

Energy Hardship Report

November 2022

NEADA

NATIONAL ENERGY ASSISTANCE DIRECTORS' ASSOCIATION

Introduction

Energy is becoming increasingly unaffordable for millions of low- and moderate-income (LMI) households after a recent period of very affordable, low prices.

The tables and charts in this report highlight the difficulties families are facing in paying their home energy bills, with many falling behind.

This report is divided into three sections: Energy Prices and Expenditures; Arrearages; and Reported Energy Burdens.

Key Findings

- Residential households will spend almost \$23 billion more on home heating this winter than last year, with average household heating expenditures up 17.2 percent.
- Lower income households spend more than five times as much as the highest households on gasoline and utilities as a percent of income, and twice as much as middle-income households.

Key Findings

- As of August 2022, the national arrearage balance totals almost \$16.1 billion, almost double the amount owed prior to the start of the pandemic.
- About 20 million households (1 in 6) are in arrears.

Key Findings

Families are struggling to pay their home energy bills:

- 22.1 percent of all households report being unable to pay their energy bill, with 34.3 percent foregoing other necessities to afford energy utilities.
- 23.3 percent keeping their home at an unsafe temperature in order to pay their energy bill.

Section 1: Energy Prices and Expenditures

Consumers, especially those who are lower income, have already been feeling the pain of high energy prices as their wages have not kept up with inflation.

Prices in the last 12 months are up by 18.2% for gasoline, 15.5% for electricity and 33.1% for natural gas and are one of the leading causes of inflation.

Source: BLS Consumer Price Index

Inflation in Energy Prices, 2022

	2021 (Through Dec '21)	September 2022
Heating Oil	41.0%	58.1%
Natural Gas	24.1%	33.1%
Electricity	6.3%	15.5%
Overall Inflation	7.0%	8.2%

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Home heating costs are expected to increase by 17.2% this winter, the highest prices in more than 15 years.

Natural gas will see the greatest percentage increase in expenditures at 28.6%, followed by heating oil 26.6%, electricity 10.2% and propane 5.1%.

