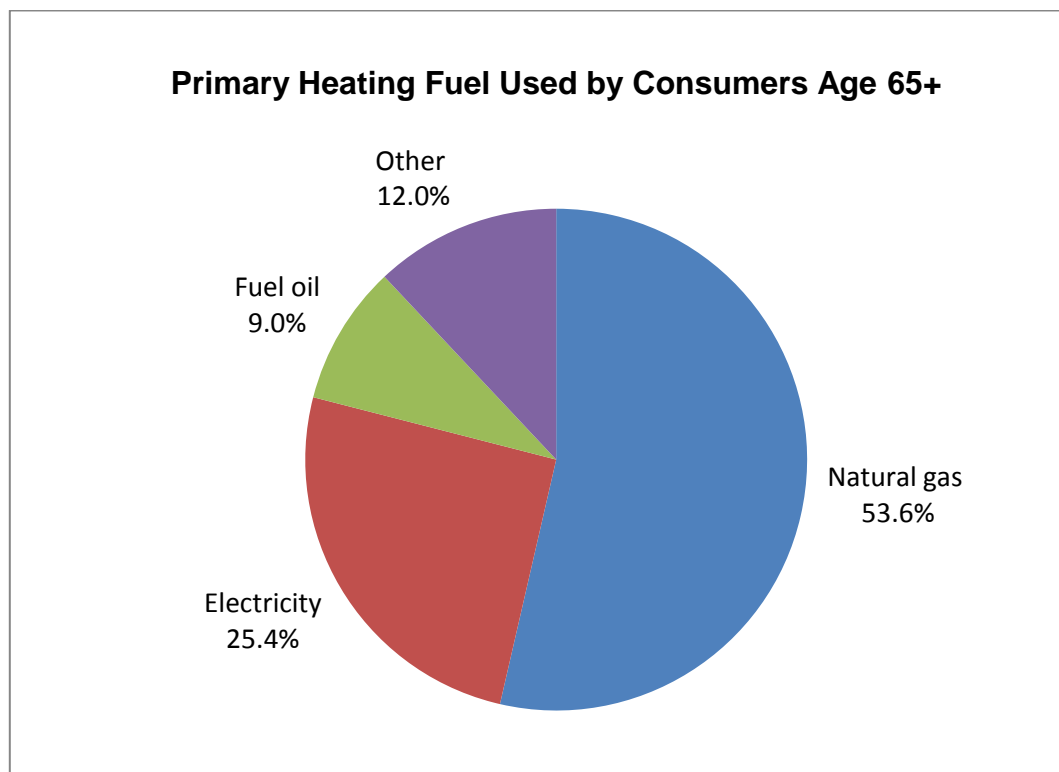


ONLINE REPORT**Winter Heating Costs and Older and Low-Income Households
(January 2010)**

