

NEADA

NATIONAL ENERGY ASSISTANCE DIRECTORS ASSOCIATION

# Energy Hardship Report

August 2024

# Introduction

Low income families struggle to pay their home energy bills, often going without food, medicine, and other essentials to stay connected to electric and natural gas service.

The purpose of the Energy Hardship Project is to track energy prices, utility bill arrearages and shut-offs, and the overall toll unaffordable energy costs take on low-income families.

Data in this report come from various sources, including the US Bureau of Labor Statistics, Health and Human Services, Energy Information Administration, and Census Bureau, and utilities, state agencies and other data sources.

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The National Energy Assistance Directors Association (NEADA) is the primary educational and policy organization for state directors of the Low Income Home Energy Assistance Program (LIHEAP), a federal program that helps low-income families pay their heating and cooling bills.

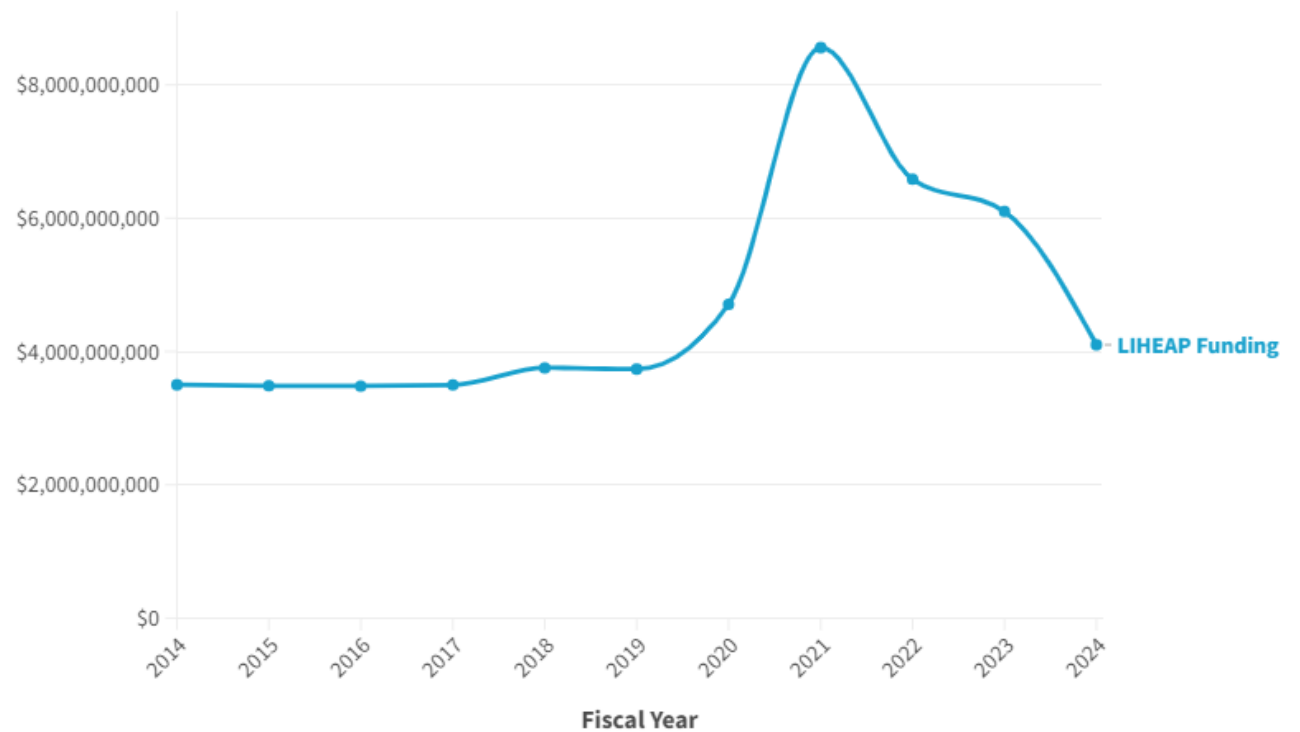
# Key Findings

- Federal funding for the Low Income Home Energy Assistance Program (LIHEAP) was reduced from \$6.1 billion to \$4.1 billion between FY 24 and FY 23. The impact of the program's cuts are severe and are affecting energy affordability across the US.
  - The number of households served during this period was reduced from 5.9 million to 4.9 million.
  - Roughly 80% of LIHEAP funds are used for heating, leaving only 20% of funds to cover the growing and urgent need for home cooling assistance.
- Due to reduced funding, utility arrearages that had been declining have risen by 8.4% since 12/31/23, to \$17.4 billion. The \$17.4 billion in debt is spread across 17.4 million households.
  - Utility shut-offs are also rising and are expected to increase by almost 300,000 to 3.8 Million by 12/31/24.
  - While families are protected from shut-offs during cold months, 31 states do not have shut-off protections for the summer months, leaving families vulnerable to extreme heat.
  - Shutting off power is a ruthless and effective debt collection strategy, forcing roughly than a third of families to prioritize utility payments over other basic necessities.

# LIHEAP Funding and Households Served

Funding for LIHEAP was reduced by \$2 billion, from about \$6.1 billion in FY 23 to \$4.1 billion in FY 24.