Source: Energy Information Administration

Estimated Winter Heating Costs, 2020-21 to 2022-23

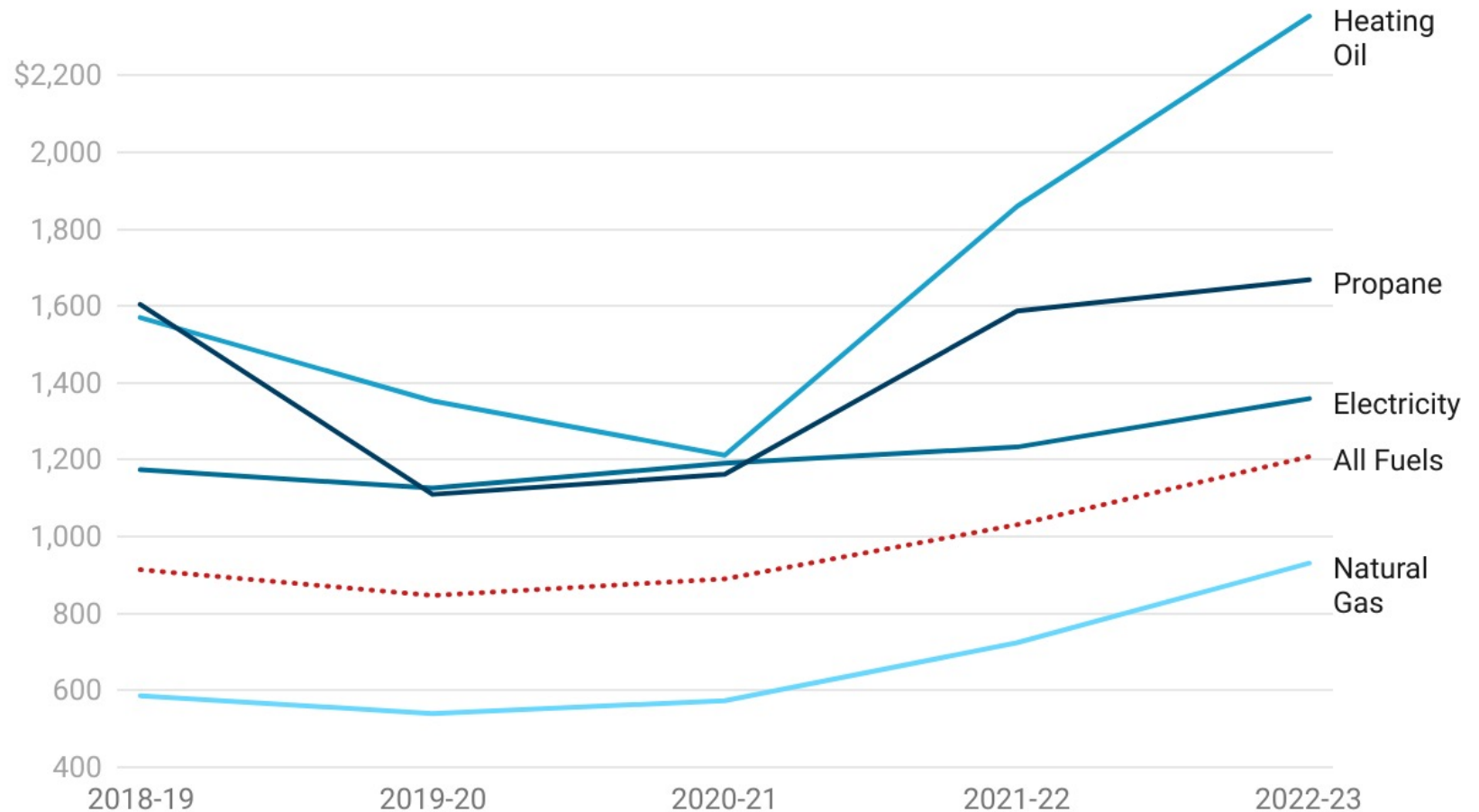
All Fuels is a weighted average of all home heating sources, using the number of households by energy type.

Winter Heating Season	Natural Gas	Electricity	Heating Oil	Propane	All Fuels
2020-21	\$573	\$1191	\$1212	\$1162	\$890
2021-22	\$724	\$1233	\$1859	\$1587	\$1031
2022-23	\$931	\$1359	\$2354	\$1668	\$1208
% Difference, 22-23 vs. 21-22	28.6%	10.2%	26.6%	5.1%	17.2%
% Difference, 22-23 vs. 20-21	62.5%	14.1%	94.2%	43.6%	35.7%

Home heating costs have been increasing steadily since the winter of 2020-21 with all fuels becoming increasingly unaffordable, especially heating oil.

Source: Energy Information Administration

Est. Home Heating Costs (Winter 2018-19 to 2022-23)



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Home heating expenditures in winter 2022-2023 are projected to be the highest they have been in over a decade across all fuel types.

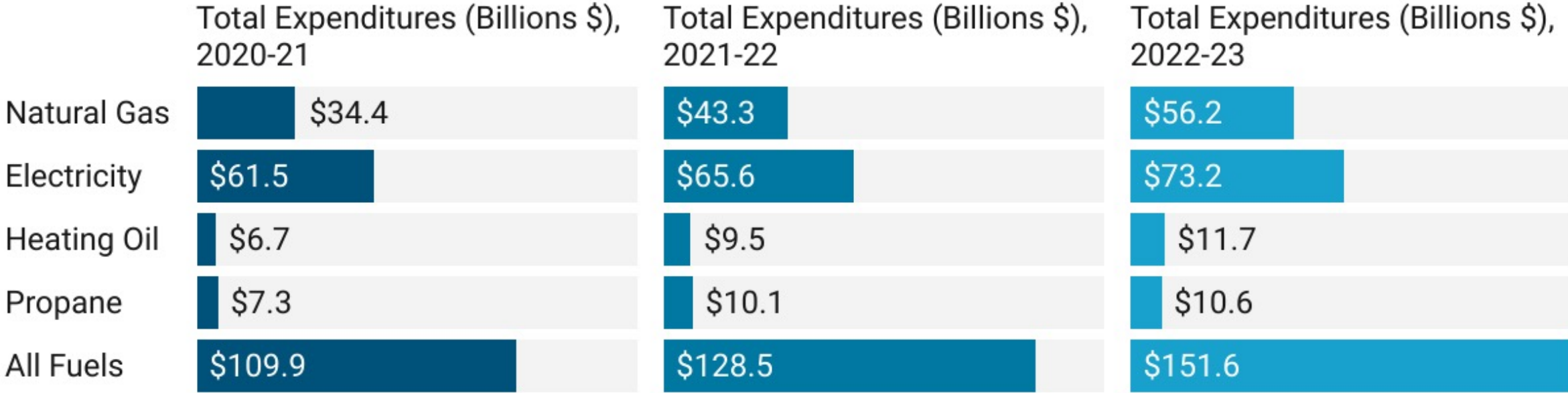
Expenditures are not adjusted for inflation.