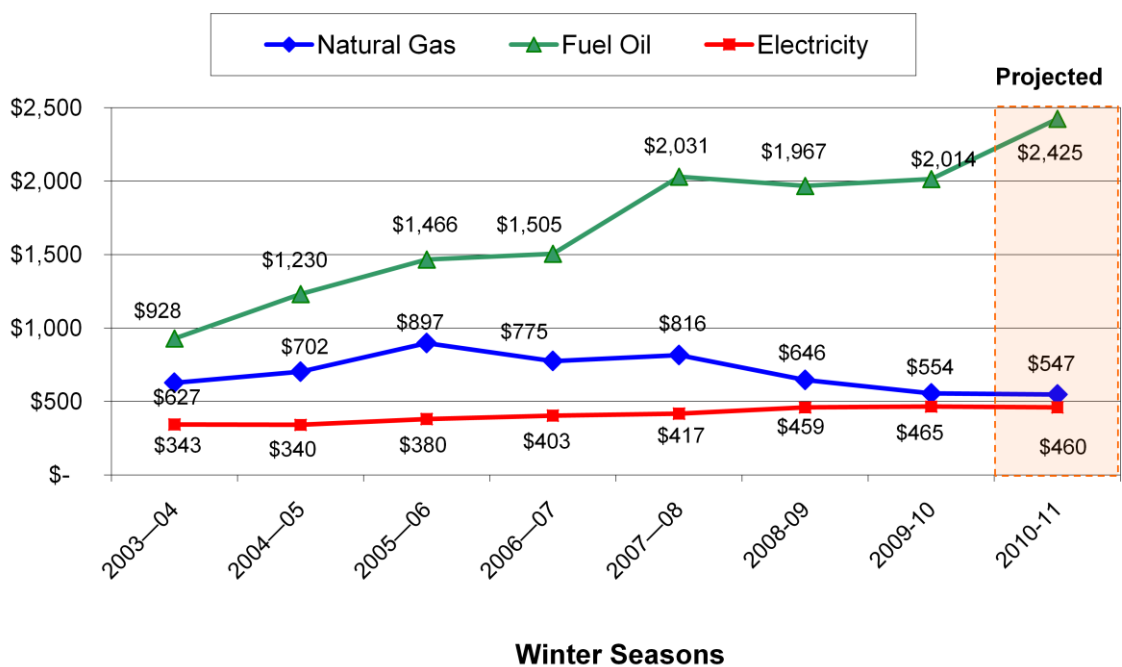
Since the mid-1990s, home heating costs have increased as a result of an overall rise in energy costs. During this period energy cost increases have outpaced the ability of many low-income consumers to adequately heat their homes. This trend is expected to continue during Winter 2010-11, when the cost of natural gas, fuel oil and electricity in most regions are projected to increase.



Source: Residential Energy Consumption Survey, 2005. Prepared by the AARP Public Policy Institute, January 2011.

Because more than half (54 percent) of older households in the United States use natural gas as their primary heating fuel, changes in the price of natural gas tend to have the biggest influence on the heating costs of older consumers.

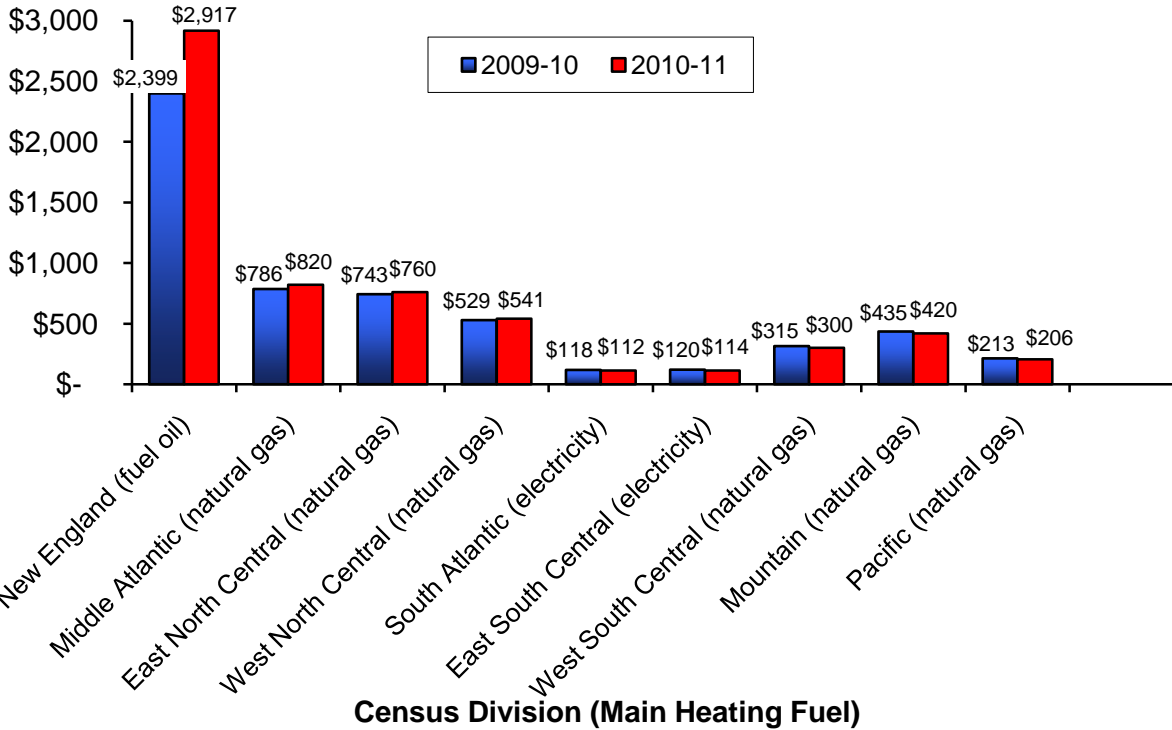
Winter Heating Costs for Consumers Age 65+ by Heating Fuel Type



