

STATEMENT OF SENATOR GORDON H. SMITH
Senate Special Committee on Aging Hearing
Keeping the Power On: Examining the Impact of
Soaring Energy Costs on the Elderly
June 15, 2005

Thank you all for attending today's Aging Committee hearing titled, "Keeping the Power On: Examining the Impact of Soaring Energy Costs on the Elderly."

The seemingly exponential rise in energy costs, especially as we head into the summer months, is a critical issue facing our nation today. Prices of natural gas, oil and electricity impact each and every one of us and how much we pay for everything from gasoline to countless everyday goods and services.

The cost of heating and cooling our homes and fueling our automobiles has reached historic levels during this current trend of steadily-rising energy prices.

Compared with 1999-2001, this past winter's natural gas prices increased 38 percent; the cost of propane increased 39 percent; and heating oil prices increased 63 percent. In the past year alone, natural gas prices have shot up 25 percent. High energy prices are being felt at the pump as a gallon of gas has rocketed past \$2 with no signs of coming down in the foreseeable future.

While soaring prices affect all Americans, our seniors are being hit hardest.

Elderly citizens, a large percentage of who live on fixed incomes, are feeling the financial impact of the high cost of energy more than other segments of our society.

These individuals and households spend a significant percentage of their income on energy bills; in extreme cases, seniors are paying as much as 35 percent of their annual income toward these critical expenses.

As a result of this high energy burden, many elderly in our society must choose between heating and cooling their homes or purchasing essential medications. Sometimes the situation is much graver, when the choice boils down to paying energy bills or putting food on the table.

Clearly, something needs to be done to help our low-income elderly population make ends meet as we search for solutions to this ever-worsening problem.

While passage of a comprehensive energy policy would better manage America's long-term energy needs, the question remains: What can we do in the short-run to alleviate the financially disastrous effect skyrocketing energy prices are having on our senior citizens?

In the Coos-Curry county area in Oregon, 60 percent of seniors receiving assistance are struggling to pay their utility bills or pay for their medications. Households in this area of my home state have experienced an overall increase in the price of their utilities of up to 40 percent from last year, and similar examples and statistics can be found all across the country.

The Low-Income Home Energy Assistance Program certainly makes a difference. LIHEAP assists many low-income families with paying their utility bills, and serves as a vital safety net for households that cannot afford residential energy costs to keep their home warm or cool. Higher energy costs have resulted in an even greater increased need for energy assistance among low-income seniors.

Transportation is another area that is heavily impacted by the cost of energy. Affordable transportation is important for the elderly to maintain their independence and enable them to engage in everyday activities such as attending medical appointments, picking up groceries and visiting grandchildren. With gasoline prices surpassing \$2 per gallon, many elderly are forced to curtail their driving as they can no longer afford to pay for a tank of gas.

Moreover, seniors are being further squeezed as high gas prices are coupled with an economic climate where local governments are curtailing and/or increasing the price of public transportation services.

Today's hearing will focus on the impact that high energy prices have on America's elderly population and how low-income seniors' energy assistance needs can best be met.

Our expert witnesses will talk about their experiences with these issues, and how they are helping our elderly population manage with the limited resources that are made available to them.

I am especially pleased that Mr. Jim Slusher of the Mid Columbia Community Action Council in the great State of Oregon is with us today. Mr. Slusher is here to discuss the impact high energy costs are having on the ability to provide energy assistance to low-income seniors in Oregon and how energy prices have impacted the demand for assistance.

I look forward to hearing the testimony from all our witnesses on these issues that are so important to our senior population.

With that, I'll now turn to my colleague Senator Kohl for his opening statement.