

Press Release: National Energy Assistance Directors Association (NEADA)

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As LIHEAP Funding Runs Dry, Utility Debt Increases by 8.4% to \$17.4 Billion

Shut Offs Projected to Increase by 300,000 Households, to 3.5 Million By Years' End

It has been nearly 11 months since Congress cut \$2 billion from the Low Income Home Energy Assistance Program (LIHEAP) budget, and the latest quarterly analysis by the National Energy Assistance Directors Association (NEADA) shows the extent to which the combination of [high energy costs](#), [high temperatures](#), and reduced federal support is setting millions of families back financially.

According to NEADA's Q3 Energy Hardship Report:

- Utility debt has increased by 8.4% to almost \$17.4 billion since December 2023.
 - The \$17.4 billion in debt is spread across 17.4 million electric and 11 million natural gas households.
 - Due to budget cuts, reduced the number of households served by close to one million households.
 - 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.
- Utility Shut Offs Projected to Increase by 300,000 Households to 3.5 Million by the end of 2024:
 - While families are protected from shut offs during cold months, 33 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.

Financial stress is built into our energy system. The price of energy is volatile—and it hit record levels this summer [driven by natural gas costs](#) and record high temperatures—but energy affordability has proven to be a persistent problem that spans seasons. According to three years of data collected by NEADA, more than one in five households report being unable to pay their energy bill at least once during the year.

Paying for energy is not like paying for other basic needs, where you can choose to buy cheaper groceries or cheaper clothing,” said Mark Wolfe, NEADA Executive Director. “Whether you’re rich or poor, you’re forced to buy the same gas or electricity. You have no control over

the price and little control over the bill. That means that low-income families feel the volatility of the global energy market most acutely, and it feels like living under the threat of getting your power turned off or living indebted to a faceless utility. It's a real indignity that low and middle-income families are dealt. It doesn't have to be this way.

NEADA is calling for the following near-term actions:

- Utilities must suspend shut offs for the summer months to protect low income families during extreme summer temperatures.
- Congress must [increase funding](#) for LIHEAP from \$4.1 billion to \$6.1 billion, plus an additional \$1 billion for emergency assistance, which would help to provide supplemental LIHEAP assistance for some of the nation's poorest families.
- [FEMA](#) should include extreme heat as a trigger to help families cope with high summer cooling bills.

While critical, these short-term solutions will need to be repeated every year, especially as summers continue getting hotter. To help families manage their energy bills long-term, NEADA advocates for major investment in durable policy solutions to improve the housing stock and minimize the amount of energy that low-income families need to live safely and comfortably in their homes. Snugly insulated homes, stocked with the most modern and efficient appliances, use less energy year after year than drafty homes with outdated, inefficient appliances. To permanently help families stay warm in winter and cool in summer, we need to ensure their homes are weatherized and their appliances are efficient.

The Weatherization Assistance Program (WAP) provides basic retrofit assistance including installing insulation, repairing heating and cooling systems and installing hot water heaters. The more recent High Efficiency Electric Home Rebate Program (HEEHRA) expands access to high-efficiency heating and cooling methods by providing funding for the installation of heat pumps. However, both programs fall far short of the scale and scope required to retrofit homes for millions of households for low-income families across the country. Providing additional funding for both programs would help families and, ultimately, reduce the need for LIHEAP funding.

In the short-term, we need to support the millions of families across the country who are struggling to keep up with monthly utility payments," said Wolfe. "Long-term, it is critical that federal and state officials fund weatherization and retrofits for low-income households, so that low-income families are more insulated—both from climate change's extreme temperatures and from the global energy market's wild price fluctuations.

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[The National Energy Assistance Directors Association](#) (NEADA) represents the state directors of the Low Income Home Energy Assistance Program (LIHEAP) and serves as the program's representative to the Federal government as well as providing training and educational programs.