs must be integrated with other energy programming efforts in order to maximize the impact of the energy efforts directed toward the poor. Community based organizations, community coalitions and school systems are obvious mechanisms for carrying out energy education programs for low income persons.

V. UTILIZATION OF APPROPRIATE TECHNOLOGY

In the area of energy, the development and implementation of new technologies appropriate to the needs of the poor can play a significant role in energy conservation and production.

While the "energy crisis" presents severe problems to the low income community, it also offers potential and incentives for the development of self-reliance. Dramatically rising energy costs have made feasible--and indeed necessary--alternative technologies which conserve and produce energy in effective and cost-efficient ways. Present technologies, especially in solar applications, are available to be immediately adapted to meeting the energy needs of the poor as well as beginning to address nutritional, employment and economic development needs of the low income community. (See CSA Solar Energy Policy, Community Services Administration: July, 1978, for a detailed statement of the various possibilities.)

Presently available appropriate technologies provide opportunities for increasing the self-reliance of the total community. In addition, a variety of ways of generating energy on a community-wide basis appear to be increasingly feasible in the near future.

IV. CRISIS INTERVENTION

Regardless of the comprehensiveness of the program, some allowance must be made for "energy crises" which the poor and elderly face. Provision of a fund for crisis intervention is essential to meet the immediate needs of low income persons which can arise.

Such a fund could be used, for example:

- when a danger to a person's health and safety exists as a result of severe weather or fuel supply conditions
- when assistance is needed to maintain essential home heating supplies, e.g., emergency repairs or equipment; or
- when evacuation and emergency shelter are required in the event of heating supply interruption.

The most appropriate administering agency for such a fund would be the Community Services Administration and their Community Action Agency network. Funding at a \$40,000,000 level would be adequate if the other elements which I noted above were put in place. Such crisis assistance, to extent deemed reasonable, should be available only once in a given year.

In outlining the above policy and program, I have addressed myself to those in most need, the elderly and other low income persons and families whose basic health and safety are threatened. I would also like the committee to be aware of the tremendous pressures which are being placed on middle income persons who heat with oil. The thirty to forty percent anticipated increases in these costs must be offset by some type of tax credit or refund for households using these fuels so that they do not bear a severely disproportionate burden of rising energy costs.

In closing I would like to make the following comments.

Currently members of Congress are under extreme pressures to balance the budget and to develop an energy policy which meets the nation's needs and results in increased energy production.

But such pressures should not result in actions that jeopardize the health and safety of hundreds of thousands of older Americans.

Current available data clearly supports the enormous burden of rising energy costs on low income persons, especially the elderly. Projections based on anticipated increases have indicated that the price of home heating oil will rise dramatically and indeed will reach \$.90 to \$1.00 on the East Coast.

Unless a major program of energy financial assistance is enacted during this session of Congress, next winter the elderly will be forced to choose between food and fuel--and they cannot exist without both.

Senator EAGLETON. Our final witness is Mr. William Hutton, secretary-treasurer of the Citizen/Labor Energy Coalition, and Mr. Hutton has been here all morning and I appreciate his patience and forbearance. We have taken longer on this than I guess we had really scheduled on this sheet, but it is a very important and a terribly frustrating issue that I do not think we can solve by an instant quickie hearing.

So thank you for your patience, Mr. Hutton, and we look forward to hearing what you have to say.

STATEMENT OF WILLIAM R. HUTTON, SECRETARY-TREASURER, CITIZEN/LABOR ENERGY COALITION

Mr. HUTTON. I appreciate it, Senator, and in order to help, I would like to ask that perhaps you will accept my testimony for the record.

Senator EAGLETON. Yes.

Mr. HUTTON. I am here wearing two hats. I am the secretary-treasurer of the Citizen/Labor Energy Coalition, which is a coalition of over 150 affiliates, involving trade units, senior, consumer, citizen, environmental, neighborhood, community, church—all kinds of organizations. And also, I am the executive director of the National Council of Senior Citizens, who are the most affected by the subject of this discussion.

I would like to confine myself, if I may, just to a few observations in only a few minutes, because you have already heard this morning sufficient evidence. There is literally stacks and stacks of it out there showing the nature of the crisis itself. And it is not just a winter crisis, it is a year-around crisis. There is a line from "Death of a Salesman," when they are talking about Willy Loman, which says, "A man is dying out there and attention must be paid!" That

is the way it is with millions of older people who are going to be killed off, either by heat or cold this summer, next summer, and next winter, as we go along into a worsening situation. We have to do something about it.

One, I like your idea of first holding a hearing. Bringing it together here is at least giving you a focus on the need for one thing, to correct what the Federal Government, whatever it is doing, is doing wrong. The State governments are behaving as they do all the time on employment and other issues. There are the usual jealousies, and they do not really employ enough poor people, and they spend much of their funds in redtape.

Now, having recognized those things, the thing is what can be done? Well, some of that came out this morning. For example, Dr. Olivarez said that it was remarkable that in Kentucky, at least quite a notable achievement has been made. I wonder why that is. May I offer just one suggestion—that the Kentucky Association of Older Persons, which is our affiliate in Kentucky, joined together with the Citizen/Labor Energy Coalition groups in Kentucky in a specific program last year. They had midnight candlelight processions to the State legislature. They had a demonstration in which they led the parade with two coffins—coffins to represent death of older people who were frozen to death from hypothermia in the previous winter. And then they went there to the State legislature day after day, you know, in a demonstration which cost money and which came voluntarily from older people, and which they are finding more and more difficult to get hold of.

One of the things which Congress is not seeing is that many nonprofit organizations which are trying to do something to help older people and poor people in this country, are themselves, facing fantastic increases in their operating costs. They are all short of money and many of them are faced with extinction in the very near future. We cannot maintain ourselves because of inflation. Take, for example, the National Council of Senior Citizens, I had a wonderful deal of rent for an average of \$6 a square foot for years until now. But now, my rent is going to go up to \$8.50 a square foot, which is going to cost me an extra \$50,000 a year, and next year, it is going up to the average in this city of \$13.50 a square foot. The voluntary organizations simply cannot get the money to maintain that kind of rent, apart from all the other costs. And so, it is very difficult, even for organized labor, who have their own problems, to run a program in every State like we successfully organized in the State of Kentucky—to get that legislature aware that older people were dying and attention had to be paid. But the result of that effort in Kentucky was that there they enacted a specific program, a rate reform program, which you know as Lifeline, which is going to help older people, and as Dr. Olivarez said, it is one of the best demonstrations of fuel assistance programs in the entire Nation.

Now here is another concept. There are in this country, some 3 million older homes, occupied by elderly people. They are not retrofitted, and they are not maintained. Some of them need new roofs, some of them need new electrical wiring. They are in terrible shape. But the older people in this country occupying those 3 million homes, cannot afford to maintain them in good order.

Meanwhile, millions of younger people around this Nation, would just dearly love to get into those homes, would work hard, because they want to raise a family, to retrofit those homes, to carry out the maintenance. But they cannot get in there because the older occupants have nowhere else to go. We have no public housing suitable for them. We have not enough money given to section 202 programs—in fact, next year, the administration is seeking to cut off 202 altogether, despite the fact that it is the most successful game in and out of town. I do not know why, if we are going to give up section 202, and the only program that HUD is successfully handling is that, then we ought to do away with HUD altogether. It would seem to me that they spend most of their time moving their headquarters offices from one floor to another of that building anyway. [Laughter.]

But as I was saying, here is a fact of life, that people with real purpose in government should do something about. I believe that if we build enough public housing, it would provide alternatives for the elderly whose homes need retrofitting. Then they could sell their homes to the young, who need the housing—the young who cannot buy homes. If you try to buy a home, in this area alone, it is going to cost you an average of about \$60,000, and you are lucky, if you can get one at that.

Senator EAGLETON. That is pretty lucky, yes.

Mr. HUTTON. That is right.

Finally, let me say, the White House admitted in a factsheet on the President's program, concerned with the removal of price controls on crude oil, that it will impact all Americans, but the burden will be heaviest on low-income households, those who spend the largest proportion of their energy related dollars on heat, electricity, transportation, and others. It is not just a burden, it is a life or death matter. And I do not really think that you should leave that in the hands of a noncompassionate agency like DOT. I agree very much with—

Senator EAGLETON. DOE, you mean?

Mr. HUTTON. DOE, yes. DOT is doing fine. Adams, I have a high regard for, but Mr. Schlesinger has not been notable, either in the Republican administration, nor the Democratic administration, for having compassion for the elderly—or in fact, a compassion for people or their survival. And so I feel that perhaps directing it into CSA would be a good idea. But some kind of way of bringing together—and I agree with you in this one, although we have tussles on other items—I agree that it is time that we talked louder to private industry. I like the concept of Dr. Olivarez, who spoke here, of getting money to the utility companies themselves, for the elderly, to prevent shutoffs. They can deal with it and get to them much quicker than we can. We just have to safeguard it and to be very, very careful about it. But I think it can be done and the smaller oil companies protected, and it will be serviced much better in that way.

Picking a price out of the air is the most difficult thing in the world, as you know. But I can tell you it has got to be closer to the billion dollars than the \$200 million that the administration will provide.

Senator EAGLETON. \$40 million.

Mr. HUTTON. Well, yes, \$40 million for next year, but \$40 million is a cutback of ridiculous proportions unless you have got other programs. Of course the decontrol of oil is just ridiculous, too, and we will fight it as long as we can, and I hope that we will get support.

You have a tough row to hoe. You have an Appropriations Committee that has got to deal with the dollar, and as a Senator, you get elected by how you deal with people. So your choice is not an easy one. I do not know how we can help you, but the national council would love to undertake in every State the kind of thing, for example, that we did with the Kentucky Association. It is very, very difficult for us to raise money. Older people have not got the money. They are struggling to live. Somebody has to do it and maybe CSA can help.

Senator EAGLETON. Well, Mr. Hutton, as you always are, you are a good and persuasive and articulate witness. I mean that very sincerely. You are a very, very able spokesman, and I know you have given this energy problem a lot of personal thought on your own, because you have seen this thing developing.

Mr. HUTTON. I have.

Senator EAGLETON. Especially since 1973, 1974, the first Arab oil embargo, and you have watched it get more difficult and more difficult by large measures.

I wish you would give a little thought to, as I have asked a couple of the earlier witnesses, to the concept of leverage or participation and cooperation, and you follow the State legislatures very closely—

Mr. HUTTON. I have to, Senator.

Senator EAGLETON. And you have to; but there is a great deal of anti-Federal Government resentment out there, some of it is more insensibility, some of it is exaggerated, but nonetheless, it is—

Mr. HUTTON. There is some there, but the idleness of the State authorities and the political use which is made of the Federal money is most striking. They love the Federal dollar, but they want to spend it the way they want to spend it, and they do not seem to give a damn about whether or not it really gets to people. They do not have much compassion either.

Senator EAGLETON. Well, maybe some legislators do not, but many do. I am not saying they are all cold, heartless individuals.

Mr. HUTTON. No.

Senator EAGLETON. They feel they have their budgetary restraints and they have their proposition 13's and similar things.

But I think we have really got two problems before this committee, and it is not all just before this committee, really. It is before the Human Resources Committee, as a whole, and it is certainly before the Energy Committee and it is certainly before the Appropriations Committee. There are lots of committees that have an impact on this. But I think we have got two problems, and this is a gross oversimplification. I think we have got the here and now immediate problem of what are we going to do this forthcoming winter, and that is passing over the hot summer. We just, we will not have anything in place; the hot days are about with us. July and August—it was 103 degrees down in Fort Lauderdale the day

before yesterday. I am just saying that we are going to have to pass on this summer.

Mr. HUTTON. The winter will be too late, already. The money will be too late this winter, because it should have been talked about, agreed, appropriated——

Senator EAGLETON. Well, maybe we will have some signed bills next year. Maybe there will not be so many of these continuing resolutions. That is my, perhaps, wishful thinking, but anyway, how do we deal with this forthcoming winter on a stopgap basis, and then how do we fashion a rational, logical ongoing program that is going to last for some time, because this energy thing is going to last for some time. We are never going to go back to the year of cheap energy. That day is gone.

Mr. HUTTON. That is right.

Senator EAGLETON. And it is going to be expensive, more expensive, and even more expensive for energy, from here on out.

Mr. HUTTON. The Citizen/Labor Energy Coalition will be very happy to try to give you our feelings on what the bottom lines are.

Senator EAGLETON. I would like that, a bottom line proposal that brings in the States, if we can, and if it is feasible, maybe we——

Mr. HUTTON. Well, I do not know that anything is feasible, but something has got to be done, because as I say, you have got to come out—we will never satisfy everybody, but somehow, there has got to be help or there is going to be terrible tragedy throughout this land. And it is that serious.

Senator EAGLETON. Thank you very much. Thanks for your patience, too. You have been a big help.

Mr. HUTTON. Thank you very much, Senator Eagleton.

[The prepared statement of Mr. Hutton follows:]

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STATEMENT OF WILLIAM HUTTON, SECRETARY-TREASURER, CITIZEN/LABOR ENERGY COALITION BEFORE SENATE SUBCOMMITTEE ON AGING JUNE 7, 1979

My name is William R. Hutton. I am Secretary-Treasurer of the Citizen/Labor Energy Coalition. The Citizen/Labor Energy Coalition is a national organization of over 150 affiliates. It includes trade union, senior, consumer, citizen, environmental, neighborhood, housing, religious, and minority organizations, and others working together toward a more rational energy policy--one that truly meets the needs of the American people.

Mr. Chairman, as you know, I am also Executive Director of the National Council of Senior Citizens. The National Council is a national membership organization representing over three and one-half million older Americans through its 3,800 affiliated senior citizen clubs and councils throughout the country.

It is not difficult for me to stand before this Committee today representing two distinct organizations--for in the area of energy, we think alike. Energy does not discriminate. In short, today, I did not have to decide which hat to wear. I will wear both of them.

Mr. Chairman, I want to begin by commending you on the courageous stand you took in Kansas City at the Mobil Oil stockholders' meeting. I think you will find that over the next month or so public sentiment will continue to grow in support of continuing and even strengthening crude oil price controls. I believe those lawmakers who fail to follow your leadership on this issue will regret it.

With regard to income status, the older you are the more likely it is you will be poor. Moreover, most older people are on fixed incomes.

The cost of utilities, oil, gas, and electricity are going up. So is the cost of food. The trade-off between energy and food cannot be efficiently nor equitably drawn. A necessity of health is a necessity, whether it be heat or milk.

To be old and poor in the United States today is the one-two punch that killed 20 senior citizens in the heat of the Dallas summer due to lack of air conditioning, and accounted for over 200, mostly elderly, individuals freezing to death during the past two winters.

A few weeks ago the President warned the American people of still further increases in the cost of energy as a result of his decision to decontrol the price of domestic oil. As a result of that decision, energy stock prices rose dramatically. I am less sure that this nation's energy stock will increase. In fact, if our supply of energy does increase substantially, the only thing I will be sure of is that Americans have been blackmailed by the energy companies. But I'm not here to talk about supply. That is a question of availability. I am here to talk about the accessibility of existing energy to low-income, poor and elderly Americans.

Last summer, the American Southwest sweltered through one of its hottest spells in decades. Tragically, twenty senior citizens were not so fortunate--they died of the heat in Dallas, Texas. Air conditioning requires energy.

Last June, the New York Times reported that over 200 individuals, mostly elderly, froze to death during the two preceding winters. Heat also requires energy.

We have just emerged from yet another bitter winter and summer with it's blistering heat--making the very act of breathing difficult for many older people--is just around the corner.

The energy needed to keep our homes at livable temperatures is simply becoming too costly for too many Americans

Most older people are on fixed incomes. The cost of utilities, oil, gas, electricity is going up. So is the cost of food. Faced with this situation more and more senior citizens must respond by seeking to eat less and heat less.

Most of the victims of this "solution" will not be recorded as freezing to death or as starving to death. They will die of "natural causes." And because their deaths will be attributed to "natural causes" no one will need to have these deaths on his conscience. But the fact is, these people will not die of "natural causes."

Unfortunately, many of the diseases which plague older persons can be aggravated by a lowered temperature in the home that will not bother younger persons. In some cases there are no symptoms such as high fever to warn the aged of the damage being done to them by a house temperature in the 60's. In fact, Dr. Robert Butler, Director of the National Institute on Aging and one of the nation's leading authorities on the health problems of the elderly, warned Americans last winter that for tens of thousands of senior citizens, lowering the thermostat even to 65 degrees

could spell tragedy for many elderly suffering from cardiovascular diseases, diabetes or even from handicaps which limit movement.

The elderly are also vulnerable to diet deficiency. Some living alone fail to prepare adequate meals for themselves because "they don't feel hungry" or they "don't like eating alone." And the resulting malnutrition aggravates arrestable diseases and leads to premature death or illness so serious as to require institutional care. There is no way to measure the death and illness which results from inadequate diets on the part of the aged, but doctors and health care professionals know that this toll is substantial.

The rising cost of utilities is forcing this malnutrition upon hundreds of thousands of older Americans. Malnutrition will be a primary cause of death or illness but the records will probably list only some specific disease.

Deterioration of health and ultimately death from insufficient heat or insufficient food is a real threat to many senior citizens. These are not just the aged who are visibly poor, those living in ravaged tenements in the cities or in drafty shacks in rural areas. The quiet, retired couple living in the bungalow in your neighborhood can well be the victims of inadequate heat and inadequate diet. They may not know what is happening to them. Or they may be too proud to ask for help.

The story of rising energy costs is really a story of misery and hardship for millions of other Americans who have so far, been fortunate to have weathered those costs. The fact is, between 1972 and 1978, the price of home fuels tripled the rise in

the cost of living. The automatic cost-of-living adjustments in Social Security we won back in 1972 hasn't come close to protecting our meager incomes from rapidly decreasing purchasing power.

In 1976, for instance, one million elderly households with incomes of less than \$2,000, spent over half their income on home fuels. That leaves \$1,000 to live on for 12 months--less than \$100 a month or approximately \$20 a week. That is \$20 a week for food, rent, clothing, medical care and transportation. No wonder we hear reports of people eating dog food.

What is the answer?

Some say conservation.

The President's call for conservation on its face is commendable. Such actions as mandatory thermostat settings and energy efficiency standards for building, wheeling of electricity from non-oil fired generators, and strict enforcement of the 55 mile per hour speed limit will reap greater savings than those alleged from decontrol, yet will add absolutely no cost to family energy bills. Nevertheless, the special circumstances of senior citizens present complications when conservation measures are considered.

Americans, in general, have adjusted about as much as they are going to in their use of gasoline and heating oil. The poor and elderly are already conserving as much as they possibly can. In fact, the FOMAC study states that the poor are conserving more than could be regarded as healthy. Senior citizens cannot conserve what they never used or wasted. Low-income people subsist on lower amounts of energy than the average American and have already cut back to the point of endangering health.

The poor and elderly have long since learned to conserve, as the tragedies I referred to earlier dramatized, all too many have learned all too well.

As far as utility rates are concerned, the rapid increase in rates has placed an undue burden on the budgets of senior citizens and all low- and middle-income families. Electricity rates have risen 47 per cent over the past three years, while natural gas rates for home heating have risen 82 per cent over the same period. Pricing structures create the worst inequities. By utilizing inverted pricing schedules, with declining rates at higher usage levels, utility companies charge higher unit prices for those consumers using smaller amounts of energy. In other words, rate structures give discounts to large users of electricity who are subsidized by smaller users, encouraging wasteful energy consumption and long-run increases in energy costs. Once again, the economic burden is regressively shifted upon the ones least able to afford it--the poor and elderly.

The choice of whether to heat or to eat is no choice at all. Soaring energy prices and general inflation have pushed low- and middle-income senior citizens to the wall. We have no place to move. More increases will only crush those who are now barely surviving.

The President, in the first National Energy Plan, recognized the special problems caused by rising energy costs for the low-income households. Specifically, the White House stated, "the elderly, the poor, and those on fixed incomes should be protected from disproportionately adverse effects on their income. Energy is as necessary to life as food and shelter."

Unfortunately, it appears as if the President has discarded any notion of distributing equity and fairness.

By decontrolling the price of oil, the President has placed an additional weight on the already weary and weak shoulders of America's senior citizens.

But unlike the Nixon-Ford years, when a bill authored by the President went to Capitol Hill bad and came out better, the Carter energy legislation went in good and came back down Pennsylvania Avenue worse! The major energy corporations and huge utility companies had their way and the consumers were ripped off once again.

Carter's proposal to rebate to the American people the crude oil equalization tax revenues, was the only provision in the original bill which directly addressed the impact higher energy costs would have on the poor and elderly. The per capita rebate scheme, weak as it was, would have provided some measure of relief. But, alas, the proposal never even emerged from the subcommittees.

It is, however, worth briefly analyzing the rebate proposal, for such a scheme may once again be the subject of consideration. For one thing, because it was intended to keep the tax revenue in the economy, it was a per person rebate. Therefore, it was neither targeted nor single in purpose. Secondly, while its design was relatively simple, it was far from equitable or efficient. A flat rebate would overcompensate some and grossly undercompensate others. And a flat rebate ignores differences in need. The rebate scheme also encounters problems of some getting multiple

rebates and others falling through the cracks and getting none at all. I have attached the results of the U.S. Department of Treasury simulation which was prepared two years ago in response to President Carter's \$50 rebate economic stimulus proposal. The bottom line is that a per capita rebate would result in 36 million people receiving multiple payments and 6 million persons receiving none at all. As might be guessed, the vast majority of those 6 million persons are those most in need of assistance. They are the people who live in rural and inner city neighborhoods and have incomes of less than \$5,000.

The FOMAC proposal to base eligibility on income and the percentage of income spent on home energy use, will insure that assistance will be afforded to those exclusively on the basis of need. And we are particularly impressed with the recommendation that the amount of assistance be based on the difference between the percentage of income currently spent on home fuel and the sliding scale percentage of income that should be spent on energy. Similarly, we are pleased that the committee recognized the need to take into account tenants who pay their utility bills through their rent.

The FOMAC proposal envisions the recipient population to be approximately 15 million households; 8 million of those will be headed by a person 60 years old or older. This segment of the population has shouldered a disproportionate burden as a result of our lack of an equitable energy policy. They have sustained an \$8 billion loss in purchasing power exclusively as a result of the increases in the cost of home fuels in 1978.

Unless and until we as a nation reform the utility rate structures and include a lifeline rate for all essential energy needs, an income based energy relief program is the only equitable and the only humane solution.

Appendix

Results of the U.S. Department of Treasury simulation of the proposed \$50 per capita rebate:

- Almost 36 million persons received multiple payments;
- Almost 8 million persons received no payment;
- Of those who received no payment, the overwhelming majority, 67 per cent, were rural residents;
- Of the remaining 33 per cent who received no payment, almost all were inner city residents;
- Of the rural residents without any payment, more than 50 per cent had family incomes of less than \$5,000; 78 per cent had family incomes of less than \$10,000; higher income levels were also represented;
- Of inner city residents without any payment, 64 per cent had family incomes of less than \$5,000; 83 per cent had family incomes of less than \$10,000; higher income levels were also represented;
- The age distribution of non-recipients cut across all age categories but was concentrated in the prime years of 20 to 60 years of age, 52 per cent; under 14 years, 20 per cent; 14 to 21 years, 20 per cent; and 61 years and over 8 per cent;
- The racial composition of non-recipients was 81 per cent white, 19 per cent non-white;
- The composition by sex of non-recipients was 53 per cent female, 47 per cent male.

Senator EAGLETON. Thank you, and that is the hearing.

[Whereupon, at 12:30 p.m., the subcommittee was adjourned, subject to the call of the Chair.]

HOME ENERGY ASSISTANCE ACT

FRIDAY, JUNE 15, 1979

U.S. SENATE,
SUBCOMMITTEE ON AGING,
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Kansas City, Mo.

The subcommittee met, pursuant to notice, at 10:30 a.m., in the Jackson County Courthouse legislative chamber, 415 East 12th Street, Senator Thomas Eagleton (chairman of the subcommittee presiding).

Present: Senator Eagleton of Missouri.

Also present: Marcia McCord and Jean Moore, legislative assistants.

OPENING STATEMENT OF SENATOR EAGLETON

Senator EAGLETON. Good morning, ladies and gentlemen. The Senate subcommittee will come to order to hear testimony on the energy needs of our poor and our elderly.

For most Americans energy shortages and higher energy prices are a source of bearable aggravation. Because supplies are tight we can carpool to work. Because prices are up we set our thermostats at 68° instead of 72°. Because rising energy prices have pushed up the cost of living in general, we make do one more year with an old suit or put off buying a new television set. But for some 6 million elderly Americans living at or near the poverty level, the energy crunch is more than a matter of inconvenience. It poses a very real threat to independence, and even to life.

The elderly and the poor have felt the full force of the energy crisis on cold winter days during the past few years. They have been forced to make cruel budgetary choices between heating and eating. This is a choice that no American should have to make, but as utility costs continue to race far ahead of pensions and social security benefits, it is a choice that more and more of the elderly are facing each winter. Of course, there is some help available, but so far that help has been pretty spotty at best.

For the past three winters the Federal Government has pumped some \$200 million per year into utility bill assistance, providing indispensable relief for many senior citizens. But even though I've strongly supported this program, I must admit that in the overall scheme of things it is little more than a band-aid approach to utility bill inflation. Now, even that band-aid appears to be slipping.

In the budget the President sent to Congress last January, which provides funds for the fiscal year that will begin on the first of October, the President recommended only \$40 million for the so-

called crisis intervention program. In the prior 3 years, I've already noted, it was \$200 million in each of those years. Now, on top of that \$160 million cut, the Appropriations Committee in the House of Representatives halved that funding level of \$40 million down to \$20 million.

Last week this subcommittee opened this series of hearings in Washington, hearing from, among others, the Director of the Community Services Administration, a representative of the National Conference of State Legislatures, the Chairman of the Department of Energy's Advisory Committee, which recently proposed a \$3.2 billion energy assistance program, and the secretary-treasurer of the Citizen-Labor Energy Coalition.

The testimony of these witnesses, I think, can be summed up as follows: The situation already is critical and there are no indications that it will abate. Existing Federal programs, best characterized as sometimes too little and too late, is the only authority on the books under which some assistance may be provided for this upcoming winter, and there is simply not the time nor the resources in the Federal treasury to initiate the ambitious billion-dollar programs recommended by some.

Fewer than a dozen States have enacted legislation to implement any meaningful energy assistance for the elderly and the poor. This leaves us with a very sad prospect indeed. In just a few months temperatures will again begin to fall and many older Americans and poor people will again face the cruel choice between warmth and food. So, the purpose of today's hearings is to further explore what action on the Federal level or the State level or local level can be initiated, working both on the short-term needs, looking to the upcoming cold weather beginning this next fall, and to long-term solutions as well, to alleviate this burden on the most vulnerable segment of our society.

We have a series of witnesses, eight in number, with one or two panels of witnesses, and so we'll begin our hearings now with Mr. Wayne Thomas, who is the Regional Director of the Community Services Administration.

Dr. Olivarez, Director of the CSA on the national level, who appeared in our Washington hearings, made a very good witness and was very constructive, and we're anxious to hear from you as well, Mr. Thomas, as the Regional Director of CSA for several States, including Missouri.

STATEMENT OF WAYNE THOMAS, REGIONAL DIRECTOR, COMMUNITY SERVICES ADMINISTRATION

Mr. THOMAS. Senator Eagleton, it's a pleasure to talk with you about this critical problem facing people in region 7, poor people, elderly people, all of a problem that's becoming critical, almost unsolvable.

I'd like to submit my statement, make a few comments from it, and then perhaps we can discuss some of the problems.

Senator EAGLETON. Yes, I mentioned to all of the witnesses if they have elaborate, prepared statements, the statement will appear in the record in full and then I will appreciate their giving me their principal highlights of the testimony. If you're going to

skip through your prepared statement, from time to time tell me what page you are on and that will be fine.

Mr. THOMAS. I'd like to start on the second page of my statement, talking about the fact that the energy costs have led the way, as far as inflation has been concerned.

I quote some figures there from 1977 which deal with the price increase and the increase in welfare payments the increase of social security supplements, showing that income from 1974 to 1977 went up 21 to 15 percent, while at the same time the price of No. 2 heating fuel was going up 82 percent, a gap that had to be closed by cutting back on use of something, and elderly people, poor people, were already using less fuel than the nonpoor.

Studies will show that a few additional cuts have been made but they were already at the basic minimum. What has happened is that while in 1972 and 1973 the elderly and poor were using about 12 percent of their income for energy costs, they are now using 20-some percent of their income for energy costs. The same thing, unfortunately, can be said about food, can be said about nonprescription drugs and a multitude of necessities that low-income people or elderly people face.

I have some figures here to show that the price of natural gas and fuel oil is continuing to go up, a month-by-month increase already in 1979.