Source: Energy Information Administration

Estimated Winter Heating Costs by Year

Winter Heating Season	Natural Gas	Electricity	Heating Oil	Propane	All Fuels
2012-13	\$567	\$1,071	\$2,113	\$1,368	\$894
2013-14	\$636	\$1,163	\$2,121	\$2,143	\$1,001
2014-15	\$601	\$1,159	\$1,668	\$1,612	\$928
2015-16	\$481	\$1,045	\$900	\$1,036	\$756
2016-17	\$533	\$1,056	\$1,128	\$1,139	\$803
2017-18	\$565	\$1,143	\$1,376	\$1,411	\$881
2018-19	\$586	\$1,174	\$1,570	\$1,604	\$914
2019-20	\$540	\$1,126	\$1,353	\$1,110	\$847
2020-21	\$573	\$1,191	\$1,212	\$1,162	\$890
2021-22	\$724	\$1,233	\$1,859	\$1,587	\$1,031
2022-23	\$931	\$1,359	\$2,354	\$1,668	\$1,208

National Est. Residential Winter Heating Expenditures by Fuel Type (Winter 2020-21 to 2022-23)



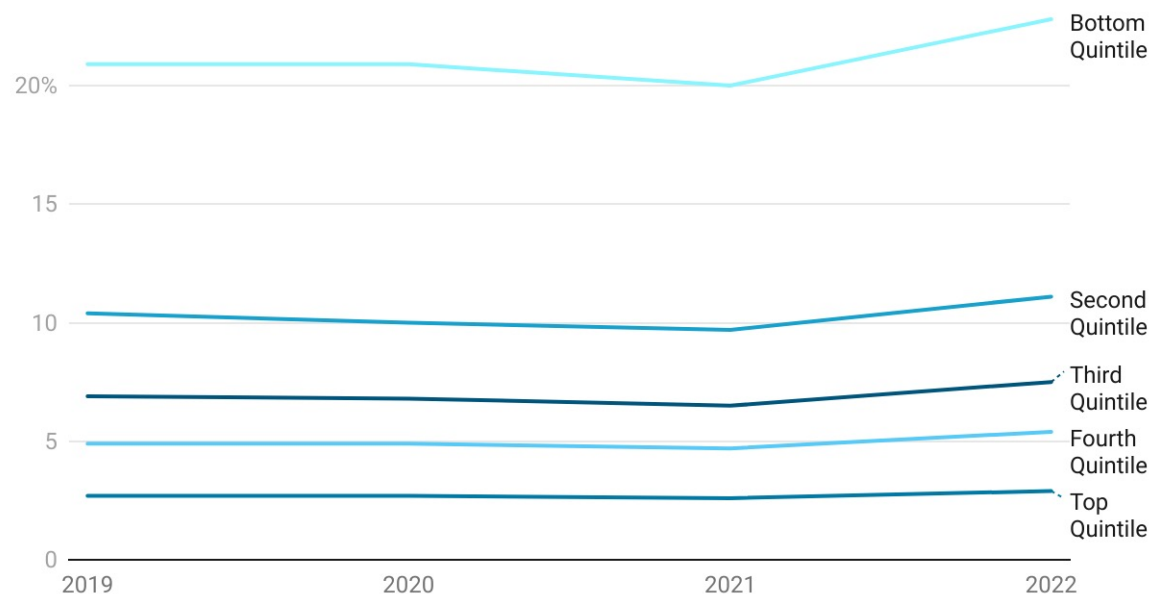
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Lower income families spend a higher percentage of their income on home energy than higher income families.

