



AMERICAN COALITION FOR CLEAN COAL ELECTRICITY

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## **New Study Confirms Rising Energy Costs Disproportionately Impacting Minority Households**

Chicago -- Since 2001, energy costs for the average U.S. household have more than doubled, and sharply escalating gasoline prices are straining the budgets of lower- and middle-class minority families. Those are the findings of a new study released today by the American Coalition for Clean Coal Electricity (ACCCE) during a press conference in Chicago.

The study explains the cost for consumer energy sources has doubled since 2001 for families making less than \$50,000. During this time, their energy bills have increased nearly \$3,000, from \$2,428 in 2001 to \$5,332 in 2008. At the same time, these families' average income rose by just \$261.

In 2008, the average American family with an after-tax income of \$52,586 will spend more than \$6,200 on energy, or 12 percent of the total family budget.

The 60 million households, earning less than \$50,000, representing 51 percent of all U.S. households, will devote 24 percent of their after-tax income to energy. For the 27 million families with incomes between \$10,000 and \$30,000, energy expenditures will consume 26 percent of average after-tax incomes.

In 2008, African-American and Hispanic households with annual pre-tax incomes below \$50,000 will spend roughly one-quarter of their after-tax income on energy, the study shows.

After paying federal and state taxes, the average African-American family had an estimated income of \$35,949 compared to \$38,252 for all Hispanic families and \$54,125 for white households.

The household energy costs survey measures prices for both transportation and residential energy commodities used by the typical American family. While energy costs increased some across the board, most of the increased cost burden on minority families can be traced to higher gasoline prices and increased costs for natural gas and other home heating fuels. Among consumer energy types, only electricity has maintained a stable price trend over the past decade, mainly because low-cost coal generates more than 50 percent of electricity in the U.S.

“Rising energy costs are disproportionately impacting minority families,” says Joe Lucas, vice president of communications, ACCCE. “We know that lower-income families are more vulnerable to rising energy costs than higher-income families because energy represents a larger portion of their family budgets. This represents a significant impact in minority communities because nearly two-thirds of minority families earn less than \$50,000 annually, compared to 47 percent of white households.”

“Energy costs are consuming an amount usually spent on food, housing or health care,” says Lucas. “Also, U.S. Census data indicate that energy price increases have outpaced increased earnings.”

Many low-income consumers qualify for energy assistance, but these government programs increasingly are hard pressed to keep pace with the rapid escalation of energy prices, Lucas noted.

The budgetary strain of rising energy costs could also be a contributing factor to energy consumption pattern differences for minority families. Survey data from the U.S. Energy Information Administration indicate that Hispanic households consume 30 percent less residential energy, on average, than the typical U.S. household. This disparity likely reflects geographic differences in the use of residential heating and cooling, including the large number of Hispanic households in California and the Southwest. African-American families, on the other hand, tend to use slightly more residential energy than the average household, but consume 15 percent less gasoline.

“The rapid escalation of consumer energy prices, together with sluggish income growth among low- and middle-income households and declining home equity values, underscore the need to find ways to reduce energy cost impacts on all American families,” says Lucas. “Expanding the use of our domestic coal resources - a primary source of low-cost electric energy - is an immediate, common sense policy option that makes sense particularly given that technology is making coal an increasing clean source of energy for American families.”

The study relies on historical energy consumption survey data and current energy price forecasts from the U.S. Department of Energy’s Energy Information Administration (EIA). Energy costs are summarized by household income category for all U.S. households, and for African-American, Hispanic and white families using data from the U.S. Bureau of the Census.

About ACCCE - The American Coalition for Clean Coal Electricity (ACCCE) is a non-profit, non-partisan group involved in producing electricity from coal. Because coal is America’s most abundant energy resource, ACCCE supports energy policies that balance meeting our country’s growing need for affordable and reliable electricity with environmental protection and advocates for the development and use of clean coal

technologies. For more information, visit [www.cleancoalusa.org](http://www.cleancoalusa.org) or [www.americaspower.org](http://www.americaspower.org).

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