Senator EAGLETON. Do you have statistics comparing price increases in energy vis-a-vis food, vis-a-vis health care? Do we have statistics that can give us a comparison of how costs have gone up in those three areas, and then track it with the Consumer Price Index, or some other economic indicator?

Mr. THOMAS. We can get those statistics for you, yes. The Bureau of Labor Statistics would have them. I'll supply them.

Senator EAGLETON. All right, get those figures for me and we'll put them in the record.

Mr. THOMAS. On page 3, I have listed statistics involving individual households. In St. Louis, a 59-year-old woman has a yearly income of \$2,500 and a fuel bill of \$950. A family of three with a \$2,500 income owe \$227 to a fuel company and they cannot get any more fuel until they pay the full balance of the bill. Not in the record there are some figures on families in north Missouri; there's a 65-year-old woman with a \$2,400 income and a fuel bill of \$295; a 70-year-old man with \$1,800 income who owes \$300 on his fuel. I can list case after case.

Senator EAGLETON. Any of those cases that you mentioned, did any of them get relief out of the existing program?

Mr. THOMAS. All of those that I mentioned, except the one family who has the gas bill of \$950, received help from the program. What they have in that case is—

Senator EAGLETON. I'm just curious; why didn't the 59-year-old lady get some help? Was she not eligible in terms of economic, her income level was too high to be helped, or what?

Mr. THOMAS. Her problem was that her fuel bill was too high. The maximum benefit available under this program is \$250. She had to pay her gas bill off before she could get service restored and \$250 just did not do it.

I do mention here a case in St. Louis County, a couple who came to our attention through a letter they had written to you, a letter they had written to President Carter. A man, 62-years-old, a World War II disabled veteran, injured recently by an assailant, unable to work. They had no fuel oil in their house from December through April when they first received assistance. Also, they were a month behind on the house payment, they had no food because they had to cut down, and the veteran's check that they had been getting had been lost through a computer error. The Community Action Agency in St. Louis County was successful in securing assistance for this couple from the Administration on Aging operation in St. Louis County, and has done a lot to help those people effectively deal with something that they saw as totally unsolvable.

Let me mention three things that CSA has tried to do: One is, since 1973 we've been operating a weatherization program. One of the first was a small grant to the State of Missouri. In 1977 and 1978, the Community Service Administration spent \$6 million, basically on material costs on weatherizing homes for low-income people and the elderly in these four States.

In addition to that, we're supporting very small solar-type of activities in the four States to work in terms of using that energy for poor people. Charlie Braithwait, who is on the program later, has done a good deal of work in terms of installing solar units on the homes of elderly people.

We also have a small farm project in the State of Nebraska, working with small farmers on how they can reduce energy use and still maintain their income, and they've done a good deal of work on solar grain drying, on solar farrowing houses, and so forth.

The principal thing, though, that we spent money on has been payment of fuel bills, not just payment of fuel bills alone but meeting the other needs that are involved there. The 3 years that the crisis intervention program has operated, we have spent \$46,772,000 on crisis intervention in the four States.

Senator EAGLETON. That's a 3-year total; correct?

Mr. THOMAS. That's a 3-year total. Those totals are on page 4. It shows that in the State of Missouri, during that same time, \$22 million has been spent.

Senator EAGLETON. Just for the moment let's stick with Missouri. Out of that \$22 million total for all 3 years, \$9.5 million went for the emergency assistance program; that's to pay bills, right?

Mr. THOMAS. Actually, those are the names that the Community Service Administration has established on those programs. Our figures say that 75 percent of that money goes to pay fuel bills. So, of the \$22 million, three-fourths of that, or about \$15 to \$16 million has gone to pay for fuel bills.

All right, give me the breakdown, rough figures; where did the other \$6 million or so go by category, just rough figures?

Mr. THOMAS. Well, a large portion of that, then, would go for food supplements.

Senator EAGLETON. Food supplements?

Mr. THOMAS. Yes, in terms of paying fuel bills for people, there would be some money for household expenses, there would be some money in terms of emergency housing. In a few cases money has been used for rent payments.

Senator EAGLETON. In those cases where you pay for food, are those situations where the individual has paid his or her utility bills?

Mr. THOMAS. Yes.

Senator EAGLETON. And in so doing doesn't have any money to buy food, correct?

Mr. THOMAS. That is right. One of the things that the program has demonstrated, although we have no figures on this, but basically is that people do pay their fuel bills. That's one of the bills that people pay, even though we spent \$16 million on fuel bills, people have paid those until they got to the breaking point.

Senator EAGLETON. All right, again sticking with Missouri, of that \$6 million, how much of that \$6 million, roughly, went for food, in your estimate?

Mr. THOMAS. I'd say two-thirds of it.

Senator EAGLETON. Roughly \$4 million for food?

Mr. THOMAS. Yes.

Senator EAGLETON. Then some for rent. How much would you estimate for rent? A \$1 million or so?

Mr. THOMAS. Less than that. All the other categories would be less than \$1 million.

Senator EAGLETON. All right.

Mr. THOMAS. Some may have even gone in terms of medical assistance, some in terms of furnace repairs, maybe even a little in terms of fixing broken windows on houses and that type of thing.

Senator EAGLETON. So, I understand your chart on page 4 of your testimony, the first column, "special crisis intervention program, that was the program for fiscal 1977? That's what it was labeled, right?

Mr. THOMAS. Yes.

Senator EAGLETON. And then with our genius for labeling, we decided to label something else in 1979?

Mr. THOMAS. The third column, which is extended emergency energy assistance program is the court-ordered extension of the 1978 program.

Senator EAGLETON. The court ordered some additional moneys to be made available?

Mr. THOMAS. They ordered the program kept open until all the money was spent.

Senator EAGLETON. Was spent or allocated?

Mr. THOMAS. Yes.

Senator EAGLETON. And then the last column is yet again another new label for fiscal year 1979?

Mr. THOMAS. Yes.

Senator EAGLETON. OK.

Mr. THOMAS. Those figures on 1979, for instance, show that Missouri received \$9,500,000 in 1978; this year the program was only \$7,300,000.

Senator EAGLETON. So, the program was smaller in 1979 than it was in 1978 by a considerable amount, although fuel bills quite obviously were higher in 1979 than they were in 1978?

Mr. THOMAS. Yes, although there would be some combination between the court-ordered extended program and the 1979 program. But even still, even combining those, it's a shortage.

In 1978, in the State of Missouri, 53,000 households were helped under this program; 25,000 of those—I'm on page 5—25,000 of those were elderly and the remaining 28,000 were other poor.

This year the preliminary estimates in the State of Missouri show only 33,000 households have been helped. That's down about 18,000. I do not know the explanation of that and I do not know whether those figures will be higher.

Senator EAGLETON. From whom do you get those figures?

Mr. THOMAS. Those have come by telephone survey of the Missouri Community Action agencies. Although, if you combine the court-ordered program with the 12,000 there and the crisis intervention, we're up to about 46,000, but that's still down 7,000 households.

Senator EAGLETON. In 1979, was it a condition of receiving assistance that one had a shutoff notice?

Mr. THOMAS. That is right, and I would suspect that has made the principal amount of difference.

Senator EAGLETON. In 1978 there was no such prerequisite?

Mr. THOMAS. No, people who had had a shutoff notice or were suffering hardship.

Senator EAGLETON. There was some tightening of the regulations to generalize a bit between 1978 and 1979?

Mr. THOMAS. One of the things that was considered between 1979 and 1978 was to identify whether the programs purpose was to pay fuel bills or was to meet crisis situations, and the result was a tightening of whether you could pay fuel bills.

Senator EAGLETON. Go ahead.

Mr. THOMAS. I mentioned here the changes or some of the problems starting on page 5. One is in terms of the timing of the program. Both 1977 and 1978, we operated a program after winter was over, with a very short deadline in terms of the time period, people had to complete the program.

Senator EAGLETON. Could the same thing be said of the 1979 program?

Mr. THOMAS. The 1979 program started earlier, but not that much earlier.

Senator EAGLETON. Not that much earlier, and didn't we just get a 30-day extension to pay bills up until the end of June?

Mr. THOMAS. The program was scheduled to May 31, and it has been extended, and I think that, Senator, it is a result of a court case in the State of Massachusetts, where a Community Action Agency there brought suit against CSA. One of the settlements of that was a 1-month extension of the program.

Senator EAGLETON. Will all of the funds that are allocated for your four-State region, will all of those funds be obligated or spent by June 30?

Mr. THOMAS. In 1977 we spent 73 percent of the money allocated. In 1978, we spent 89 percent of the money. Figures coming out of Missouri now would indicate that out of the \$7 million there is less than a quarter of a million dollars that will be left unspent. And the principal reasons will be unspent are: because of the time frame, the startup, the uncertainty of how much money was going to be available and how long people would have to operate. One of the agencies that will have, I think, a sizable amount of money is

the Metropolitan Lutheran Ministry here in Kansas City, and they can explain the uncertainty problem and how that created problems for them, with the groups they were working with and the problems for the elderly people.

I might mention on the program that another change that was involved was on who the grants went to, who administered the program.

In 1977, all the funds went to the States, the four States. In 1978, and now, we made a shift to where we funded mostly Community Action Agencies and this year we are funding all Community Action Agencies for the programs where they exist.

We found that the Community Action Agencies had greater flexibility in dealing with people, regardless of age or family status or sex, or any of those types of things. The States were tied into their welfare eligibility system and had difficulty reaching out to people who were not part of their current system.

We received a substantial increase in the number of people served in all cases where we move to Community Action Agencies. In Missouri, for instance, in 1977, there was \$4 million spent for the program under State administration, last year \$9 million plus was spent in the Community Action Agency administration.

One of the other problems that happen in the State, at least I am told happen, is that there were State regulations developed for the program. In some cases they were perceived as trying to be sure that no State funds would be necessary to keep the program going.

I might mention in this last case, while there have been some legislative efforts in three, possibly four of the States, there have been no legislation enacted during these 3 years for any State support of the program.

Senator EAGLETON. Did you say in three of the four States there had been no legislation?

Mr. THOMAS. Right.

Senator EAGLETON. What State was there legislation, and what was the thrust?

Mr. THOMAS. No; three of the States, there had been efforts; none passed.

Senator EAGLETON. Oh, three made an effort, albeit unsuccessful, and one didn't even make an effort?

Mr. THOMAS. That is right. The only State now that's providing any money for this is the State of Kansas, which has provided some assistance under the emergency assistance program, which is one of the social security—

Senator EAGLETON. How much assistance has the State of Kansas provided?

Mr. THOMAS. Very little. The problem of getting a definite figure is that energy costs are only one of the items covered. There are numerous other things, such as educational costs, clothing costs, all these types of things that can all go into it. So, there is no way to tell how much is going to the fuel costs. Fuel is just an added on factor.

One of the principal problems with the crisis intervention program has been determining how much money a specific area needs, would use, or should go to an area. The first year there was a

legislative allocation that went to all States, even to States that had no problems, and therefore spent no money.

Last year, while there was an attempt to designate areas that were having real hardship, the result was that the funds were distributed to grantees two and three times.

In 1979, an attempt was made to tighten that up by saying that there will be one grant going to all those areas of the country with the problems that will deal with hardship. Those were very small grants. An then second, there would be a one-time supplement to meet all of the additional needs in the community. So, once you got that money you would decide how to spend it to meet all of your needs.

The State of Missouri asked for \$8,860,000 in the supplemental funds. Our first allocation to them was \$4 million. Since then there have been two other grants and the State of Missouri has received \$6,700,000 of those moneys, more than 50 per cent more than our first allocation to them.

What happens is, in those cases at the local level, is that if you think you have \$200,000 and it has to meet all the needs, you divide that up into very small allocations to people, or you serve the most hard-pressed people first, and you don't meet all of the needs, or even meet some of the really critical needs.

To give an example, in the city of Des Moines, Iowa, where they knew, based on the people they worked with last year and the problems they were dealing with, they needed approximately \$400,000 to meet their needs. Our first grant to them for this program was \$144,000. One of the things they did was develop a sliding scale of benefits so that they could make that money stretch as far as they needed to go. One of their criticisms is on benefit amount. They said it wasn't quite right to give one person as many dollars as you gave a four-person family. So, they had a sliding scale, one person \$100, two persons \$150, on up by size. That, obviously, penalizes the 59-year-old woman that we talked about in St. Louis that had the \$950 fuel bill, but she could only be eligible for \$100 under their program.

The irony of it is that we have since provided additional money, a total of \$394,000, to the city of Des Moines, which is the amount that they had estimated they needed at the start. The difficulty in determining an allocation formula resulted in a very real hardship for the people administering the program and definitely for the people who were going to receive the benefit.

Senator EAGLETON. Well, it that \$394,000 spent?

Mr. THOMAS. It will all be spent by the end of June; yes.

Senator EAGLETON. They originally estimated they needed \$400,000, so they got very, very close to what their original estimate is?

Mr. THOMAS. That is right, but their initial allocation back in February was only \$144,000. Our regulations told them that they had to plan on operating the entire program for that amount.

Senator EAGLETON. But now with the subsequent allocations that have been made they will be close to the \$400,000?

Mr. THOMAS. Yes; they feel that that's about the amount they needed to deal with the problem.

We also had the change in income guidelines on May 7, that increased the poverty guidelines. This change probably added 75 to 100 families in the city of Des Moines to the program.

I guess in closing, I'd say that one thing we have learned over the program is that the situation we're dealing with is no longer an emergency. The situation we're dealing with is an continuing problem that the elderly, the poor, have a real way to deal with.

Senator EAGLETON. When you say it's no longer an emergency, it is no longer, in your opinion, a momentary, instant crisis, it's a continuing problem?

Mr. THOMAS. Yes; it's a continuing crisis, and people who have these problems see no way out. Many people who were reluctant to receive Federal assistance, their pride convinced them that this was not something that they could do, have become to depend on assistance through this program for really meeting some of the very necessities of life.

Senator EAGLETON. Describe for us the administration's approach for next winter, wherein they are recommending only \$40 million, and how do they want that money spent?

Mr. THOMAS. That's to deal with life-threatening health situations.

Senator EAGLETON. Well, amplify that.

Mr. THOMAS. Well, I may have told you all I know. In terms of how you distinguish between people who are not meeting the necessities of life, versus people who have real health problems, who have real problems in terms of their shelter being adequate, in terms of having no place to go. The \$40 million will provide some assistance at the local level to meet some of the most critical problems. Based on experience here in Kansas City, the work of the local social service agencies, church-supported funds for the program, the efforts here that former Mayor Charles Wheeler and other people were able to do through the city, plus a share of the \$40 million will all prove inadequate to meet the needs.

Senator EAGLETON. The \$40 million program is intended to provide emergency response in terms of such things as blankets, transportation, temporary housing, food, temporary heaters, and the like, and it is intended if that program goes forward that it not be spent to pay utility bills; is that not correct?

Mr. THOMAS. That is correct, and there are real needs for those items, but since we're talking about the State of Missouri, approximately \$70,000 of CSA funds last year being spent on fuel payments.

Senator EAGLETON. What?

Mr. THOMAS. \$7 million, I beg your pardon.

Senator EAGLETON. Yes.

Mr. THOMAS. It's only a matter of rounding, I suppose, but it rounded certainly the wrong way.

We do not see where those resources are coming from. Several of the States have made some efforts, as I indicated, three of four States in this region have made some efforts. I see no prospect of any of those bits of State legislation being passed and funds coming that way.

Senator EAGLETON. What is this item in the \$40 million for transportation? What does the administration envision under that word "transportation"?

Mr. THOMAS. I do not know.

Senator EAGLETON. Insofar as the efforts of the States are concerned, for this past winter, that is the winter of 1978-79, our records indicate that eight States had some form of an emergency assistance program in place; namely, Minnesota, Rhode Island, Vermont, Kentucky, Michigan, Wisconsin, Connecticut, and New Hampshire. Now, for the winter of 1979-80, the upcoming winter, only Ohio has a State program in place with appropriations approved. I will hear later from Mrs. Slavin on the utilicare bill. Our understanding is that the House of Representatives has passed a utilicare bill, the Senate was scheduled to take it up, I think yesterday, but did not. Is today the last—today's the last day of this session, and Mrs. Slavin will tell us about that bill and other aspects of what the State might or might not do later on.

The thrust of these hearings has been to focus on what might be done in anticipation of the upcoming winter. It was brought to our attention in our Washington hearing that there are summer problems as well, in terms of heat prostration, et cetera. Twenty elderly people in Texas died in the Dallas heat wave in July of 1978. What guidance or suggestions might you make to us with respect to heat prostration in the summer months?

Mr. THOMAS. Well, I think our attention has focused principally on the problem of the winter. The last three winters have been extremely cold. The summers have been a little bit easier. Those are problems, but to the best of my knowledge, we have addressed no real attention in this region toward those.

Senator EAGLETON. What can you suggest to us with respect to weatherization as part of this program? If I understand the breakdown of money spent, and we were focusing on the Missouri figures and we could do them in the aggregate, but just going back to the Missouri figures, you said about \$16 million went to utility bills, about \$4 million went to food, did we say, and then less than a million dollars for everything else rolled together. In that everything else rolled together, was there any weatherization money out of that?

Mr. THOMAS. Not enough to be noticeable; no. Not enough to be noticeable.

Senator EAGLETON. What about other weatherization programs that the Federal Government operates through, for instance, Farmers Home Administration, I think there's one in the Office on Aging, Department of Energy, HUD. Who serves as the catalyst to focus this diffused Federal effort on weatherization and what have you done to focus in on needy elderly people or poor people?

Mr. THOMAS. The Community Service Administration this year has no weatherization funds. We operated it through last year and now all of the Federal funds, the principal Federal funds, the sizable Federal funds are in the Department of Energy. The State of Missouri is administered through the department of natural resources, but at the local level they use the community action agency.

An additional item in the State of Missouri is a sizable amount of title 20 funds out of the Social Security Act for weatherization, that once again is operated through the community action agencies and administered at the State level by the State economic opportunity office. So, at the local level, the coordination is done by community action agencies.

Senator EAGLETON. We had testimony in the Washington hearing that weatherization materials, insulation, and other such things, have been purchased and are available but are not being put into place because of inability to pay the labor costs. Have you had such an experience in your region?

Mr. THOMAS. The situation is a little spotty. It depends, it's a timing problem as much as anything else. I mean, the problem is not terribly large at this time in these four States, but it will become larger as a result—

Senator EAGLETON. What do you mean the problem isn't very large at this time?

Mr. THOMAS. What I was trying to say is that the Department of Energy legislation requires 90 percent of the money to go for materials, which leaves no money for labor. The programs then have used CETA labor as a means of doing it.

In Missouri, in rural Missouri, and in Kansas, to some extent in Iowa, people are continuing on last year's CETA contracts. Once those contracts end, they will then go to the new ones which have different requirements, which have a lower wage. In Nebraska, where they are in that type of situation, many of the projects have shut completely down. We're talking about a salary of \$3.19 an hour, which makes it difficult to recruit people to do this. It means that you have people climbing around in attics of houses who in some cases have had no experience there, and it becomes a very real learning experience. It also becomes very difficult to recruit people to work on the projects. And the CETA is the only labor that's available to get the weatherization material that is bought through the Department of Energy money installed.

They have a very sizable appropriation. We're talking about a couple of hundred million dollars, but we're talking about no labor to go along with it.

Senator EAGLETON. \$200 million for the materials?

Mr. THOMAS. Well, it's a total—

Senator EAGLETON. A total of which 90 percent must go for materials?

Mr. THOMAS. Yes, and in the urban areas in Missouri it is a problem even now in terms of recruiting the labor. CETA labor has been a problem in the urban areas in Missouri for a couple of years. In rural areas it will become a problem late this summer or early fall.

I think one of the critical things is that the crisis intervention program meets a critical situation in a family's life at that time, but unless something is done to improve the condition of the house, if something isn't done on shelter or on many of the other things, the problem repeats itself. Weatherization certainly provides a good opportunity, a real chance to reduce some of the fuel uses and to, hopefully, reduce the amount of need for Federal funds or wherever the crisis intervention funds would come from.

Senator EAGLETON. Let me ask this final question of you, Mr. Thomas. In recent times the Federal Government has had some success using Federal funds to leverage additional funds at the State and local and private level. The UDAG program operated by the Department of Housing and Urban Development is an excellent example of that. There's a UDAG grant application pending out of Kansas City, in which x millions of Federal funds leverages 5-X or 10-X State, local, and private funds. Can you conceive of a way where the Federal Government could use, say, the \$200 million round figure sum for crisis intervention as a means of leveraging a fuller response by the States and local governments, and by, say, the private or publicly owned utilities as well?

Mr. THOMAS. One of the things that we know is that the ongoing private, local, I'm thinking here in terms of charitable contributions, are being, are totally taxed as far as this thing is concerned. All of their money is going for those types of fuel and food-related problems during the winter. We do have examples of the warmth and light fund which has made some effort to secure some private contributions. They have been quite successful and in individual cases have been spotlighted to deal with those. In St. Louis, the Laclede Gas made contributions in terms of trying to meet some of the needs, and they did that independent of any Federal response.

The State of Missouri, in terms of an emergency assistance program, is dealing with a program that is a 50 percent Federal match. That program was not passed, so the 50 percent match requirement, apparently did not provoke a response to the program.

I have told the people at the State of Missouri that one of the ways to look at the crisis intervention program is that it was an effort by Congress to respond to real emergencies to give the State a chance to get a program in place.

Senator EAGLETON. Well, that was certainly the intent of the first year, and then it became the intent of the second year, and, quite frankly, became the intent of the third year. And we're now contemplating embarking on a fourth year. When I say "we," some of us; the administration is not.

Mr. THOMAS. We found that having the program, and it may have been the timing as much as anything else, but I don't think so. The first year's program that was administered by the State level resulted in no contributions by any of the States to the program, either through administrative costs or any other items, that asking the Governors to make designations of areas as eligible has resulted in very little response that way.

I guess I cannot perceive, based on my experience, of what it will take to result in the increased State contribution and State involvement. The city of Kansas City became involved. I think many of the reasons was because Mayor Wheeler said he didn't think there was anybody out there who needed assistance. He started answering the telephone when people called in, and Mayor Wheeler talked to, a lot of people that he discovered had real problems and he became very sensitive to trying to meet those needs. And the city of Kansas City is one of the few places that has made a contribution to the program in an effort to respond. I think Kansas

City should be commended, the city council, the mayor, the entire city.

Senator EAGLETON. I agree. I think in the country there were precious few cities that made any financial response whatsoever. I don't recall the dollar amount for Kansas City, but it was a good-faith effort on their part that was not emulated in other cities in the country.

Thank you, Mr. Thomas.

Mr. THOMAS. Thank you.

[The prepared statement of Mr. Thomas follows:]

STATEMENT OF
WAYNE THOMAS, REGIONAL DIRECTOR
COMMUNITY SERVICES ADMINISTRATION
BEFORE THE SUBCOMMITTEE ON AGING
SENATE COMMITTEE ON LABOR & HUMAN RESOURCES
FRIDAY, JUNE 15, 1979

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, I AM PLEASED TO ACCEPT YOUR INVITATION TO DISCUSS THE IMPACT OF THE ENERGY CRISIS UPON THE NATION'S ELDERLY. THE INFORMATION AVAILABLE TO THE COMMUNITY SERVICES ADMINISTRATION (CSA) SHOULD BRING A UNIQUE PERSPECTIVE TO THIS HEARING. SINCE 1973, CSA HAS BEEN DEEPLY CONCERNED ABOUT THE EFFECT OF RISING ENERGY COSTS ON THE POOR. WE BECAME AWARE EARLY OF THE PARTICULAR HARDSHIP SUFFERED BY THE ELDERLY POOR.

CSA RESPONDED TO THIS PROBLEM WITH THE FIRST FEDERALLY FUNDED HOME WEATHERIZATION PROGRAM. ONE OF OUR FIRST FUNDINGS WAS A \$125,000 GRANT TO THE MISSOURI STATE OFFICE OF ECONOMIC OPPORTUNITY. IN DECEMBER 1974, CONGRESS ADDED A COMPREHENSIVE ENERGY ASSISTANCE PROGRAM (SECTION 222a 12) TO THE ECONOMIC OPPORTUNITY ACT. THEN, IN RESPONSE TO THE EMERGENCY CREATED BY THE BITTERLY COLD WINTER OF 1976-77, A \$200 MILLION SPECIAL CRISIS INTERVENTION PROGRAM WAS ESTABLISHED. CSA HAS NOW OPERATED THREE SUCCESSIVE CRISIS INTERVENTION PROGRAMS.

I WOULD LIKE TO DISCUSS WITH YOU THE ENERGY PROBLEMS FACING THE POOR, PARTICULARLY THE ELDERLY POOR, AND THE EXPERIENCE CSA HAS HAD IN ADMINISTERING THE CRISIS INTERVENTION PROGRAM.

THE EFFECT OF RISING ENERGY COSTS ON THE POOR AND THE ELDERLY HAS BEEN DEVASTATING AND HAS PRODUCED EXTREME HARDSHIP.

ALREADY AUSTERE BUDGETS HAVE BEEN PUSHED BEYOND THE BREAKING POINT. FOR INSTANCE, FROM THE SUMMER OF 1973, TO THE SUMMER OF 1977, THE CONSUMER PRICE INDEX ROSE 66 PERCENT. ENERGY COSTS LED THE WAY, WITH NUMBER TWO HEATING OIL UP 82 PERCENT AND NATURAL GAS UP 69 PERCENT.

THOSE ON FIXED INCOMES SIMPLY COULD NOT KEEP UP. WELFARE PAYMENTS WERE UP ONLY 21 PERCENT FOR THE SAME PERIOD AND SSI PAYMENTS, WHICH WERE BEGUN IN JULY, 1974, ROSE ONLY 15 PERCENT THROUGH THE SUMMER OF 1977.

SO FAR, THERE HAS BEEN NO LET UP IN THE RISE OF ENERGY PRICES. FOR EXAMPLE, THE DEPARTMENT OF ENERGY'S RECORD OF NATIONAL ENERGY PRICES SHOWS THAT NUMBER TWO HEATING OIL WAS 53.7 CENTS A GALLON IN JANUARY OF 1979. THE COST OF NUMBER TWO HEATING OIL WAS 56.4 CENTS A GALLON IN FEBRUARY OF 1979. NATURAL GAS PRICES HAVE INCREASED MONTHLY. THE PRICE OF 1000 CUBIC FEET OF NATURAL GAS WAS \$2.90.1 IN DECEMBER, 1978, \$2.97.7 IN JANUARY, 1979, \$3.00.5 IN FEBRUARY AND \$3.05.5 IN MARCH, 1979.

EVEN BEFORE THESE PRICE INCREASES, THE POOR AND THE ELDERLY WERE ALREADY FORCED TO ECONOMIZE ON HEATING FUEL. A WASHINGTON CENTER FOR METROPOLITAN STUDIES HOUSEHOLD SURVEY IN 1973 INDICATED THAT THE ELDERLY AND THE POOR USE 82 PERCENT AS MANY CUBIC FEET OF NATURAL GAS AS DO THE NON-POOR. THIS IS IN SPITE OF THE FACT THAT THE ELDERLY AND THE POOR USUALLY LIVE IN OLDER, POORLY INSULATED HOMES AND THUS REQUIRE MORE ENERGY TO STAY WARM.

CENSUS BUREAU DATA FOR 1972-73 SHOW THAT HOUSEHOLDS WITH INCOMES OF \$5000 OR LESS SPEND 12 PERCENT OF THEIR INCOME ON ENERGY. A FEDERAL ENERGY ADMINISTRATION COMMISSIONED STUDY

MEASURED THE IMPACT OF BOTH RISING ENERGY PRICES AND EXTREMELY COLD WINTERS. THIS STUDY BY THE WASHINGTON CENTER FOR METROPOLITAN STUDIES SHOWED THAT HOUSEHOLDS WITH AN INCOME 125 PERCENT BELOW THE POVERTY GUIDELINES SPENT AT LEAST 20 PERCENT OF THEIR INCOME ON ENERGY IN 1975.

THIS IS STATISTICAL INFORMATION AND PERHAPS DOES NOT REVEAL THE PROBLEM AS VIVIDLY AS FOCUSING ON INDIVIDUAL HOUSEHOLDS. FOR EXAMPLE, THERE IS A 59 YEAR OLD WOMAN IN ST. LOUIS WHOSE YEARLY INCOME IS \$2588. HER GAS BILL IS \$950. ALSO IN ST. LOUIS IS A FAMILY OF THREE WITH AN INCOME OF \$2512 AND WHO OWE THE FUEL OIL COMPANY \$227. THE FUEL OIL COMPANY WILL COME AND REFILL THEIR TANK ONLY WHEN THE ENTIRE BILL IS PAID.