With the lowest income families spending 22.8 percent of their income on utilities and the highest income families 2.9 percent.

Sources: BLS Consumer Expenditure Survey, Consumer Price Index

Share of Household Income Spent on Utilities by Income Quintile



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Utility Expenditures by Income Quintile

Year	Bottom Quintile	Second Quintile	Third Quintile	Fourth Quintile	Top Quintile
2019	\$2511	\$3423	\$3890	\$4613	\$5828
2020	\$2757	\$3438	\$4018	\$4739	\$5848
2021	\$2776	\$3518	\$4069	\$4827	\$5911
2022	\$3326	\$4215	\$4875	\$5783	\$7081

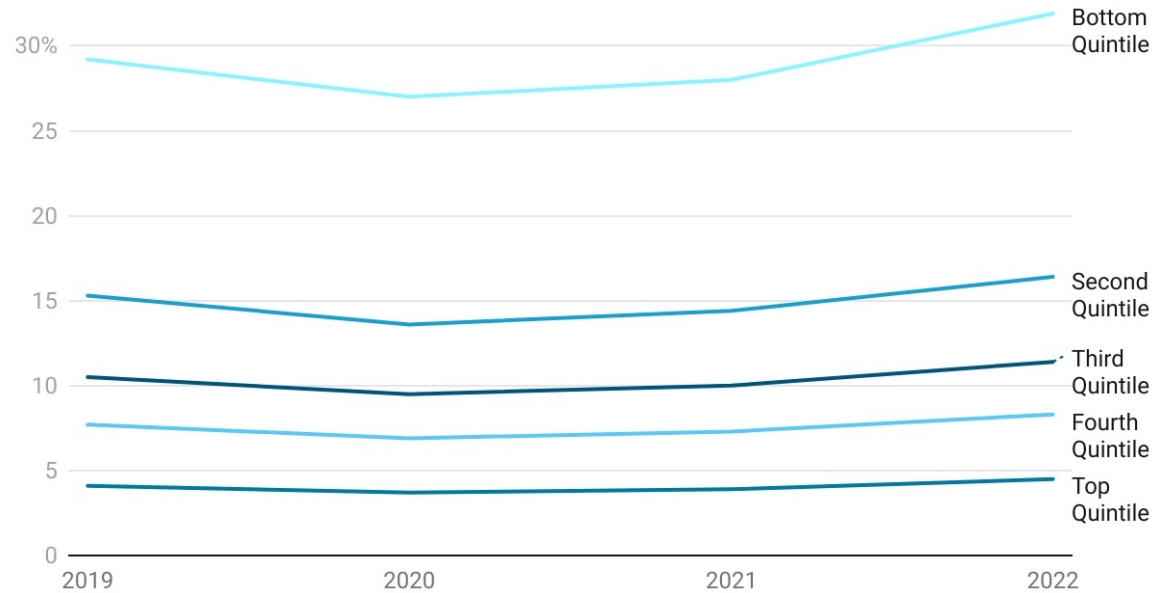
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When combining gasoline and utility expenditures, the differences in burdens between the lower- and upper-income quintiles are even more stark.

In 2022, the bottom income quintile will spend 31.9 percent of their income on gasoline and utilities, while the middle and top income quintiles will spend 11.4 and 4.5 percent, respectively.