**Table 1: LIHEAP Funding FY 2014 to FY 2024**



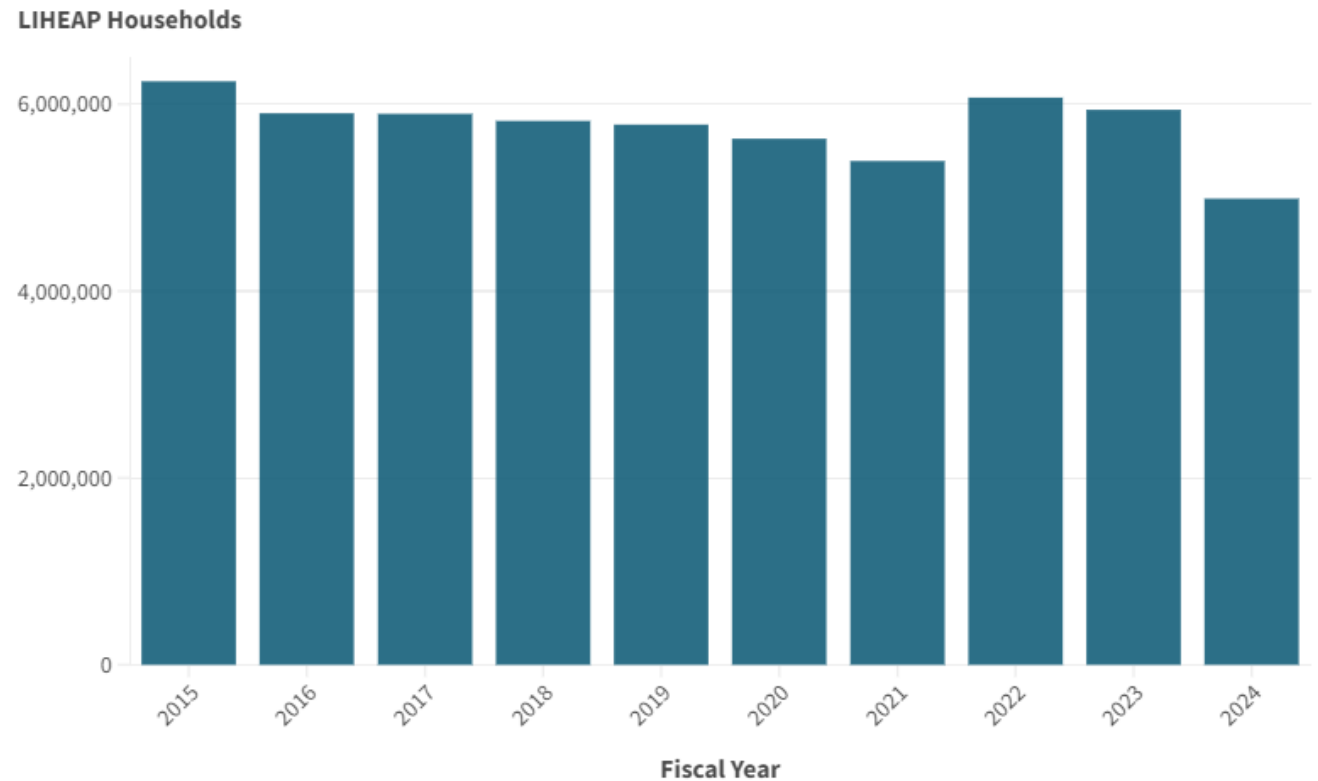
Source: HHS ACF

States have reduced the number of households receiving LIHEAP by close to one million households as a result of the cutback in program funding.

States have reported that they have taken the following measures due to decreased funding:

- a) reducing crisis assistance to families to help with outstanding winter heating and summer cooling bills;
- b) cutting back on weatherization assistance;
- c) reducing or ending cooling programs.

**Table 2: Household Receiving LIHEAP Assistance FY 2014 - FY 2024**



Source: HHS OCS • 2024 Households are Estimated

# Arrearages Remain High with Shut-Offs Rising

Nearly one out of every seven households are behind on their electric and gas bills, at 13% (17.4 million) of all U.S. households.

Since the beginning of the calendar year, the national arrearage balance has increased by 8.4%, from \$16.1 billion on 12/31/23 to \$17.4 billion in 3/31/24.

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

**Table 3A: Electricity - Residential National Arrearage Estimates**

	Percent Households in Arrears	Total Households in Arrears	Average Amount Owed	Total Utility Debt
March 31, 2024	13.2%	17.4M	\$681	\$11.8B
December 31, 2023	13.1%	17.2M	\$634	\$10.9B
March 31, 2023	12.9%	16.9M	\$657	\$11.2B

Source: Utility Arrearage Reports • Created with Datawrapper

**Table 3B: Natural Gas - Residential National Arrearage Estimates**

	Percent Households in Arrears	Total Households in Arrears	Average Amount Owed	Total Utility Debt
March, 31, 2024	13.8%	11.0M	\$505	\$5.6B
December, 31, 2023	14.4%	11.5M	\$447	\$5.2B
March, 31, 2023	15.8%	12.6M	\$481	\$6.1B

Source: Utility Arrearage Reports • Created with Datawrapper

Residential utility shut-offs are also increasing due to the cutback in federal funding. Based on available data, the number of utility shut-offs in 2024 is projected to increase by almost 300,000 households, from about 3.5 million in 2023 to 3.8 million in 2024.

