



Family Support Snapshot #2

ENERGY ASSISTANCE PROGRAM

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What?

What is this program?

The Energy Assistance Program (EAP) assists low- to moderate-income Minnesota households burdened by home energy costs. Energy Assistance pays a portion of recipients' energy bills, which can otherwise devastate tight budgets and make families sacrifice basic needs such as food



“We see in our clinics how LIHEAP is very good medicine that protects kids from health risks and hospitalizations. Yet the dose is never enough. Each year the program leaves out more than 80% of those in need.”

—Dr. Diana Cutts, pediatrician, Hennepin County Medical Center

or medication. Research has found that children in households that receive energy assistance have better health outcomes than children in similar households whose families receive no help.

Households can apply for EAP between October 1 and May 31 through their county's energy assistance provider (usually a community action agency, county or tribal office). Recipients receive a one-time grant during the program year (although they may reapply each year). The grant,

which covers only a portion of a household's energy costs, is usually paid directly to the utility provider. EAP primarily assists with heating, but recipients can use some of their grant to pay electric bills. Funds are available to both renters and homeowners, families and individuals. Those households with the lowest incomes and the highest energy bills receive the highest grants. The average EAP grant last winter was \$490.

Energy assistance programs, which exist in every state, are funded chiefly by the federal Low-Income Home Energy Assistance Program (LIHEAP). The U.S. Department of Health and Human Services gives LIHEAP block grants to states for energy assistance programs. In federal fiscal year 2006, Minnesota received about \$77.5 million in LIHEAP funds. State and local governments, utility companies, and private donors may also supplement federal dollars with additional funding, discounts or donations.

Some states use LIHEAP funding for cooling as well as heating assistance. All states also provide “weatherization” programs, which help low-income families make their homes more energy efficient. In Minnesota, families can apply for help from both programs with the same application.

Who?

Who participates in this program?

Despite significant need, the vast majority of qualifying U.S. families receive no help paying their energy bills. Nationwide, only about 16% of eligible households receive LIHEAP funding. In Minnesota, an estimated 3 out of 10 qualifying households receive EAP. This unfortunate gap in serving families is largely due to federal funding shortfalls. Of those U.S. households who do receive funding, 94% of them contain an elderly or disabled resident, or a child under the age of 18.

In Minnesota, households with a gross income below 50% of the State Median Income (during the prior three months) can qualify for energy and weatherization assistance. During the past program year, about 134,000 households received help from EAP, a 12% increase over the previous year. A 2003 survey of those receiving EAP found that nearly half lived below the federal poverty guideline. In addition:

- 47% had one or more children under age 18
- 43% had a family member age 60 or older
- 39% had a family member with a disability
- 19% had one or more children under age 6

| Family Size | Previous Three Months Income Limit for EAP | Annual Income Limit For EAP |
|-------------|--|-----------------------------|
| Family of 3 | \$8,277 | \$33,108 |
| Family of 4 | \$9,853 | \$39,412 |

Why?

Why is this program important to children, families and communities in Minnesota?

1. Health Benefits

Low-income families have little or no discretionary income each month, which makes them particularly vulnerable to the unpredictability of fuel prices and the weather. Rising energy bills squeeze a family's monthly budget, often forcing them to forego basic needs to keep the heat and lights on.

"I have to choose to feed my children less nutritional food to pay something on my gas bill. I will buy Ramen noodles instead of meat even though I know it is not as good for them."

—A mother of three from Minnesota

Heat or Eat?

A recent survey found that in order to pay their energy bills, 60% of Minnesota's energy assistance households reduced expenditures on other necessities such as food, and 17% reported going without food for at least one day.

Research has documented that children in low-income families consume fewer calories and nutrients in the winter, which can lead to undernourishment. This may permanently impair a child's physical growth, brain development and cognitive functioning. Eating too few calories can also suppress children's immune systems, leaving them more susceptible to illness and ongoing health problems. However, a national six-year study that followed 7,000 low-income families (including many from



Minneapolis) found that young children whose families receive LIHEAP are less likely to be underweight and undernourished and experience fewer hospitalizations than children in similar households that are not receiving assistance.

Heat or Heal?

