

# HIGH-IMPACT Giving Opportunities

PHILANTHROPY  
THAT MAKES  
A DIFFERENCE

## Environment: Improving Energy Efficiency in Low-Income Homes

**FACT:** Residential energy use accounted for more than 21 percent of U.S. energy consumption in 2006.<sup>1</sup>

### THE PROBLEM

According to the World Bank, “cutting energy waste is the cheapest, easiest, fastest way to solve many energy problems, improve the environment and enhance both energy security and economic development.” With residential energy use accounting for a significant portion of total consumption, simple improvements – such as switching to fluorescent light bulbs – are among the most effective. Low-income families tend to live in older, poorly-insulated houses, meaning greater environmental impact can be achieved by improving the energy efficiency of these homes.

Promoting energy efficiency in low-income households attacks two problems at once – climate change and poverty. The average U.S. household spends 7 percent of its income on energy bills, but low-income households spend an average of 17 percent.<sup>2</sup> Studies show that home weatherization through easy measures like improved insulation reduces heating bills by an average 31 percent for low-income families.<sup>3</sup> More efficient energy use frees money for essentials like medicine or school supplies, easing poverty’s burden and avoiding heat-or-eat dilemmas.

### THE URGENCY

*Emissions are causing our climate to change, producing rising sea levels that threaten coastal communities.* Cutting energy use will reduce harmful fossil fuel-induced carbon dioxide emissions. The Intergovernmental Panel on Climate Change (IPCC) confirms that home energy use contributes significantly to greenhouse gas emissions and climate change and that steps need to be taken now to mitigate these emissions and their harmful effects.<sup>4</sup>

*Energy prices are rising, and low-income families are suffering.* Household spending on heating oil is estimated to be 47 percent higher this winter than last year.<sup>5</sup> Meanwhile, the Bush administration proposed a \$1.38 billion (44 percent) cut in funding for the Low Income Home Energy Assistance Program in its budget for fiscal year 2008.<sup>6</sup> With rising prices and shrinking support systems, low-income families need other ways to make ends meet; reducing their energy demand is a practical solution.

### THE OPPORTUNITY

Donors seeking to help low-income families can:

- **Provide grants to finance energy audits and subsequent weatherization.** Local partnerships with nonprofits

and/or utility companies give donors a focused impact in their communities.

- **Support energy-efficient building techniques in housing-construction projects for low-income communities.** Many non-profit organizations construct or repair existing homes for low-income families. Donor support for green technology is especially important, because such technology can increase up-front costs before long-term cost savings begin.
- **Help existing weatherization-assistance programs scale up.** By one estimate, existing programs reach only a fraction – 16 percent – of potential beneficiaries of weatherization.<sup>7</sup> Support that allows organizations to build their capacity and expand programs can multiply the number of homes serviced.

#### More information is available from:

- The **American Council for an Energy-Efficient Economy** offers a variety of useful resources on energy efficiency and residential buildings ([www.aceee.org/buildings/residential.htm](http://www.aceee.org/buildings/residential.htm)).
- **Flex Your Power**, California’s energy efficiency campaign, has gathered extensive resources, including information on programs for low-income households ([www.fypower.org/feature/lowincome/](http://www.fypower.org/feature/lowincome/)).

1. DOE’s Energy Information Administration:  
<http://www.eia.doe.gov/emeu/aer/txt/ptb0201a.html>.

2. “Low-income Energy Efficiency Programs” (2007). San Francisco: Flex Your Power, <http://www.fypower.org/feature/lowincome/>.

3. “Reducing the Energy Burden on Needy Families” (2007). Washington, DC: U.S. Department Of Energy, Energy Efficiency and Renewable Energy – Weatherization Assistance Program website, <http://www.eere.energy.gov/weatherization/reducing.html>.

4. “IPCC Report Confirms Urgency of Climate Change” (2007). Washington, DC: The Nature Conservancy, <http://www.nature.org/initiatives/climatechange/features/art20047.html>.

5. “Record Heating Oil Prices Projected State Low Income Energy Officials Call for Increased Energy Assistance (11/5/07)” (2007). Washington, DC: National Energy Assistance Directors’ Association, <http://www.neada.org/comm/press/pr2007-11-05.pdf>.

6. “President’s Budget Calls for 44 Percent Cut in Energy Assistance to the Poor! More than One Million Households Face Elimination of Benefits” (2007). Washington, DC: National Energy Assistance Directors’ Association, <http://www.neada.org/comm/press/pr2007-02-07.pdf>.

7. “Reducing the Energy Burden on Needy Families” (2007). Washington, DC: U.S. Department Of Energy, Energy Efficiency and Renewable Energy – Weatherization Assistance Program website, <http://www.eere.energy.gov/weatherization/reducing.html>.