Sources: BLS Consumer Expenditure Survey, Consumer Price Index

Share of Household Income Spent on Gasoline and Utilities by Income Quintile



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Combined Gasoline and Utility Expenditures by Income Quintile

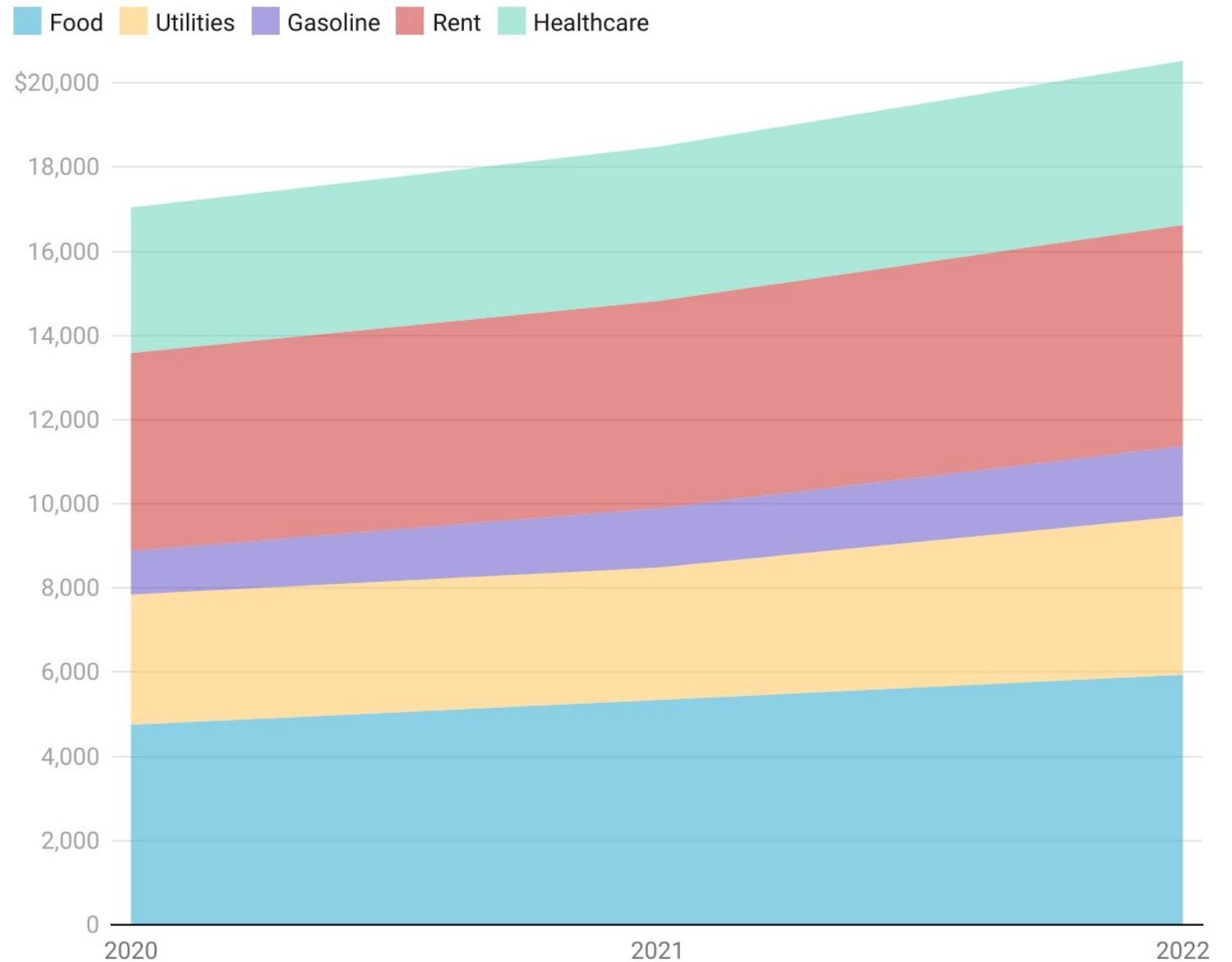
Year	Bottom Quintile	Second Quintile	Third Quintile	Fourth Quintile	Top Quintile
2019	\$3509	\$5024	\$5969	\$7206	\$9021
2020	\$3574	\$4691	\$5642	\$6692	\$8047
2021	\$3887	\$5220	\$6253	\$7484	\$8985
2022	\$4639	\$6226	\$7456	\$8923	\$10715

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Expenditures on essential goods by lower income families have increased rapidly during the last two years.

