

Federal Funds Boost Home Heating Assistance Ahead of Expected Winter Price Increases

With energy prices rising, Granite Staters with low incomes may find keeping their homes warm considerably more expensive this coming winter than during last year's coldest season. As a component of the American Rescue Plan Act, the federal government has increased assistance to households through the Low Income Home Energy Assistance Program (LIHEAP). Targeted at households with limited incomes, LIHEAP provides benefits for assisting with heating costs in New Hampshire through the State's Fuel Assistance Program. State policymakers approved the additional federal funds for use in New Hampshire, and these funds will more than double the amount of aid available through LIHEAP relative to the amounts planned in the State Budget.

PROJECTED PRICE INCREASES

Recent price increases and further [projected increases](#) in home energy prices increase the risk that households in New Hampshire, particularly families with the fewest resources and who experienced the [most significant negative impacts](#) from the pandemic, may have difficulty affording to keep their homes warm this winter. The latest data on the cost of goods and services from the U.S. Bureau of Labor Statistics estimated [an 18.4 percent price increase](#) in home energy prices in October 2021 relative to October 2020 in the northeastern United States. Price increases were higher for piped gas service (25.6 percent) than for electricity (8.6 percent), but both rose substantially.

Additionally, in October 2021, the United States Energy Information Administration (EIA) published the most recent federal [Winter Fuels Outlook](#). The EIA anticipated that this winter would be colder than last winter, and that heating energy prices would be higher for all fuels than in recent winters. The EIA projected that, for households using heating oil as the primary space heating fuel, the combined factors of increasing prices and a colder winter than last year will lead to a total increase in cost of 43 percent compared to last winter. Retail heating oil prices would be 33 percent higher, although variations in the price of crude oil may have a significant impact.

According to the EIA, changes in the weather relative to expectations could have a significant impact as well. If the weather were 10 percent colder than forecast, household expenditures for heating oil would be 59 percent higher than last year, rather than 43 percent, according to the EIA. In a scenario in which temperatures are 10 percent warmer than forecast, heating costs would be 30 percent more than last winter.

As of October 1, 2021, the fuel inventories in the Northeast for home heating oil and diesel fuel combined were 30 percent less than the five-year (2016-2020) average, according to the EIA. Inventories were 44 percent less than the same time last year.

Nationally, the EIA projects that combined higher prices and a colder winter will increase home heating costs for households heating with natural gas by 30 percent relative to last winter. The increase would be 50 percent if the winter is 10 percent colder than average, and 22 percent if the winter is 10 percent warmer than average.

Specifically in the Northeast and relative to only prices, the EIA projected residential natural gas would see a 14 percent increase in prices. However, the [definition of the Northeast](#) used by the EIA includes areas that produce more natural gas locally than New Hampshire does; supply may be more constrained within the Granite State, potentially leading to higher prices.

ADDITIONAL FEDERAL FUNDS

New Hampshire's Joint Legislative Fiscal Committee and the Executive Council have both voted to approve additional federal funds from LIHEAP to help address these price increases. The State will accept [nearly \\$35.5 million in supplemental LIHEAP funding](#) from the federal government, and will create new budget lines to track these funds separately from previously-budgeted LIHEAP funds. These funds will be used for the same set of purposes as those [Fuel Assistance Program](#) funds in the existing budget, but tracked in separate budget lines. The initial portion of the regular appropriation for federal fiscal year 2022 was [announced](#) by the federal government in early November, and sends [nearly \\$25.2 million](#) to New Hampshire.

The supplemental \$35.5 million allocation will more than double the amount available for grants through the State's Fuel Assistance Program in State Fiscal Year 2022. The federal funds have a slightly longer time horizon, as they have been authorized through the end of September 2022, while State Fiscal Year 2022 ends on June 30, 2022. These funds, as with regular LIHEAP funds, will be deployed through [contracts](#) with Community Action Agencies.

This nearly \$35.5 million appropriation would be a significant increase in LIHEAP funding relative to the amounts included in the current State Budget. The State Budget [allocated](#) \$32.9 million to both the State's [Fuel Assistance Program](#) and the Low Income Weatherization program combined in State Fiscal Year 2022. The State Fiscal Year 2023 appropriation is approximately \$33.5 million. An additional \$35.5 million will provide a significant boost in assistance for those in need, if eligible Granite Staters are successfully connected to the program. The Fuel Assistance Program will [begin](#) making payments for this heating season in early December, and people in need can [submit applications](#) and access services through local Community Action Agencies.

CHALLENGES TO AFFORDING BASIC NEEDS

The forecast increase in heating prices and additional allocations of aid arrives as many families continue to struggle to recover from the economic impacts of the pandemic. The most recent [Household Pulse Survey data](#) from the U.S. Census Bureau, which collected data from late September to mid-October, suggests about one in every five New Hampshire adults lives in a household for which it had been somewhat or very difficult to pay for usual household expenses in the previous seven days. These figures suggest a significant amount of ongoing economic hardship.

Home heating price increases may be most difficult to absorb for families with low incomes. To be eligible for LIHEAP, a family must have less than 60 percent of the New Hampshire State Median Income for a household, which [varies by household size](#) and is the equivalent of \$49,295 for a household of two. Households with [children](#) and with relatively [lower incomes](#) were more likely to lose employment

income during 2020, as were households with people who identified as members of a racial or ethnic minority group.

During the 2019-2020 Fuel Assistance Program's operating year, the average benefit per household was [approximately \\$881](#). Connecting eligible households in New Hampshire to LIHEAP benefits, supported by this new infusion of federal funds, could substantially help families keep their homes warm this winter.

- *Phil Sletten, Senior Policy Analyst*