Sources: Residential Energy Consumption Survey, 2005; *Short term Energy Outlook*, January 2011 (Table WF01); Prepared by the AARP Public Policy Institute, January 2011.

Since the mid-1990s, home heating costs have been increasing due to the overall rise in energy costs. Initial projections of winter 2010-2011 heating costs indicate that heating expenses will be much higher this year for households using heating oil, while those using natural gas and electricity for heating are expected to see about the same costs as last year.

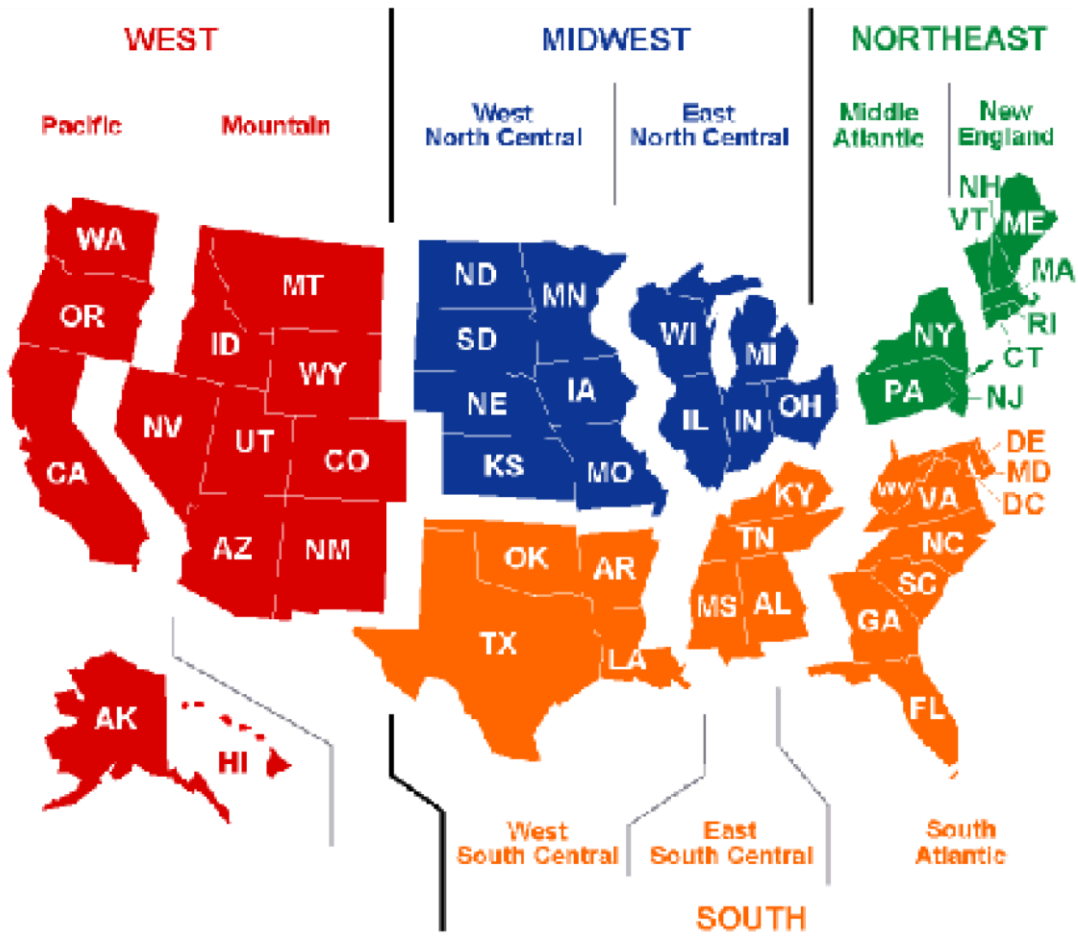
Heating Costs for Consumers age 65+ by Region and Main Heating Fuel, Winters 09-10 and 10-11 (Projected)