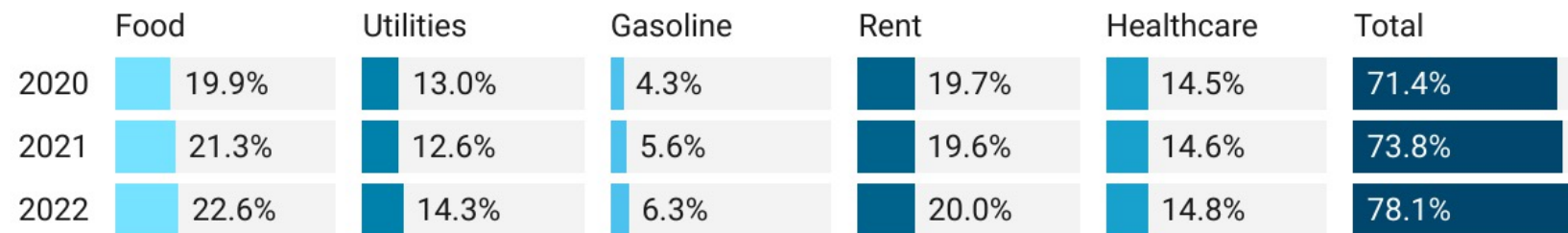
Sources: BLS Consumer Expenditure Survey, Consumer Price Index

Expenditures on Core Goods and Services, Two Lowest Income Quintiles



Rising prices for essential goods are putting increasing pressure on lower income families and taking up a growing share of their budgets.

Share of Income Spent on Core Goods and Services, Two Lowest Income Quintiles



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Sources: BLS Consumer Expenditure Survey, Consumer Price Index

Section 2: Increasing Debt to Utilities

Families owe about \$16.1 billion to their utilities, almost double the amount prior to the start of the pandemic.

About 20 million or 1 in 6 U.S. households are in arrears.

Sources: Select, publicly-available state and utility arrearage data

National Est. Residential Utility Arrearage Balance, 12/2019 to 8/2022

Month	National Arrearage Balance (Billions \$)	Households in Arrears (Millions)	Average Household Arrearage Balance
Dec '19	\$8.05	19.95	\$629
Dec '20	\$11.75	22.99	\$629
Dec '21	\$13.14	20.89	\$629
Jan '22	\$13.97	20.65	\$676
Feb '22	\$15.78	20.36	\$775
Mar '22	\$16.46	19.85	\$829
Apr '22	\$14.61	20.15	\$725
May '22	\$15.02	20.87	\$720
Jun '22	\$16.04	20.24	\$792
Jul '22	\$16.19	20.64	\$784
Aug '22	\$16.07	20.39	\$788

Arrears have remained steady at about \$16 billion for the last year, reflecting an increasing amount of LIHEAP and other stimulus funds.

Without these additional funds, arrearages would have likely increased in total.

Sources: Select, publicly-available state and utility arrearage data

Arrearage Data Estimates, Select States

	% Customers in Arrears, Aug '21	% Customers in Arrears, Aug '22	Average Household Arrearage Balance, Aug '21	Average Household Arrearage Balance, Aug '22	Total Arrears Balance, Aug '21 (Millions \$)	Total Arrears Balance, Aug '22 (Millions \$)
California	18.4%	20.4%	\$959	\$1,160	\$2,765	\$3,747
District of Columbia	22.2%	22.6%	\$1,087	\$957	\$73	\$67
Georgia	18.8%	21.2%	\$279	\$309	\$201	\$251
Illinois	N/A	6.9%	N/A	\$458	N/A	\$154
Iowa	8.5%	8.6%	\$379	\$390	\$41	\$43
Maryland	11.7%	13.2%	\$411	\$502	\$114	\$157
Massachusetts	20.4%	18.9%	\$930	\$919	\$756	\$691
Michigan	18.8%	19.4%	\$309	\$298	\$331	\$325
Minnesota	12.8%	12.7%	\$407	\$423	\$116	\$121
New Jersey	24.4%	24.2%	\$687	\$619	\$549	\$491
New York	12.8%	12.8%	\$1,270	\$1,146	\$1,206	\$1,090
National	17.2%	16.7%	\$765	\$788	\$16,130	\$16,069