People in low-income households often compromise their health when facing rising energy expenses. A national survey found that, in order to pay their energy bills,

- 29% went without medical or dental care, even though they had health insurance
- 32% went without medication, most often insulin, or did not take a full dose
- 47% with a family member who depends upon medical equipment that requires electricity (such as nebulizers and oxygen machines) reported sacrificing that essential care

2. Economic Benefits

Energy and weatherization assistance provide economic benefits to both recipients and the state as a whole.

For Households

On average, U.S. households receiving energy assistance spend about 15% of their income on home energy bills, compared to 3.4% for all other households. The poorest families struggle the most. The 62,000 Minnesota households with incomes below 50% of the federal

poverty guideline (FPG) spend nearly half their income on energy expenses.

One study found energy assistance recipients are more likely to pay their energy bills on time, which can reduce utility service disconnections up to 80%. Reductions in disconnection fees, late payments and unpaid bills benefit all households as companies do not have to pass on the costs to their other customers.

For the State

Numerous research studies have also found that energy and weatherization assistance programs bolster the state economy.

- A Colorado study found energy assistance programs contributed over \$103 million in economic activity and created more than 2,300 jobs in 2002 alone.
- An evaluation of the Vermont weatherization assistance program found every dollar spent on home energy efficiency measures saved residents \$1.83 in energy costs. Each dollar spent also generated \$4.12 in additional benefits such as reduction of pollutants, improved property values, tax and employment benefits, and health improvements.

Although similar studies have not been conducted yet in Minnesota, these evaluations indicate that our state's Energy Assistance Program and Weatherization Assistance Program also create benefits far beyond their immediate economic impact.



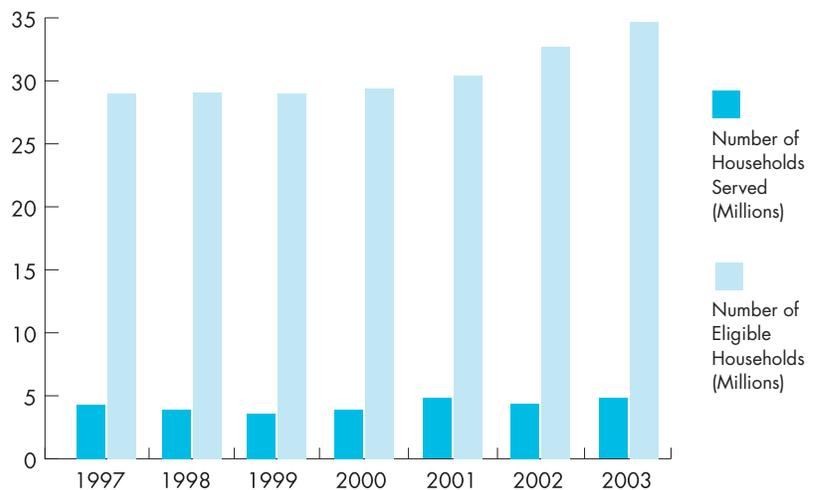
How well?

How well does energy assistance meet the needs of families and individuals?

1. Only a Small Fraction of Eligible Families Receive Help

Unlike federal “entitlement” programs (such as the School Lunch Program) that serve all eligible families who enroll, LIHEAP is a “discretionary” program. This means it is dependent on the federal appropriations process and funding may vary from year to year. LIHEAP funding has never been sufficient since the program began in 1982, and has never served even half of the U.S. households in need. More than 80% of families and individuals whose income would have qualified them for the program went without help last year.

Number of LIHEAP Eligible Households in U.S. Far Exceeds Households Served, Fiscal Years 1997–2003



Source: LIHEAP Report to Congress for FY02 and FY03.

Families Make Efforts to Reduce Energy Costs

A 2003 survey found that Minnesotans who receive energy assistance also take their own measures to reduce energy costs.

- 74% turn down the heat when they go to bed
- 61% wash clothes in cold water
- 35% put plastic over the windows
- 26% close off a part of their home
- 10% leave home for part of the day when it is too cold

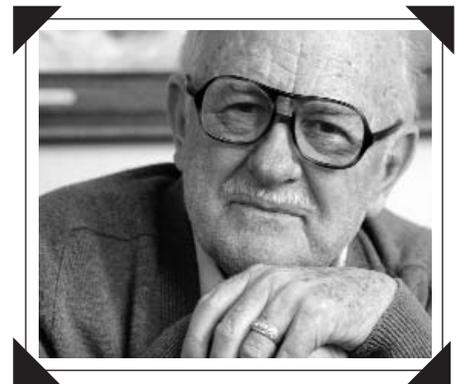


If LIHEAP were funded sufficiently to reach all eligible families, medical researchers believe that 37,000 fewer children under age three would be underweight in the United States. These young children are most vulnerable to undernourishment and its devastating consequences.