### Table 4: Est Residential Utility Disconnections

Estimates for total utility shut offs due to nonpayment for each year

Shut offs	Electric	Gas	Total
2024	2.7M	1,091,225	3.8M
2023	2.6M	929.2K	3.5M

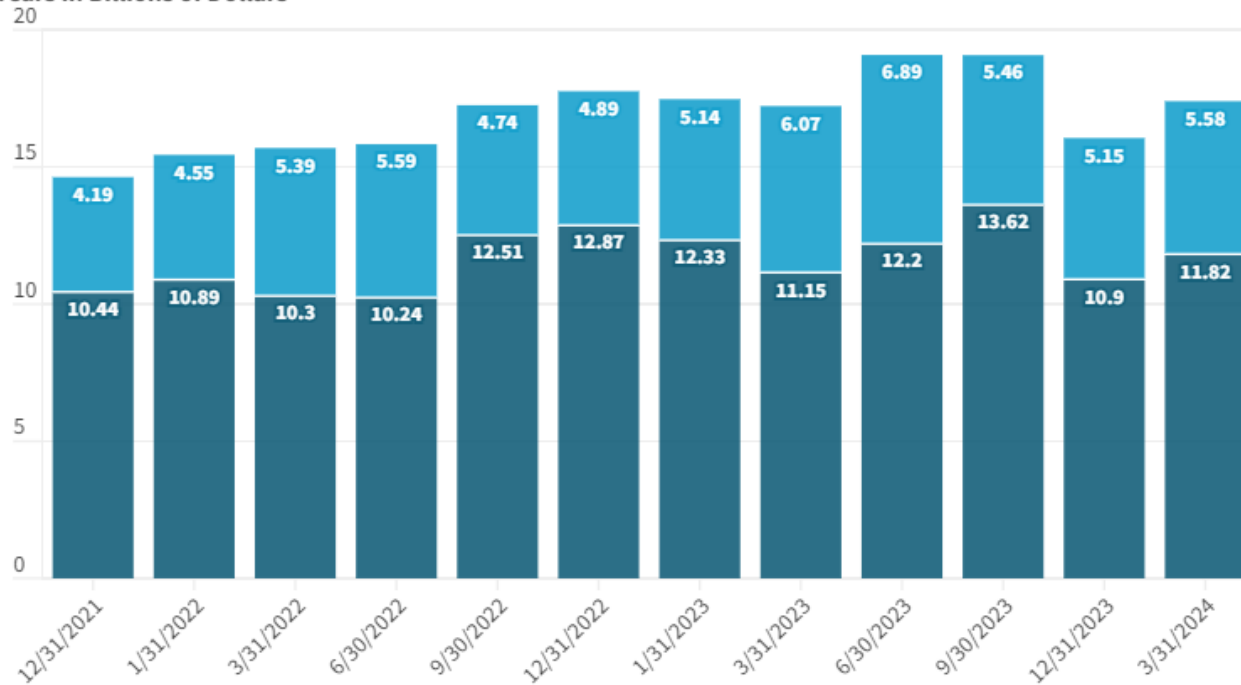
Source: Utility Disconnection Reports • Created with Datawrapper

Electric and gas utility arrears decreased in 2023 – due in part to increased federal funding for LIHEAP that year – and then began to increase again in 2024 as LIHEAP funding was cut from \$6.1 billion to \$4.1 billion.

**Table 5: Residential Utility Arrears Estimates 12/2021 to 3/2024**

■ Electric Arrears ■ Gas Arrears

Arrears in Billions of Dollars



Source: Utility Arrearage Reports



# Families Struggle to Pay their Home Energy Bills

The Census Bureau’s Pulse Survey reported that 23.7% of households could not pay their energy bill for at least one month in the last year, an increase from 21.6% in 2023.

The largest increase in the amount of households unable to pay their energy bill at for at least one month was in households with children, which increased from 29.3% to 32.4%.

**Table 6A: Percent of Households Unable to Pay Energy Bill, by Survey Period**

Household was unable to pay an energy bill or unable to pay the full bill amount, at least one month in the last year

Time Period	National Average	Low- and Moderate-Income (<\$50k)	Households with Children	Households of Color
5/28/2024 - 6/24/2024	23.7%	37.4%	32.4%	32.4%
6/7/2023 - 6/19/2023	21.6%	36.3%	29.3%	31.1%
6/1/2022 - 6/13/2022	22.0%	37.8%	31.4%	32.3%

Table: NEADA • Source: Census Pulse Survey July 2024 • Created with Datawrapper

The Census Bureau's Pulse Survey also reported that the percentage of households that kept their home at unsafe temperatures also increased, from 19.8% in June 2023 to 22% this year.