Sources: Residential Energy Consumption Survey, 2005; *Short term Energy Outlook*, January 2011 (Table WF01); Prepared by the AARP Public Policy Institute, January 2011.

Heating costs differ based on geographic location. These costs are projected to be highest in the New England census division where heating oil is the primary heating fuel used, followed by the Middle Atlantic census division.

Census Regions and Divisions of the United States



Source: Energy Information Administration. This image is available at http://www.eia.doe.gov/emeu/rep/maps/us_census.html

**Projected Winter 2011 Heating Costs for Consumers Age 65+,
by Income and Fuel Type**

Income	Median income	Percent of 65+ Population	Natural Gas		Fuel Oil		Electricity		Average Assistance (2007)
			Energy Burden	Cost	Energy Burden	Cost	Energy Burden	Cost	
\$0-9,999	\$ 8,750	16.5%	6.0%	\$ 521	25.6%	\$2,236	4.5%	\$ 394	\$320
\$10-19,999	\$ 12,500	24.7%	4.0%	\$ 494	19.5%	\$2,434	3.3%	\$ 406	
\$20-29,999	\$ 22,500	16.8%	2.6%	\$ 582	9.7%	\$2,177	1.8%	\$ 399	
\$30-39,999	\$ 32,500	13.5%	1.7%	\$ 551	6.2%	\$2,016	1.7%	\$ 565	
\$40-74,999	\$ 52,500	20.0%	1.1%	\$ 560	5.4%	\$2,835	1.0%	\$ 515	
\$75,000+	\$ 110,000	8.5%	0.6%	\$ 634	2.4%	\$2,586	0.6%	\$ 652	
All Incomes	\$ 48,042	100%	1.1%	\$ 547	5.0%	\$2,425	1.0%	\$ 460	

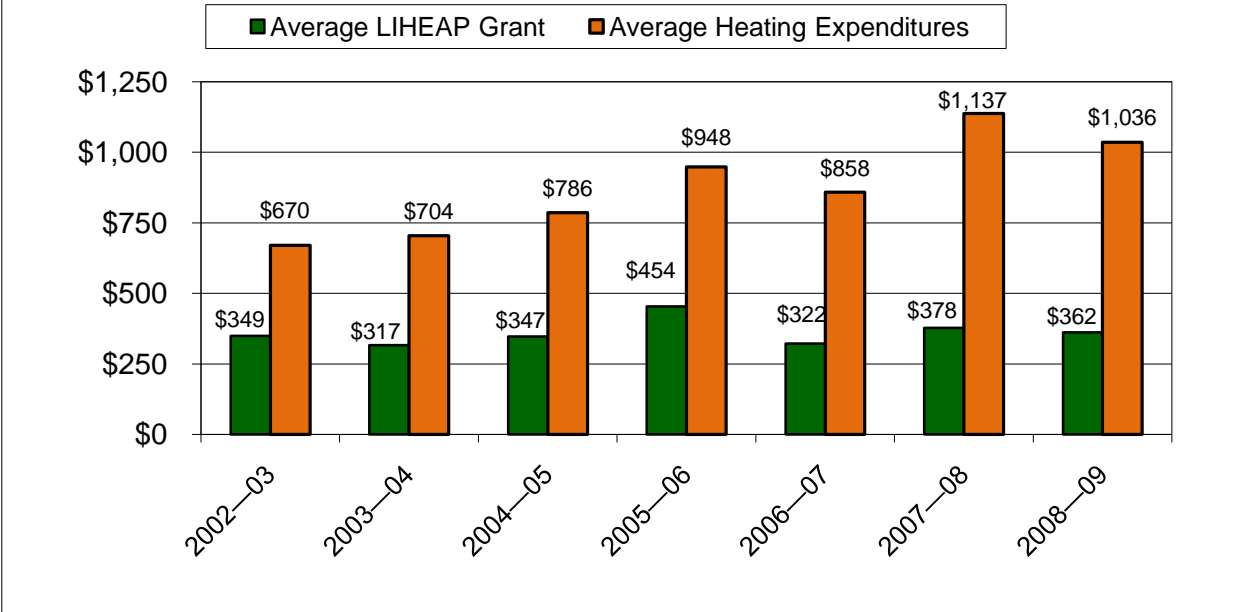
Sources: Residential Energy Consumption Survey, 2005; *Short term Energy Outlook*, January 2011 (Table WF01); LIHEAP Home Energy Notebook, 2007; Prepared by the AARP Public Policy Institute, January 2011.

