

## Press Release

### Applications for Energy Assistance Again Reach Record Levels Embargoed till 2/9/2011

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The number of households requesting help to offset the increasing cost of home energy is expected to reach record levels in FY 2011 for the third year in a row. The number of households served by the Low Income Home Energy Assistance Program (LIHEAP) has increased from about 5.8 million in FY 2008, to 7.7 million in FY 2009, to 8.3 million in FY 2010. The number of households served in FY 2011 is projected to increase to 8.9 million. The increase is being driven primarily by the weak economy and continued higher energy prices.

States projecting at least a 15% increase in the number of eligible applications include: Vermont (64%), Florida (49.7%), Massachusetts (21.1%), Wyoming (20%), Louisiana (19.5%), Texas (17%), and Mississippi (15%). An additional 11 states are projecting increases of between 10% and 15% (see attached Table 1).

**Prices:** Since the winter of 2005-06 energy prices have increased significantly for heating oil, propane and electricity. Prices for heating oil have increased from \$1,337 to \$2,291, propane from \$1,275 to \$2,040 and electricity from \$723 to \$947. Only natural gas prices have moderated; increasing from \$729 to \$753. The resulting average price for home heating has increased from \$813 to \$990 per year (see attached Table 2).

**Purchasing Power:** The purchasing power of the average energy assistance grant has increased from about 39% in FY 2005 (winter heating season of 2005-06) to 50% in FY 2010 (winter heating season of 2010-11). NEADA projects that the average grant in FY 2011 (winter heating season of 2010-11) will cover 46% of the cost of home heating if funding is maintained at \$5.1 billion. If funding levels are maintained at the CR level of \$4.1 billion, NEADA expects the average grant to cover about 42% of home heating and the number of households served to decline by about one million.

Note: these are national averages. Since states have received varying levels of their FY 2010 allocation under the CR, some states will receive a higher level of funding than other states if no additional funding is provided.

**Can other sources of funds replace LIHEAP?** The simple answer is no. State aid, rate assistance and fuel funds provided about \$3.2 billion in FY 2009 of which about 77 percent of this amount was provided by fuel assistance (\$121 million) and rate assistance (\$2.4 billion). Of the amount provided by rate assistance, about 91 percent was provided by only 10 states. These sources of support are provided on a significant scale in only a small number of states, and as such, should not be considered as a replacement for LIHEAP or a rationale to support a reduction in federal program funding. In addition, because of the severe recession, even those states in the past that have been able to supplement federal funding cannot be counted on to replace these funds.

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even those states in the past that have been able to supplement federal funding cannot be counted on to replace these funds.

**Why Maintain Funding at \$5.1 Billion?** NEADA recently completed the 2009 National Energy Assistance Survey (NEA). This survey documented changes in the affordability of energy bills, the need for LIHEAP, and the choices that low-income households make when faced with unaffordable energy bills. Because of continuing high energy prices and rising unemployment during the survey period, we expected an even higher percentage of families to report that they were unable to pay their home energy bills or had to make even greater sacrifices than in previous years to maintain access to home energy.

In fact, LIHEAP recipients reported that the funding was more essential this year than in the past: 93% of recipients reported that LIHEAP funding was very important in helping them keep the heat on in the winter and cooling in the summer—up from 90% in 2008 and 74% in 2003. The additional LIHEAP funding also increased the odds that a household could work out a payment plan with their local utility. The number of households that reported this increased from 54% in 2008 to 61% in 2009.

The pre-LIHEAP energy burden averaged 16% and post-LIHEAP energy burden averaged 11% for these households, compared to 7% for all households in the U.S. and 4% for higher income households.

**LIHEAP recipient households are likely to be vulnerable to temperature extremes.** They are likely to have seniors, disabled members, or children in the home. More than 90% of LIHEAP households had at least one of these vulnerable household members. Studies also have shown that these households face many challenges in addition to their energy bills, including unemployment, unhealthy home conditions, and medical issues.

**LIHEAP recipients reported that they faced high energy costs.** Over one third of the respondents reported energy costs over \$2,000 and 35% said that their energy bills had increased over the previous year.

**Many of the LIHEAP recipients faced significant medical and health problems in the past five years, partly as a result of high energy costs.** Nearly one third reported that they went without food, over 40% sacrificed medical care, and one quarter had someone in the home become sick because the home was too cold.

**The Need for LIHEAP:** Households reported enormous challenges despite the fact that they received LIHEAP. However, they reported that LIHEAP was extremely important. About 64% reported that they would have kept their home at unsafe or unhealthy temperatures and/or had their electricity or home heating fuel discontinued if it had not been for LIHEAP. Almost 98% said that LIHEAP was very or somewhat important in helping them to meet their needs. In addition, 53% of those who did not have their electricity or home heating fuel discontinued said that they would have, if it had not been for LIHEAP.

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