ALL TOO TYPICAL IS THE STORY ABOUT THE ST. LOUIS COUPLE WHO LOST THEIR SON IN VIETNAM. THE HUSBAND IS A 62 YEAR OLD WORLD WAR II VETERAN WITH 40 PERCENT DISABILITY. HE SUFFERED A HEAD INJURY FROM AN UNKNOWN ASSAILANT TWO YEARS AND HAS BEEN IN DECLINING HEALTH EVER SINCE. HE HAS BEEN OUT OF WORK SINCE LAST DECEMBER AND HAS BEEN UNABLE TO FIND ANOTHER JOB. THIS COUPLE'S PROBLEMS ARE MANIFOLD; HOW TO MAKE HOUSE PAYMENTS, SECURE HEAT, EAT AND RECEIVE MEDICAL ATTENTION. THEY DECIDED TO CUT DOWN ON FOOD. THEY WERE WITHOUT HEATING OIL FROM DECEMBER THROUGH APRIL. THEY COULD NOT AFFORD TO FILL THEIR OIL TANK. THEIR ONLY HEAT CAME FROM A GAS COOKING RANGE AND A SMALL GAS HEATER. THEIR SAVINGS WERE EXHAUSTED AND THE HOUSE PAYMENT WAS OVERDUE.

THIS STORY HAS A MORE PLEASANT UPDATE. THE COMMUNITY ACTION AGENCY WAS ABLE TO ASSIST THIS COUPLE. THEIR FUEL OIL TANK WAS FILLED THROUGH ASSISTANCE FROM THE CRISIS INTERVENTION PROGRAM. THE ADMINISTRATION ON AGING HELPED OBTAIN FOOD AND THE COMPUTER ERROR THAT HAD DISCONTINUED THE VETERAN'S CHECK WAS CORRECTED. THEY WERE ASSISTED IN APPLYING FOR EARLY RETIREMENT UNDER SOCIAL SECURITY. ALL OF THESE EFFORTS HAVE HELPED THIS COUPLE

WORK THROUGH A CRISIS THAT THEY SAW AS UNSOLVABLE. THIS IS AN EXAMPLE OF THE COMPREHENSIVE WAY IN WHICH A CAA WAS ABLE TO RESPOND TO ONE COUPLE'S CRISIS. A CLOSE LOOK AT THE ACTIVITIES OF OTHER CAAS IN REGION VII WOULD REVEAL THAT THIS TYPE OF ASSISTANCE IS REPEATED DAILY THROUGH CAA OUTREACH EFFORTS.

THE CSA ADMINISTERED CRISIS INTERVENTION PROGRAM PLAYED A MAJOR ROLE IN SOLVING THE ABOVE PROBLEM AND IN SOLVING MANY OTHER POOR PEOPLE'S PROBLEMS WITH ENERGY. CSA REGION VII ADMINISTERED \$46,772,292 OF CRISIS INTERVENTION PROGRAM FUNDS DURING THE PAST THREE YEARS. (SEE CHART)

	SPECIAL CRISIS INTERVENTION PROGRAM	EMERGENCY ENERGY ASSISTANCE PROGRAM	EXTENDED EMERGENCY ENERGY ASSISTANCE PROGRAM	CRISIS INTERVENTION PROGRAM	TOTALS
IOWA:	\$ 3,956,224	\$ 2,744,956	\$ 999,000	\$4,174,500	\$11,874,680
KANSAS:	1,149,610	3,386,266	338,500	2,205,000	\$ 7,079,376
MISSOURI:	4,017,055	9,556,748	1,398,635	7,387,700	22,360,138
NEBRASKA:	1,414,037	957,796	501,000	1,851,500	4,724,333
MIGRANTS:			243,665	490,100	733,765
REGIONAL TOTAL	10,536,926	16,645,406	3,480,800	16,108,800	46,772,292

IN 1977, THESE FUNDS ASSISTED 82,702 HOUSEHOLDS OF WHICH 56,573 WERE ELDERLY. IN 1978, THE NUMBER OF HOUSEHOLDS ASSISTED ROSE TO 92,732 WITH 58,508 BEING ELDERLY. NO REGIONAL FIGURES ARE AVAILABLE FOR THE 1979 PROGRAM AS YET. WE DO HAVE SOME PRELIMINARY FIGURES FOR MISSOURI THAT SHOW 33,395 HOUSEHOLDS BEING HELPED UNDER THE CRISIS INTERVENTION PROGRAM OF WHICH 7163 WERE ELDERLY, AND 12,810 HOUSEHOLDS RECEIVING EXTENDED EMERGENCY ENERGY ASSISTANCE, OF WHICH 2721 HOUSEHOLDS WERE ELDERLY.

ALTHOUGH ONLY THREE YEARS OLD, THE PROGRAM HAS OPERATED UNDER THREE DIFFERENT NAMES AND THREE DIFFERENT INSTRUCTIONS. THIS WAS NECESSARY BECAUSE CSA WAS SEEKING TO IMPROVE THE PROGRAM THROUGH CHANGES IN THE PROGRAM CONTENT AND ADMINISTRATIVE DESIGN.

LET ME SPEAK BRIEFLY OF A FEW OF THE MAJOR FACTORS:

TIMING: THIS HAS HAD A MAJOR INFLUENCE ON PROGRAM DESIGN AND OPERATION. THE 1977 GRANTS WERE MADE IN JUNE AND JULY WITH AN INITIAL TERMINATION DATE OF AUGUST 31. THE PROGRAM IN 1978 STARTED EARLIER WITH THE FIRST GRANTS MADE ON MARCH 22. HOWEVER, BOTH THE 1977 AND 1978 PROGRAMS BEGAN AFTER THE WINTER SEASON WAS OFFICIALLY OVER. THIS YEAR'S PROGRAM BEGAN DURING THE WINTER. THE INITIAL GRANTS FOR WINTER RELATED HARDSHIPS WERE MADE ON JANUARY 25, 1979. THE FIRST SUPPLEMENTAL GRANTS WERE MADE IN FEBRUARY.

ADMINISTERING AGENCY: THE FIRST YEAR'S GRANTS WERE MADE TO THE STATES. IN IOWA AND MISSOURI, THE STATES CONTRACTED WITH THE COMMUNITY ACTION AGENCIES TO OPERATE THE PROGRAM. IN KANSAS AND NEBRASKA, THE PROGRAM WAS OPERATED BY THE LOCAL WELFARE DEPARTMENTS. 73 PERCENT OF THE ALLOCATED FUNDS WERE

SPENT. BASED ON OUR EXPERIENCE IN 1977, THE NEXT YEAR'S PROGRAM WENT DIRECTLY FROM CSA TO THE CAAS IN KANSAS, MISSOURI AND OMAHA, NEBRASKA. 89 PERCENT OF THE ALLOCATED FUNDS WERE SPENT. WE HAVE NOW MOVED TO WHERE ALL GRANTS ARE MADE DIRECTLY TO CAAS. WE DO HAVE GRANTS TO THE KANSAS AND NEBRASKA STATE GOVERNMENTS TO SERVE AREAS WHERE THERE ARE NO CAAS.

THIS CHANGE WAS BROUGHT ABOUT BY THE REALIZATION THAT CAAS ARE BEST SUITED TO RESPOND TO THE NEEDS OF THE POOR. CAAS COULD SERVE ALL ELIGIBLE HOUSEHOLDS REGARDLESS OF FAMILY, STATUS OR AGE. A PROBLEM WITH STATE ADMINISTRATION WAS AN ADDITIONAL SET OF RULES ESTABLISHED BY THE STATES WHICH PUT A LIMIT ON ELIGIBILITY AND BENEFITS. IN SOME CASES, THESE ADDITIONAL GUIDELINES WERE PERCEIVED AS INSURING THAT THE STATES WOULD NOT HAVE TO PROVIDE ANY FUNDS FOR THIS PROGRAM.

ADMINISTRATIVE COST: THE FIRST YEAR'S PROGRAM REQUIRED THE STATES TO PROVIDE ADMINISTRATIVE COSTS. BECAUSE OF TIMING, STATE FUNDS WERE GENERALLY NOT AVAILABLE AND IN MOST CASES THE LOCAL AGENCIES HAD TO PROVIDE ADMINISTRATIVE SUPPORT. ALL ENSUING PROGRAMS HAVE MADE AVAILABLE ADMINISTRATIVE FUNDS. ALL HAVE FUNCTIONED MORE EFFICIENTLY BECAUSE OF THIS. CSA ITSELF HAS RECEIVED NO INCREASE IN ADMINISTRATIVE FUNDS, EITHER IN ADDITIONAL STAFF OR TRAVEL FUNDS.

DOLLAR ALLOCATION: THIS HAS BEEN A REAL PROBLEM. THE UNCERTAINTY HAS FORCED LOCAL PROGRAMS TO START - STOP - RESTART THEIR PROGRAMS. THIS HAS GENERATED REAL FRUSTRATION IN THE PEOPLE THE PROGRAM IS DESIGNED TO BENEFIT.

THREE DIFFERENT APPROACHES HAVE BEEN USED TO ALLOCATE FUNDS. IN 1977, CONGRESS ALLOCATED THE FUNDS TO ALL STATES BASED ON A FORMULA. THIS RESULTED IN FUNDS GOING TO STATES

WHO DID NOT HAVE A NEED. IN 1978, FUNDS WENT ONLY TO STATES OR AREAS WHERE ENERGY RELATED EMERGENCIES EXISTED. HOWEVER, THIS RESULTED IN THREE DIFFERENT GRANT AWARDS SPREAD OVER TWO MONTHS TO MOST REGION VII GRANTEES. THE 1979 GUIDELINES ATTEMPTED TO DEAL WITH THIS IN TWO WAYS: 1) SUPPLEMENTAL FUNDS WERE AVAILABLE UPON GOVERNOR'S REQUEST, AND 2) SUPPLEMENTAL GRANTS COULD ONLY BE MADE ONCE. HOWEVER, SEVERAL EXCEPTIONS HAVE BEEN MADE TO THIS ONE SUPPLEMENTAL GRANT RULE.

IN THE CASE OF MISSOURI, GOVERNOR TEASDALE REQUESTED \$8,864,100 FOR SUPPLEMENTAL CRISIS INTERVENTION FUNDS. CSA AUTHORIZED \$4,004,000. SINCE THEN, ADDITIONAL FUNDS HAVE BEEN MADE AVAILABLE TO MISSOURI GRANTEES BRINGING THE TOTAL OF THE SUPPLEMENTAL PROGRAM TO \$6,768,500.

IN DES MOINES, IOWA, THE CAA ESTIMATED THEIR NEED AT SLIGHTLY OVER \$400,000. THEIR FIRST GRANT WAS \$144,900. ONE OF THEIR RESPONSES WAS TO ESTABLISH A SLIDING BENEFIT SCALE BASED IN PART ON FAMILY SIZE. THE CSA REGULATIONS LIMITED BENEFITS TO A MAXIMUM OF \$250. THE DES MOINES SLIDING SCALE PROVIDED \$250 TO A FAMILY OF FOUR BUT ONLY \$100 TO A SINGLE PERSON HOUSEHOLD. THIS CLEARLY LIMITS THE BENEFITS TO THE ELDERLY. TO ILLUSTRATE THE UNCERTAINTY OF THE ALLOCATIONS, DES MOINES HAS NOW RECEIVED \$394,900.

SIZE OF HOUSEHOLD BENEFITS: I HAVE ALREADY SPOKEN OF THE \$250 LIMITATION. IN REGION VII, THE AVERAGE PAYMENT PER HOUSEHOLD IN 1977 WAS \$127 AND IN 1978, IT WAS \$179. AN ESTIMATED 75 PERCENT OF THIS GOES FOR FUEL BILLS. THE PERCENTAGE IS HIGHER IN URBAN AREAS.

MOST CAAS HAVE HOUSEHOLDS WHO HAVE BILLS SO HIGH THAT \$250 IS INADEQUATE TO GET THEIR UTILITIES RESTORED. THE ST. LOUIS HUMAN DEVELOPMENT CORPORATION ALONE HAS HUNDREDS OF THESE CASES.

SUMMARY

THREE YEARS OF OPERATION HAS DEMONSTRATED THAT THIS PROGRAM IS MEETING REAL NEEDS OF THE POOR. THIS IS NO LONGER AN EMERGENCY SITUATION BUT A CONTINUING PROBLEM. MANY HOUSEHOLDS HAVE COME TO DEPEND ON THIS PROGRAM TO MEET THE BASIC NECESSITIES OF LIFE. IT REMAINS AN ISSUE OF PUBLIC POLICY ON HOW THIS NEED SHOULD BE MET. THE WORK OF THIS COMMITTEE WILL PLAY A MAJOR ROLE IN DETERMINING THIS PUBLIC POLICY.

I WANT TO THANK THE CHAIRMAN FOR HIS ACTIVE SUPPORT OF THE CRISIS INTERVENTION PROGRAM AND I WANT TO THANK THE COMMITTEE FOR THE OPPORTUNITY TO MEET WITH YOU TODAY. I HOPE MY COMMENTS HAVE BEEN HELPFUL IN YOUR DELIBERATIONS ON THIS PROBLEM.

CONSUMER PRICE INDEX, URBAN CONSUMERS

	Percent change ¹			Percent change ²		
	Index ³	2 Months ago	1 Year ago	Index ³	2 Months ago	1 Year ago
Food	238.1	1.1	13.7	230.3	2.4	13.7
Fuel and other utilities.....	221.1	5.4	11.4	218.3	3.9	7.1
Gas (piped) and electricity	282.3	8.0	18.0	247.0	5.7	10.6
All items.....	211.5	3.4	12.0	208.4	2.5	13.3

¹ Kansas City, April 1979.

² St. Louis, March 1979.

³ 1967 equals 100.

Source: U.S. Department of Labor, Bureau of Labor Statistics, April 26, 1979—St. Louis, May 25, 1979—Kansas City.

ACTUAL USES—1979 CRISIS INTERVENTION PROGRAM

	Percent		
	Fuel	Food	Misc.
Human Development Corp., St. Louis, Mo	71.0	29.0	1.0
West Central Rural Development Corp., Appleton City, Mo.....	61.0	32.2	6.8
Green Hills Human Resources Corp., Trenton, Mo	92.7	6.4	.9
City of Des Moines CAA, Des Moines, Iowa.....	54.0	46.0	.0
Iowa East Central (TRAIN), Davenport, Iowa.....	94.4	5.6	.0
West Central Development Corp., Harlan, Iowa	47.0	50.0	3.0

Source: CSA Telephone Survey, July 1979.

Senator EAGLETON. Our next witness is Mrs. Patricia Cowan-Skaggs, Chairman, Commission on Aging, Mid-America Regional Council.

**STATEMENT OF PATRICIA COWAN-SKAGGS, CHAIRMAN,
COMMISSION ON AGING, MID-AMERICA REGIONAL COUNCIL**

Ms. COWAN-SKAGGS. Thank you, Senator, and thank you for the opportunity of coming to speak to you today.

I'd like to take the opportunity also to thank you for the assistance that you were most helpful in bringing to this area during last year's winter.

Energy, because of its increasing scarcity and ever-increasing cost, ranks among the major issues facing Americans today. As chairperson of the Mid-American Regional Council's Commission on Aging, I am deeply concerned about the high costs of energy and the impacts these costs are having upon the elderly in the greater Kansas City area.

There are more than 123,000 elderly people living in the State of Missouri, in the portion of the Kansas City metropolitan region, the majority of whom are living on fixed incomes. According to census figures, more than 23 percent of the elderly in the Kansas City region have incomes below the poverty level. The primary problem for elderly persons is that they must obligate a greater share of their resources to pay for the increased cost of utilities, oftentimes at the expense of doing without medical care or food.

The President and Governor Teasdale have asked us all to try to conserve energy and I think we're trying to do that; however, what many of us fail to realize is that although we conserve, the price of energy will continue to escalate and the elderly will continue to be negatively impacted.

We are aware of programs in existence to assist the elderly and low income in paying their utility bills such as the crisis intervention program operated by the Community Services Administration. We've just heard from that program and the Commission on Aging, through MARC, does do some coordinated efforts with a very small home repair project that the Commission operates.

While this program has provided some means of relief for many of our elderly citizens, it is merely a short-term solution to a problem of even longer range.

Senator EAGLETON. That home repair program that you're talking about that's administered through the Commissioner on Aging, that's \$4 million nationwide, is it?

Ms. COWAN-SKAGGS. Nationwide, I'm sorry, I do not know. Here it is \$40,000.

Senator EAGLETON. Well, take my word for it, it's \$4 million nationwide, here it's \$40,000. What kind of a program is that? What can you do with \$40,000 in terms of repairing homes of needy elderly people?

Ms. COWAN-SKAGGS. Not very much, sir.

Senator EAGLETON. Twenty-three percent of the elderly in Kansas City have incomes below the poverty level. The home repair needs in those homes must be enormous in terms of the absence of asbestos or other insulation, rickety windows, gaps in

the roof, or what have you, and you can't do a heck of a lot for \$40,000, can you?

Ms. COWAN-SKAGGS. You can do very, very little, and we find that we almost have waiting lists for just a \$100 or \$1,000 maximum that we cannot even give to this group of people.

May I continue?

Senator EAGLETON. Yes, ma'am.

Ms. COWAN-SKAGGS. Solutions to the problem have been proposed at the Federal, State and local levels of government. Any solutions proposed and accepted must be comprehensive. They must be fair and equitable, and they will necessitate a much more coordinated effort than what now exists. We must encourage a coordinated effort among government, the citizenry and the private sector, as well.

As chairperson of the Aging Commission and as an advocate of senior citizens, I would like to offer a few suggestions as possibilities for consideration. No. 1, reduced utility rates for the senior citizen should be considered. It has been utility policy in the past to offer lower rates to certain businesses and industries and other heavy users of utilities. Could not special rates be instituted for senior citizens?

Second, total utility costs could be averaged over a 12-month period so that monthly bills would be the same. If for some reason a balance is left at the end of the 12 months, the balance could be subsidized.

Finally, I would urge that a program be instituted that would increase the awareness of the elderly concerning energy conservation techniques and the programs which are currently available to assist them in paying their utility bills. Presently, both the Gas Service Co. and the Kansas City Power & Light Co. have instituted programs to aid the elderly in identifying the possible sources of assistance.

They have programs to register the elderly, so that when problems with utility bills arise, the companies will know who the elderly are and how they can best be helped.

In closing, Senator, I'd like to say that we realize that there are no fast solutions to this problem, but every possibility should be explored to assist the senior citizen in mitigating the adverse impacts of rising utility costs.

Thank you very much.

Senator EAGLETON. Thank you, Ms. Skaggs.

I'll note for the record one of your recommendations is reduced utility rates for senior citizens and should be considered. "Could not special rates for senior citizens be considered?" A few States initiated a program called lifeline rates, which in essence are low uniform charges for the first several hundred kilowatt hours of electric consumption by residential customers. I don't know whether it includes gas as well. I'm reading from a briefing memo. And they've been implemented, this lifeline rate, in a number of areas, including California, Maine, and Ohio. Customers who use more than the lifeline rates would pay higher rates to offset the rate reduction for the poor.

There have been some objections raised to this approach. I might read a couple of these into the record. These are the objections that some commentators have raised.

One, "There appears to be little or no correlation between income and energy usage."

Two, "Low income persons more often live in poorly insulated housing and have older, less energy-efficient appliances, raising their usage above the Lifeline Rate."

Three, "Many low income persons live in apartments where the cost of utilities is included in the rent, thus receiving no visible benefit from that Lifeline Rate."

Those are some of the comments that have been raised, among others.

Ms. COWAN-SKAGGS.. Thank you very much.

Senator EAGLETON. Thank you, Ms. Skaggs. We appreciate it.

Mr. Jerry Duggan, chairman of the board and chief executive officer of the Gas Service Co.

Mr. DUGGAN. Thank you, Senator.

Senator EAGLETON. Good morning, Mr. Duggan, we welcome you.

STATEMENT OF JERRY DUGGAN, CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER OF THE GAS SERVICE CO.

Mr. DUGGAN. I have no prepared testimony, as such.

There has been a great deal of comment this morning about the increased cost of utility services, and I think that should be particularized as it applies to people in the area we serve.

Before I do that, I would like to explain that the Gas Service Co. is a natural gas distributor. We do not own any gas production, we do not transport any gas in interstate commerce. We buy gas at town border stations from interstate pipelines, so we also have gas bills to pay, and we know what's happened to the cost of gas.

Glancing through our annual report to stockholders in which we have an 11-year review of our business, I was shocked to see what had happened to gas rates in our service area in the last 11 years.

In 1968, our average cost billed to our customer per 1,000 cubic feet was 62 cents. In 1978, the cost per 1,000 cubic feet was \$1.60. Of that 98 cents per MCF increase, 74 cents of it went to the producers, not to the Gas Service Co.

When you look at average residential gas bills in our service area, it's even more shocking. In 1968, the average annual bill paid by one of our residential customers was \$124.81. In 1978, it was \$317.98. Now, that last figure is somewhat disturbing because as you all know, 1978 was the coldest winter we have ever experienced. Unfortunately, this trend in increased gas prices is going to continue, which makes the situation for the elderly and the poor even more difficult. And these are people who, many of them, have paid their gas bills and their electric bills faithfully for 30 or 40 years. They want to pay them, and some means must be found to take care of the situation. We can't limp along and tolerate the human misery that's going to result if some type of program isn't provided and implemented.

Now, we have worked very closely with the people administering the crisis intervention program for the past 3 years, and for the most part I think the program has worked. And it worked without

setting up a new bureaucracy. We've worked, starting at the top with Wayne Thomas, down through the volunteer agencies, and we've been blessed with some great and dedicated people who have helped to implement this program in a reasonable and effective way. I'd just like to mention some of them; Naomi Dillard, who heads up the Warmth and Light Committee, Jonnie Mae Johnson of the Gray Panthers, and Sally Farenthold of the Metropolitan Inter-Church Agency—Virginia Stirr with the Metropolitan Inter-Church Agency—and Sally Farenthold of the Lutheran Ministry. These ladies and their associates have worked diligently and long hours. We have worked closely with them and through our close connections, we've been able to solve hundreds of special hardship cases, and I hope when this program is set up that relationship can be preserved.

Thank you, Senator.

Senator EAGLETON. Thank you, Mr. Duggan. Three out of those four ladies will be subsequently with us at today's hearing.

Can you give me your best ballpark estimate, and we won't hold you to this, what do you think the rate per 1,000 cubic feet will be this winter? It's gone, as you say, in 1968 it was 62 cents, the Winter of 1978, \$1.60.

Mr. DUGGAN. We haven't had as great acceleration during the past 12 months.

Senator EAGLETON. Have a seat here, I have just a few quick questions.

Mr. DUGGAN. OK. We did not experience the same acceleration in wholesale costs, but it will be somewhat higher.

Senator EAGLETON. It will be higher than \$1.60?

Mr. DUGGAN. That's right, no question about that.

Senator EAGLETON. And the average annual bill may not be higher, that \$317 figure, depending on how cold this next winter is?

Mr. DUGGAN. That's correct, sir.

Senator EAGLETON. Now, they change the rules between 1978 and 1979, "they" meaning the Office of Management and Budget, and required, as I understand it, a termination notice before relief could be given this last winter, is that correct?

Mr. DUGGAN. That's correct. I think that approach was entirely unrealistic.

Senator EAGLETON. Will you elaborate on that?

Mr. DUGGAN. Well, it delayed and made the people wait until through ordinary billing process they got a shutoff notice, whereas relief should have been extended when we knew and the agencies knew they could not pay their bill.

Senator EAGLETON. Have you had to set up with your company sort of a task force or a section, or whatever you want to call it, that specializes on crisis intervention situations?

Mr. DUGGAN. Yes; we have.

Senator EAGLETON. How many termination notices, if that's the term, or disconnects, or whatever you call it, did you issue last winter?

Mr. DUGGAN. Well, in Kansas City, Mo., we issued 10,706.

Senator EAGLETON. 10,706. How many of those actually went into effect where the service was discontinued?

Mr. DUGGAN. I believe those were the ones that were effectively terminated, of which 8,000 were restored.

Senator EAGLETON. 8,000 were restored?

Mr. DUGGAN. That's right.

Senator EAGLETON. So, roughly 2,700 were not?

Mr. DUGGAN. That's right, and as of May 29, we have 3,250 customers in the Kansas City, Mo., division who are turned off.

Senator EAGLETON. As of May 29, 3,000; what do we know about those 3,200 people? How are they surviving without any utilities?

Mr. DUGGAN. They're surviving because the weather is warm. They are going to be in trouble this fall if their problem isn't solved.

Senator EAGLETON. If you were asked to design a more efficient and effective public program, what would be some of the components of that design as you see it?

Mr. DUGGAN. Well, the first thing I would do would be to eliminate the requirement of a shutoff notice before any assistance can be provided. And actually, administratively, I think the crisis intervention program this year, within the funds allocated to them, did a splendid job. Of course, the city came through with some money, the Warmth and Light Committee collected money, and it was, that money went where it should have gone, I'm convinced of that.

Senator EAGLETON. Do you see any kind of a program that could be designed whereby the Federal moneys leveraged greater support from State, county, local governments, and perhaps in the private sector as well, perhaps from your company as well?

Mr. DUGGAN. You mean such as a conditional grant?

Senator EAGLETON. Yes, some kind of a match.

Mr. DUGGAN. I would think that would be a strong inducement to State and local government to do something.

Senator EAGLETON. What is the role of an investor-owned utility in terms of response to this social problem?

Mr. DUGGAN. Well, when we first encountered this, when it was of any magnitude, we met with a group of, they called themselves Concerned Citizens, and asked them what can we do to help? They listed several things.

One, they wanted people to have an opportunity to pay their bills on installments, which we agreed to.

The second thing was they wanted us to waive our reconnect charge after somebody had been disconnected, which we did.

The third thing they wanted was an office in the inner-city as a convenience to the customers so that they could come in. That office was established.

Then, we have continued to work very closely with all of these individuals on special cases. When they call our office and they say, "Mrs. so and so has two children and you shut her gas off", we turn the gas on, and solve the problem later. Also, we have refrained from shutting gas off in extremely cold weather, although there is no rule requiring it. We are not about to go out and shut gas off when it's down around 20 or zero.

So, I think we've done everything within the framework of a utility operation and a regulated operation that we can do.

Now, of course, some of the burden of this falls on the utility and ultimately on the other ratepayers. Our writeoffs in 1974, companywide, were \$375,000. In 1978, they were \$1½ million.

Senator EAGLETON. In 1974?

Mr. DUGGAN. \$375,000.

Senator EAGLETON. And in 1978?

Mr. DUGGAN. Roughly \$1½ million.

Senator EAGLETON. Writeoffs, that's default of bills, uncollected?

Mr. DUGGAN. Bad debts, uncollectables. We anticipate that that amount will grow as the bills get higher.

Senator EAGLETON. There is a nationwide organization, is there not, for investor-owned utilities?

Mr. DUGGAN. Yes, American Gas Association.

Senator EAGLETON. Has your company, as a company, or as part of that association, considered any kind of a special rate, a reduced rate, some kind of an allowance for either elderly people on fixed incomes, or poor people, regardless of age?

Mr. DUGGAN. I think a rate of that type would require enabling legislation, which they did get in California. The legislature in California, in effect, directed that Commission to impose lifeline rates. It has not accomplished the purpose for which it was intended at all.

Senator EAGLETON. Could you supply for the record at a later time, some time in the next 2 or 3 weeks, could you get from the California utilities their evaluation of the lifeline rate? We'll probably get other evaluations of it as well, but could you get a—

Mr. DUGGAN. Yes, I can. There's a great deal of literature on it.

Senator EAGLETON. Don't inundate us with it. Don't overwhelm us with paper, but if the California utilities have prepared a cogent analysis, I'd like to take a look at it.

Mr. DUGGAN. All right, sir.

Senator EAGLETON. Let me get your concept on this program. Do you conceive of this program in either of the two following ways: One, a program that truly avoids crises, hence the name crisis intervention, an emergency type of program that gives prompt and immediate relief to people in need during cold winter months, or a more elaborate program that takes into account not only the crisis situation, but a more ambitious undertaking insofar as winterization and upgrading of homes so as to reduce utility costs in essence, by reason of winterization and the like?

Mr. DUGGAN. Well, I think every facet of conservation has to be explored and encouraged. That's just part of the picture, though. You still must have a resource that can take care of people who have no way of meeting their obligations on utility bills, and I think a program of the nature of the crisis intervention program is a must.

Senator EAGLETON. Mrs. Slavin will testify after you. Let me read a couple of portions of her testimony and get your comment on it. This is from page 4, Mrs. Slavin:

There is a unanimous consensus by our committee that a low-income assistance program is needed before next winter. The major problem to be resolved is where to find the dollars to do the job. I do not believe the treasury will support such a program, so money must be found elsewhere. The profits from deregulation are a logical source.

What would be your comment on that? I take it she means deregulation of natural gas, because we're getting down—well, yes, deregulation of natural gas.

Mr. DUGGAN. That's assuming there will be unusual profits from deregulation. I don't know whether there will be or not.

