

LIHEAP FACT SHEET

OUTLOOK: WINTER 2011-2012

FUNDING LEVELS ARE UNCERTAIN

- As the winter heating season approaches, the level of FY2012 LIHEAP appropriations and its distribution among the states are unknown. State LIHEAP officials must plan and budget for a “worst case” scenario: a possible reduction of almost 50 percent in federal LIHEAP funds.
- The \$2.57 billion FY2012 Budget Request for LIHEAP (a reduction of almost 50 percent from FY2010 and FY2011) assumes that home energy prices would decline. The original House budget resolution recommended this funding level.

HOME HEATING PRICES REMAIN HIGH

- Home heating fuel prices in the Northeast continue to be higher than any other region of the nation. Northeast households typically face higher total home heating expenditures due to a longer winter heating season and traditionally higher average home heating fuel prices, regardless of the type of fuel used.
- In August, home heating oil prices in the region are close to \$3.80/gallon – a 15 percent increase over 2008 prices and more than 25 percent higher than 2010. At this price, a full tank of home heating oil would cost over \$1,000. EIA projects that the price of home heating oil will reach \$4.00/gallon this winter.
- Compared to last year, residential natural gas prices are expected to increase modestly in the coming heating season. However, the average price for natural gas in the Northeast this winter could be close to \$14.00/tcf – significantly higher than the national average price of \$11.50/tcf – (See EIA August 2011 Short-Term Energy Outlook).

STATES PLAN FOR LIHEAP IN WINTER 2011

- Under a worst case scenario, Northeast states could be forced to reduce the level of benefits by 25 percent to over 50 percent compared to last winter, when the LIHEAP benefit typically covered approximately 20 percent of heating costs for delivered fuels and 60 percent of heating costs for natural gas. The basic benefit would need to be combined with a crisis benefit to provide even one minimum fuel delivery for the season.
- Some states may tighten eligibility standards closer to 150 percent Federal Poverty Level. Over 60 percent of LIHEAP households in the Northeast have income levels below the federal poverty level, which is less than \$15,000 for a two person household.
- Other states are reluctant to change eligibility standards since a loss of LIHEAP assistance can cut off other public and private assistance, such a utility shut-off moratorium or assistance with paying down utility arrearages.
- States may shorten LIHEAP season either by delaying payments until the coldest part of the winter or shutting down the program in early spring when the weather is still cold.