**Table 6B: 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

Time Period	National Average	Low- and Moderate-Income (<\$50k)	Households with Children	Households of Color
5/28/2024 - 6/24/2024	22.0%	30.9%	22.4%	25.7%
6/7/2023 - 6/19/2023	20.3%	30.5%	19.8%	25.8%
6/1/2022 - 6/13/2022	19.8%	30.1%	20.9%	24.5%

Table: NEADA • Source: Census Pulse Survey July 2024 • Created with Datawrapper

The Census Bureau's Pulse Survey also reported that more than one out of three households (34.2%) reduced or forewent basic household expenses at least once during the previous year in order to pay their home energy bills.

This is a slight increase from 2023, when 32.5% of households reported the same foregoing of necessities.

### Table 6C: 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

Time Period	National Average	Low- and Moderate-Income (<\$50k)	Households with Children	Households of Color
5/28/2024 - 6/24/2024	34.2%	50.8%	40.9%	43.4%
6/7/2023 - 6/19/2023	32.5%	49.2%	38.7%	41.9%
6/1/2022 - 6/13/2022	32.8%	51.0%	40.5%	43.2%

Table: NEADA • Source: Census Pulse Survey July 2024 • Created with Datawrapper

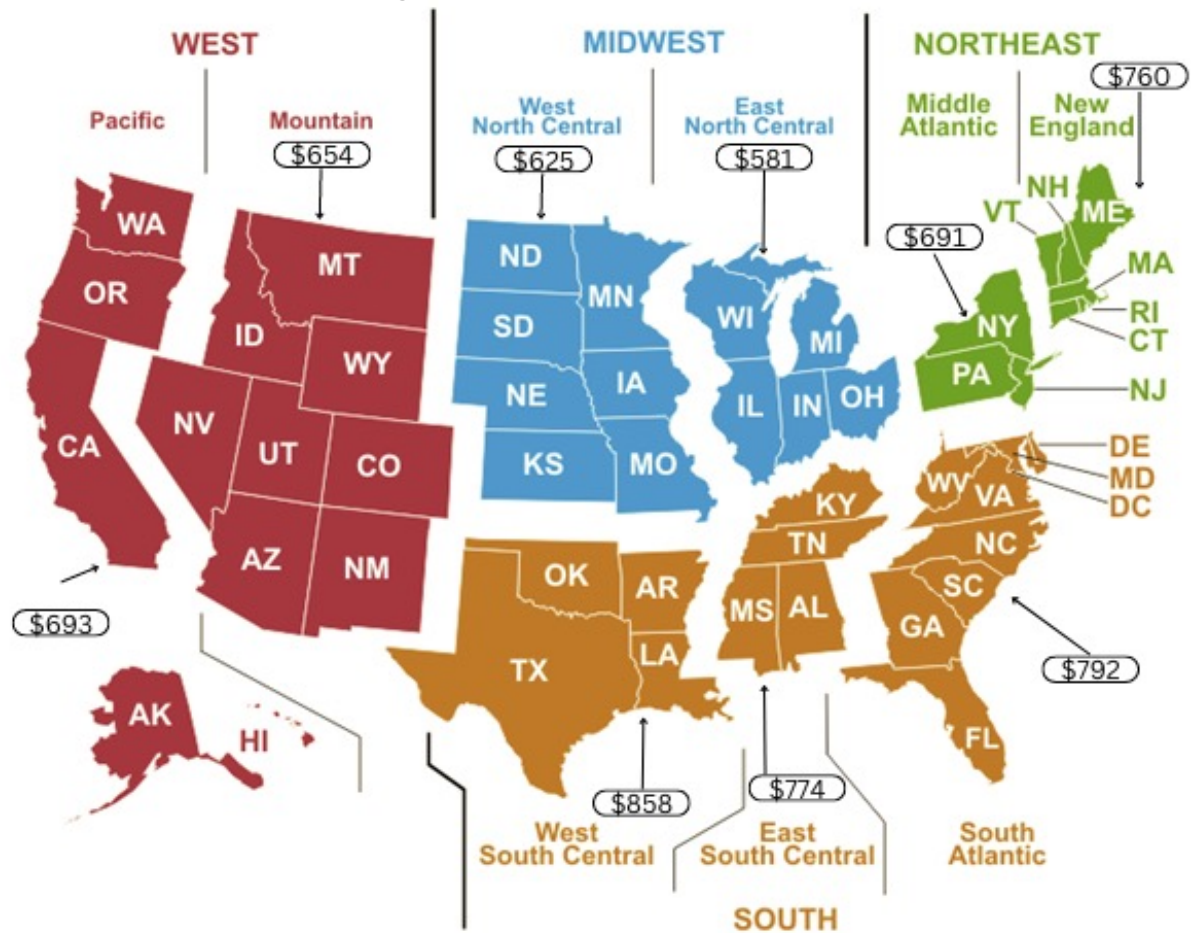
# High Summer Cooling Costs

Cooling costs increased on average by about 8% compared to the previous summer.

The West South Central region – which encompasses Oklahoma, Arkansas, Texas, and Louisiana – is expected to spend the most on summer cooling from June to September 2024.

Source: [NEADA 2024 Summer Cooling Outlook](#)