Senator EAGLETON. Later on in her testimony, she quotes Mr. Liberman of St. Louis: "In a recent letter to the Commission, the president of Laclede Gas, Mr. Liberman, indicated the next 6-month pass-through resulting largely from MGPA will amount to \$50 million in the Laclede service areas."

Do you have a comparable estimate for your service area?

Mr. DUGGAN. No; we do not. Our gas comes from a different source than Laclede, and we're still the beneficiaries of quite a bit of low-cost gas in the Texas fields and in Oklahoma and Kansas, so our cost of gas has traditionally been much lower than Laclede's.

Senator EAGLETON. Some 11 States have placed moratoriums on utility shutoffs during the most severe winter months. Do you have any comment on that?

Mr. DUGGAN. Yes; indeed I do. That is disastrous to utilities, it's been demonstrated to be. When you place a moratorium on all shutoffs during the winter months, it is an invitation to people who could otherwise pay their bills not to pay, and as I mentioned before, we have our gas bill to pay, and our highest bill last year was \$47 million of 1 month's gas. We can't pay our bill unless we can collect from our customers. I think it is utter folly to assume that somebody who can't pay their November bill can pay for a 5 months bill in April.

Senator EAGLETON. What about those proposals, and maybe some have been effectuated in some States, where they have an averaging of utility bills?

Mr. DUGGAN. We have that. We've offered it to our customers for the last 5 years. It's called a level payment plan.

Senator EAGLETON. How many customers?

Mr. DUGGAN. We have about 8 percent of our customers on that.

Senator EAGLETON. Eight percent?

Mr. DUGGAN. Yes.

Senator EAGLETON. Thank you very much, Mr. Duggan. We appreciate it.

The committee will once again be in session.

I apologize that the break took longer than I had anticipated.

The next witness is Mrs. Alberta Slavin, commissioner, Missouri Public Service Commission.

STATEMENT OF ALBERTA C. SLAVIN, COMMISSIONER, MISSOURI PUBLIC SERVICE COMMISSION, JEFFERSON CITY, MO.

Mrs. SLAVIN. I have a prepared statement but I won't take the time to go through it because I know you have seen it and you have a lot of other people to hear from.

I would only like to point out that I affirm the concern of the witnesses who have preceded me and have tried with my testimony to both deal at the State level and the Federal level as to how we perceive this problem before we face another winter.

I am following the progress of the utilicare bill in the State Senate. It was reported to me this morning that because one of the senators who is interested in passage wants to keep a lid of \$3 million on the program that this will require some debate, and there is some concern that the same senator is one who is involved in the filibuster involving the sports complex in the St. Louis area, so it is possible that utilicare will die on the floor today. Hopefully not.

Senator EAGLETON. Tell us a little about the utilicare bill as it passed the Missouri House.

Mrs. SALVIN. The utilicare bill as it passed is now perceived to have about a \$5 million price tag attached to it. I have a copy of that legislation in my testimony, and the budget that is attached.

Essentially utilicare is a program that would provide up to \$150 a year for heating bills in the months of December, January, and February for people over 65 with incomes of \$7,500 a year or less. The money would be paid directly to the utility or the heating supplier. No shut-off notice would be required, only presentation of a valid bill.

The State would pay 50 percent of the bill up to a maximum of \$50 a month for 3 months.

Senator EAGLETON. We have a little competition on this side here. I didn't hear that last part. Who would pay what maximum?

Mrs. SLAVIN. The State would pay 50 percent of the bill up to a maximum of \$50.

Now, that goes to all heating suppliers. We have a number of elderly who use propane, and propane is a very difficult problem for many people living in rural areas.

The commission, by the way, has no authority over propane prices nor do we have any authority to help people who are heated by propane.

Senator EAGLETON. You don't have any authority over home heating oil, either, do you?

Mrs. SLAVIN. No. And we also have no authority either over the rural electric cooperatives in the State or the municipal utilities.

Senator EAGLETON. Has a similar utilicare bill been enacted in any other States, or not identical but something in roughly the same ballpark, to your knowledge?

Mrs. SLAVIN. The only program that I became aware of, and we tried to do a little survey this last winter, seems to be a program in Indiana and also perhaps Ohio. Whether these programs will be funded for another year I am not sure.

Senator EAGLETON. I made reference earlier to the Ohio program. It, according to our sheet, is the only one where there is a program in place and funded for next winter.

The Indiana program is apparently authorized but not funded.

Mrs. SLAVIN. That's right. And one of the problems that we would face with the utilicare bill is there would have to be an effort to appropriate money to cover this legislation should it be passed not in the waning hours of the legislature.

Senator EAGLETON. So even if the Senate passes some bill today, if there is no money appropriated for it, it is a bill without any implementation?

Mrs. SLAVIN. That is correct.

Senator EAGLETON. Is there an organization of public service commissioners; everybody has a group, a nationwide organization?

Mrs. SLAVIN. Yes.

Senator EAGLETON. I take it there is one for PSC commissioners?

Mrs. SLAVIN. It is called the National Association of Regulatory and Utility Commissioners with offices in Washington.

Senator EAGLETON. Has that organization spoken or addressed itself to this issue of crisis intervention or utilicare or anything in this area?

Mrs. SLAVIN. Not to my knowledge.

Senator EAGLETON. How do you envision the program that has been in effect for the last 3 years? Do you envision it as a narrow program targeted for immediate emergency relief if the program worked well or do you envision it in broader terms to include cost for winterization and the like?

Mrs. SLAVIN. If you are talking about the crisis intervention program, it has been virtually the same money appropriated each year, \$200 million a year, but each year the people who were faced with implementing the program find themselves receiving money at different times.

The guidelines have been drawn differently each year. The guidelines this year were the most punitive that we had ever seen. First of all, they required that the State have no shut-off rule in place, and my testimony addresses the fact that our commission was holding hearings and taking a look at the possible imposition of a no shut-off rule of some type in the winter months when we received information that indicated our State would not be eligible to receive these funds if we had such a rule in place.

So we scrapped our hearings recognizing that the money was more important. It was the only identifiable money that we could see of any substantial amount that would even begin to address the problem.

I frankly don't think \$200 million nationally begins to touch the scope of the problem.

In my testimony I address two programs that have been advanced with different price tags attached on a permanent low-income Federal assistance program.

One has been advanced by the Fuel Oil Marketing Advisory Committee to the Department of Energy. It carries a \$3 billion price tag.

The President's, I think it is energy security funds which would be created as a part of a windfall profits tax that the Congress might adopt, carried a price tag that was less than \$1 billion. I have put in some testimony from the Department of Energy's Consumer Advisory Director, Tina Hobson, from research they have done following our last meeting asking for better data, that this amount is inadequate, that that program carried with it a maximum \$100 a year grant.

It simply is a drop in the bucket. If Congress moves to put in place what I think is needed, which is a Federal assistance program, a permanent Federal assistance program in light of the fact that this is a continuing crisis, I think as Mr. Thomas and you have determined, it has to be adequately funded.

Now, it could be approached on the same type of level as the utilicare program where a card is issued and direct transfer of payments are made to the supplier. This would perhaps eliminate some of the problems that food stamps have encountered.

Senator EAGLETON. Have you considered the proposal of having energy stamps?

Mrs. SLAVIN. I don't think I favor that. I think that presents a whole lot of bureaucratic problems.

I think that the crisis intervention program and the transfer arrangement program that has been worked out is a much better approach to meeting this need.

Senator EAGLETON. Addressing yourself to your recommendation that there be a permanent Federal assistance program, can you conceive of a program which would have a leverage factor to it, that is, that whatever Federal funds were put into such permanent program could leverage some kind of response, State or local, and perhaps out of the private sector as well?

Mrs. SLAVIN. I think that is a very good approach. It hasn't necessarily worked well, and from that standpoint—I am only talking about Missouri. We had such a program proposed to the legislature this year and it was turned down.

My perception of the State legislature is they are sympathetic perhaps to the problems of the elderly and may put in place a program for the elderly but are reluctant to adopt any kind of a program for what I would call low-income assistance.

I think that is partly because there is some sense that the welfare program should handle this type of situation. Unfortunately our welfare program in Missouri is dreadfully underfunded in terms of actually keying it to the kind of things that have happened in terms of inflation and increasing costs so it doesn't anywhere begin to meet the additional burden of higher gas prices.

Mr. Duggan is absolutely right, though. The Laclede service area is much worse than the Kansas City area, just starting with the fact that their pipeline supplier is providing gas at a much higher price. There are not the private programs that have been put into place with the kind of enthusiasm we have seen in the Kansas City area with both municipal and private funds. The commission also earmarked some \$100,000 in gas service unidentifiable refunds from price of gas, a fuel rider, which were contributed by gas service to organizations like Heat and Light who are working in this area, in Kansas City.

So that although the problems are acute here, they're probably twice as acute in the eastern end of the State.

St. Louis is an older city. The older city dwellings are principally gas heated and the weatherization program has been extremely slow in addressing tightening up these dwellings.

Senator EAGLETON. It would be your best evaluation that it would be difficult to build into the utilicare program a component to assist needy people regardless of age?

Mrs. SLAVIN. No; I don't think it would be difficult to built it in. I think it would be difficult to pass it.

Senator EAGLETON. OK.

Mrs. SLAVIN. And appropriate the money needed; yes.

I frankly worry about time in order to get a program in place. We talk about it every year, I think, as my testimony points out.

I have attached some information on levels of cutoffs and accounts in arrears and dollars in arrears for the electric and gas utilities under the jurisdiction of the Missouri Public Service Commission. There is definitely a concern on the part of the utilities to try and keep people in service during winter months but it is also the feeling of the utilities that it is more possible for them to do this if they know that there will be some assistance to the people who might be shut off down the line a piece.

I think their termination might be more strictly enforced if there were no assistance they could see a few months down the pike, as we had this year.

You also notice, if you look at the figures, that the level of cutoffs essentially drops in December, January, and February as bills go up and arrearages go up—accounts that are behind.

And what we now experience is the kind of level Mr. Duggan referred to of some 3,000 homes having been terminated and these people out of gas. They will be off probably for the remainder of the summer and early into the fall as they try and get together the money to have their service reconnected when the weather gets cold.

Payment arrangements are made under the crisis intervention program and many times, if they are not met, the termination will occur. If you default on a payment arrangement after getting some crisis intervention funds, our commission is somewhat helpless in trying to rescue that customer from termination.

And because I have a concern, I would love to have your response to the possibility of getting a permanent program in place. Is there any way you can do anything to continue the crisis intervention program at a level of funding that would include utility payments if nothing else has been done?

Senator EAGLETON. Well, that is what I am going to seek to do.

The matter of the CSA budget and this particular account has been passed without, it is called passed without, prejudice from the Subcommittee on Labor, Health, Education, Welfare appropriations, which is meeting today, to the full committee. I am on that subcommittee.

And because I had this hearing scheduled they will not take up this item until I am there next week. We will meet sometime either the next week or the week following on the full committee level.

As you know—it has already been in the record—the President recommended \$40 million and the House cut it to \$20, and I will seek to restore it at least to the \$200 million and if I feel I can carry an additional burden maybe \$250 million just to take into account inflation and obvious escalations in the utility costs that have occurred over the last 3 years.

But I can't give you a completely comforting response that we will be able to succeed. We obviously don't have the support of the administration and we are in the year of, quote, lean and austere budgets. You have heard that term until you are probably sick of hearing it.

Mrs. SLAVIN. Yes.

Senator EAGLETON. So I would say that the jury is still out on that issue. We are going to make the effort and I think we have a fighting chance, but I can't say for sure we will prevail.

Do you have any evaluation of the various and sundry winterization programs to assist senior citizens or poor people regardless of age, principal dollars coming out of the Department of Energy but bits and pieces of it come out of the Office on Aging and HEW, Farmers Home, HUD, and I think even CSA has dabbled in it a little bit.

How efficacious has all of that been?

Mrs. SLAVIN. As you know, I serve on the Department of Energy Consumer Advisory Committee. The weatherization program, as it first came out, was principally under CSA, and it was the consensus of our committee, which includes consumer representatives from all over the country, that that is exactly where it should have stayed.

As a matter of fact, we passed a resolution unanimously telling the Department of Energy that this program should not be under the Department of Energy but should be under CSA.

Senator Kennedy even introduced legislation which split the program, or proposed to split the program, \$100 million for CSA and \$100 million for the Department of Energy.

It was the perception of our committee that the Community Services Administration is the only organization which has the network of people which really can do this job, and they were operating with a much lower level of funding than has happened since the program has been transferred to the Department of Energy.

I have seen nothing that would have changed by personal opinion nor has our committee. We have consistently taken the position that it was inappropriately transferred to the Department of Energy.

We tried to get, as a matter of fact, the Department of Energy to take a position to perhaps assume the administration but work closely with CSA in developing the program.

Whether that is happening, I am not sure.

Senator EAGLETON. Have you had any experience with the situation where it is alleged that the materials are available and 90 percent of the Department of Energy's funds in this account must go for materials, insulation, weather stripping, and the like, but that the skilled manpower to put the materials in place is not available and the inability of the CETA program to respond in that regard? Do you have any insight into that?

Mrs. SLAVIN. I will only report what I have heard, which is that is a problem and, second, the CETA program right now, for some reason or another, is not particularly interested or is not hiring people. Maybe it is level of payment in terms of hourly wage which is deterring the program, but apparently there is not the work force that is needed.

We should be going full speed ahead now to try and weatherize these people's homes before the cold weather.

Also, our Commission encountered, I think, a dreadful circumstance where title 8 housing was built to serve the Bootheel area called the Cleveland Apartments. We had some hearings on a

proposed rate increase for ARK-MO, and here is an example of the most miserable kind of housing in terms of the fact it had been put up shoddily. It was supposedly to meet an R-30 requirement in terms of insulation.

Witness after witness who had been moved in there, who had been told that their utility allowance under HUD would be \$20 or \$30 a month, which would be subtracted from the rent, when they moved in encountered winter heating bills of \$200 a month, \$250 a month.

These were poor people who probably would have been better off if they had stayed in their little shanties where they could at least have had a wood stove.

It is a crime that the Federal Government allows private investment money to put up this kind of housing to serve the poor and then we taxpayer turn around and subsidize it by paying very high rents to the original investors.

I will be happy to document that for you with testimony, as a matter of fact, if you would like it.

We are certainly, as members of the Commission, asked to address these problems through rates, and I know that that we a question you raised earlier. Can you do it through rates, and you cited some information you had that was directed toward Life Line.

Mr. Duggan is quite right. There have been reams of material published about the Life Line rate in California. Now, the California experience is quite different than ours. Part of the problem with the California Life Line rate was that it included people heating their swimming pools on the Life Line rate.

We don't consider that a basic requirement of Life Line in Missouri.

It is my perception, although we have a number of cases pending before the Commission that will address the question of Life Line and rate design, and I have seen no evidence in any other States where a Life Line rate works for gas.

When you are really talking about Life Line, that is a proposal that has been directed toward electric, and it would not include electric heat. The same thing occurs with gas heat.

It is also very difficult to give a lower rate to a group, suggested earlier by, was it Mrs. Skaggs, which would be a lower rate for senior citizens. Commissions are faced with trying to establish nondiscriminatory rates.

We can work within a class of customers such as residential customers or a class of industrial customers or a class of commercial customers, but if you start dividing the residential class into components of the elderly or the poor, any attempts in that area have gone to court and have been thrown out. Colorado has such an experience.

Senator EAGLETON. Thrown out under the State laws that require equality or equity in rates?

Mrs. SLAVIN. Right; nondiscriminatory rates.

Senator EAGLETON. Thank you very much, Mrs. Slavin. We appreciate it.

Mrs. SLAVIN. Thank you very much.

I want to tell you that we appreciate the effort that you have expended this year in terms of making the crisis intervention

money available, and we appreciate your holding these hearing because, to my knowledge, you are the first person who has shown any interest, in Washington, in really getting this program moving. We wish you well.

Senator EAGLETON. I appreciate the compliment but I can assure you that others as well are interested, especially from the Community Services Administration, based not only Mr. Thomas's testimony here this morning but Dr. Olivarez in Washington.

What I am going to try to do——

Mrs. SLAVIN. I understand her involvement but I am saying an elected Senator who is taking his time.

Senator EAGLETON. What I am going to try to do, if we can get the funding in the crisis intervention program to give us some help for the next winter, I will try to pull together these various and sundry Federal departments that are doing these bits and pieces of winterization and see if we can structure some sort of order out of that mish-mash of having this thing scattered around.

That is not an easy undertaking, either. Everybody talks about coordination. It is an oft used word but sometimes, with respect of Federal programs, it is not achieved.

For instance, Ms. Skaggs testified earlier about a \$40,000 program of home repair or winterization here in Kansas City through the Commissioner on Aging. You and I know \$40,000 to help repair homes of the elderly and needy people is miniscule, miniscule almost to the point of being useless.

But the best we can detect, nine different Federal departments do something or other in this area of home improvement, winterization, et cetera, and not all nine know what the other fellow is doing across the street in the other department.

Mrs. SLAVIN. I know. I think it was the concern of our committee that at least the Community Service Administration was involved with human problems, and we haven't seen that and we don't believe that the Department of Energy is geared toward that.

That is why we think that is an inappropriate place for this substantial amount of money to be placed.

Senator EAGLETON. I share your conclusion in that respect.

Mrs. SLAVIN. My first choice would be to try and see if a permanent assistance program could be adopted, and I think there are some valid proposals. I think the President's Energy Security Trust Fund is at least a beginning of a gem of an idea. Not all of the windfall profits tax, and that was from the deregulation of oil, would go to fund a low-income assistance program.

My suggestion goes to adding to that amount of money by identifying what we think is a large pool of profits which are going to the natural gas producers as a result of the passage of the Natural Gas Pipeline Policy Act, because there have been rapid increases.

Both are producing tremendous increases as a result of the decision of Congress to deregulate. I don't know why it is, but the decisions to deregulate can always come faster than the programs which are needed to address the problems that they create.

Senator EAGLETON. You are absolutely correct on that. The President spoke of a proposal to deregulate—I am talking now about oil——

Mrs. SLAVIN. Yes.

Senator EAGLETON. He made that proposal, and indeed its initial implementation began on June 1. We don't have a windfall profits tax anywhere close to being in place.

The President decided to deregulate first and then urge and beg for a windfall profit tax subsequently.

Mrs. SLAVIN. Yes.

Senator EAGLETON. I didn't support his program in the first instance but if he was going to travel that route, it would have made more common sense to me if he would have coupled both the deregulation and the tax; the tax had to be in place before the deregulation would commence, but that is just another disagreement that I have with the President on that particular issue.

Thank you, Mrs. Slavin.

Mrs. SLAVIN. Thank you.

[The prepared statement of Mrs. Slavin follows:]

UTILITY BILLS AND THE AGED
SUBCOMMITTEE ON AGING OF THE SENATE LABOR AND
HUMAN RESOURCES COMMITTEE

Testimony of

Alberta C. Slavin, Commissioner
Missouri Public Service Commission
Jefferson City, Missouri

"Freeze to death in the dark." This prediction has been repeated so many times that it has lost its impact. However, as each winter heating season begins, hundreds of thousands of persons have been without utility service for months as they worked to pay off last winter's heating bills. (See cut-off Exhibit 1)

And as the weather gets cold, a hue and cry begins once again for a program to help the poor and the elderly make it through just one more winter. Just one more winter--just one more year of Crisis Intervention until a more permanent assistance program can be devised.

The question before this hearing today is really, "Is there time enough to develop such a program before next winter? And if there is the time, is there the national will to do the job?"

Surely by now, you must be convinced of the need. I know of your efforts to force the Congress to fund another year of Crisis Intervention. I know that it took your personal intervention every step of the way to rewrite guidelines so that money could actually be appropriated to the states.

I know that at the Missouri Public Service Commission we were discussing the possible adoption of a cold-weather rule which would have

prohibited winter utility terminations when we heard that the proposed Crisis Intervention guidelines prevented funds going to any state with such a rule. We abandoned the proposed rule recognizing that dollar assistance was more important to those struggling to pay their bills than protection from termination.

We knew, too, that the provision that required a termination notice to qualify a person for assistance would hurt the elderly more than any. We knew the pride of the older person who retired on a small pension, or perhaps a social security payment, who owned his own home, who paid his taxes, who refused assistance from any agency, and who chose not to eat rather than miss a utility bill payment.

We tried to figure out the myopia of Washington. We decided that such stringent guidelines were needed to prove an emergency as the spector of Proposition 13 swept over the land. We also knew that 200 million dollars was a drop in the bucket to meet the true level of need nationally.

Now the money has been pretty well earmarked and spent. Another winter has passed. And as the weather has warmed, a lot of utility services have been shut off and poor people go to work again to pay off the back bills before the cold winds blow in October or November.

But what does next winter hold for the poor and the elderly living on fixed incomes? It looks pretty bleak. Utilicare is the only positive program at the state level, and its fate hangs in doubt as this testimony is being prepared. The Utilicare bill would direct implementation of a program to provide up to \$150 a year for heating bills in the months of December, January and February for people over 65 with incomes of \$7,500 a year or less. The money would be paid directly to the utility or heating supplier--no shut off notice would be necessary--only presentation of a valid bill. The state would pay 50 percent of the bill up to

a maximum of \$50 a month for three months. It is estimated that this program would provide up to five million dollars in grants during its first full year of funding. (See Utilicare legislation Exhibit 2)

Utilicare represents the first step of the state to get involved in a heating bill assistance program. We worked hard for this legislation, and you helped, too. Your letter to Governor Teasdale explaining that the only money on the horizon for next winter was 40 million dollars and that none of it could go to utility payments was an important factor in Utilicare's positive reception.

But it is not enough to do the job. We still desperately need a federal assistance program. I head the Special Impacts Subcommittee of the Consumer Affairs Advisory Committee, and we recommended that the full Committee take a position in support of a low-income assistance program by next winter. The Committee took such a position leaving open the questions of levels and sources of funding for such a program due to data discrepancies. (See Exhibit 3)

There are two programs presently being advanced--one by the Fuel Oil Marketing Advisory Committee of the Department of Energy and one as part of the President's proposed windfall profits tax legislation. There may be others which are unknown to me.

It is my belief that the 3 billion dollar price tag advanced by FOMAC is a more realistic number than the roughly one billion dollar program advanced through a windfall profits tax. Recently my position was corroborated by the attached document provided me by Tina Hobson, Director of the Office of Consumer Affairs of the Department of Energy. You will note from the attached document that Ms. Hobson has concluded that "it is unlikely that the \$100 annual direct cash rebate recommended by the Administration will equal the further increased costs brought

about by decontrol." Ms. Hobson also pointed out that "the elderly present a special problem. Though heating oil was increased by 175.6 percent, gasoline by 97 percent and gas and electricity by 95.2 percent since 1973, Social Security and Supplemental Security Income payments have increased by only 58 percent." (See Exhibit 4)

There is a unanimous consensus by our Committee that a low-income assistance program is needed before next winter. The major problem to be resolved is where to find the dollars to do the job. I do not believe the Treasury will support such a program, so money must be found elsewhere. The profits from deregulation are a logical source. However at this point in time, the only profits being suggested appear to be the profits which will result from domestic oil deregulation.

I propose that another immediate source of funds is the windfall profits flowing to the natural gas pipeline companies as a result of passage of the Natural Gas Policy Act. In March, I presented testimony to the Senate Subcommittee on Intergovernmental Relations decrying the early disastrous dollar impact of NGPA on consumers. (See Exhibit 5)

And in a recent letter to the Commission, the President of Laclede Gas Company, Lee Liberman, indicated that the next six months pass-through resulting largely from NGPA will amount to 50 million dollars in the Laclede Service area. The effect of that increase will begin to be felt in September, and it represents another 15 percent hike in Laclede's customer bills over and above the large percentage increase which can already be attributed to NGPA. Laclede was opposed to passage of NGPA. So was I. Now it is the law of the land, and they as a retail company and I as a regulator stand helpless as the consumer is raped by these outrageous increases.

You in the Congress who have legislated these increases through deregulation must protect the consumers who cannot afford them. You have insulated the pipeline companies with increases to cover inflation, but you ignore the consumer who is trapped by a fixed income, by rising costs and by the ravages of inflation.

These hearings indicate your concern for these problems. I hope the evidence you are collecting will provide the long overdue catalyst needed to develop a federal low-income assistance program for those living on fixed incomes or at the poverty level to assure that they can have heat next winter. I pledge you my fullest cooperation in developing such a program.

EXHIBIT I

ELECTRIC
Avg. No. R. Cust.
Citizens Electric Corporation
16,321

Empire District Electric Company
66,615

Glenwood Light & Power Company
105

Kansas City Light & Power Company
includes both MO. and KAN. 198,936
residential customers)

Sho-Me Power Corporation
7,085

Union Electric Company
615,755

Months	Qtrs	Arrears by billing periods			Accts. Rec. by billing periods			Crisis Intervention 76-77	77-78	Payment Arrang.	Budget Billing		
		One	Two	Three	One	Two	Three				\$50	\$75	\$100
Oct.	14	1,310	241	112	49,330	6,804	4,352	5	0	0	does not show pay		
Nov.	22	1,246	235	134	44,001	5,152	5,145						
Dec.													
Jan.													
Feb.													
Oct.	204	11,448	1,106	487	247,015	57,581	42,714	21	516	0	0	0	0
Nov.	57	10,753	1,172	604	219,530	124,241	65,608						
Dec.	41	9,548	1,812	945	175,553	93,512	90,560						
Jan.	107	10,437	1,281	714	309,037	71,003	58,373						
Feb.	203	11,846	1,193	516	265,020	123,355	50,531						
Oct.	0		2					0	3		does not show pay		
Nov.													
Dec.													
Jan.													
Feb.													
Oct.	501	35,343	2,919	48	4,373,143	1,213,708	4	14	2,417	not arranged	has lighted 600 2nd floor to off-electric		
Nov.	419	27,214			3,350,686								
Dec.	1,070	21,530			2,702,402								
Jan.	227	24,115			2,948,844								
Feb.	737	16,335			2,450,594								
Oct.	2	148	47	103	5,143	1,200	5,411				12	5	0
Nov.	6	137	45	204	5,853	2,475	5,411						
Dec.	1	143	43	231	4,803	3,895	7,324						
Jan.													
Feb.													
Oct.	2,491	104,400	24,900	9,200	7,150,500	1,475,500	593,900	114	1,184	25	14,314	1,210	1,018
Nov.	2,456	105,700	27,100	10,000	7,150,000	1,446,700	645,400						
Dec.	1,523	87,800	37,000	12,400	5,284,000	2,117,000	714,400						
Jan.	104	77,000	33,500	18,100	3,543,000	1,860,000	515,000						
Feb.	1,141	57,000	25,500	12,800	4,000,000	1,571,800	814,000						
		97,800	24,500	15,200	4,966,400	1,247,500	814,900						

ELECTRIC (Cont.)
Avg. No.
R. Cust.
Arkansas-Missouri Power Company
25,825

GAS
Associated Natural Gas Company
44,800

Bowling Green Gas Company
1,153

Keokuk Gas Service Company
10,414

Gas Service Company
403,070

Laclede Gas Company
As of 9/78
Last 12 mos. Avg.
448,536
451,012

Months	Qtrs	Arrears by billing periods			Accts. Rec. by billing periods			Crisis Intervention		Payment Arrang.	Budget Billing		
		One	Two	Three	One	Two	Three	76-77	77-78		\$50	\$75	\$100
Oct.	82							0	32,144.11	0			
Nov.													
Dec.													
Jan.													
Feb.													
Oct.	113							850	850				
Nov.													
Dec.													
Jan.													
Feb.													
Oct.	1		not available		12,302				23	0	3	0	1
Nov.													
Dec.													
Jan.													
Feb.													
Oct.	6	80	2	1	2,100	372	93	0	415	4	1316	14	16
Nov.													
Dec.													
Jan.													
Feb.													
Sept.	1,387	46,756	45,443	25,333	46,513	516,004	1,086,737	3,906	5,843	784	1,282	280	4108
Oct.	1,242	46,404	44,080	23,044	75,597	344,500	1,232,023						
Nov.	826	46,946	40,886	10,432	121,124	488,363	903,745						
Dec.	895	46,443	47,273	19,740	378,475	1,079,461	824,442						
Jan.	135	3,423	51,523	20,021	549,760	1,440,004	904,279						
Feb.	550	4,250	41,840	20,194	600,463	1,643,384	1,256,445						
Oct.	1,883	57,197	36,401		1,500,203	1,965,706		10,885	14,276	1,300	not available		
Nov.	1,524	58,484	33,400		1,402,521	1,440,077							
Dec.	1,118	50,568	20,402		1,404,231	1,409,880							
Jan.	503	56,400	26,510		3,780,838	1,110,333							
Feb.	934	64,758	20,522		6,012,841	1,078,070							

GAS (Cont.)

Avg. No.
R. Out.