2. Families' Energy Burden Grows Heavier

In 2003, the average annual energy bill for EAP households in Minnesota was about \$1,500, while the average EAP benefit was about \$400. Even families who receive assistance often struggle to pay the balance of their energy bills. Meanwhile, the need for energy assistance continues to grow. Across all types of fuels, costs are climbing faster than EAP-qualifying families' incomes.

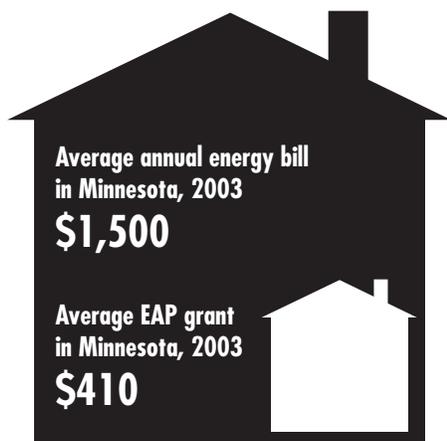
Most Minnesota households that receive EAP heat their homes with natural gas (64%), followed by propane (15%), electricity (10%), heating oil (9%) and wood (1%). During the past five winters,



average heating oil costs have risen 122%, natural gas costs have risen 98%, propane costs have risen 70%, and electricity costs have risen 13%. As a result, nearly all Minnesota households have had to spend a greater share of their income on energy costs.

LIHEAP funding has not kept pace with these rising costs. Furthermore, the purchasing power of the 2006 federal LIHEAP appropriation was the lowest since the program began, meaning that the grants given to qualifying families bought less heat or electricity than in all prior years.

Energy Assistance Program Covers Only a Fraction of Minnesotans' Energy Costs



In 2003, the average annual household energy bill in Minnesota was about \$1,550. This included electricity, hot water, heating and cooling—utilities that households need to be functional. The average EAP benefit for recipients that year was around \$410, about only 1/4 of the average energy bill.

Source: *The Campaign for Home Energy Assistance, FY 2003 Databook.*

How?

How can I help families in my community benefit from energy assistance?

Visit Covering All Families

Visit www.coveringallfamilies.org to learn if you or someone you know might qualify for the Energy Assistance and Weatherization Assistance Program, to download the application, and to find your Energy Assistance provider. Minnesotans may also call 1-800-657-3710 to learn about the program and how to apply. Households can enroll at any time during the program year, which usually runs from October 15 to May 1.

Urge Your U.S. Legislators to Increase Funding

Educate your U.S. Senators and Representatives about the importance of energy assistance to family well-being and children's health. Energy is a basic need, and energy affordability should be the cornerstone of energy policy.

Insist that your legislators devote more dollars for LIHEAP funding and that future allocations keep pace with rising fuel prices. Although Congress is authorized to spend up to \$5.1 billion on LIHEAP, for years it has appropriated energy assistance dollars far below that spending ceiling. For more advocacy resources, visit the Campaign for Home Energy Assistance at www.liheap.org or www.supportliheap.org.

Visit Energy CENTS

Visit the Energy CENTS Coalition website at www.energycents.org to learn about statewide efforts to promote more affordable energy service for low- and fixed-income Minnesotans.

Donate to HeatShare

Donate individual or corporate dollars to help additional Minnesota households receive energy assistance through the Salvation Army's HeatShare program. Visit www.heatshare-mn.org or call 1-800-842-7279 to learn more.

Learn More

For more information and a complete list of references for this document, please visit www.cdf-mn.org. Then click on Family Support Snapshots under Research & Reports.

Volunteer with the Children's Defense Fund Minnesota to help eligible families learn about this and other supportive programs. Contact Ryan at 651-855-1175 or johnson@cdf-mn.org, or Elaine at 651-855-1176 or cunningham@cdf-mn.org.



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Family Support Snapshots

An occasional series from Children's Defense Fund Minnesota that examines the importance of public programs to the health of families and communities.

