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## **Purchasing Power of Federal Low Income Energy Grants Continue to Decline Dropping from 49% of Heating Oil Bills in 2002 to 25% in 2005**

The National Energy Assistance Directors' Association (NEADA), representing the state directors of the Low Income Home Energy Assistance Program (LIHEAP), today released a study finding that between the winter heating season of 2001-02 and 2004-5, the share of heating expenditures covered by the average LIHEAP grant has been reduced for:

- Heating oil from 49.4% to 25.2%
- Natural gas from 52.3% to 33.4%
- Propane from 35.5% to 23.1%.

The drop is because of two factors: First, the price of home energy has increased dramatically. Since the winter heating season 2001-02, the price of home heating costs for heating oil increased from \$637 to \$1261, natural gas from \$602 to \$954 and propane from \$888 to \$1377. Second, the total number of families receiving LIHEAP grants during this period has increased by 20.1%, from 4.2 million in to 5.1 million.

The drop in purchasing power has occurred during a period when total federal appropriations for LIHEAP have increased by 21.4% from \$1.8 billion to \$2.186 billion. Average grant assistance for home heating during this period increased by only 1.1% from \$315 to \$318.

As a result of the declining value of the average LIHEAP grant, NEADA has called on the Congress to increase federal funding for LIHEAP from the current level of \$2.186 billion to \$3.4 billion.

**Table 1: Change in % of Average Winter Home Energy Expenditure Covered by LIHEAP**

| <b>Fiscal Year</b> | <b>Heating Oil</b> | <b>Natural Gas</b> | <b>Propane</b> |
|--------------------|--------------------|--------------------|----------------|
| 2002               | 49.4%              | 52.3%              | 35.5%          |
| 2003               | 32.1%              | 40.0%              | 28.4%          |
| 2004               | 30.4%              | 33.3%              | 25.2%          |
| 2005               | 25.2%              | 33.4%              | 23.1%          |

**Table 2: Change in Home Heating Costs**

| <b>Winter Heating Season</b> | <b>Heating Oil</b> | <b>Natural Gas</b> | <b>Propane</b> |
|------------------------------|--------------------|--------------------|----------------|
| 2001-02                      | \$637              | \$602              | \$888          |
| 2002-03                      | \$995              | \$797              | \$1,124        |
| 2003-04                      | \$953              | \$870              | \$1,147        |
| 2004-05                      | \$1,261            | \$954              | \$1,377        |
| % Change 02-05               | 98.0%              | 58.5%              | 55.1%          |

**Table 3: Change in Average Federal LIHEAP Grant**

| <b>Fiscal Year</b> | <b>Appropriation (in thousands)</b> | <b># of Households (in thousands)</b> | <b>Average Grant</b> |
|--------------------|-------------------------------------|---------------------------------------|----------------------|
| 2002               | \$1,800,000                         | 4,230                                 | \$315                |
| 2003               | \$1,988,300                         | 4,610                                 | \$319                |
| 2004               | \$1,888,790                         | 4,828                                 | \$290                |
| 2005               | \$2,186,000                         | 5,083                                 | \$318                |
| % Change 02-05     | 21.4%                               | 20.1%                                 | 1.1%                 |

Sources: Energy Information Administration and state LIHEAP agencies.