Missouri Natural Gas Company **
As of 9/78 24,162
Last 12 mos. Avg. 24,559

St. Charles Gas Company **

As of 9/78 22,740
Last 12 mos. Avg. 22,205

Midwest Missouri Gas Company **

As of 9/78 9,056
Last 12 mos. Avg. 8,852

O'Fallon Gas Service Inc.

2,877

Ceage Natural Gas Company

536

Peoples Natural Gas Company

1,430

** Laclede Gas Company subsidiary

Months	Qtrs	Arrears by billing periods			Accts. Rec. by billing periods			Crisis Intervention		Payment Arrang.	Budget Billing		
		One	Two	Three	One	Two	Three	76-77	77-78		\$50	\$75	\$100
Oct.	49	2,417	1,199	→	22,822	22,910	→	470	987	→	not available		
Nov.	37	2,411	1,035	→	42,718	15,464	→						
Dec.	34	2,455	925	→	46,810	15,178	→						
Jan.	12	2,420	853	→	137,524	19,521	→						
Feb.	31	3,041	1,024	→	251,560	28,304	→						
Oct.	34	3,246	1,147	→	34,743	22,925	→	84	93	0	not available		
Nov.	34	3,013	1,119	→	50,450	19,481	→						
Dec.	19	2,832	938	→	50,075	15,284	→						
Jan.	8	2,562	817	→	172,937	16,627	→						
Feb.	40	3,044	943	→	251,560	28,304	→						
Oct.	17	1,553	571	→	24,745	8,004	→	10	14	0	not available		
Nov.	21	1,307	547	→	19,211	9,049	→						
Dec.	25	1,443	534	→	21,106	7,029	→						
Jan.	8	1,504	423	→	24,231	7,437	→						
Feb.	20	1,516	423	→	115,030	11,195	→						
Oct.													
Nov.													
Dec.													
Jan.													
Feb.													
Oct.	0	13	1	0	109	11	→	0	0	0	none		
Nov.													
Dec.													
Jan.													
Feb.													
Oct.													
Nov.	1	110	47	52	2,884	1,151	2,422	0	24	0	51	7	4
Dec.	2	131	51	41	3,051	1,771	2,411						
Jan.	1	110	47	52	3,255	1,183	1,119						
Feb.	2	120	40	40	5,525	1,922	1,205						

FIRST REGULAR SESSION
 SENATE COMMITTEE SUBSTITUTE FOR
 HOUSE COMMITTEE SUBSTITUTE FOR
House Bill Nos. 545, 21 & 485
 80TH GENERAL ASSEMBLY

Read 1st time and 1,000 copies ordered printed.

Reported from the Committee on Public Health, Mental Health, Developmental Disabilities, Welfare, Medical and Consumer Protection May 30, 1979, with recommendation that the Senate Committee Substitute do pass.

VINITA E. RAMSEY, Secretary.

AN ACT

Relating to the establishment of a Utilicare program in the department of social services to provide assistance to certain persons for the payment of charges for the primary heating source for the household, with penalty provisions.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section 1. The department of social services is directed to
 2 implement and administer a plan for providing financial assist-
 3 ance to elderly households for the payment of charges for the
 4 primary heating source for the household. This plan shall be
 5 known as "Utilicare."

Section 2. The department shall issue a "utilicare card"
 2 to every household which makes application in which the head
 3 of the household or spouse has attained the age of sixty-five and
 4 the income for the prior calendar year does not exceed \$7,500.
 5 Income shall be as defined in section 135.010 RSMo. The depart-

6 ment shall determine that the applicants meet the age and in-
7 come requirements before issuing a utilicare card. Application
8 for participation in the utilicare program must be made an-
9 nually.

Section 3. The department shall designate a local office or
2 offices in each county and each city not within a county where
3 application may be made for a utilicare card and where utilicare
4 cards will be issued. Utilicare cards shall be issued within five
5 working days of the date of application. Applicants shall be
6 allowed to apply for utilicare by mail by submitting proof of
7 age qualification and a copy of their state income tax return
8 for the previous year, and all schedules attached thereto, or if
9 applicable a copy of their application for tax relief under the
10 provisions of sections 135.010 through 135.035, inclusive.

Section 4. After the first day of July of any year the holder
2 of a utilicare card may take or send the card and a signed form
3 requesting payment for the heating bills to the supplier of the
4 primary heating source for the household and request that the
5 supplier bill fifty percent of the heating bill for the subsequent
6 months of December, January and February, but not more than
7 fifty dollars per month to the utilicare office in the department.
8 The form for requesting the payment for the bills must be
9 signed both by the cardholder and by the supplier and the form
10 and the utilicare card must be transmitted to the department
11 by the supplier. At the end of each of the covered months the
12 supplier shall submit to the department a copy of the total heat-
13 ing bill for the month and the amount to be paid by the state.
14 After the department verifies the validity of the claim, the
15 amount owing shall be transmitted to the supplier. An amount
16 not exceeding one hundred fifty dollars for the covered months
17 may be paid to suppliers of heating fuels not delivered on a
18 regular monthly basis, such as wood, coal, propane and heating
19 oil, with such amount not to exceed fifty percent of the heating
20 bill for the covered period.

Section 5. Funds for the utilicare program may come from
2 state, federal, or other sources.

Section 6. Any false claim knowingly made in an applica-
2 tion for a utilicare card or any false claim knowingly made by
3 the holder of a utilicare card or by a supplier of the primary
4 heating source or of heating fuel in a request for payment under
5 the utilicare program shall be deemed a false declaration as
6 defined in section 575.060 RSMo.

Section 7. The department of social services shall design
2 the forms and issue rules and regulations necessary to carry
3 out the provisions of this act. Any rule or portion of a rule
4 promulgated pursuant to this act may be suspended by the joint
5 committee on administrative rules until such time as the gen-
6 eral assembly may by concurrent resolution reinstate such rule.
7 Such rules shall provide that in order for a homeowner to be
8 eligible such homeowner shall have met Federal Energy Con-
9 servation guidelines for insulation, or have made application for
10 insulation under the Department of Natural Resources program
11 or like program offered in the State of Missouri. The Depart-
12 ment shall post in application areas large notices of the avail-
13 ability of this program.

January 19, 1979

FISCAL NOTE NO. 6128-W FOR HB 545.

Purpose of Proposed Legislation:

The proposal would establish the implementation of a "Utilicare Card" program to assist in paying the charges for the primary heating source for the household of persons 65 years of age and with a maximum income of \$7,500 as defined in Chapter 135.010 RSMo.

Assumption:

Based upon the Chapter 135 tax relief program, it is estimated there are 40,173 eligible households anticipated to participate with an average monthly fuel bill of \$70.03. In that the present case load for the case workers is excessive, additional staff will be required statewide.

	FY 1979-80 (9 months)	FY 1980-81
Estimated Cost:		
Personal Service (Staff 41)	\$ 216,596	\$ 317,674
Equipment	19,088	
Expense	43,319	63,535
Grants	3,206,981	4,705,039
Sub Total	\$3,485,984	\$5,086,248
Personnel Benefits:		
Retirement, O.A.S.I. & Insurance	\$ 37,295	\$ 53,519
Total Cost	\$3,523,279	\$5,139,767
Source of Funds:		
General Revenue Funds	\$1,409,312	\$2,055,907
Federal Funds	2,113,967	3,083,860
	\$3,523,279	\$5,139,767

Prepared by: Robert J. Gunter

Approved by: Ralph L. Bryant, Director,
Committee on State Fiscal Affairs

✓

EXHIBIT 3

CONSUMER AFFAIRS ADVISORY COMMITTEE RESOLUTION

ADOPTED MAY 4, 1979

REQUEST:

To meet its responsibility in addressing the problem of low-income persons inability to meet rising energy prices, the Subcommittee on Special Impacts of the Consumer Affairs Advisory Committee has reviewed the following:

1. The Fuel Oil Marketing Advisory Committee Report, and
2. The Data Relating to the Impact of Oil Price Decontrol on Low-income Households discussed with the Advisory committee by the Economic Impact Analysis Director, PE.

This review has revealed major discrepancies in the data bases used: e.g., average annual household expenditures on fuel oil and gasoline, percentage of income expended, per capita income and household size. Since these data directly affect findings regarding the impact of price increases on low-income consumers and the resultant need for energy assistance, the Consumer Affairs Advisory Committee requests:

1. A report from the Department of Energy reconciling the data discrepancies in (1 & 2) above.
2. A copy of the final report by Policy and Evaluation (2) above.
3. A copy of any data or report supplied to the White House which provided the basis for the President's statements relating to the financial impact of decontrol or low-income citizens.

RECOMMENDATION:

The Consumer Affairs Advisory Committee recommends that further studies undertaken by the Office of Consumer Affairs make every effort to develop energy assistance program options which provide a common ground between Fuel Oil Marketing Advisory Committee's and the White House Programs. However, until such options are outlined, the Consumer Affairs Advisory Committee endorses the Fuel Oil Marketing Advisory Committee Program which recognizes the need for a low-income assistance program, with or without a windfall profits tax, and which presents a more credible data base from which to establish a minimum level of need than that provided by Policy and Evaluation.

EXHIBIT 4



Department of Energy
Washington, D.C. 20585

MAY 25 1979

MEMORANDUM FOR Al Alm, PE-1
Lincoln Moses, EI-1

SUBJECT: The Office of Consumer Affairs Position on Energy
Prices and Low Income Citizens

SUMMARY HIGHLIGHTS

The Office of Consumer Affairs (OCA) was first provided an opportunity to review the NEP-II document only after it was transmitted to the White House and Congress. Consequently we had no opportunity before publication to comment on the statistics presented therein on fuel costs by income group or region.

Our recent participation in the NEP-II public meetings and in the HUD/DOE low-income workshops involved direct contact with the poor and the low-income elderly. Our first-hand reports from them were substantially different from the NEP-II estimates of the impact of energy prices on this sector of the population.

As a result of this, our reaction at first glance was that the statistics presented in NEP-II were understated. We believe OCA has an obligation to expand on the data provided in the NEP-II document to add to DOE's understanding of the total impact of energy prices on the poor.

Two weeks of concentrated review of recent relevant studies and of the MATH/CHRS model have confirmed the serious limitations of the NEP-II published data. The following statements are documented in the attached position paper.

- o Low-income households, nationally, are paying a minimum of 20% of their pre-tax income on energy, with the predominant number paying from 27%-40%. Further, the impact on the poor of these high costs has not been significantly mitigated by Federal assistance programs, whether the assistance be directly through energy-related programs or indirectly through the welfare system.

- o The figures on energy costs to the poor provided in NEP-II do not hold up (Page VIII-16). In fact, the actual costs this past year have been greater than those that NEP-II predicts for 1981. According to the figures in NEP-II, households below the poverty level will spend \$353 for fuel oil alone in the year 1981 without decontrol. Yet the Grier Partnership in August 1978 (and numerous other studies cited herein concur) estimates that low-income households heating with oil spent \$530 in 1977-78 (or 13.76% of their income) for fuel oil alone. This compares with \$722 for households with incomes of over \$30,000 per year.
- o The elderly present a special problem. Though heating oil has increased by 175.6%, gasoline by 97% and gas and electricity by 95.2% since 1973, Social Security and Supplemental Security Income payments have increased by only 58%.
- o Key assumptions used in the MATH/CHRS model to estimate the effects of decontrol are open to serious question. For example, we have been informed that the model was run using a world oil price of \$15.00 a barrel even though a price of \$18.00 is more realistic today in light of the surcharges which appear to be holding. Further, in calculating the impact of decontrol, it was projected that gasoline prices would increase by 4 cents. However, gas prices have risen 6 cents in one month alone (April 15-May 15, 1979), and over 29% in the last year alone. Also, the price and quantities of fuel used in the model are open to question. For example, MATH/CHRS estimates that the average low-income household in New England consumes 777 gallons of fuel oil per year at a cost of 50.2 cents per gallon. Yet the Grier Partnership in a study for the New England Regional Energy Project, shows a consumption figure that is 72% higher at a cost of 51.2 cents per gallon. The prices used in both cases are low, as the December 1978 fuel oil cost in New England was 54.1 cents per gallon. Consequently, we believe that the forecasts used in the decontrol analysis should be carefully re-examined.

- o The assumption that there is room for the poor to conserve (price elasticity of demand) or to trade off energy expenses against other items (food, shelter, health care) in their budgets has not been substantiated. The poor typically have the oldest and least energy-efficient appliances, autos and housing. Given the hardship of spending such large sums on energy, it is hard to believe that even higher prices will elicit conservation. This is literally like trying to get blood from a turnip: with a mean average income of \$3,850, it is unlikely the poor can purchase new energy-efficient merchandise or even weatherization materials.

CONCLUSION

Our office is of the opinion that any meaningful energy assistance program must be concerned not only with the incremental impact of decontrol, but more importantly with the tripling in fuel oil prices since 1973. Decontrol represents a significant, but small increment when compared to the burden of a six-year steady price rise of energy and energy related products.

Because the assumptions of the MATH/CHRS model (which was used to project the impact of decontrol in NEP-II) appear to be in error, it is unlikely that the \$100 annual direct cash rebate recommended by the Administration will equal the further increased costs brought about by decontrol.

Our office is currently studying various options and mechanisms for implementation of an equitable Energy Assistance Program. We will be prepared to make recommendations on September 1. At the present time we can only certify that any program which purports to alleviate energy price impacts on the poor with an average of \$100 per household can only cause the Administration severe embarrassment.

If the Office of Consumer Affairs had had an opportunity to review the data before submission to the White House we would have been able to draw attention to these issues in a more timely fashion.

It would save all of us unnecessary anguish if our office could be provided draft copies of policy issue papers relating to the poor prior to final publication.

Tina C. Hobson

Tina C. Hobson
Director
Office of Consumer Affairs

cc: Philip S. Hughes
IR Directors
Grace Oliverez, Community Services Administration

EXHIBIT 5

REPERCUSSIONS OF THE NATURAL GAS ACT
SENATE SUBCOMMITTEE HEARING ON INTERGOVERNMENTAL RELATIONS

Testimony of

Alberta C. Slavin, Commissioner
Missouri Public Service Commission
Jefferson City, Missouri

The testimony that I am providing today will highlight some of the impact upon natural gas consumers as a result of passage of the Natural Gas Policy Act. My testimony will fall into three major categories:

1. Economic impact of NGPA on Missouri consumers.
2. Problems created by implementation of NGPA.
3. Effect of wage-price voluntary guidelines.

Economic Impact of NGPA on Missouri Consumers

Although the Natural Gas Policy Act was touted as legislation which would protect high priority customers from gas price increases largely as a result of implementation of the incremental pricing provisions of the Act, the dollar impact on consumers has been both dramatic and substantial. To demonstrate my point, I have drawn a comparison utilizing the same demand and commodity figures for projected January 1979 sales in comparison with January 1978 sales of Laclede Gas Company, a retail gas company which serves principally the St. Louis Metropolitan Area. The total percentage increase experienced as of January 1979 is 17 percent. This 17 percent increase results in a \$38,184,842 increase to Missouri retail customers. Of this increase \$7,000,000 can be attributed to the Natural Gas Policy Act. In other words, 18.3 percent of the \$38,000,000 can be attributed to NGPA. All these increases can be attributed to Price of Gas Adjustment increases. (See Exhibit 1.)

Using as another example a retail gas company serving the western end of Missouri, The Gas Service Company, one can see even more dramatic increases as the result of the Natural Gas Policy Act. Drawing a comparison between 1978 and 1979 PGA rates, a \$29,103,721 increase results which is an overall increase of 21.1 percent. Of the \$29,000,000 increase, \$16,138,232 can be attributed to NGPA which results in a 55.4 percent of the total increase. (See Exhibit 2.)

Another exhibit which may be of interest to the Committee is a letter in response to our Director of Utilities from Laclede Gas as to the amount of the March 1st PGA which could be attributed to the Natural Gas Policy Act. In this letter from Mr. Russell to Mr. Rademan dated February 20, 1979, the Company identified \$4,261,500 of a \$7,699,800 increase as attributable to NGPA. (See Exhibit 3.)

These increases have already been put into effect and are being borne by all retail rate payers of both gas companies. Although it was assumed that the Natural Gas Policy Act was intended to protect high priority customers from dramatic increases as a result of passage of the Act, such is not the case. In order to protect customers from these increases, the incremental pricing provisions of the Act would have to be implemented, and there is no provision for implementation of the incremental pricing section of the Act until November 1979.

FERC is developing guidelines for implementation of the incremental pricing section of the Act at this time. Present task force recommendations exempt direct pipeline sales to industrial companies from the incremental provisions of the Act. Our Commission submitted a statement in opposition to this proposed exclusion which potentially identifies the continuing problem of additional price increases authorized under NGPA which result in higher and higher profits for the pipeline companies. (See Exhibit 4.)

Problems Created By Implementation of NGPA

There seems to be some confusion on the part of the Federal Energy Regulatory Commission on what components will be approved for increase. The Missouri Commission is already receiving PGAs for implementation which utility companies anticipated would be approved by FERC but which were subsequently changed. I present for the Committee's consideration one example of this type of problem which results in double work for both our Commission and for the utilities involved. On December 14, 1978, Panhandle Eastern Pipeline filed for an increase which included costs associated with producer gas purchase contracts subject to NGPA of 1978. On January 24, 1979, FERC issued its "Policy Respecting Area Rate Clauses and Indefinite Price Escalator Clauses." In this statement FERC essentially said that until they could clarify their position concerning the above-mentioned clause, a final determination could not be made of producer gas purchase contract subject to NGPA of 1978. Tariffs filed on December 14th were scheduled to become effective February 1, 1979. By letter order dated January 31, 1979, FERC approved the above-mentioned tariff sheets effective February 1, 1979 "subject to the elimination of costs from producer suppliers which those suppliers are not authorized to charge" pursuant to the Natural Gas Policy Act of 1978 and regulations thereunder.

After auditing the numbers apparently approved for the Commission's consideration, the Commission approved these PGA tariffs. However, at about the time the PGA factors were approved a "Second Substitute Twenty-Seventh Revised Sheet No. 3-A" was sent out to all jurisdictional customers. By the time it was received by Missouri natural gas distributing companies, many of them had already filed their PGA's for the month of February using the values of the "First Substitute Twenty-Seventh Revised Sheet No. 3-A." As a matter of fact, some of the gas utilities had already started charging their customers using the higher "First Substitute" rates. The Commission was required to issue a second set of tariffs correcting the first set of tariffs. Some of the utilities under our jurisdiction caught the charges in time to refile their PGA for February, thereby preventing overcharges.

Some, however did not and a refund provision will have to be worked out in subsequent billings. In essence, as a result of the change, the Commission approved an improper rate and was required to withdraw it. (See Exhibit 5.)

It is particularly interesting to note the speed with which the increases have been allowed to go into effect with no apparent care in auditing for accuracy or an actual determination of policy. This is in direct contrast with the speed in which refunds are processed. To illustrate my point, I have as an exhibit the most recent refund case which the Commission processed for Laclede Gas Company. The date of processing was November 20, 1978, with an effective date of December 1, 1978. The reduction in the PGA adjustment factor in this case was applicable to a time period which extended from October 1, 1964 through December 31, 1969. It is now 1979. NGPA price increases were implemented in slightly over a month's time. In the case cited, refunds to customers were processed in ten years and longer. (See Exhibit 6.)

In summary, covering both points, I enclose an exhibit which demonstrates the marked increases which have occurred over the last six years to average residential customer bills as a result of gas costs permitted by Federal agencies. This exhibit points out that while the average bill for the St. Louis residential customer has increased by \$243.27 over approximately the last six years, \$207.68 of this increase resulted from Federal increases.

Effect of Wage-Price Voluntary Guidelines

Although the Commission has received a draft proposal for implementation of the wage-price guidelines in its utility decisions, it appears that these guidelines will have little or no impact on our future decisions as they relate to gas companies. The guidelines exclude fuel and interchange sales from consideration in overall increases. Therefore, the major increases which I have identified as impacting on Missouri customers of natural gas would be excluded under the guidelines. Therefore, any actions taken by the Federal government which drive up energy prices appear to be exempt from the wage-price voluntary guidelines.

In conclusion, my testimony is meant to demonstrate to the Committee the profound implications of the passage and implementations of the Natural Gas Policy Act. Consumers in our state are already suffering from the impact of this Act and its implementation under the law. Commissions such as ours are powerless to protect consumers from being raped by the pipelines which has been legalized by Congressional action.

Senator EAGLETON. Mrs. Sally Fahrenthold, director of emergency assistance and advocacy, Metropolitan Lutheran Ministry.

STATEMENT OF SALLY FAHRENTHOLD, DIRECTOR OF EMERGENCY ASSISTANCE AND ADVOCACY, METROPOLITAN LUTHERAN MINISTRY

Ms. FAHRENTHOLD. Thank you very much. I am sorry to deliver my comments late but this indicates a little bit of what my statement is going to be about because the Metropolitan Lutheran Ministry is typically a very small church-based association of churches in five counties in the area. I don't have a secretary right at the moment so I was typing my remarks at the kitchen table this morning.

This is the kind of pressure that the crisis intervention program has put on administrators in small agencies around the country. We want people in Washington to be aware that people are really working under crisis conditions simply to administer the program.

We are particularly grateful to you, Senator Eagleton, for the work you have done during the past couple of years in providing national leadership in terms of getting utility assistance.

I particularly know that you have gone out of your way to see to it that the Nation, and Kansas City in particular, have the funds for these crisis programs. That has been really super and we are deeply grateful, as I know just thousands of needed people who have benefited from that action.

I also am grateful for the kind of staff that your offices here in Kansas City and in Washington provide because they have just been super in working with us and helping us develop the program.

We really appreciate also that you listen to the people at the grassroots.

Today I am just going to discuss the crisis intervention and extended EEAP programs of CSA rather than—I would just rather not get into rates and procedures of the companies and things like that because that gets into an awful lot. I think I have really more than I should be saying about the crisis intervention programs.

Obviously, we all know that the high energy costs are creating a situation where we have to seek new solutions. Kansas City has struggled with various means of reaching out to needy people to maintain warmth.

As you know we have had the generosity of the city of Kansas City totaling \$150,000 this past winter in the winter hardship assistance program, reaching about 1,000 families whose income was below 150 percent of the poverty level.

That helped a lot of elderly people because the income level was 150 percent of the poverty level, a little bit higher than the CSA program this year.

We have had the regular Emergency Assistance, Inc., program funded by the city with about \$100,000 annually spent for utility assistance for about 670 families. That doesn't have an income guideline. It is based on need.

This past winter the Gas Service Co. had a surplus funds of \$70,000 available from a rebate, which was used in payment of delinquent gas bills for 712 families.

The coalition of organizations and churches which calls itself the Warmth and Light Coalition has helped nine agencies in five counties with about \$30,000 in donations from the caring public, reaching probably about 300 homes.

We even survived this winter without a designated community action agency because 20 agencies and organizations and many volunteers in 29 locations in Clay, Platte, and Jackson Counties banded together to help the Metropolitan Lutheran Ministry distribute the 1978 extended EEAP and the 1979 crisis intervention funds.

That was a massive community effort. We are so grateful to the many, many people who have helped with that.

The extended EEAP program which ended on May 31 helped about 2,480 people in 776 families in the three counties with \$190,000.

About 221 of these, about 28 percent, were age 60 or over.

We anticipate that the crisis intervention program, which concludes 2 weeks from tomorrow, will have helped about 4,800 families of about 17,184 people, and we expect that about 1,104 families will be elderly, about 23 percent of the families.

The amount that we plan, that we expect, will be given in grants will be about \$900,000 out of the \$1,106,600 received.

A lot of people have been helped with large amounts of money to pay thousands of utility bills out of the total of \$1,644,600 that have been available in all of these different programs that I have mentioned.

Yet we are going to be returning some money. We have helped 8,260 families and 28,000 people but there are still more people needing help.

We have found that about 600 families have needed help from multiple programs, and we are still finding families like that, but the other programs are no longer available. Two hundred dollars was simply not enough, and yet no family has needed more than \$900 that we have helped.

When you consider that people receive a monthly gas bill in winter months of \$150 or electric bills for 2 months of \$120 and water bills of \$30, and yet they are on SSI or Aid for Dependent Children, and they need to buy food and clothing, and rent, obviously they are going to need help that is more than \$250 for the winter.

The rates continue to increase and I think we need to increase the consensus of the maximum amount that families should receive.

Now, today, I think there are probably about 6,000 households in Clay, Platte, and Jackson Counties that don't have one of their basic utilities, either gas or electricity.

On June 5 the Gas Service Co. and Kansas City Power & Light mailed out for us 6,000 fliers to households in those three areas—and I want to mention, by the way, that the Gas Service Co. has just been absolutely super in working with Metropolitan Lutheran Ministry and all of the agencies, and really going overboard in trying to extend help to the families in need, but we do think there are about 6,000 households right now without utilities, one of the

utilities and that we are going to be returning about \$200,000 to CSA at the end of the program, which is a really tragic situation.

I think the reasons for this are part of the story of this winter's crisis intervention program. We have compared notes——

Senator EAGLETON. Let me break in there. I realize this is a maximum of \$250 so that eliminates those households such as you mentioned, \$900. We had an earlier witness that Mr. Thomas talked about, a household that has a \$900 bill, but even within the constraints of the program, the \$250 max, and realizing that Mr. Dugan stated that there are now some 3,200 households that have been terminated, why can't we match between now and June 30 that \$200,000, even with the \$250 max, with some of those 3,200 households?

Ms. FAHRENTHOLD. That's what we are trying to do. We have sent out the letters.

However, some households, a great number of them, have already received help for their other utility so they can't receive help for the one that is currently off.

So that eliminates a great number of the people who are calling in as a result of those letters, that they have already been helped to the maximum and cannot be helped further.

In addition, a number of people are over the income guidelines, a great many people are.

The comment that we hear over and over again is the shutoff notices didn't prevent them from being cut off. They didn't have the money so they simply had to be cut off.

A lot of the people were not aware, and I don't know why they weren't aware because we have tried every possible way of publicity of the programs earlier.

Part of the problem also is that we don't know when our final date is for writing checks and committing funds under the CSA program now. It was extended to June 30 so we don't know when the final checks have to be written. We haven't been told that.

Consequently we have to really keep all of our paperwork and bookwork very current with every case. We can't just do a smash effort of take as many applications as you possibly can and process them later because we don't know when we have to have the final reports in. So we are trying to keep everything as current as possible.

We know if the program were extended that the funds are very much needed here.

There was a lady who was going to come with me today and couldn't because yesterday she suffered a mild heatstroke. She has air-conditioning for her home but she is afraid to get too high an electric bill so she did not turn on her air conditioner.

She is at the hospital today as a result of a mild heatstroke.

We know that people like that with health problems need utilities assistance during the summer. We know there are people we are just not going to be able to process between now and the end of June and they are going to go without help.

I think it is really tragic.

This is not the only place this kind of thing is occurring. We have been working with the Missouri Association on Social Welfare and their energy coalition, and the churches and social agencies,

Community Action Agencies, and utility companies all around the State which are members of that coalition have had similar experiences.

Another reason why money is going back that has been needed and is still needed here in Kansas City is because of the sporadic funding of the program.

I would like to give you a little history of how the program developed here this year. Because there was no Community Action Agency in Clay, Platte, and Jackson Counties, and the Metropolitan Lutheran Ministry was already an agency accredited by CSA, and we had some programs going in Community Food and Nutrition, Weatherization and Housing Counseling, minor home repair for the elderly, and emergency assistance, we were called upon by your office and by CSA to please administer the program.

We really felt that the volume and scope of the program, which was the equivalent of an income transfer program, that we didn't have the built-in capacity nor the organization setup for this program, and really suggested some other agencies we felt would be good at handling it.

We were told if MLM did not administer the funds the Kansas City area would go without help. We foresaw much hardship and suffering and even violence in store for cities if no help was available, so we accepted, ready or not.

Then we were told that absolutely only \$64,700, and at the outside an additional supplement totaling \$470,000, would be available to help people. After that was gone, no more would be available.

Yet our estimate of the need from CSA was about \$1 million dollars for the three counties.

We knew within 1 month those funds would be committed. We received the extended EEAP funds on February 5 and spent them by February 12 and then there were no funds available until February 26 when the crisis intervention funds came. And we expected to have the funds all committed by May 29, and they were.

But CSA has a funny way of announcing these things. In Washington it gets announced the minute the decision is made that the funds are coming. It gets into all of the newspapers here and all the people who are needing help come to our offices for help.

But it takes about 3 weeks until we get official notice of that, the notice that authorizes us to spend funds and another couple of weeks before we even get the actual check.

So people are coming for money when there are no funds available, and they apply too early.

We and 20 agencies, including some locations we borrowed from churches in Clay and Platte Counties and staffed with temporary volunteers and much temporary new staff, and just enough printed applications and voucher forms and just enough capacity to last for 1 month, we set things up so we would not go over the 10 percent administrative cost that are allowed and squeezed just as much money as possible to help the people who are poor, and really expected the program to last for 1 month, because absolutely \$470,000 was all that was going to be available.