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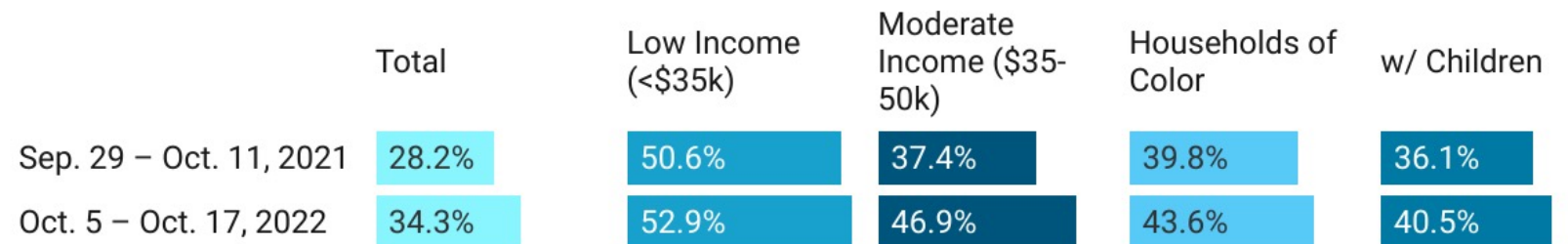
Section 3: Reports of Families Struggling with High Energy Bills

The US Census Bureau's Household Pulse Survey showed that 46.9% of families earning between \$35,000 and \$50,000 reduced spending on food or medicine at least once in the last year to pay their home energy bills, up from 37.4% the previous year.

Source: Census Household Pulse Survey

Percent of Households Foregoing Basic Necessities to Pay Energy Bills, by Survey Period

Household reduced or forewent expenses for basic household necessities, such as medicine or food, in order to pay an energy bill, at least one month in the last year

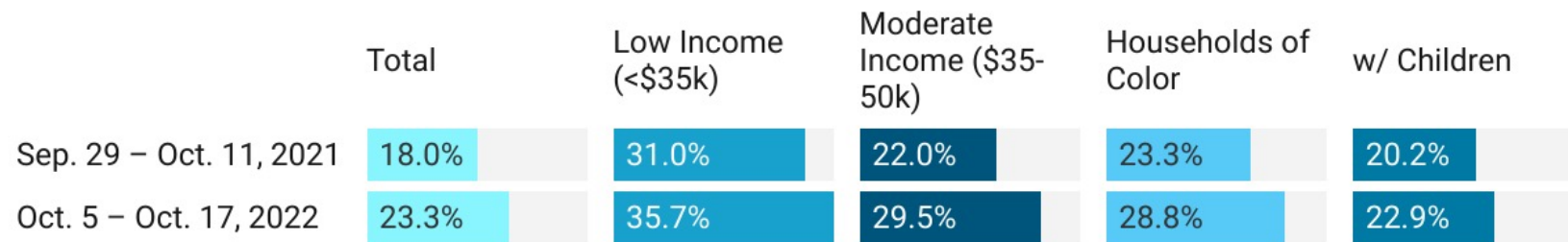


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An increasing share of households are reporting that they are keeping their home at an unsafe temperature, reflecting the higher cost of home energy during the last year.