Forty-one percent of older households have total household incomes of less than \$20,000, and they typically experience the greatest energy burden¹. This trend is projected to continue throughout winter 2010-2011. The burden is highest for those using fuel oil for heating. For example, age 65+ households heating with fuel oil with incomes under \$20,000 will spend at least 20 percent of household income on heating costs, while all-income households heating with fuel oil will spend around 5 percent of total household income on heating costs.

Although consumption data show that low-income older consumers tend to use less heating fuel than higher-income groups, high winter heating costs are likely to be a greater burden on this group than on higher-income older consumers who have greater financial resources available to meet these costs.

¹ Burden, or energy burden, represents the portion of household income needed to meet projected winter heating costs. For purposes of the table above burden is estimated by dividing the median income for each income group in Table 1 by the average projected fuel cost for each income group.

Expenditures for Heating Fuels vs. Average LIHEAP Grants, 2002-03 to 2008-09



Sources: Residential Energy Consumption Survey, 2005; *Short term Energy Outlook*, January 2011 (Table WF01); LIHEAP Survey 2009, National Energy Assistance Directors' Association. Prepared by the AARP Public Policy Institute, January 2011.

As average heating expenditures have continued to increase throughout the decade, the average LIHEAP² grant amount has remained relatively flat. Consequently, the gap between heating expenditures and LIHEAP assistance received by eligible participants has continued to grow.

For FY2011, LIHEAP is funded through March 4, 2011 under the FY 2011 Continuing Resolution (CR). Total LIHEAP funding made available to states since October 2010 totals \$3.9 billion.

² For a detailed explanation of the LIHEAP Program see: *The Low Income Home Energy Assistance Program: A Critical Resource for Low-Income Households*, http://assets.aarp.org/rgcenter/consume/fs138_liheap.pdf

Energy Cost Analysis Methodology

The Residential Energy Consumption Survey (RECS) is a national statistical survey that collects energy-related data for occupied primary housing units; the most recent survey was conducted in 2005. RECS provides information on the use of energy in residential housing units in the United States, including demographic characteristics of the household, energy consumption and expenditures for natural gas, electricity, fuel oil, and other fuel types, as well as other information that relates to energy use.

The Energy Information Administration (EIA) is the statistical agency of the U.S. Department of Energy and produces energy data, analysis and forecasting. EIA issues weekly, monthly and annual reports on energy production and prices, demand, imports, and others, and prepares analyses and special reports on topics of current interest. The Short Term Energy Outlook (STEO) is a monthly publication of the EIOA and contains current and projected prices of fuel, including natural gas, fuel oil, electricity, and petroleum.

This data digest uses variables from both the RECS survey and the most recent Short Term Energy Outlook (STEO) to analyze past heating-related energy consumption and expenditures among consumers age 65 and older, and to project heating-related energy consumption and expenditures for the most recent winter season.

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January, 2011*