In April again there were no funds available at all. The agencies closed down. They completed their paperwork. We wrote the

checks. We got things on the computer. The volunteers took jobs elsewhere, temporary staff was let go and so on. People who came for help were told there was no help available.

Sometimes the elderly people and the disabled people are the ones who come last for help, and they came and they found out there was no help available and everything was shut down. The program was over. We were getting ready to do our reports on it.

Then whammo, the end of April and the first week of May we were told that funds were being reallocated around region VII and that, in addition, what Washington had said about no more funds being available was not really so. Somebody in Washington has been holding funds until the first week of May to see whether it was really needed.

We had been sending telegrams, letters, phone calls—you got some of them, I know, the Governor, all of the Congressmen, the Senators, CSA in Washington on the regional level, pleading for some more money. We had been shut down for over a month and now in May were told to gear up again, that more funds are available; how much do you need; it needs to be spent by May 31.

So we said we thought we could accept \$42,000 more in extended EEAP and \$600,000 more in crisis intervention, and we started all over again, setting up centers, locating volunteers, incurring printing costs, and we figure we spent about \$500 more in printing costs than we would have if we had ordered all of the printing at one time, setting up new locations, issuing new instructions. Some places couldn't gear up again and others found that people were reluctant to come in because they didn't know whether they should really believe that funds were available. They had just been there last week and there were no funds; should they go back again and apply for funds again?

This is very frustrating. And it is particularly frustrating to elderly people who are humiliated and embarrassed to ask for help for a basic need anyway.

Then on May 25 we were told that the crisis intervention program would be extended until June 30, with no other additional information. I still don't know when the reports need to be in.

On June 5, I was told, after calling many times and inquiring about the change in income guidelines and if there was one, that the guidelines had been changed for the program on May 7.

So we had to go back through all of our denied cases to locate anyone who might still have been eligible under the new guidelines and notified all participating agencies to do the same.

Even so, the two programs had different guidelines. The extended EEAP takes income from last spring, any 90 days last spring, and for elderly people it is 150 percent of poverty level and for other families it is 125 percent. The crisis intervention program for all people is 125 percent of poverty level.

Extended EEAP program can be used to incur credit on an account. The crisis intervention program can only be used when there is a cutoff notice on the account.

Lots of confusion in not only the minds of the agencies administering the program but the people coming for help; they can't understand why their neighbor down the street got help and they didn't. Why did so-and-so get \$100 credit on her electric bill and I

didn't even get help on a gas bill when I have been paying regularly all winter long. That kind of thing has led to a lot of confusion and the elderly people, particularly, have been turned off by it.

Some people have been eligible for more than one program and some haven't.

I won't go into all of the problems we have had, but those are just a few of the little things that have made it difficult to administer the program.

Senator EAGLETON. I think it is safe to say, based on your testimony and the other testimony not quite as detailed as yours that this has not been the most efficiently, smoothly run program in the history of the Federal Government. I don't blame individuals for being mystified.

Individuals such as yourself who try to administer the program and individuals who bring to your attention that So-and-So down the street got \$100 on their bill, why don't I get some on mine; and whether you meet the elderly guideline or the non-elderly-poor guideline or what-have-you; and the stop and start of this program that you have described in this calendar year: All of that speaks very convincingly that this program has been far from smooth.

Ms. FAHRENTHOLD. And I must say, also that our regional office here has been extremely helpful. They are simply a distribution center from the Federal level. They have been as frustrated as we have been with this, and I think have shared a lot of the same concerns.

Senator EAGLETON. Yes; I understand that your remarks were not leveled at C.S.A. Their job is to try to make the best out of a bad situation and their motives in this have been excellent. They want to get the money out to people who need it but we have had problems with the Office of Management and Budget holding back moneys, saying you have to have everything in by May 1 or May 31, and now June 30, additional projections you would only get x , amount of dollars. So you made do on x and then later on finding that, well, you're going to get close to xx .

Ms. FAHRENTHOLD. Yes.

Mentioning the end of the program coming up June 30 leads me into one of the thoughts you have I think indicated some favor for, and that is a permanent year-round program.

There needs to be an administrative mechanism set up for year-round and help needs to be available year-round because there are summer utility needs as well as winter utility needs, and sometimes fall or spring.

I think it really is needed year-round. I think the \$250 maximum grant is insufficient when you think of several utilities put together.

I think 125 percent of the poverty level is unrealistic for a lot of elderly people in particular who have high medical bills. There is no system of deductions or anything for this. Perhaps deductions for medical needs should be in there. I am not really sure.

Particularly I am in favor of not allowing any winter shutoffs for utilities. I think that too many mistakes, too many human errors occur, when there are shutoffs. Many times people are making a fair effort to pay their bill and by mistake their service is discon-

nected, or many times there is a grant already authorized on an account and yet service is still disconnected.

Mistakes occur. Miscommunications occur. In order to avoid that kind of miscommunication I think there should be no winter shut-offs.

Now, I know Mr. Dugan feels that that would be impossible in terms of postponing these huge bills until the end of the winter season, and it would be if we didn't have help available.

But if we have some kind of periodic help, such as the utilicare program that we have been talking about, I think that the cash flow at the utility companies as well as maintaining some kind of payment on the utility bills would be very helpful.

We have also discovered if a person gets \$150 gas bill, and is almost equivalent to their income, they may be prepared to pay \$50 on it but they know that is not going to save the account. It looks like just too big a burden. So they do have to have some help.

If they could have partial help, I think it would be—on a regular basis for 5 winter months, I think that would be very, very worthwhile.

I wanted to tell you a couple of the neat things about this year's program here in Clay, Platte, and Jackson Counties because it has been a really wide community effort.

We chose, rather than having a big massive intake center, processing center, for people to go through a long line, to have 20 agencies in 29 locations dispersed in the rural areas as well as the urban areas taking applications. Some people who speak only Spanish were able to go to Guadalupe Center or Guadalupe Parish Center. Indian people were able to go to the Heart of America Indian Center. People in Clay County had centers there, and so on. It really worked out very well.

They were able, also, at the same time to get other kinds of social services and activities that are offered at those centers such as housing counseling or youth services or day care or something like that for their family, or budget planning.

That has been very inefficient and there has been a lot of garbled communication and occasionally there has been friction but, for the most part, we have found that has been a really good helping network. We think maybe we have a really good esprit de corps working together.

In addition, the Visiting Nurses Association and the MARC—Midamerican Regional Council—Commission on Aging, City Hall Community Services Department helped with home visits to the homebound and shut-in people so they could have applications as well.

We chose to emphasize weatherization and conservation so every applicant is offered free weatherization of their home if they're a homeowner. They are also offered counseling and classes in conservation.

The weatherization program is extremely popular, and just about every homeowner who was offered it has taken it up.

Rental property remains a big problem and there just aren't the incentives for landlords to weatherize.

We are working on a communitywide recommendation to CSA. Next Tuesday we will have a community workshop planning recommendations.

As far as future models for help, I would like to mention a few things we think would be really helpful.

One is that I think a matching program through the State, like a utilicare-type program, based on need rather than based on shut-off notices would be very helpful. We do that with housing and food stamps and with medical assistance and I think it is needed now with utilities.

I think maybe the State match needs to be graduated in over the years, phased in, because most States don't think they can pick up that large amount of money right away. Yet they are taking in huge amounts of money in the State utility tax.

In Missouri it is I believe 4 percent utility tax. The city of Kansas City it is 11 percent utility tax.

So I think the money is being taken in and some of it needs to come back in payments on utility bills.

Another idea that we think needs to be really seriously considered is the fact this assistance money, in a way, is a subsidy to the utility companies as well as a grant to the poor person and that utility companies need to pick up even greater responsibility than what they currently are for helping to provide utility service throughout the winter.

Maybe even utility assistance money should go directly to the utility companies and the utility companies should send out a notice with their winter utility bills saying if you cannot pay your entire bill, please contact us so that we can make arrangements or grants to your account. That is an idea that comes to us.

I think that people really want to pay their own bills and they want to be able to do that. They don't want to just have money poured at them at inappropriate times on a crash basis but in a thoughtful manner to meet their real needs.

Senator EAGLETON. Thank you very much, Ms. Fahrenthold.

I noticed that Mr. Duggan and Mrs. Slavin are still with us. I'll ask them to give some thought to this question and perhaps they could get me something in writing.

Assuming there would be great reluctance in Congress for the Federal Government to get involved in utility ratemaking and bearing in mind that the concept was discussed at various times during the 1977-78 debates on the President's energy proposal, and that Congress decided not to get involved in the utility ratemaking business, taking all of that as a fact of political life in Washington: What kind of a matching program, perhaps phased in as Ms. Fahrenthold suggests, could Congress fashion, hoping for some kind of a response on the State level but doing it in such a way that Congress was not dictating what the rate base ought to be.

That is, take Utilicare just as a sample bill, currently in the Missouri Senate, and assume you wanted to broaden that concept not only to apply to senior citizens in need but to people in need regardless of age as well. How would you fashion the Federal matching program, trying to induce the State response that was deemed to be a worthy social objective; and do it, though, in such a

way that the Congress wasn't legislating either the rate base itself or the precise mechanics of a formula or the methodology.

That is, we'd like to leverage, we'd like to induce a result in such a way as not to get in the utility ratemaking business.

Think about that, if you would, Mrs. Slavin and Mr. Duggan. If you have any ideas on that we would like to have them from you.

Mr. DUGGAN. I don't see what the ratemaking function has to do with the utilicare bill or a crisis intervention bill, how they are related at all.

Senator EAGLETON. I guess what I am talking about is Utilicare, and then if you threw in a little lifeline factor to boot.

Mr. DUGGAN. I see.

Senator EAGLETON. If you did a straight lifeline, you're right, which is assistance in the payment of a bill.

I had in mind if you were trying to induce States to get into some kind of a reduced rate for people in need, et cetera. Maybe it can't be done but if it can't, tell me.

Senator EAGLETON. The next witness is—we have two witnesses, Mr. Charles Braithwait, West Central Missouri Rural Development Corp., and Ms. Dorace Wilson, executive director, Community Services League.

Ms. WILSON. Are we coming to support each other; is that the idea?

Senator EAGLETON. I am just taking the list as I find it, and apparently the two of you were to appear jointly.

STATEMENT OF CHARLES BRAITHWAIT, WEST CENTRAL MISSOURI RURAL DEVELOPMENT CENTER

Mr. BRAITHWAIT. Thank you, Senator.

Senator Eagleton, Marcia McCord, Kansas City staff at Senator Eagleton's office that gives us a great deal of help and assistance in regard to information from time to time, I very much appreciate being invited here today.

I am executive director of the West Central Missouri Rural Development Corp. which is a community action agency in Missouri.

The area served is a rural area of some nine counties just south of Kansas City on the western side of the State.

We have the major rural problems, and with these rural problems come the needs of the senior citizen, both in number and amounts.

Youth have abandoned the area leaving a population of which approximately 20 percent are senior citizens. We are seeing some outmigration from the cities these days, and our senior citizen population is increasing at a very rapid rate.

Medical facilities are few. Major medical care requires transportation to metropolitan areas. And proper care in regard to senior citizens is becoming a very expensive and sometimes impossible task.

The logic that residing in a rural area is less expensive than an urban area setting is a fallacy. Maybe this used to be the case but no longer; thereby often making costs of acquisition higher when they reside there.

In reality, fewer businesses and resulting lack of competition in a rural area often result in higher costs of goods and services under the free enterprise system.

An increasing area of concern is in regard to the energy crisis, even one that we don't mention all that much and haven't today, but the price of gasoline itself. In the rural area, transportation, as you well know, and we have discussed this before, is a major problem.

And as the price of this particular energy fuel becomes higher, it almost is a luxury instead of a necessity in regard to being able to drive their car to and from the grocery store for the basic needs that they have.

Then, of course, the cost of heating homes and supplying homes with the other essential utilities has also become an increasingly heavy burden upon the elderly.

In many of our communities the last 5 years have seen doubling of utilities costs. To persons living on fixed incomes with no corresponding increases in incomes, the effect has been devastating.

The elderly are especially vulnerable to rapidly rising fuel costs as the spiraling rate of inflation has eroded their discretionary income and prevented them from making needed repairs on their homes.

This, in turn, has caused these homes to fall into a state of disrepair requiring large amounts of fuel to maintain at least a minimum survival level. And I would call that double jeopardy to the poor because of the inflationary factor.

However, one ray of hope in alleviating this particular problem has been the crisis intervention program. I would personally like to thank you, Mr. Chairman. Your drive and ardent support of the program kept the program from becoming bogged down in the bureaucratic redtape of an administration which has given less than enthusiastic financial support aimed at meeting the needs of the disadvantaged.

Although the crisis intervention program has benefited a large number of individuals during the 3 years it has been in existence, as a local administrator of the program I can quite candidly say that the program has had serious shortcomings.

I would like to list five very briefly.

No. 1, funding for the program and authorization from the funding source to operate the program arrive too late. Rather than dealing with the crisis as it occurs, we deal with it after the fact.

No. 2, the program deals only with fuel crises arising as a result of the cold winter months. As high utility costs are prevalent on a year-round basis, the program only addresses part of the problem.

No. 3, the program encourages some individuals not to pay their utility bills in anticipation of the funding of the program.

On the other hand, the elderly do without other necessities because their pride, sense of responsibility and fear of having utilities disconnected dictate that they do not have outstanding bills.

No. 4, the program does not assist those elderly living in senior citizens housing projects where the cost of utilities is included in the cost of the rent.

And 5, although the program provides for the purchase of other necessities for those persons who have undergone hardships to pay

utility costs, it is most difficult to determine who have foregone other necessities and to what extent.

Problems inherent with the crisis intervention program should not imply that the program be abandoned. In a limited manner the needs of elderly citizens living on fixed incomes are being met as a result of the administration of the program.

However, much remains to be done. To demonstrate the frustrations facing older Americans in rural Missouri, let me read you a few excerpts from some of the unsolicited letters received by our agency—and this is part of them here (indicating) that I have brought with me.

Senator EAGLETON. We will put those in the record.

Mr. BRAITHWAIT. Thank you.

Needless to say, many of the letters that have been received by our people have increased the desire of our staff to strive to do a better job.

I am in agreement with the testimony of the community services administration, Dr. Grace Olivarez, who appeared before your committee, who stated that we are kidding ourselves if we approach next winter without a substantial amount of money to assist the elderly in paying their fuel bills.

In my opinion we must begin now, if not sooner, to explore the various alternatives of securing several billion dollars for such a purpose. Through some avenue, such as the proposed windfall profits tax on oil products, a solution to the problems must and can be sought.

Once again, Senator, thank you very much for inviting me today. I would be happy to discuss any items that you might have.

Senator EAGLETON. Thank you very much, Mr. Braithwait. You have always been very cooperative with our office and we much appreciate it.

[The prepared statement of Mr. Braithwait follows:]

Testimony By Charles Braithwait, Executive Director, West Central
Missouri Rural Development Corporation

Senator Eagleton.

Thank you for inviting me to testify before you today. My name is Charles Braithwait, Executive Director of West Central Missouri Rural Development Corporation, the local Community Action Agency serving residents of Bates, Benton, Cass, Cedar, Henry, Hickory, Morgan, St. Clair and Vernon Counties in Missouri.

The area served by the local Community Action Agency encompasses 6,110 square miles of west central Missouri. Census information (1970) indicates a population of 126,894. The counties served by the community based organization are rural in nature and are faced with those problems inherent in rural areas: lack of industry; absence of public transportation; high unemployment; and migration of youth into metropolitan areas and away from the rural setting, which results in a population consisting of a large number of senior citizens living on fixed incomes.

Industry is slow to develop in an area lacking utilities, transportation and skilled labor. What industrialization has taken place has been in a very few population centers and has made an insignificant impact upon the total area labor force.

Faced with these realities, youth abandon the area and leave a population of which approximately 20% are elderly (55 years of age and over) and a total of 15% of the population earn less than \$3,000 per year (1971 Missouri Census Statistics).

Medical facilities are few and far between within the area. Major medical care requires transportation of patients to metropolitan areas (Kansas City, Springfield or Columbia). For the poor, proper medical care is non-existent. Proper care costs money and for these people, food takes precedence over medical care.

The logic that residing in a rural area is less expensive than an urban setting is a fallacy due to the fact that the amenities of life are more scarce and located geographically further apart in the rural area; thereby often making their cost of acquisition higher. Especially for the elderly, the trauma and cost of obtaining needed goods and services is overwhelming. In reality, fewer businesses and the resulting lack of competition in a rural area often result in higher costs of goods and services under the free enterprise system.

An increasing area of concern for the elderly living on fixed incomes is the many problems arising as a result of the energy crisis. With virtually no public transportation available in the rural area, fuel for automobiles, for

those persons who can afford to own them, is becoming a luxury rather than a necessity. Needed trips to purchase such basics as food, clothing, drugs and to secure medical services must be cancelled or postponed beyond the point of actual need. Buying gasoline for recreational activities, for which years of planning and saving have occurred, is becoming practically non-existent due to the exorbitant cost of gasoline.

The cost of heating homes and supplying homes with the other essential utilities has also become an increasingly heavy burden upon the elderly. In many of our communities, the last five years have seen doubling and tripling of utilities costs. To persons living on fixed incomes with no corresponding increases in incomes, the effect has been devastating. The elderly are especially vulnerable to rapidly rising fuel costs as the spiraling rate of inflation has eroded their discretionary income and prevented them from making needed repairs on their homes. This, in turn, has caused these homes to fall into a state of disrepair requiring large amounts of fuel to maintain at least a minimum comfort level.

However, one ray of hope in alleviating rapidly rising utility costs has been the Crisis Intervention Program funded by Congress and administered through the Community Services Administration. And I would personally and publicly like

to thank you, Mr. Chairman. Your drive and ardent support of the Crisis Intervention Program kept the Program from becoming bogged down in the bureaucratic red tape of an administration which has given less than enthusiastic financial support aimed at meeting the needs of the disadvantaged.

Although the Crisis Intervention Program has benefitted a large number of individuals during the three years it has been in existence, as a local administrator of the Program, I can quite candidly say that the Program has had serious shortcomings. Among these shortcomings are:

- (1) Funding for the Program and authorization from the funding source to operate the Program arrive too late. Rather than dealing with the crisis as it occurs, we, as an administrator of the Program, are forced to deal with the crisis after the fact.
- (2) The Program deals only with fuel crises arising as a result of the cold, winter months. As high utility costs are prevalent on a year-round basis, the Program only addresses part of the problem.

- (3) The Program encourages some individuals not to pay their utility bills in anticipation of the funding of the Program. On the other hand, the elderly do without other necessities because their pride, sense of responsibility and fear of having utilities disconnected dictate that they not have outstanding bills.
- (4) The Program does not assist those elderly living in senior citizens housing projects where the cost of utilities is included in the cost of the rent. Although the rent may be increased and passed on to the elderly tenant, utility costs are not identifiable and participation in the Program is precluded.
- (5) Although the Program provides for the purchase of other necessities for those persons who have undergone hardships to pay utility costs, it is most difficult to determine who have foregone other necessities and to what extent.

Problems inherent with the Crisis Intervention Program should not imply that the Program be abandoned. In a limited manner, the needs of elderly citizens living on fixed incomes are being met as a result of the administration of the Program. However, much remains to be done to meet these needs. To demonstrate the frustrations facing older Americans in rural Missouri, let me read you a few excerpts from some of the unsolicited letters received by our Agency.

Dear Sir:

"I am 69 years old, paralyzed have used a wheel chair 20 years, still can't walk.

I would appreciate it if you will help me some with my fuel bill. I have paid \$101.53 for heater oil this winter and owe \$214.43. I didn't have the money to pay for the oil when it was delivered. I will still need to buy more before spring.

My daughter and family live with me to help me to bed and out of bed. There are 5 of us that live here.

If a representative calls on me please come to the south door. We don't live in the front room in winter as we don't

heat it, heater fuel is so high. Sometimes we don't hear people that come to front door. I live the first bldg. north of the grocery store that is a black building. I do not draw Social Security. I would indeed appreciate some help if you feel that you can give me some."

Dear Sirs:

"I need your assistance on my utility bill. I can't call cause I have no phone. My husband is unable to hold a job down, as of now we have no form of money coming in, I would like to work but can't find someone to baby sit my three children. This has happened to us before and our lights were cut off and we had to use candles and our last apartment caught fire, our new baby got both of her feets burned (second degree). We don't want that to happened again. Thank you.

P.S. My husband has a mental problem (Schizophrenia). I hope that will help you understand."

Dear Sirs:

"I heat with natural gas, but heaters instead of furnace-
we are as you well know into winter, and I live alone and am
80 years old, so am unable to cut my heat back to very much.

Last year your office helped me with my utilities, which
was a God send and a program I appreciated very much and was
very grateful for, the office tells me there was no appropria-
tion for this program this year. My income is Social Security
\$272.50 per month, and don't meet my needs where the utilities
take almost half of it."

Dear Sirs:

"Would like very much to know if I am eligible to receive
help with my gas heating bill.

My gas bill was over \$9.00 higher from Dec. 11 to Jan. 11
and as it has been colder since Jan. 11 till now know my gas
bill will be even higher than before.

My Social Security check is \$135.70 a month and I get \$65.70
SSI. Which helps pay my Dr. and grocery bill.

I'm just not able to do any work if I could get a job."

(She is 69 years old.)

"Will you please let me know if you can help me."

Dear Sirs:

"I am 76 years old, live alone, on a little used road.

I do not have transportation to come to your office. I do have a phone . . . but not always dependable in severe windstorms & etc.

Your reply appreciated."

Dear Mr. Neill:

"On Wednesday of this week, the nicest thing happened to our family. In the midst of all the bad things, it seems God can take it and turn it around and make it a blessing.

My husband was laid off at . . . last Friday. We have five children and were just barely beginning to get our heads above water. Then, this happened, and it seems we're right back where we started. Doris Long called me, asked if we

needed anything and told me about the "Crisis Intervention" program. After the necessary papers were completed, she told me it would be a couple of days before help would be available. But, later that afternoon, she returned, even took me to the store because John was working that evening and we bought \$150.00 worth of groceries. She said you okayed this via the phone.

Mr. Neill, I just want to tell you....thank you. I know you didn't have to do that; you very easily could have put us off through the regular channels. But you didn't. And, because you didn't, our children had a good dinner that night... and we have enough food for awhile. You are someone very unusual; you have a heart. I just want you to know how very much we appreciate your kindness to us. I doubt if I'll ever be able to repay what you did, but you will have a very special place in our hearts and our prayers. God bless you. And thank you again."

Needless to say, reading many letters such as these received by our Agency creates a desire within our staff to strive to do more in meeting the

needs of low-income persons residing in our area. I am in agreement with the testimony of the Community Services Administration's Director, Dr. Grace Olivarez, who appeared before your subcommittee, that we are kidding ourselves if we approach next winter without a substantial amount of money to assist the elderly in paying their fuel bills. In my opinion, we must begin now to explore the various alternatives of securing billions of dollars for such a purpose. Through some avenue, such as the proposed windfall profits tax on oil products, a solution to the problem must be sought.

Once again, thank you for inviting me to testify today. We appreciate and share your concern of the inequities imposed upon our elderly population by the energy crisis facing America today.

Senator EAGLETON. Ms. Wilson.

STATEMENT OF DORACE WILSON, COMMUNITY SERVICES LEAGUE

Ms. WILSON. I can understand why we are put on the panel together, because we both speak for a rural area.

I happen to represent community services league, a United Way funded agency that gives emergency relief to residents of Jackson County outside the city limits of Kansas City.

Our agency functions in an area of approximately 279,500 population. Of that number, approximately 16½ percent are 60 years or older.

In 1978 we were involved in the crisis intervention program under the auspices of human resources corporation and this year we have been glad to work with metropolitan Lutheran ministry in order that the people of Jackson County could have the benefit of the crisis intervention funds as well as the extended EEAP program.

To give you an idea of how much the need for utility help has grown in our area, in 1976 79 percent of our assistance budget was spent on food and 13½ was spent on utilities.

In 1977, 82 percent of assistance went to food and 13 percent to utilities.

In 1978, when given the choice of food or utilities, our clients chose that 51 percent of the dollar amount would go to food, 44 percent to utilities. It had raised almost to a 50-50 split.

In 1979 we have paid utility bills on very rare occasions from our own assistance funds. We have been using funds that have come

from community donations, crisis intervention and extended EEAP, expending or approving payment through the first half, to June 8, of 1979 \$75,807 to utilities as compared to a total assistance budget for the year of 1978 of only \$53,000.

I give you these figures to show the jump in need for utility help and to emphasize my belief that keeping the home fires burning is no longer within the realm of possibility for emergency relief organizations. The cost of keeping warmth and light in the home, a basic need for American citizens, has grown to such proportions that we, in the emergency relief business, have to turn to community and government for help. Utility payments in the winter are near impossible for individuals and families in the poverty-income bracket.

Our experience has been that senior citizens will not ask for help, will go without food to keep the utility bills paid and protect their credit. It is not uncommon to find an elderly person living in one room, huddled against an electric heater or a gas stove with the burners lit, trying to keep warm.

We did feel that more senior citizens came to us in 1979 because the bills for heat were higher and there was no possibility of them stretching a small social security check.

As far as the crisis intervention program went in 1979, I would like to add my voice to the plea for more leadtime in planning. You have heard this many times, but we did not know for sure when and if funds were coming and could not make plans as far as caseworkers and clerical help was concerned.

In the rural area that I represent, it is most difficult to get the word to senior citizens that help is available. Most of them do not receive a paper. We did find that TV advertising was most effective.

Besides taking time to get the word out, it then takes time to plan ways of getting the elderly into our offices, even though we had six locations over Jackson County outside of the city limits of Kansas City.

Many of our people do not have cars available and many do not have money to buy gasoline even if they have a car.

Since there is no public transportation or dial-a-ride system, such as is available in urban areas, we used the mail, the telephone and volunteer workers who would take applications for signature. However, this is a time-consuming procedure.

In my opinion and the opinions of our caseworkers, the requirement for a shutoff notice before we could approve a utility bill was bad news. Again, we must realize that pride may be one of the few things that is left to some of our elderly.

I had one little lady jump to her feet in my office and tell me, "I have had an account with the gas service company for 42 years and have never had a shutoff or past due notice, and I don't intend to have one now." She left my office even though she was eligible for help. I don't know how she managed but she probably cut out the food.

Five percent of the total amount approved by our office for payment to Independence Power and Light was for a penalty fee. As of June 8, we had approved over \$10,000 in payments to that utility.

The gas service company requires a 2-percent penalty fee. This is money that could have been used to pay more bills for service.

Also the requirement for the shutoff notice meant that many clients were back in our offices as many as three times and in each return visit we again approved payment of the bill, writing another voucher, always dealing with the shutoff amount instead of bringing the account up to date.

To better serve the elderly—and I would like to include those judged disabled by the Social Security Department—during another winter, I would like to toss the following suggestions into the hopper.

One, I would like to see utility help combined with social security or SSI payments—I don't mean the money to come from social security funds, however—for individuals that are known to be living at 125 percent of poverty level or below. People are already certified for this payment and it is obvious that one person living on \$354 a month or less or two people living on \$468 or less per month are not going to have enough money to pay an added \$100 to \$200 to keep warm during the worst of the winter, usually a 3- or 4-month period.

Incidentally, of the residents in Jackson County outside Kansas City who are 65 or older, we find that 17 percent fall into this income bracket.

By combining utility help payments with social security the elderly who fall in the income bracket would receive this help by mail on a regular basis, no matter where they live, and the notice of help coming could be sent out in the same manner.

No. 2, change the billing practices and rate structure to enable people to have a minimum amount of heat and light at a reduced cost and then increase the rates for greater amounts of energy used—and this has been mentioned several times this morning.

This would make it possible for many of our senior citizens who already have habits of conservation to get by on a reduced charge but would also help all others who are willing to save energy.

If paying the utilities with the rent, then they cannot be helped under the crisis intervention program, which was one of the things you mentioned, Senator Eagleton, as a drawback on the life line program. We could not help them this winter if utilities were included with the rent.

No. 3, fund programs for winterization of houses in rural areas as well as urban districts. We have not had the funds available for winterization outside of the city limits of Kansas City since the human resources operation was closed here.

Also set requirements of winterization for houses and apartments where landlords want to rent them under the section VII program of HUD.

At the present time, it is my understanding that a house must be safe and decent, hopefully tight, hopefully with storm windows, but no requirements as to insulation.

During the past winter community services league helped one lady in eastern Jackson County four times, twice from community-collected funds, once from extended EEAP, once from crisis intervention, a total expenditure of \$608.61 for propane, and still she lived with ice in the hall and her bedroom most of the winter

because, as the snow melted from the roof, it ran into the house and froze.

This lady, 68 years old, receives \$189.40 per month from SSI, pays \$75 per month rent plus utilities, hauls in and carries her water, uses outside plumbing, was literally snowbound weeks at a time but only wants a place to live somewhere where she can keep a few chickens.