Percent of Households Keeping Home at Unsafe Temperature to Save Money on Energy Bill, by Survey Period

Household kept home at a temperature that felt unsafe or unhealthy, at least one month in the last year

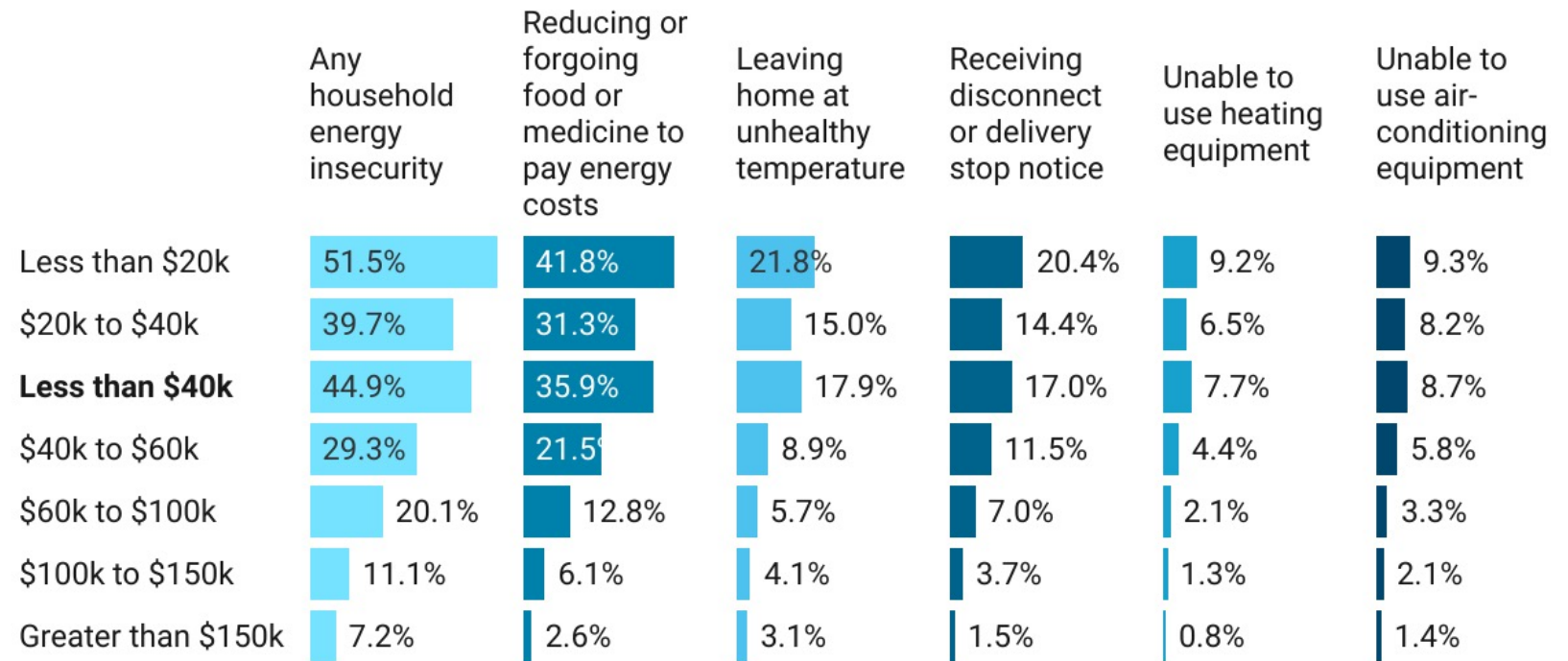


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Source: Census Household Pulse Survey

Lower income households report very high levels of energy insecurity. Close to 36% report going without food or medicine to pay their home energy bills.

Dimensions of Energy Insecurity: Percent of Households by Income



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Source: Energy Information Administration Residential Energy Consumption Survey



The [National Energy Assistance Directors Association](#) (NEADA) represents the state directors of the Low Income Home Energy Assistance Program (LIHEAP). This report was prepared to provide updated information on the impact of home energy on low- and moderate-income households and the difficult choices they face when having to choose between paying their energy bills and other household essentials.

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NEADA would especially like to thank Will Macheel, who serves as a research associate for NEADA, for his work in developing the tables for this report .