

DIMMING the LIGHTS:

Eliminating Energy Assistance Would Move 200,000 People Into Poverty, Hurting the Rural Poor the Most

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Nearly one in five poor renters nationwide will miss payments and receive a disconnection notice from their utility company this year.ⁱ Hundreds of thousands of households will be disconnected for nonpayment.

The Low Income Home Energy Assistance Program (LIHEAP), a 40-year old block grant program within the Office of Community Services, helps low income households pay their utility bills and avoid shutoffs in the cold of winter or the heat of summer. LIHEAP also reduces the health and safety risks that arise from unsafe heating practices (e.g., keeping the stove burners on overnight because the gas has been turned off). Approximately 6.7 million households received LIHEAP heating assistanceⁱⁱ help in 2016; approximately 1 million households received LIHEAP cooling assistance. Benefits vary by state, but are restricted to those with incomes below 150% of the poverty level or 60% of the state median income, whichever is greater.

President Trump's March 2017 "skinny" budget proposes to eliminate LIHEAP. Eliminating LIHEAP would disproportionately affect the most vulnerable households in the country. Rural households are more than twice as likely as metro households to be enrolled in LIHEAP. 72% of LIHEAP households have a family member with a serious medical condition.ⁱⁱⁱ More than one in four LIHEAP households use medical equipment that requires

electricity. One in four LIHEAP households is headed by a single mother.

Below we present the poverty effects of eliminating LIHEAP. We define the poverty line according to the Supplemental Poverty Measure.^{iv} We use data from the 2016 Current Population Survey, the source of official government poverty statistics. All dollar amounts are in 2015 dollars.

Findings

Eliminating LIHEAP would have the following impact^v:

- 6.7 million households would lose benefits each year^{vi}
- Rural (non-metro) households would lose (on average) \$500 in annual financial assistance
- Urban (metro) households would lose (on average) \$450 in annual financial assistance
- More than 200,000 people would transition into poverty
- More than 50,000 people would transition into deep poverty

i. Desmond, M. (2016). Evicted: Poverty and Profit in the American City.

ii. This estimate is from FY 2014 LIHEAP program data, the most recent year of publicly available LIHEAP data.

iii. National Energy Assistance Directors' Association, Testimony Prepared for the Senate Subcommittee on Labor, Health and Human Services, Education, and Related Agencies, April, 2016.

iv. In addition to pre-tax income, the SPM includes taxes paid, tax credits, cash and in-kind benefits. SPM thresholds are based on contemporary purchasing patterns adjusted for relative living expenses of metro and non-metro areas within states.

v. Eliminating LIHEAP affects benefits from the Supplemental Nutrition Assistance Program (SNAP, formerly food stamps). LIHEAP households may deduct a utility allowance from the household income calculation used to determine SNAP benefits. To estimate the effect of losing LIHEAP on SNAP, we use a generalized linear model that predicts annual SNAP benefit amount, including eligibility and demographic controls; the LIHEAP SNAP "boost" is the difference in predicted values of SNAP conditional on LIHEAP receipt.

vi. Households in the Northeast, Midwest, and South would be especially affected by the elimination of LIHEAP; see Table 1.



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Table 1: Households Receiving LIHEAP Benefits (2014)

	Households receiving LIHEAP benefits (2014)	% of state pop		Households receiving LIHEAP benefits (2014)	% of state pop
Alabama	89,251	1.8%	Missouri	148,453	2.4%
Alaska	10,425	1.4%	Montana	20,088	2.0%
Arizona*	28,781	0.4%	Nebraska	N/A	N/A
Arkansas	87,496	2.9%	Nevada	23,318	0.8%
California	219,178	0.6%	New Hampshire	36,011	2.7%
Colorado	90,066	1.7%	New Jersey	292,273	3.3%
Connecticut	102,681	2.9%	New Mexico	N/A	N/A
Delaware	16,445	1.8%	New York	1,202,723	6.1%
District of Columbia	12,493	1.9%	North Carolina	184,206	1.9%
Florida	148,926	0.7%	North Dakota	13,208	1.8%
Georgia	N/A	N/A	Ohio	431,254	3.7%
Hawaii	9,529	0.7%	Oklahoma*	130,236	3.4%
Idaho	50,263	3.1%	Oregon	65,402	1.6%
Illinois	335,843	2.6%	Pennsylvania	398,488	3.1%
Indiana	133,625	2.0%	Rhode Island	31,120	2.9%
Iowa	93,994	3.0%	South Carolina	53,664	1.1%
Kansas	48,215	1.7%	South Dakota	24,517	2.9%
Kentucky	129,657	2.9%	Tennessee	106,387	1.6%
Louisiana	68,979	1.5%	Texas	N/A	N/A
Maine	39,571	3.0%	Utah	37,028	1.3%
Maryland	117,748	2.0%	Vermont	28,151	4.5%
Massachusetts	183,009	2.7%	Virginia	158,003	1.9%
Michigan	468,159	4.7%	Washington	73,967	1.0%
Minnesota	135,647	2.5%	West Virginia	N/A	N/A
Mississippi	44,451	1.5%	Wisconsin	225,800	3.9%
			Wyoming	9,897	1.7%

TOTAL 6,358,626

* 2013 values were used for these states, as 2014 values are unavailable.

LIHEAP data source: LIHEAP Report to Congress for FY 2014 (table I-8, page 19) acf.hhs.gov/ocs/resource/liheap-report-to-congress-2014State population data source: University of Kentucky Center for Poverty Research. 2014. "UKCPR National Welfare Data, 1980-2014." Gatton College of Business and Economics, University of Kentucky, Lexington, KY. <http://www.ukcpr.org/data>

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