Are these the "golden years"? Is retirement rewarding and beautiful?

When one does not have enough to eat and cannot keep warm in the winter, cannot maintain the pride of paying bills and protecting a lifetime credit rating, then there must be the question, "Why am I still alive?"

Thank you.

Senator EAGLETON. Thank you very much, Ms. Wilson. That was an especially moving presentation at the end when described the lady 68 years of age, et cetera. It dramatizes and exemplifies the necessity for some kind of a meaningful program that assists people in these very difficult, inflationary, energy-expensive times. I appreciate your being here today.

Likewise, Mr. Braithwait.

STATEMENT OF BERVIN FISHER, EXECUTIVE DIRECTOR OF THE REGION SEVEN CITIZEN PARTICIPATION COUNCIL

Mr. FISHER. I am the executive director of the Region Seven Citizen Participation Council.

Three years ago, Senator Eagleton, I worked along with the concerned citizens, Jonnie Mae Johnson, Mrs. Farenthold and myself, and I think there were six or seven others. We formed a committee and we worked, we met with Mr. Duggan and others at the Gas Service Co., and also we met with people at Kansas City Power & Light in reference to the problems of utility bills. I have not worked directly with the group, you know, for some time, but over the last couple of years I have observed this problem and it definitely is a problem that will be with us, I assume, for a very long time. It's a permanent problem, and something needs to be done in reference to your suggestion on the leveraging of funds, CSA funds, possibly the State or local funds. I also worked very closely with the Department of Housing and Urban Development, and they are very concerned and very preoccupied with providing adequate housing for low- and moderate-income persons, and I think that possibly some kind of leveraging program maybe could be worked out between CSA and the Department of Housing and Urban Development, Patricia Harris and Dr. Olivarez.

Dr. Olivarez held hearings here in Kansas City a couple of years ago and she seems to be very concerned about the problem of utility bills. This is just a suggestion, as I say, from my observation. She was here, they held hearings, I visited quite frequently with Bill Anderson, who is the regional director of the Department of Housing and Urban Development here, and possibly something could be worked out between Dr. Olivarez and Patricia Harris in reference to leveraging CSA funds and Housing and Urban Development funds since they are both preoccupied with the condition of poor persons. Any many people, poor persons, do still own their

homes, particularly here in Kansas City, but that I think is something that could be pursued.

Now, here on the local level this problem has continued for quite some time and in meeting with Mr. Duggan and meeting with the persons over at Kansas City Power & Light, you get to hear both sides of the story. As Mr. Duggan pointed out, they have to pay for the gas that they sell to persons or to customers here in this area and if the gas they purchase is increased then they automatically have to increase their price, and the percentage of a person's income that's going for utility bills is continuing to climb, as Mr. Thomas pointed out. So, it's not a problem that is going to come to any end. We're going to have this problem with us, I believe, always, and we need a permanent program representative.

We had some ideas and introduced some legislation in the State legislature and as Mrs. Slavin has pointed out, the State legislature is not very responsive in reference to paying for utility bills. So, this obviously is going to have to be something initiated and developed and funded on the Federal level. And those are my comments.

I'm very happy to see you here today, and thank you very much, Senator Eagleton.

Senator EAGLETON. Thank you very much, Mr. Fisher. We're giving some thought to some of those recommendations.

Mrs. Naomi Dillard, chairperson, Warmth and Light Coalition.

STATEMENT OF MS. NAOMI DILLARD, CHAIRPERSON, WARMTH AND LIGHT COALITION

Ms. DILLARD. Good afternoon, Senator Eagleton, and Marcia McCord. I had the pleasure of speaking with her over the telephone, and the rest of the staff.

I know the time is getting well spent, so I'll try to condense my report as much as I can.

I have felt all along that we were fortunate in having someone such as yourself to intercede for us in Washington, because we definitely need that type of input so that we can receive funds here in the Greater Kansas City area. I'll try to confine my comments after that to the Warmth and Light Coalition.

We primarily formed ourselves in November 1977, to address the situation of persons who did not fit into the guidelines set up by the Federal and the city governments. There are many people who are cold and without light who are \$5 or \$10 over the guidelines, which constitutes no help, period. So, we thought if there was some relief for these people they, too, could enjoy some of the necessities of life. We were very fortunate in having the news media to get behind us, as well as some of our city officials, the city council, et cetera. We are a persistent group, and we are about 16 to 20 organizations strong.

We banded together because we thought rather than overlapping, our collective efforts could be more effective, yet keep our individuality, so therefore, we were able to use the facilities such as the telephone and office space already set up. Metropolitan Lutheran Ministry was instrumental in helping us to secure immediate operation by putting us under their tax number, so they are our mother organization.

Sally Farenthold was one of the initial persons that we contacted, she and Rev. Wallace Heartsfield, for which we are very grateful. Sally is a very hard worker, and I don't know how she does what she does, but all of you who know her can appreciate her. I'm saying that in her presence because very often we wait until a person has expired to deliver words of appreciation.

I would also like to say that there are many, many people who are interested in utilities, but to get people to come out and do something about it was another thing. The Warmth and Light Coalition was really a special concern that I had, because I could imagine myself a few years from now being a senior citizen and not having adequate money, perhaps, to afford these luxuries like gas, lights, and water. Some people think that the gas company is the big villain in the whole situation, but the electric company has to have on their power so that the gas will work and then you have to have water to continue the process of elimination. So, the concern that we felt in Warmth and Light was a threefold thing.

We did share some of our views with the representatives of the utility companies in the city. Mr. Jerry Duggan did host a meeting at his office in Crown Center, and we have enjoyed working with Mr. Duggan. He is a humane person. We know that he's only one person and he can do just what his board recommends.

We have made many suggestions to Mr. Duggan. I have called him at midnight at his home, at his suggestion, when we had a problem. There has never been a problem that we've presented to him yet that he's turned us down on, and I would like to add that we have said on many occasions on the news media and to the newspaper that the Gas Service Co. has, from time to time, during the last 2 years that I have worked closely with Mr. Duggan, had a limited no-shutoff basis, and many people would have experienced much more difficulty had it not been for his concern personally and his staff. Mr. Duggan is a person who will listen, and when you have a person who will listen, you can make suggestions.

Our most recent conversation was regarding the late charges which I think amounts to about 2 percent that we are trying to get eliminated from the people who have been determined to be poor people and elderly people. The elderly people are the ones who are particularly the losers, because they have a fixed income and many people don't understand the social security system. Having worked 23½ years for Government, I'm very familiar with the fact that you get back from social security what you put in, and it was not intended to take care of our senior citizens which they have been led to believe over the years. So, consequently, they didn't make very much money when they were in the working force in our country, although they have built our country, they did not enjoy the big salaries that are being paid now. So, therefore, they receive a lesser amount than some of the younger people.

We do recognize the fact that there are poor young people, also, so I would not like to discriminate against them, but I do feel that our primary thing right now was to help all people, and we have been in the metropolitan area because there are people who need help, not just in Jackson County, but in Independence and other places. We have reached out to these areas. We have tried to include all races of people, all age groups, and in doing so we have

tried to get representation from agencies who were neighborhood organizations so that they would know who their people were. This would help to eliminate some of the ripoff that so many people thought we would get.

We started as a totally unknown group of concerned people and we were very thankful the first year we were formed, that first winter, we received over \$16,000 just from people through the media hearing of a plight. I think many times we don't try to help because we don't know, or we're not aware of problems that exist and bless Mayor Charlie Wheeler's little heart, we had to take 250 people strong to his office to prove that people were out here who were cold. We were not trying to help the people who were dead-beats and people who just didn't want to pay. And we have also said to Mr. Duggan that on a no-shutoff basis you would have some people who would try not to pay any utilities at all, period. But that's what our agencies are for, and they work very hard and they're the least appreciated people because when you have to face someone who is cold and without lights and say, "I'm sorry, there are no funds available," you don't know whether they're going to come across the table on you or not. When a person is hungry and cold they are not responsible, really, for their actions. So, I take my hat off to all of those persons who are volunteering, and when I say volunteering, all the people who are associated with Warmth and Light are unpaid. There is no salary. We have no administrative cost funds. We have nothing. So, these agency persons who are helping with Warmth and Light are doing it because they are concerned. We use their telephone, we use their offices and these are the agencies that are what Warmth and Light is all about. And we meet and we compare notes and each person knows what is going on so that there's no big I's and little U's; we're all in this together. Although they have selected me as chairperson, I never speak without their permission, because I feel what I do in my private life and what I do in my public life will affect what goes on with Warmth and Light, and we are very proud of the respect that we gained at city hall, because we do give actual figures rather than guessing numbers.

In winding down, I would like to say that the year 1978-79 winter, we were fortunate enough to have donated to us over \$30,000, and our first year we set a goal for \$50,000 which means that in the 2 years that we've been in existence we have—well, not 2 years yet, because we just started November 1977—we have reached almost that \$50,000 goal, and we have been instrumental in helping over 750 families in piggybacking, like finishing up the bills, if the Federal Government was paying \$150 and there was a balance of \$50, we picked up those balances. So I can say that we have been instrumental in helping over 1,000 families.

I consider the news media and all of the people who have been instrumental in inviting us, and when I say "us", when I am invited to appear on programs very often I ask someone else to go because I think that all of us are in this together and that I by no means should get all of the recognition, so I gladly share that spot with some of the others.

Johnnie Mae Johnson is a very hard working young lady. She has more clout with gardening than I do and she'll tell you, or

someone will tell you about her gardening project. I'm concerned about the food, too, so that's why I'm mentioning this for elderly people. A lot of people who are poor are not lazy people. They try to help themselves and if you would see some of the gardens they have over town, then you would see what is going on in self-help projects.

My other concern is if there is some way that government officials, when I say government I mean elected officials, all get together around a round table and discuss what we can do on a long-range basis, because the Band-Aid approach that we've been using is not going to work anymore. I think we have worked our volunteers to the limit. Just to go in the offices and see how well-spent they are but they're still trying. And this problem doesn't stop in the spring. It goes on all year around, and these people, over 3,000 now without utilities, I'm wondering how they take a bath without hot water. But then, there again, so many of these things hinge off of something else.

Our senior citizens will take pride in paying their bills, as has been said before me, and some of them are eating dog food, and it really bothers me, because although some of the programs state you have to have a shutoff notice, these people get panicky and they will not wait for a shutoff notice, so they take their little checks and go down and pay the utilities, and these are the people that I'm concerned about. This is what I'm all about, and if I have to go 24 hours a day to try to see if I can meet with whomever to get something done about this, I will. Sally Farenthold and I went to Jefferson City about 3 or 4 weeks ago to sit in on legislative hearings and attempted to see if there was something that we could get together here with the senators and legislators and you, Mr. Eagleton, in Washington, so that we could, perhaps, get some program that we could have as a permanent committee to do a factfinding study and see what could be worked out. If we can send people to the moon, I'm sure we can keep our people warm and with lights. It's a sad thing to really see you trying to do so much and some of your fellow colleagues are not as interested, and I would like to go on record as saying that we, the voters, should take this under consideration when we go to the polls. That's the only way that we can make our wishes known and our dislikes.

There are many Government programs sent down, but they come so late, like the one that Sally Farenthold is doing a crash program on now, to me that is totally unreal. This lateness has been going on for years, but still, someone will sit back and hold money until the last minute to see if it's really needed. Well sure it's needed, because its representative with the 3,000 people who are still without utilities.

So, in closing, I would like to say that in sharing some of the things about the Warmth and Light Coalition, I have been extremely proud that many people have been interested in how we were and what makes it work, and my reason, I think, for it working is that when everybody has the same input and everybody enjoys being treated like human beings, you can get total cooperation. And my whole committee has been the most workable group of people that I have ever experienced working with. I've been associated with many, many people from all walks of life. My hat

goes off to them, because without them success could not have been possible. Esther Peterson, who is assistant to President Carter, asked for completion of a factfinding questionnaire recommending what other people could do for self-help be returned to her. We're trying to help people to help themselves, and that's why I gave you a copy of that document and I would hope if there's any thing you might want to ask, I'll be happy to answer them in writing, or whoever you want to do it.

[The information referred to follows:]

WARMTH AND LIGHT COALITION

P. O. Box 782

KANSAS CITY, MO. 64141

February 14, 1979

Mrs. Esther Peterson
Special Assistant to the President
for Consumer Affairs
White House
Washington, D. C. 20500

Dear Mrs. Esther Peterson:

The following information will describe the project we call "Warmth and Light Coalition." Various groups were concerned about the needs of the families unable to pay their utility bills, through no fault of their own, except just not enough money to go around. My concern was that, in working together, we could be more effective and still not lose our identity. The unique opportunity for being able to go outside of the City, Federal guidelines when needed would be very beneficial to serve those in need too. More people than those already involved, wanted to become a part of the Coalition, and we welcomed all volunteers. The membership consist of the following Organizations: Metropolitan Lutheran Ministry, (Co-Sponsor); Greater Kansas City Chapter Drifters, Inc. (Co-Sponsor) (This is a National Civic-Social Organization of 25 Chapter throughout the United States-with a Chapter there is Washington, D.C.); Seton Center; Community Crisis Center; Community Betterment League; Co-Operative Services, MICA (Metropolitan Inter-Church Agency; Gray Panthers; Crosslines Cooperative Council; Community Service League; Guadalupe Center; Bella C. Lamb Center; Welfare Rights; Emergency Assistance Center; Steve Shannon of KCMO Radio; Rev. Wallace Martsfield and a few individuals. Many of the Agencies take applications for assisting needy persons in other than Utility bills and have experience prior to joining with Warmth and Light Coalition. Catholic Social Service should be added to above list.

We are fortunate in having had the Metropolitan Lutheran Ministry to Sponsor us under an established Tax Number and the Greater Kansas City Drifters, Inc. Chapter in the initial investment and continued contributions plus the personal duties. See the Fact Sheet for further details.

Our trip to the State Capital in support of the Energy Stamp Bill and the trip to City Hall with over 200 persons for showing needs of elderly, low-income families wearing igloos, to denote the cold weather, were some of our highlights. The top trip was the meeting with the Heads of the Utility Companies to discuss the ways of working on the problems from their stand-point on no-shut off commitments. We were able to work out a limited policy. The Gas Company has been very cooperative and the Company President Jerry Duggan did host the meeting. We testify at Public Service Commission hearings too. We provide Counseling and Conservation Workshops in area locations, Metropolitan Lutheran Ministry provided weatherization services. The enclosures will give you a follow thru story in more detail. We are happy with our results. Thank you for your interest in this project. I do hope this is enough, Mr. Bob McBea, PIC, Community Services Admin. reviewed the contents.

Sincerely with peace and love,

Naomi C. Billard
Naomi C. Billard, Chairperson

FACTS ABOUT WARMTH AND LIGHT COALITION

Warmth and Light Coalition was formed in November 1977, with the idea of a media campaign to raise funds to help needy families pay utility bills to retain heat and light for their homes. Various groups who were concerned were contacted to make plans on the operation of such a program. The group includes Metropolitan Lutheran Ministry, Community Betterment League, Seton Center, Johnson County United Way, Community Crisis Center, Co-Operative Services, Concerned Citizens for Utility Reform, MICA (Metropolitan Inter-Church Agency, Guadalupe Center, Gray Panthers, Crosslines Cooperative Council, Community Service League and Greater Kansas City Chapter of Drifters, Inc. (a Civic and Social Organization of National level) and several more interested individuals, and Agencies such as Emergency Assistance, Welfare Rights etc.

The activities have included the successful raising of over \$16,391.41 for the past Winter and into Spring, which has been used to give heat and/or light to over 270 families. This has been a supplemented payment to various utility and governmental assistance programs. The City Council last Winter approved \$75,000 to be administered through the Emergency Assistance Office, along with governmental aid. The Warmth and Light Coalition in many cases paid the left-over part of these persons bills so they could begin fresh. The idea of the Coalition was to help all people of all races ages, religions and economic situations where help was genuinely deserving and needed.

We all have input in what is being done in the City and Legislative actions having to do with Utilities and some Bills recommended in the House of Representatives, such as the Energy Stamp Bill. We testify at hearing with the Public Service Commission and where appearances need to be made.

The Metropolitan Lutheran Ministry and the Greater Kansas City Chapter of Drifters, Inc. are the sponsors. The Income Tax deductible number for the donations is under the Metropolitan Lutheran Ministry. All of the donations, 100% goes to the Utility payments directly in the client's name and account number. There is no administrative cost involved as the work is 100% volunteer work, as the Warmth and Light Coalition.

This far the donations through November 30, 1978 have totaled about \$7,000 for which we are extremely grateful in being able to assist many families to have their gas and electricity restored, as well as help others pay the necessary amount to insure continued service.

The Media has been very helpful in the public awareness of the citizens in our Greater Kansas City Area. The latest activities have been the group of over 20 persons attending the Finance and Audit Committee Meeting of the City Council and testifying for the needed which resulted in the passage of the \$100,000 City funds to assist with the Winter bills. We are grateful to The Mayor, Councilman Bruce Watkins, Councilman Berkley particularly for the

introduction of the amounts needed and the spot on the agenda for the asking, as well as the other Councilpersons for the passage.

We met with the 3 Utility Company heads or their Representatives and was effective in getting them to listen to our concerns and plead for consideration on a NO SHUT OFF PROGRAM. We are hopeful there will be more done on their part to help with the problem. So far on a limited, individual basis, they have indicated they would help. We are experiencing more cooperation from them at this time. We have come a long way but still have a long way to go, but with concerned and caring people, we will be successful. The \$100,000 will be issued through the Emergency Assistance Program with the help of the Agencies doing the intake of applications and most are members of the Warmth and Light Coalition. We act as spokes-persons for the needy. When the Governmental Assistance share of the \$200,000,000 comes, we are hopeful the problem can be greatly helped. When the \$100,000 run out we plan to ask for more, if needed from the City Council. With God, all things are possible. Donations are received at 2816 E. 23rd St. K.C.Mo. 64127 or P. O. Box 782, K.C. Mo. 64141 addressed to Warmth and Light Fund. Naomi Dillard, Chairperson

The year 1978-79 Winter total contributions amounted to slightly over \$30,000 for which we were extremely thankful. This made it possible to help over 1000 families with utilities consisting of Gas, Electricity, Water and other fuel items.

Information prepared by Naomi C. Dillard

NAME OF GROUP WARMTH AND LIGHT COALITION

ADDRESS 2813 E. 23rd St.
Kansas City, Mo. 64127

NAME OF PROJECT Utility Relief for the Needy

1. GIVE SUMMARY DESCRIPTION OF YOUR PROJECT. 100% Donations for need. Public and Private donations, generated through media would be a way to make the public aware of the plight of citizens in our immediate area. Churches, Unions, Organizations as well, have played a giant role in our beginning. Winter 1977-78 \$16,391.41--So far this Winter \$24,679.59 No salary involved-100% Volunteer-added duties for intake agencies.
2. WHAT MOTIVATED YOU TO BEGIN THIS PROJECT? (Please include any data or statistics you feel are relevant.) See clipping dated 11/23/78 Concern for persons who could not afford the necessary items, such as Gas and Electricity in their homes, made me want to do something to help them. An awareness on all levels, is needed to get our elected officials closer to some of the problems. We went to Jefferson City in support of the Energy Bill, although it died in the Senate, we hope it will be introduced again.
3. WHAT GOALS DID YOU WANT TO ACHIEVE? See Press Conference dated 1/23/78. The main Goal was to keep persons from freezing to death in our "Land of Plenty" and to help the persons who were trying to help themselves and had no where to turn. Some of the Federal funds were out of their reach due to strict guidelines that sometimes caused denial because of a few dollars over the set figures, as well as the City Funds. Plus teach conservation, self help.
4. a. WHEN DID YOU BEGIN YOUR PROJECT? November, 1977
 b. HOW LONG DID IT TAKE TO GET IT STARTED? About two (2) weeks
5. HOW DID YOU BEGIN? See Clipping dated 11/23/78-re; Sally Fahrenthold The desire to help those who could not pay their utility bills, was expressed at my Club meeting, Greater Kansas City Chapter Drifter, Inc. (a National Civic-Social Organization consisting of 20 chapters throughout the United States). With their support, Marie Collins and Betty Taliaferro and I approached several civic and Social agencies in Kansas City and co-sponsor M.L.M. formed W.&L.
6. LIST THE FIVE-TEN MAJOR STEPS YOU TOOK TO IMPLEMENT YOUR PROJECT. Meetings with other concerned Organizations, Groups and Individuals, we decided we could reach more people effectively. First productive meeting was at KCMO Radio Station, guest of Vice President Steve Shannon-Planned media campaign, Public Service Announcements-Newspaper coverage-Public Speaking-Press Conferences with Question and answer periods-Obtain a sponsor with Tax, and Not For Profit Status, (Metropolitan Lutheran Ministry) RATHER than start new Organization, also save time-WORK TOGETHER AND EVERYONE SHARE IN THE DECISION MAKING AND THE ENTIRE GROUP ALWAYS WELL INFORMED.
7. SEE COLLECTION OF ARTICLES.

8. LIST THE MAJOR OBSTACLES TO YOUR SUCCESS.
Believe it or not everyone was very cooperative, since we didn't have to form a new Organization, we were fortunate in having M.L.M. (Metropolitan Lutheran Ministry) Sponsor us with their established Tax Number and Not for Profit Status.
9. a. WHAT KIND OF MINIMAL RESOURCES ARE NEEDED TO UNDERTAKE THIS PROJECT (people, phones, postage, etc.)?
Volunteer people and as individuals or groups, there was a great deal of interest. The agencies who were taking applications, already had telephones. Our members of the Coalition consists of some of the neighborhood centers familiar with the problems. Anonymous donor sent us operating money.
- b. WHAT SPECIFIC CONTACTS WERE NEEDED?
It was helpful to know someone in the T.V. and Radio World as well as some of the Community Leaders, such as Ministers, etc. Members involved in other Community efforts, generate interest among their friends and promote more donations.
10. DID YOU SPEND MONEY? yes APPROXIMATELY HOW MUCH? Permit-\$50.00
11. WHERE DID YOU GET THE MONEY TO DO THIS PROJECT?
The Greater Kansas City Chapter Drifters, Inc. (Social-Civic National Organization) donated it. (The 1st \$100.00)
12. DID YOU FORM A NEW GROUP OR EXPAND ON EXISTING GROUP?
Collected Groups, individuals, and Organizations joined together under the name of Warmth and Light (the service we wanted to insure for all) Coalition. A new Group with established Sponsor-M.L.M.
13. DID YOU FORM COALITIONS WITH OTHER GROUPS? Yes
 HOW? Representatives from the various groups etc. entered their names and reported to their individual bodies, what we were doing.
 WHO? See cover letter for names of the Members
Sally Fahrenthold, Director of emergency assistance and advocacy for Metropolitan Lutheran Ministry, prepared the forms/secured permit.
14. HOW DID YOU GENERATE COMMUNITY SUPPORT? There were Radio and T.V. appeals made, on some occasions, the picture of a family was placed in the Newspaper and on T.V. The Public responded beautifully, maybe because they could identify with someone who knew someone who was having difficulty, but pass it off without really thinking.
 HOW DID YOU GENERATE MEDIA ATTENTION?
We were invited to many shows on Radio and T.V. and followed by News Reporters because this was a worth while project and donations were received from many places the Stations thought were out of range, Stations have received Citations for their coverage in support of our Project. The tempo picks up all along and getting better all of the time, to date.
15. a. DO YOU VIEW YOUR PROJECT AS SECCESFUL?
Definitely, No one has lost their life and we have helped over 500 families who had no where to turn. It is a blessing to serve.
- b. GIVE ANY STATISTICS AVAILABLE WHICH MEASURE THE COST-SAVINGS TO CONSUMERS AS A RESULT OF YOUR PROJECT OR ANY OTHER COMPARATIVE INDICATORS WHICH ILLUSTRATE PROGRESS.

15. b. Through our efforts at City Hall during the Winter of 1977-78, the City Council approved \$75,000 for the Utility aid to needy persons; this Winter, so far, after appearing with over 200 persons of all ages, races, with needs, at the Finance and Audit Committee in City Hall, carrying signs and unpaid bills. \$100,000 was appropriated for emergency utility aid.
- c. IS IT STILL GOING? Yes (\$25,000 more) plus.
16. WHAT WOULD YOU DO DIFFERENTLY?
Nothing.
17. WHAT RESOURCES (staff, people) ARE NECESSARY TO CONTINUE YOUR PROJECT?
There are many persons who are retired or who are not employed and some are willing to volunteer their services. There is no administrative cost provided. An anonymous donor sent us a check for \$3,500 and stamps are bought now, 20 cents mile gas allowance for the chair.
18. ARE YOU MONITORING THE PROJECT TO MAKE SURE IT CONTINUES TO WORK?
Yes, the update information is constant and everyone knows what the changes are, amount collected, spent etc. All speak facts when asked.
19. IS THERE ANYTHING ELSE YOU FEEL IS IMPORTANT TO THE SUCCESS OF YOUR PROJECT?
It is very important that the role the Chairperson plays, gives each person a sense of belonging and an opportunity to represent the Coalition and be kept informed of the same information so the media can always depend on facts; be a good listener; Open the floor for discussion so there is never an under-current of unrest among members.
20. OVERALL COST OF THE PROJECT? All of the Media coverage was free to us, but would have been very costly--Seek Contact persons--\$300.00?
21. WHERE CAN PEOPLE WRITE FOR MORE INFORMATION?
P.O. Box 782, Kansas City, Mo. 64141 or 2816 E. 23rd. St. Kansas City, Mo. 64127 addressed to Warmth and Light Coalition c/o Ms. Naomi C. Dillard, Chairperson
22. BRIEFLY DESCRIBE YOUR ORGANIZATION.
Often utilities are shut off because people are elderly, on low or fixed incomes and find it difficult to pay heating and electric bills at the high rate in Winter months, we subsidize over the City/Federal Assistance or pay to prevent shut-off-Counsel for more dollar in ledge-M.L.M. provides weatherization and minor home repair. See cover letter.

NOTE: Please enclose any photos and written information that helps others to understand your project.

SENT RESPONSES TO: Citizen Action Projects. Mrs. Esther Peterson, Special Assistant to the President for Consumer Affairs, White House, Washington, D.C. 20500.

Senator EAGLETON. Thank you, Ms. Dillard. I think you've covered the subject matter very well, in a very persuasive way. It's because of people like you and Mrs. Farenthold and Mrs. Wilson and Mrs. Johnson and many others who give of their time to see that a program that was hastily conceived and ineptly funded by the Congress still can do some good, if not be totally responsive to the compelling needs, at least be partially responsive. But for volunteer work through good people such as yourself, this program would have been moribund. So, we're grateful to you.

Ms. DILLARD. Thank you.

One other thing I would like to say is that occasionally we have anonymous donors who do things for us that we're not at liberty to say, but we did have one very kind man who sent us a check because he realized that we did need a phone and a little corner in office space, and he sent us a check for that, and to that issue we were very grateful, otherwise we would not have been as effective as we are.

Thank you.

Senator EAGLETON. Thank you very much, Ms. Dillard.

Mrs. Johnnie Mae Johnson, executive director, Civic Registration Council.

STATEMENT OF JOHNNIE MAE JOHNSON, EXECUTIVE DIRECTOR, CIVIC REGISTRATION COUNCIL

Ms. JOHNSON. Good evening, Senator. Happy you are here. Not very much more I can say, but I endorse all of the things that have been said here, because they are true.

I'll give you some statistics. Jackson County has 100,000 people over 60 years old; 73,900 of that 100,000 are over 65 years old. It has 12,446 households of aid to dependent children, plus the handicapped and the blind. I would say, Senator, we have about the same number of people who are working with minimum wage salaries who are in the same situation as the people who are on fixed incomes.

We had an article here a week ago pitting one working mother and a child against a welfare mother and one child, and it turned out the welfare mother wound up with more money to spend than the working mother who was working for minimum wage.

We have also about 25,000 working persons unemployed in Jackson County. I could say here these people have been priced completely out of their three basic needs, food, shelter, and utilities. We need a permanent vehicle here, and it's sad, I started back in 1973 to find a way to help, so we wouldn't have the piggyback type of thing that we have going on now. Funds are coming in too late, we are having to go to city hall and beg for money, raise money from the community.

I want to know if there is any way you could get Federal Government, State government, county government, city government cooperation, and agencies such as ourselves, sitting down and coming up with a permanent plan for the people who cannot pay their utility bills. It's not just gas, it's lights, water, as well.

We are in a situation now that we do not know if we're going to have money next fall, and we have 3,000 people out there to think about, 3,000 families. This particular situation has caused people to

do some real serious things, such as turn the gas back on themselves, subject to blowing up somebody. We have found people sitting in their house burning up the furniture in a trash barrel. People have left their homes because they could not pay bills. I know of a 71-year-old lady who did not have gas all winter long this past winter. Mr. Duggan and I tried to get her out of the house one Saturday night about 12 o'clock, and she's still there.