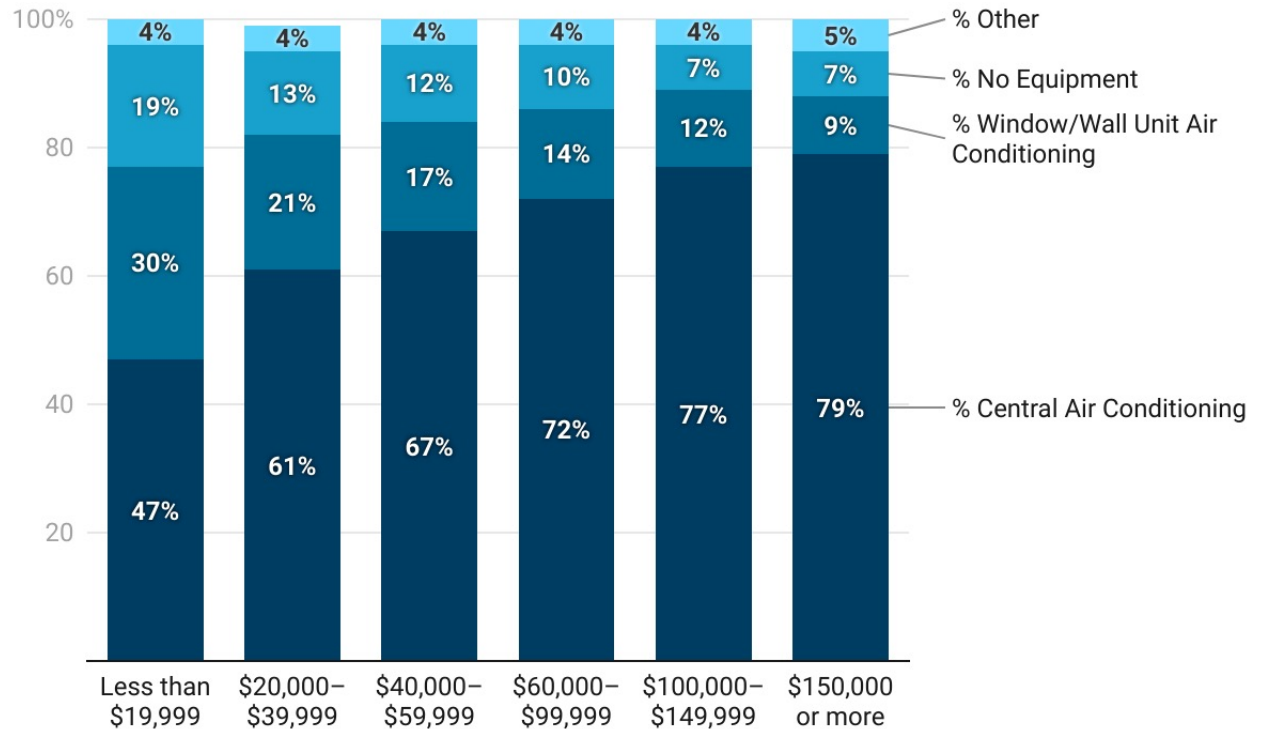
Table 7: Summer Cooling Costs



# Housing Characteristics and Energy Cost by Income

Access to effective home cooling is limited by income with nearly **20%** of low-income households lacking air conditioning.

**Table 8: Cooling Equipment Type by Income**



Source: EIA RECS • Created with Datawrapper

The Energy Information Administration's Residential Energy Conservation Survey found that home energy expenditures rise at a slower rate than comparable increases in family income.

This is because every household needs to use a baseline of energy for heating and cooling and that baseline increases at a slower rate than overall energy use.

