BEYOND THE FOOD PANTRY: Lowering College Students’ Bills with Energy Assistance Programs
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Background

For the nearly 85% of college students who live off campus, rent and utilities are major costs that can add up fast. Utility bills can be especially difficult to cover, as energy costs are volatile. High energy bills are often especially ill-timed for students. Heating costs may rise in the winter, which begins just as financial aid for the fall term is running out. Electrical bills for air conditioning can be especially high in August, leaving students short when they need to pay for books in September.

Housing insecurity is widespread among today’s college students, and difficulty paying utilities is especially common. For example, a 2018 survey of more than 86,000 students (primarily attending community colleges and public four-year universities) found that 56% were housing insecure over the prior year. Of that group, 27% of community college students and 16% of four-year university students said that they could not pay the full amount of their utility bills at least once during that year.

Economists classify utility bills as “affordable” if they amount to no more than six percent of an individual’s income. But for many low-income people, including many students, utility bills can amount to as much as 20% of their income. Some studies suggest that not being able to pay utility bills is a leading cause of homelessness.

Fortunately, many utility companies offer programs to lower those bills, helping students avoid financial distress. These programs are targeted to low-income households and are available not only during a crisis but also before one occurs. Unfortunately, most college students and their institutions are unaware that these programs exist and that they may be eligible for them. Moreover, few utility companies appear to be marketing these programs to students.

Energy assistance programs available to college students

In Philadelphia, PECO works to make bills affordable by offering monthly credit for eligible low-income customers. The credit is based on a household’s total gross income and its energy usage. For those who have fallen on hard times, PECO also offers counseling and referral services, and UESF offers emergency utility assistance. Outside the city, New Jersey offers eligible residents the Universal Service Fund to reduce monthly payments, and Fresh Start to clear an overdue balance. In Texas, the Comprehensive Energy Assistance Program serves every county in the state, and in Minnesota, the relatively expansive Energy Assistance Program offers services to individuals below the state’s median income.
What students can do

Take a look at the energy assistance programs available where you live. Be sure to look for programs that help you lower your bills, even before you have an emergency or cannot pay. Also identify those groups that can assist if you do run into trouble.

As you consider your eligibility, remember that these assistance programs only look at the income of those people living in your household (family members, roommates, etc.). Do not include income from individuals who do not reside with you and do not count financial aid (including student loans) as income.

Apply for all programs for which you might be eligible. If you are accepted, share that information with your fellow students and your college advisors so that they might further share the information to help others.

What utility companies can do

Utility companies have three major reasons to market their energy assistance programs to students:

1. Future customers: They seek to increase brand loyalty and awareness.
2. Future employees: They want to hire college graduates and helping students graduate supports that goal.
3. Future funding: They often administer federal programs that could face funding cuts if not utilized more robustly. For example, the federal Low Income Home Energy Assistance Program (LIHEAP) is the largest source of funding to help with power bills, currently providing more than $3.5 billion in assistance. But the Congressional Research Service estimates that only 22% of those eligible for LIHEAP assistance receive it.

Distributing program information to students requires that utility companies adjust their marketing to highlight key areas of concern to students and their colleges. First, companies must clarify whose income is considered on these applications, since students living independently might assume that their parents’ income counts for these programs like it does for federal financial aid. Second, they need to explain what types of income count toward program eligibility, since three in four students receive financial aid and they might worry that those dollars render them ineligible for support. Third, they need to reassure students that energy assistance programs do not count against their financial aid. Finally, they need to clarify who should apply for these programs, noting that only the person whose name is on the bill can complete the application.

What colleges can do

Helping students proactively lower their living expenses may decrease their chances of becoming housing insecure, reduce their need for student loans, and help their ability to complete degrees. This information should be distributed broadly and repeatedly, even on campuses with residential housing. Consider the following appropriate venues for distribution:

- Orientation
- Off-campus housing office
- Financial aid office
- Advising
- Campus food pantry
- Learning management systems

Normalizing the use of these supports can help students think beyond conventional financial aid sources when they look for assistance to stay in school.