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Stopping a HEAP of Waste

If you don't have a furnace or the money to pay your heating bills, July is a good time to plan for the winter that will surely come. It's also a good time to think about your share of the heating bills paid by the taxpayers through a federal grant program called HEAP (Home Energy Assistance Program).

Fuel bills are a major factor in the lives of older people; sometimes they can be a life or death factor. They spend a high proportion of their income on fuel costs, often up to 40 percent. For many reasons they are unable to cope with energy conservation suggestions. In cold climates, these elderly need help.

A retired government official from the Buffalo area named Henry Newbigging has observed that HEAP grants are counter-productive, inefficiently administered, and waste energy. The bureaucratic maze results in long lines, long waits, and recipient and taxpayer frustration.

So, Mr. Newbigging has addressed himself to this problem. He has written me that he thinks he has figured out how to cut bureaucratic waste, save taxpayers' money, and get more heat out of HEAP.

The prime source of income for the elderly is Social Security, and the majority of recipients have a low enough income to qualify for a HEAP grant. However, since natural gas suppliers admit that most conventional furnaces operate at only 60 percent seasonal efficiency, that means that people are getting only 60¢ worth of heat for every $1.00 they receive from a HEAP grant.

Since the elderly on Social Security are not apt, as a group, to improve their economic lot significantly in the next few years, the continuous flow of 60%-efficient HEAP grants of taxpayer funds looks like a river flowing endlessly into the future.

Mr. Newbigging asks a perceptive question. "Instead of repetitive HEAP grants, would it not be far more fiscally sound and consistent with energy conservation practices to give the homeowner a five-year, low-interest, insured $1,000 federal loan for the

specific purpose of upgrading his heating equipment?"

He makes a logical argument. To him, it seems far more practical and less wasteful to loan $1,000 which will be repaid in five years than to continue to throw good money after bad. If the homeowner has an 85%-efficient furnace installed, he can save $250 on his annual heating bill, which he could convert to loan repayments at an estimated $20 per month.

During the repayment period, the individual recipient would be in the same financial position he now is in with the HEAP grants subsidizing his inefficient furnace. After repayment is completed, he would have an additional $250 a year to improve his standard of living.

Modern technology has made it possible to cope with these problems. Social Security computers could process the loan applications and withhold the monthly $20 payment.

The computers could also issue a random message to HUD to do on-site quality inspections of the contractor's work. If it was not up to specifications, he would be barred from future installations; and contractors would be warned in advance of this procedure. Only heating contractors approved by the Better Business Bureau would be authorized to install units under this plan.

Mr. Newbigging's idea would create the need to manufacture 800,000 to 1,000,000 new furnaces, which in turn would generate manufacturing jobs in parts, steel and equipment, and service jobs in installations. Income tax and Social Security revenues would rise; energy imports would fall, thereby helping our balance of payments.

As Henry Newbigging sums it up, "Unless the bureaucrats foul it up, the idea can become both a heating lifeline for the elderly and a shot in the arm for our economy." He isn't just a visionary with a pie-in-the-sky scheme. He spent 38 years in the federal bureaucracy and has given the government many other successful money-saving proposals. He understands the functioning of government and knows that the "machinery" to implement this idea is already in place.

However, Mr.Newbigging's plan has one defect from the bureaucracy's point of view. It won't require any additional personnel or funding, and might even require less of both. I hope that defect won't be so major that it will foreclose serious consideration of a truly innovative and constructive idea.