### Table 9A: Yearly Energy Costs by Fuel and Income

Annual energy costs by fuel and income from RECS 2020 survey data

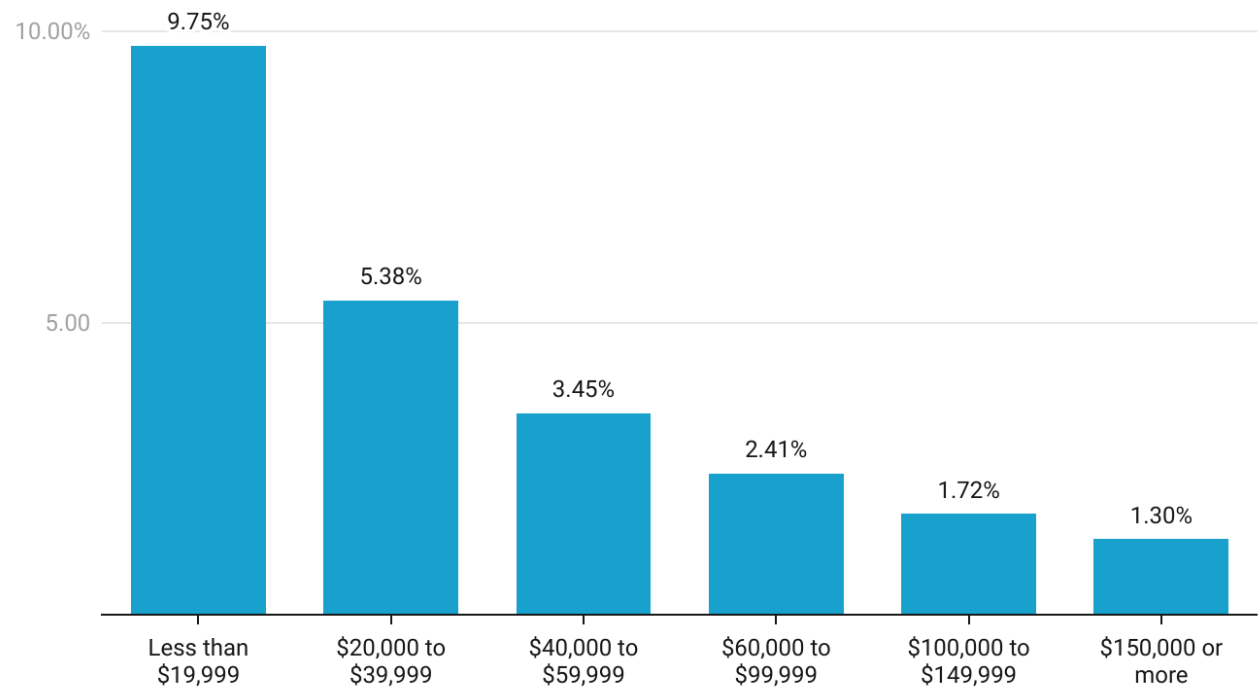
2020 annual household income	Total	Electricity	Natural gas	Fuel oil or kerosene
Less than \$5,000	\$1,512	\$1,188	\$479	\$966
\$5,000 to \$9,999	\$1,379	\$1,056	\$471	\$1,012
\$10,000 to \$19,999	\$1,462	\$1,089	\$513	\$867
\$20,000 to \$39,999	\$1,614	\$1,209	\$545	\$1,048
\$40,000 to \$59,999	\$1,724	\$1,285	\$583	\$1,028
\$60,000 to \$99,999	\$1,925	\$1,404	\$641	\$1,330
\$100,000 to \$149,999	\$2,147	\$1,552	\$679	\$1,242
\$150,000 or more	\$2,608	\$1,830	\$817	\$1,656