It's true, the older people are not eating the way they should. We are creating a health problem with our older people. I am trying everything I can, and as Naomi said, people are not lazy. I wish you could take a ride through the community and see 400 families growing their own food today.

I feel that the Federal Government, as you said, is planning to cut the budget next year. I don't feel that this is the responsibility of just one arm of our Government. I can sit here and say our county has not given us a dime, and neither has our State, and all of the legislation that we have proposed down there has been defeated. Now, I think the State has a surplus, and I'm sure the county has a surplus. And I appreciate what the city has done for us, but it took a lot of begging and a lot of energy and everything we could do to get what we did from the city. Now, the city receives quite a bit of money when we pay these utility bills. I think just last year they received, like, \$31 million out of the money that we paid. Well, \$100,000 wasn't bad out of that money.

Now, I think the county could help. They collect money too, you know. And the State can help. And I just don't think the Federal Government has to do it all. I think we need that.

Now, I would like to talk a little bit on the housing thing. I'm not saying winterization and minor home repair is not helping, but I would say to you, Senator, we have some houses out here, you go out to put the roof on and you fall in. We've been trying to put on some free locks, and we have to get the door first to put the lock on. So, you cannot winterize a house in this condition. So what I look at are a lot of large buildings out here just sitting there; St. Joseph Hospital, Mission East, lot of vacancies in the projects. Why shouldn't we take those buildings and renovate them for those senior citizens who want to get into them? Now, we have some senior citizens who don't want to go, but there are senior citizens, we cannot build senior citizen places fast enough. It's a waiting list this tall [indicating] right now for senior citizens trying to get into a building. So, I feel we could use what buildings we have and get some of the senior citizens out of some of these houses that are not repairable.

Thank you.

Senator EAGLETON. Thank you very much, Mrs. Johnson, and my thanks to you, as to the other volunteers, who made their time available to try to assist people in genuine need.

It appears to me that we have to try to approach this problem on at least two levels simultaneously: The here and now, meaning the next winter that's soon to be upon us, to try to get additional funding or renewed funding for the crisis intervention program. But something that looks beyond that as well, because this country is never going to revert to the era of cheap and abundant energy. I wish we could. I wish there were some miraculous way that we

could have all the energy that we needed and at very inexpensive rates, but henceforth in the future, energy is going to be a very precious commodity and increasingly more expensive. It's just an economic reality of American life in this latter quarter of the 20th century and it's going to go into the 21st.

I do not think that the Federal Government would be ready to embark upon a program as ambitious as was recommended by that task force, FOMAC task force that was created out of the energy Department. They're recommending a \$3.2 billion appropriation, and Senator Javits and Senator Jackson have produced a measure that would have called for \$4½ billion appropriation. I don't see that being realistically in the ballpark.

I'm not saying that the need doesn't exist. I don't dispute the fact that the need is there. I question the ability of the Federal Government at this time and the next budgetary year or so to cope with it, but we'll see. But we've got to fashion something that's ongoing so that we don't every year go down to this 1 minute to midnight kind of a situation, just barely get some money out there, get it out late, get it out in a halting way and then, like Mrs. Farenthold set up her group and then collapse the organization thinking that's the last money and then here comes another amount of money and have to resurrect the whole operation from afresh. We've got to find some method of avoiding that kind of stop-and-start, yes-no, on-again-off-again situation.

I happen to believe that we, in a fair, nondictatorial, nonintimidating way have to call upon the States to participate in this program. As you pointed out, Mrs. Johnson, it's not just the Federal responsibility, it's the responsibility of government and society as a whole and at all levels. And it was interesting, I noted earlier this year, I think it was around February or March, but in that period of time, the accumulated State surpluses, I'm talking about the 50 States, their accumulated State surpluses in one of those early months of this year just so happened to be \$29 billion, which coincidentally, and just purely coincidentally, was the exact amount of the Carter budget deficit. It just seemed to work out that way. Not all States are rolling in cash. I realize that there's quite a disparity between surpluses in some States and no surpluses in others, but the accumulated State surplus at that time was \$29 billion.

Now, fashioning that kind of program is difficult, because there's great reluctance in the 50 State capitals to get involved in any kind of partnership program with the Federal Government. The feeling in the State capitals is that the Federal Government is overbearing, domineering, dictatorial, and beyond that, that if a partnership program of some sort, a matching program or a leverage program, or a 2 to 1 match or whatever the formula might be, that the Federal Government will start off on that program and then the day will come when they'll yank out the Federal share and leave the States so-called holding the bag. So, it will not be easy to come up with a program of that type because of that built-in reluctance that does exist in the 50 State capitals. And how we might be able to factor in the local levels of government, I just don't know, and the private sector as well. But we've got to explore it. So, we've got to do both the immediate and then the more

enduring, and we've got to begin to work on both. The immediate is inescapable, the more enduring is perhaps somewhat more postponable, but nonavoidable.

So, my thanks to you, Ms. Johnson.

Senator EAGLETON. We do have three ladies who have been recipients of crisis intervention funds throughout the past winter that are here today, as well, Mrs. Angie Aker, Mrs. Beulah Rice, and Mrs. Gladys Walker. We're delighted to have them with us.

Do any you three ladies have something you'd like to add?

Ms. FARENTHOLD. Senator, I'd like to mention that Mrs. Walker will not be here and she sends her regrets, but she became ill because of the heat.

Senator EAGLETON. That's the lady that you referred to in your testimony, all right.

How about the other two ladies, Mrs. Aker and Mrs. Rice, do they have something they'd want to add?

STATEMENT OF BUELAH RICE, REPRESENTATIVE OF THE ELDERLY FROM THE ST. LOUIS NUTRITION SITE

Ms. RICE. Senator Eagleton, I'm happy to be here to speak in regard to the elderly.

Senator EAGLETON. Wait, give us your name, please.

Ms. RICE. My name is Buelah M. Rice.

Senator EAGLETON. Thank you, Ms. Rice.

Ms. RICE. And I'm speaking for the elderly from the St. Louis Nutrition Site and all the elderly people around the areas.

Where, how, and what direction can we turn to reach our goals? Our pension checks increase and our utility bills soar beyond our expectations. Our creditors inform us, "You can take care of your utilities. You're getting a raise next month." What's good about it when utilities rise along with our checks? We are cramped within the walls of our home, wondering what day our utilities will be shut off. Where can we turn? There must be some way that our legislatures may come up with a timely solution that may in some way relieve the pressure from our hearts and minds. In so doing, we the elderly may enjoy the comforts of our homes without depression.

Thank you so much.

Senator EAGLETON. Thank you very much, Mrs. Rice.

Were you assisted both this winter and in the previous winters by the crisis intervention program?

Ms. RICE. Yes, I have, sir, very much so.

Senator EAGLETON. Would you mind telling us how much help you got this winter from crisis Intervention?

Ms. RICE. During this winter I did get some help from Lutheran Ministry. I was unable to take care of my rent because of the fact that my income was so low that I couldn't keep up. I was forced to get an eviction notice to move out of my home, my son and I. I really was in tears, and then finally I did contact Lutheran Ministry and they did make a way for me that I'm able to stay where I am at the present time.

Senator EAGLETON. Thank you very much, Ms. Rice. Mrs. Aker?

STATEMENT OF ANGIE AKER

Ms. AKER. I'm Angie Aker, and I have worked along with all the, most of the agencies that have testified here today. I'm also a recipient of their good and everything, and it makes me feel real good, because before I became an older person, when I was a younger person, I had the responsibility of a large family all by myself, and I'm well acquainted with the welfare and the treatments of the poor, and I've never rose above it for some reason.

It seems to me, it's not because I have not tried. It seems to me that if the general consensus of the system is to just give you a little bit, enough to exist, and they will say they want you off of the welfare but I never believe a word of it because if a lady with children gets her a job or anything, they will cut her right off. They don't give her a chance to rise above her situation.

As far as the gas bill and this help, I tell you I have no faith in it at all. I go and try to get my share, try to see that the other people get their share. But now, we all have commonsense and we know this thing can't go this way, and it seems that everybody decides that they can't do anything about it. But the world is people. People are the government, people are everywhere. Somebody can do something about it and it's going to have to be. We're going to have to revamp, that's all there is to it. It makes me feel awful bad to keep begging somebody to give to the person, and you just keep begging over and over again, just a lifelong thing. I'm near 70 years old, that's a long time to beg, I'm telling you. I get real disgusted along the line of the way the whole situation is going. So, I'm not speaking to no point, I'm speaking to a point, because we will have to do something, ain't no ifs ands, or buts about it, we're going to have to revamp.

Now, I told the older people, I used to tell them, "You vote, that's the way you'll be heard." But I tell the older people now, "What you need to do is the people we put in office, you watch what they vote on and what they are for and try your best to not put them there again if they are not sympathetic to the things for the elderly", and that's the way I see it now.

A thing happened just a little while ago that made me awful sick. They wanted all the aging to vote, all them wasn't registered, you go to the nursing home, you go to wherever you could find them, let them vote absentee. Then what do you do? Drag them out in court so they'll be scared to do that anymore. I think it's an awful thing. And so many things is aimed at the elderly and the helpless poor. If we could rise above that, I think we would be on our way to success. Looks like I will be around for the next wrangle of money that you get. I'm still in here pitching, though. I try to help where I can, but I can't get no further.

I thank you.

Senator EAGLETON. Thank you very much, Mrs. Aker.

We have another person that wishes to make a statement, Mr. Andrew Inzerillo. That's spelled I-n-z-e-r-i-l-l-o, and I have his card here.

STATEMENT OF ANDREW INZERILLO

Mr. INZERILLO. Mr. Eagleton, I happen to be here as a self-appointed committee chairman for the people that work for a living, the people that pay for all these good giveaway programs.

Now, these people all talked about some people can't pay their gas bill, their light bill and all these other bills. I want you to know the working people, I'm talking about the people that get a check, the people who don't have tax loopholes, I'm talking about the people that just plain work for a living, the people that everything that they get is accounted for. They can't cheat on their income taxes and every dollar they make, they're being forced to surrender a lot of their insurance savings, a lot of their savings in order to keep up the same standard of living.

Now, what these people are doing is wanting to drag us down some more. Now, the Kansas City Star not too long ago, come up with some examples of people that couldn't pay their utility bills. Let me give you an example, if I can recall them correctly.

One lady had 11 children, and I guess she was in the neighborhood of around 50-60 years old. Now, I don't know, I'm of Italian descent and heritage, but it seems to me that out of the 11 children that this lady sired, she should have been able to find one or two responsible people to help her.

Another example was a lady that was on AFDC and she was getting \$290 a month, she was paying \$175 a month for her house rent. She had five children. Now, Mr. Eagleton, I'm a product of the depression and I've lived in Kansas City, where I can remember very vividly 3 days of my life that I went to bed hungry, and it sure put the incentive in me that nobody is going to let me do that again.

Now, I don't know, we've got help wanted ads, we've got people that are employers looking for people to work, and these people are always sitting back and saying, "The Government's got to help." Well, how much has the Government got to help? Now, they say, well, you've got to help the poor, unfortunate, disadvantaged and those in the lower-income bracket. Well, the Lord must have loved them because we got a lot of them.

Now, one think you could do to help alleviate these utility bills if you want, if the Federal Government is going to supply the cash, let's face it, it's just printing money. You can eliminate some programs. Some of the programs could be very easily eliminated, HUD for one. Housing and Urban Development has done nothing but tear up the cities all across the country. You can see the scars of it right here. Rent subsidies; people are living in rent subsidy homes that I, that paid for those rent subsidies, can't afford to live in them.

Another way you could do, you could, say, take the money away that you appropriate for forced busing of our schoolchildren. In your own words that's the most self-destructive program, yet we still have it today. You allowed the magnet school to be opened, and yet you know that they've got a lot of static on that. Most of the teachers don't want to go back to it, but the taxpayers of this country were subjected to coming up with \$3 million. Three million dollars in Kansas City would have paid for a lot of utility bills. If we eliminated the program, all we have to do is have accelerated

programs in each and every school, and you eliminate the magnet school. But somebody's got it in their head we've got to have a racial balance come hell or high water.

Now, another way you could pay for these utility bills is to ask every Congressman in the U.S. Congress to take a cut in pay and pay for them. Don't ask us poor taxpayers. Incidentally, up to this point, I got my check today and the Federal Government has taken over \$3,000 of my money. And, Mr. Eagleton, I don't live in a good home, I live out in the northeast area. Three thousand dollars, plus \$600 social security. What the hell am I working for? That's the point I want to make. What am I working for? What incentive are you and the people in Government giving me to go out and scratch a living? I'm a salesman, the more I sell the more I make. But the more I make the more you tax me. So where am I at? I'm right back on the old treadmill.

By starting new programs, Mr. Eagleton, let's face it, you keep on coming up with more new programs and people have always go to help. I don't care who you talk to, somebody's always going to be crying the blues. You're going to make the whole United States of America a New York City, and New York City is going busted because of welfare, because you people have been too liberal.

You know, the old story is if you let people tell people you're going to have to sink or swim, you find out there's a lot of swimmers out there, and it reminds me of the bees. You know, the worker bee, if he don't work, he starves to death. And if a person is not going to work or don't want to work, they're entitled to the fruits and privileges of not working, and that is starvation. Hell, let them starve. They're nothing but a parasite upon society anyway.

Incidentally, I have six kids, and one of the things I prided myself in, I've never had anything to do with the Federal Government, except with this damn asinine Housing and Urban Development loan I got, the 3-percent thing, and the lousiest thing I've ever done. And all my children are community assets, they're not community parasites.

That's about all I have to say, Mr. Eagleton. I just wish that when these people come crying to you and they got two good legs and two good arms, all they got to do is start knocking on the door. If you need help, the churches used to be able to do this, but you people in the Government felt like, well, we want to take it over because we could do a better job. I think you could get people back to church and let them cry to the pastor and the pastor can get on the phone and start raising money.

And if you think some of the people in this community need some money for utility bills, hey, get some of your campaign people to give you campaign money. Tell them to come up with it. Give it to this lady here, the Warmth, Incorporated. That wouldn't be a bad idea. But, Mr. Eagleton, you got to remember, the fellow that's working for a living, the guy that gets a damn paycheck, he hasn't got no tax loopholes, and he's having a hell of a time, too.

Now, the thing that you go to do is get the Federal Government to make the dollar worth more money, and if the dollar becomes more valuable through deflation, then we can lower these utility

bills. But you got to remember, the workingman is having a hell of a time, too.

Hell, I used to give my wife \$200 a week, now she's crying she can't make things go. So, these people got a right to holler? I've got a right to holler, too. I don't work 8 hours a day to make a living, either, Mr. Eagleton, I work 12, 14 hours a day to make a living. So, when these people can't make a living in 8 hours they stop and they start crying to the Government, "I need some help." Why, hells, bells, all you got to do is get a second job. But they don't like that, that's against the rules of normal behavior. But if you want something bad enough in this great country of ours, you can get it. The only thing is, you've got to go out and get it. The old saying is you don't wait for your ship to come in, you've got to go drag it in.

And these people that got two good arms and two good legs all they got to do is start looking in the paper and they can get a job, and I could quit my job today and tomorrow I'd have a job, I don't care how bad economic conditions are. I'll make me a job because I was a product of the depression, and I will make sure that I don't ever have to depend on the Federal Government or any other government agency for any kind of help.

I'm strongly suggesting that you teach these people a little motivation. Instead of you coinciding with them and being sympathetic with them, you tell them, "Look, what have you done to improve your lot?" And the only thing—one lady said she come up here begging, she'd been begging, she's 70 years old, she's been begging. That's her privilege to beg. Me, I wouldn't lower myself to beg for nobody. I'll die of starvation before I ask you for a nickel for something to eat, because I know in this great country of ours I'll get something to eat.

Senator EAGLETON. Well, Mr. Inzerillo, you're a very vocal exponent of the "Let them starve" theory.

Mr. INZERILLO. I don't mean to let them starve, I mean to let them start swimming.

Senator EAGLETON. Those are your exact quotes. You said let them starve.

Mr. INZERILLO. Well, hell yes, if they don't want to work, why not? I got to work.

Senator EAGLETON. All I say to you is I hope the day doesn't come when you are in financial distress insofar as paying your bills and even despite your vehemence and your exuberance, I'd even want to try to help you.

Mr. INZERILLO. I'll tell you, Mr. Eagleton, if I ever get to the point——

Senator EAGLETON. Even though by previous attitude you might not even be deemed worthy of it, I wouldn't let you starve.

Ms. FAHRENTHOLD. Senator Eagleton, could I read from a lady who sent back a response? I don't think we want to end on that note.

Senator EAGLETON. Yes, you can put it on the record. Come forward.

Ms. FAHRENTHOLD. Thank you. And I thank you for your courage.

I wanted to tell you, and I didn't really get into it, that we're sending surveys out to 300 of the people who have received crisis

intervention funds, to know why they needed the funds, where they went and what they would recommend in the future.

The first one came back yesterday, and I wanted to read some comments that the lady made.

She said she has received utility help at Emergency Assistance, Inc., because she goes to the Linwood Multi-Purpose Center for the foster grandparent program, the luncheon every day. She has also received help from metropolitan Lutheran ministry, and she says: "I can never express to you how much I appreciate their help."

She goes sometimes to Seton Center and she says that's also a center, "I love them and did not hate to go there."

She goes to centers because they're close to home, they've given other services, they've been friendly and fair and helpful and concerned about her, and she would go again.

This is an elderly lady, from the handwriting, I'd say. She said she heard about it through the newspapers and a telephone call that she received. But she says that to receive cutoff notices is not a good idea because it's "nerve wracking to us old folks. I don't know about others, but I never had nothing left for food to take from after paying utility bills."

She says, "When bills are large, as they were this year, one-time help would really not do much good." She would need help more than once.

She says that, "People should not be required to attend utility classes, conservation classes, because they are not able to attend sometimes and sometimes don't understand." Her handwriting was very shaky and you could tell that maybe she wouldn't be able to go to those kinds of classes.

She says, "Sometimes level payment plans would be very helpful, and sometimes they like to work out their own payments. But most of all, she says at the very end, when we asked whether she'd like to work together with others to see changes made, "I don't know what help I could be, but I would like to be able just to tell some people who do not know what it is who never have been without the necessities of life and how we have to live on \$277 a month-plus, plus how we have to smile and trust God to give us what we need. Don't judge me wrong, because we appreciate and are thankful for what we have and get. Thank you for letting me write this."

Senator EAGLETON. Thank you very much, Mrs. Fahrenthold.

We will now receive for the record a statement from Senator Culver.

[The prepared statement of Senator Culver follows:]

STATEMENT OF SENATOR JOHN CULVER
SUBCOMMITTEE ON AGING
SENATE COMMITTEE ON LABOR & HUMAN RESOURCES
HEARING ON ENERGY COSTS & THE ELDERLY
JULY 6, 1979

Mr. Chairman, I appreciate this opportunity to convey to the Senate Subcommittee on Aging my deep concern about the effect of rising energy costs on our Nation's elderly. For many of us, the present oil shortage may mean a wait in a gasoline line or a crimp in the family budget imposed by higher energy costs. However, for many senior citizens on limited incomes, higher utility bills mean a literal struggle for health and even survival.

What was a problem for older Americans several years ago, and became a crisis in the last winter or two, could well turn into a human disaster this coming winter if meaningful relief is not found. With the fuel cost increases we have witnessed in recent months — to say nothing of certain boosts in the months ahead — the tragedy cases will multiply, and millions more senior citizens will suffer serious hardship this winter.

To many people it comes as no surprise that the elderly are hard hit by high energy costs, but a review of several factors reveals just how vulnerable senior citizens are to high utility costs. First, their incomes are substantially lower than those of younger households. The median income of elderly families is only about half that of younger families. There are some 7.3 million poor or near-poor senior citizens in the U.S. today. Whereas utility bills for the typical American family average between five and ten percent of their income, they commonly

amount to 20 or 30 percent of senior citizens' income. Winter heating bills often can consume 40, 60 or 80 percent of their monthly income, and in some instances even exceed it. Not only do the aged have less income to absorb higher fuel costs, but many have little or no savings to reduce them with energy-saving home improvements.

Closely related is the condition of their homes, which as a rule are older than most. Half the Nation's elderly homeowners live in houses built over 30 years ago. Older and less valuable, many of these homes have little or no insulation, broken windows, leaky roofs, older furnaces and the like. Over half of our senior citizens live in single family detached homes which are less energy-efficient.

Perhaps the most tragic threat posed to the elderly relates to their poorer health. The National Institute on Aging has issued a warning of the dangers of hypothermia, a potentially fatal condition in which body temperature drops below normal due to continued exposure to cold temperatures. The elderly are particularly susceptible to accidental hypothermia, even with home temperatures in the low sixties. So the home temperatures millions of older Americans are maintaining — in the low sixties, fifties, forties and even thirties — are an open invitation to debilitating illness and even a threat to their very survival.

As we all know, fuel prices have risen this decade at an unprecedented rate. Since the beginning of 1970, heating fuel oil prices have jumped 250 percent, natural gas prices 180 percent,

and electricity 106 percent. In the last 12 months alone, fuel oil rose 23 percent, natural gas 13 percent, and electricity five percent. And these escalating prices do not reflect the surges we have experienced in recent weeks and are certain to witness throughout the year. In the 1977-78 winter, fuel oil sold in parts of Iowa for about 47¢ a gallon. Recently, it sold for 64¢ a gallon, and there has been speculation that it could even approach a dollar a gallon in some parts of the Nation this winter.

The principal message I wish to convey, Mr. Chairman, is that if recent winters have been difficult for older Americans, the coming winters could have disastrous consequences unless effective relief is forthcoming. These dramatic increases in fuel costs will place an absolutely intolerable burden on most low-income senior citizens. These people are completely at the mercy of utility bills, and have already had to make cruel choices between heat and food, or heat and medical care.

I would like to cite several examples of the measures elderly Iowans are forced to take to cope with unbearable heating costs. For instance, an elderly Iowa woman, unable to afford her heating bill, turned off her furnace and used an electric blanket as her only source of heat; then she received a shut-off notice from the electric company. In another instance, an eastern Iowa woman in her seventies managed to pay her heating bill this past winter but only by foregoing medication prescribed for her heart; upon learning of this in the spring, her doctor said it was a wonder she survived without the medicine. Or consider the

hardship confronting an elderly woman from western Iowa who knew she could not afford her heating bills: in November she turned off the heat, piled all her blankets on her bed, and basically stayed in bed until March, eating food she had placed nearby. One 93-year-old woman living near Cedar Rapids, Iowa, chopped wood and collected corn cobs and nutshells for use in her only source of heat, a wood stove. Another elderly Iowan heated and lived in only one room of an eight-room house; ironically she placed foodstuffs in the refrigerator so they wouldn't freeze. CAP agency workers say it is not unusual to find elderly people spending the winter in their kitchen, using the oven as the only source of heat, and living on cold cereal, or beans and crackers.

As you know, Mr. Chairman, over the past three years the federal government's short-term response to the elderly's energy plight has been limited to a \$200 million Crisis Intervention Program. This emergency fuel assistance is designed to help in crisis situations where heating fuel is unavailable, utility bills cannot be paid, or serious hardship is inflicted by payment of prohibitive heating bills. I have had numerous communications from Iowans over the past several months inquiring about aspects of this program — reflecting the need for this type of fuel cost assistance. This response has been too little and too late, however. In the past the assistance has generally not been available until late winter or spring — after the period of the greatest need. In the future, it should be made available in early winter to help minimize the actual suffering.

The \$200 million Crisis Intervention Program simply does not meet the need. Of the 15 million households in the U.S. meeting the income eligibility requirement, only about one million households annually have received aid each year under this program. There is a limit on the amount of aid a person may receive, and the average assistance per person is well below \$100. How many more senior citizens must turn off their furnaces before we recognize their desperate need? How many more senior citizens must forego essential medication to pay heating bills before we are willing to provide meaningful relief? How many more senior citizens must exist on one meal a day during the winter before we provide the funds necessary to minimize the suffering?

In light of the Carter Administration's recent decision to decontrol oil prices, the situation can only worsen. The price of foreign oil has jumped dramatically since the first of the year, and domestically produced oil will rise steadily to that level over the next two years. The effect of this decontrol is the flow of additional dollars from the pockets of the elderly and other consumers into the treasuries of the oil companies and the federal government. It is projected that existing federal income taxes alone will net at least an additional \$33 billion over the next five years due to greater oil company revenues. And President Carter's proposed oil windfall profits tax would produce another \$22 billion in estimated federal revenues through 1984.

Senators Javits and Jackson recently introduced a bill to provide fuel cost assistance for those low-income

citizens eligible for food stamps, AFDC, or SSI. The cost projected for the first year of this proposed program would not exceed \$4.5 billion. An advisory committee to the Department of Energy has issued a report recommending a \$3.2 billion per year ongoing energy assistance program for poor and near-poor persons. And President Carter has proposed that additional income tax and windfall profits tax revenues resulting from his oil decontrol decision be used to create an Energy Security Fund, some \$2 billion of which should assist low-income citizens in meeting their higher fuel costs through 1982. I am encouraged that these serious recommendations acknowledge the magnitude of the problem and include allocating a portion of the added tens of billions of dollars in oil decontrol tax revenues to relieve the suffering by the elderly and poor.

The most promising federal effort to help the elderly cope with high energy costs is the low-income home weatherization program. I have had the opportunity to visit the homes of several elderly Iowans which were being insulated with federal funds, and to see firsthand the value of our low-income home winterization effort. Few federal programs can boast of such broad benefits in three areas of national priority — conserving energy and reducing our dependence on foreign oil; alleviating the financial plight of hundreds of thousands of elderly and low-income families by reducing their monthly heating bills; and creating tens of thousands of productive jobs.

For about \$250 per home — which is the average winterization cost — heating fuel assistance can be cut by at least one-third, or roughly 200 gallons of fuel oil a year. And in a rundown home, complete insulation — costing \$750 to \$1000 — can cut heating fuel use by as much as two-thirds or three-quarters. The improvements made on these homes include weatherstripping, calking, patching leaky roofs, replacing broken windows, adding storm windows and doors, insulating attics, and blowing insulation into sidewalls. These improvements are made at no charge to the low-income homeowner.

The weatherization program is administered on the federal level by the Department of Energy, and on the local level by Community Action Program (CAP) agencies, with CETA labor. The funding level for Fiscal Year 1979 is \$200 million. To date, approximately 500,000 homes have been weatherized under this program since 1973.

One disturbing problem with the weatherization program has recently come to my attention. Many CAP agencies are finding that while insulation supplies are adequate, a serious shortage of CETA labor has developed. This lack of manpower for weatherization crews is leading to heavy backlogs of applications and significant stockpiling of insulation. A chief cause of this shortage of CETA workers is the low hourly wage of \$3.15 and the lack of effective incentives to retain trained weatherization crew members. Another troubling factor is the rapid turnover of CETA workers, and the resultant difficulty in maintaining crews

with enough experience to handle the weatherization tasks. In some areas the shortage of CETA help is crippling the weatherization program. Lengthy delays and heavy backlogs in homes to be weatherized are commonplace. One estimate, in fact, speculates that were it not for the labor shortage, up to 300,000 additional homes nationwide would have been insulated to date.

At a time when we have finally brought the funding for this home weatherization program up to a respectable level, it is particularly troubling to have this most promising endeavor restricted by a lack of labor. And in light of the scaling down of the CETA program from over 700,000 workers nationwide, to well under 500,000 workers, the situation will likely further deteriorate. In many areas across the Nation with relatively low unemployment rates, weatherization activities could slow to a crawl because of fewer CETA positions and an inability to attract workers at wages ten percent over the federal minimum wage. Mr. Chairman, we must examine whether the CETA program as currently structured — with its modest wages, high turnover and various restraints — is the proper work force upon which to base our crucial weatherization efforts. We might consider whether a few changes in the CETA program as it applies to weatherization would be sufficient, or other alternatives such as an independent labor force with somewhat higher wages, less turnover, and more training to complement the CETA labor.

The 500,000 substandard homes that have been weatherized under this program since 1973 represent only a dent in the

nationwide need. The Department of Energy estimates that eight million homes of poor persons have little or no insulation, so only six percent have been weatherized thus far. Once the labor shortage has been addressed, we can better evaluate the adequacy of current levels of weatherization funding.

In conclusion, Mr. Chairman, we cannot afford to let our indispensable home winterization program be hampered by a shortage of funds, material or labor. It represents the best long-term solution to the twin goals of conserving energy and reducing the elderly's costly fuel bills. And we must not let another winter pass without more meaningful fuel cost assistance for the elderly and poor. Frankly, it is difficult to imagine what additional drastic measures many of our senior citizens will be forced to resort to if they must absorb the kind of fuel costs we are anticipating for this coming winter. I firmly hope those drastic steps need not become reality and can be left to the imagination.

Senator EAGLETON. That will conclude today's hearings.
[Whereupon, at 2:15 p.m., the subcommittee stood adjourned.]

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