

Winter Home Energy Prices Projected to Increase by 2.5% to \$986 Record Numbers of Households Expected to Seek Energy Assistance

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The Administration today released its Short-Term Energy Forecast and Winter Fuels Outlook Report. Winter home energy prices are expected to increase by 2.5 percent or \$24 over last year's level. For families using delivered fuels, the increase will be far higher, with home heating oil prices increasing by 11.4 percent and propane by 7.4 percent.

Continued high energy prices will place a burden on all families, but for lower income families the situation could be far worse if Congress adopts the Senate funding level for the Low Income Home Energy Assistance Program (LIHEAP). The Senate is considering a drastic cut to LIHEAP, reducing the total budget from \$5.1 billion in FY 2010 to \$3.3 billion in FY 2011. The House level would maintain funding at \$5.1 billion.

Note: The Senate bill calls for an FY 2011 appropriation level of \$3.3 billion plus a "trigger" provision which could provide additional funding of \$2.1 billion. The trigger provision would require authorizing legislation and at this point there is no indication this legislation will be passed by either the House or Senate this year. As a practical outcome, the Senate would therefore result in a cut of \$1.8 billion from last year's level of \$5.1 billion.

Mark Wolfe, Executive Director of NEADA, stated that initial survey results from the state LIHEAP energy directors project the total number of eligible households applying for assistance is expected to again reach record levels at about 9.4 million. Under the House bill, LIHEAP funding would be sufficient to cover about 43 percent of average home heating costs. The proposed Senate bill would lower the amount covered to 28 percent. The average grant would decline from \$426 to \$276 (see attached table).

The state LIHEAP directors believe that this is not the time to cut the program for the following reasons:

- First, unemployment remains at very high levels with record numbers of long-term unemployed. The Department of Labor reported that the national unemployment rate in August stood at 9.6 percent, little changed from the rate of 9.7 percent at the same time last year.
- Second, the U.S. Census Bureau reported last week that the official poverty rate in 2009 was 14.3 percent, up from 13.2 percent in 2008. The number of people living in poverty increased from 39.8 million in 2008 to 43.6 million in 2009. The poverty rate in 2009 was the highest poverty rate since 1994. Of even greater concern, the Census Bureau reported that the number of people in poverty in 2009 was the largest number in the 51 years for which poverty estimates have been published.
- Third, energy prices remain high. The average cost to heat a home this winter is projected to be 24 percent higher than the winter heating season of 2004-05.

LIHEAP: Winter Heating Program Purchasing Power (10/13/10)

Est. Average Percent of Home Heating Purchased with LIHEAP (FY 05–FY 11)

Fiscal Year	Heating Oil	Natural Gas	Propane	Electricity	All Fuels
2005	27.2%	43.4%	29.0%	44.3%	40.3%
2006	30.2%	45.2%	33.4%	54.1%	44.9%
2007	20.1%	35.7%	21.6%	35.1%	32.3%
2008	16.9%	38.4%	19.6%	38.3%	33.3%
2009	26.5%	55.5%	25.3%	51.8%	47.6%
2010	23.9%	60.8%	24.9%	47.6%	47.4%
2011 (House)	20.1%	54.8%	21.7%	45.3%	43.3%
2011 (Senate)	13.0%	35.5%	14.0%	29.3%	28.0%

Est. Home Heating Costs (2004-05 to 2010-11)

Winter Heating Season	Heating Oil	Natural Gas	Propane	Electricity	All Fuels
2004-05	\$1,176	\$738	\$1,103	\$722	\$793
2005-06	\$1,409	\$943	\$1,277	\$787	\$948
2006-07	\$1,445	\$815	\$1,347	\$828	\$900
2007-08	\$1,953	\$858	\$1,681	\$861	\$990
2008-09	\$1,864	\$889	\$1,950	\$953	\$1,038
2009-10	\$1,906	\$751	\$1,830	\$959	\$962
2010-11	\$2,124	\$778	\$1,966	\$941	\$986
% Change 2005-11	80.6%	5.4%	78.2%	30.3%	24.3%
% Change 2010-11	11.4%	3.6%	7.4%	-1.9%	2.5%

Est. Households Served & Average Grant (FY 05–FY 11)

Fiscal Year	Appropriation (thousands)	Households (thousands)	Average Grant
2005	\$2,186,000	5,083	\$320
2006	\$3,162,000	5,521	\$426
2007	\$2,186,000	5,592	\$291
2008	\$2,570,000	5,798	\$330
2009	\$5,100,000	7,684	\$494
2010	\$5,100,000	8,834	\$456
2011 (House)1/	\$5,100,000	9,453	\$426
2011 (Senate)2/	\$3,300,000	9,453	\$276

1/ The House Subcommittee on Labor, HHS, ED Appropriations provided \$5.1 billion.

2/The Senate Appropriations Committee provided \$3.3 billion and included language that that would support additional funding est. at \$2.2 billion that would be available under a "trigger provision" based on higher prices and other factors. The provision would require additional legislation.

Source: State reports, US Energy Information Administration, household est. based on NEADA surveys.

National Energy Assistance Directors' Association

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