Source: EIA RECS • Created with Datawrapper

Households that made less than \$20,000 spent 7.5 times more of their income on energy than households that made \$150,000 or more.

### Table 9B: Percent of Income Spent on Energy

Percentage is calculated using the midpoint of the income range

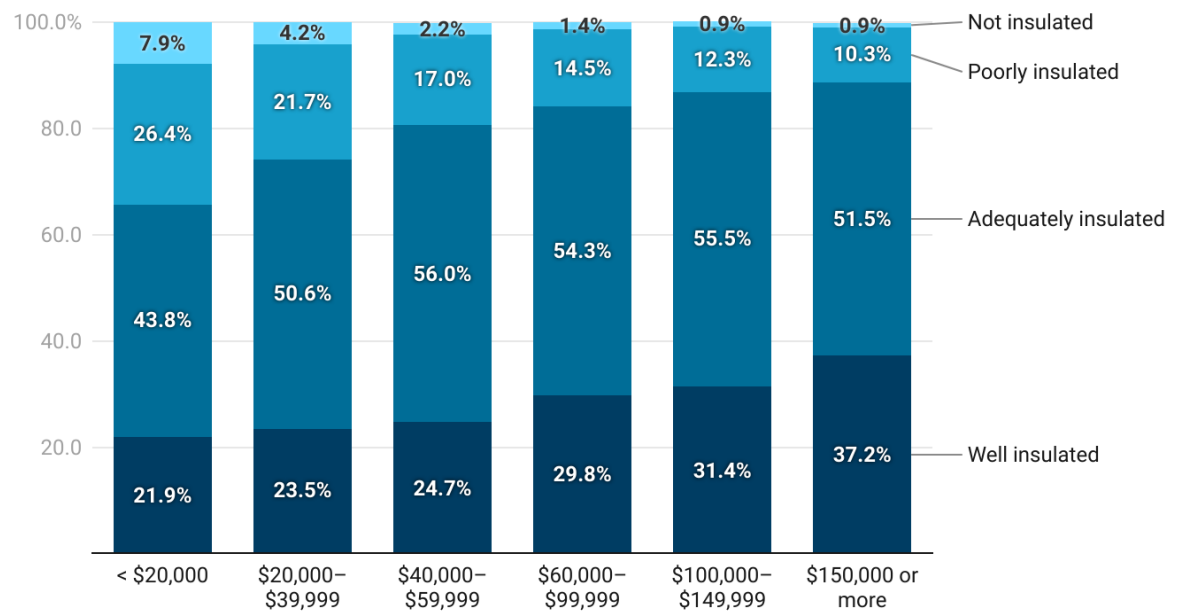


For the final income category \$200,000 is used as the midpoint

Source: EIA RECS • Created with Datawrapper

Low-income families are more likely to live in homes with poorer quality insulation or no insulation. This is one of the primary factors, in addition to limited incomes, that they have unaffordable home energy bills.

**Table 10: Home Insulation Adequacy by Income**



Source: EIA RECS • Created with Datawrapper



# Contact

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