

National Energy Assistance Directors' Association

For Immediate Release

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Home Heating with Heating Oil Projected to Increase by 50% States Calls for Additional Federal Funding for Low Income Energy Programs

WASHINGTON, DC States today called on the Congress to increase funding for the Low Income Home Energy Assistance Program (LIHEAP) to offset the severe impact of rising home energy prices. According to Mark Wolfe, Executive Director of the National Energy Assistance Directors' Association, the state association representing the state LIHEAP directors, **“these increases are significantly reducing the purchasing power of LIHEAP and unless Congress provides additional funding, states will not be able increase benefit levels to offset the projected increases in home heating this winter – \$480 for heating oil (at \$55 a barrel), \$133 for natural gas and \$249 for propane.** According to Wolfe, “if additional funding is not provided, families will have few choices but to cut back on medicine, clothing and other vital necessities this winter in order to stay warm.”

The US Energy Information Administration (EIA) has already projected cost increases for home heating of 15 percent for natural gas, 21 percent for propane and 28 percent for heating oil. While NEADA agrees with EIA's projections for natural gas and propane, **NEADA projections for heating oil are significantly higher and show an increase of 50 percent over last year.** Note: EIA's projections for home heating oil are based on \$47 a barrel oil, while NEADA's are based on \$55 a barrel oil.

Should prices go to \$60 a barrel, no longer an impossibility, then the cost of home heating could go as high as 63.8 percent, a staggering increase for low income families.

Projected Price for Heating Oil in Northeast States at \$55 and \$60 Per Barrel - NEADA Projections

Heating Oil	2003-04	\$47 – EIA	\$50 Barrel	\$55 Barrel	\$60 Barrel
Price	\$1.36	1.75	\$1.86	\$2.05	\$2.23
Consumption (gallons)	700	698	698	698	698
Expenditures	\$952.00	\$1,223.00	\$1,299.47	\$1,429.41	\$1,559.36
% Change from 03		28.5%	36.5%	50.1%	63.8%

Projected Expenditures for Home Heating for Natural Gas and Propane - EIA Projections

	2003-04	2004-05	Difference -\$	Difference %
Natural Gas	\$870	\$1,003	\$133	15.3%
Propane	\$1,147	\$1,396	\$249	21.7%

“Federal funding for the Low Income Home Energy Assistance Program (LIHEAP), the primary federal program providing heating assistance to poor households throughout the United States is dangerously underfunded for the coming winter heating season, because prices are rising across the board for all heating fuels, especially home heating oil,” Wolfe stated.

For the current year, the House and Senate have approved a LIHEAP budget that is close to \$2 billion – about \$1 billion less than it should be to ensure that millions of needy families can stay warm this winter. Earlier this year, 44 members of the US Senate signed a letter asking the Senate Appropriations Committee to increase the basic grant for LIHEAP to \$3 billion and 37 Senators recently signed another letter asking the Appropriations Committee to also provide the President with \$600 million to provide additional emergency assistance. – END