

LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP)

BACKGROUND

The Low-Income Home Energy Assistance program (LIHEAP) is a block grant program under which the Federal government gives annual grants to States, the District of Columbia, U.S. territories and Commonwealths, and Indian tribal organizations in order to operate home energy assistance programs for low-income households. Originally established in 1981 by Title XXVI of Public Law 97-35, the program has been reauthorized and amended several times, most recently in 1998, when Public Law 105-185 reauthorized LIHEAP through FY2004. The statute authorizes appropriations for both regular LIHEAP grants and for contingency funds. This program is operated out of the Division of Energy Assistance in the Office of Community Services, Administration for Children and Families, within the Department of Health and Human Services (DHHS).

Regular funds are allocated to States according to a three-tier formula prescribed in the LIHEAP statute as amended by the Human Services Reauthorization Act (HSRA) of 1984 (Public Law 98-558). The particular tier used for the allocations is determined by the size of the appropriation for that fiscal year. For funding levels below \$1.975 billion a Tier I rate, determined in 1981, is applied. For allocations from \$1.975 up to \$2.25 billion a new Tier II rate is applied. At the Tier II rate, States are subject to a hold-harmless level where their new Tier II allocation must be at least as great as the allocation the State received in 1984. Those States with the greatest percentage increase in their allocations and which are not at a hold-harmless level must have their allocations ratably reduced until the hold-harmless provision for States below that level is met. The Tier II formula is required by law to account for variations in heating and cooling needs of the States, variations in types of energy used, variations in energy prices, and variations in the low-income population and their heating and cooling methods, while using the most current data available.

For funding levels at or above \$2.25 billion a Tier III rate is applied. The Tier III rate uses the Tier II methodology but there are additional requirements for distributing funds. States that would have received less than 1 percent of a total \$2.25 billion allocation must be allocated funds using the rate they would have experienced at a hypothetical \$2.14 billion allocation (if this rate is greater than the calculated rate at \$2.25 billion). In both the Tier II and Tier III rates, a State will not be allocated fewer funds than the State received in 1984. However, the proportion of total regular funds each State receives may differ substantially from the proportion received in 1984.

For FY2003 the LIHEAP appropriation was \$1.7 billion with an additional \$100 million transferred from the FY2001 Supplemental Appropriations. The total of \$1.8 billion was then subject to a 0.65 percent rescission, resulting in an allocation for regular LIHEAP funds in FY2003 of \$1,788,300,000.

Contingency funds are released and allocated at the discretion of the

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President and the Secretary of HHS and can be done at any point in the fiscal year. In FY2003, \$200 million in supplemental contingency funds were released to States in January. All States in FY2003 received a proportion of these contingency funds, which were primarily allocated in the same manner as regular LIHEAP funds.

Table 15-LIHEAP-1 displays LIHEAP allocations by State (including tribal organizations but excluding U.S. territories). As noted in the table's footnotes, the funding allotments include LIHEAP contingency funds released in a given fiscal year.

TABLE 15-LIHEAP-1--LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM STATE ALLOTMENTS, FISCAL YEARS 1999-2003

[In thousands of dollars]					
State	1999 ¹	2000 ²	2001 ³	2002 ⁴	2003 ⁵
Alabama	\$9,225	\$11,040	\$15,475	\$14,362	\$16,214
Alaska	5,888	9,177	9,912	9,168	11,168
Arizona	4,461	4,807	7,291	8,768	7,816
Arkansas	7,039	7,681	11,829	10,959	12,333
California	49,489	53,320	84,164	77,049	86,715
Colorado	17,255	18,591	29,545	28,861	30,240
Connecticut	25,633	34,424	38,737	36,651	43,809
Delaware	3,682	5,388	5,098	5,006	5,766
District of Columbia	4,581	3,883	5,935	5,742	6,269
Florida	14,596	16,892	22,841	22,725	25,871
Georgia	11,541	13,698	19,494	17,968	20,315
Hawaii	1,162	1,252	1,755	1,809	2,036
Idaho	6,731	7,264	10,785	11,372	12,035
Illinois	78,262	67,127	107,759	105,174	109,621
Indiana	35,353	30,393	48,219	47,632	50,205
Iowa	23,491	22,033	34,463	32,245	35,516
Kansas	12,488	9,892	15,880	15,304	16,090
Kentucky	22,430	16,345	24,160	26,052	26,076
Louisiana	9,431	10,161	15,794	14,683	16,531
Maine	15,365	32,377	24,716	22,704	29,684
Maryland	20,812	23,359	29,262	28,414	32,063
Massachusetts	52,790	71,712	77,358	74,300	86,090
Michigan	63,103	63,731	102,991	99,822	105,368
Minnesota	45,696	47,461	72,968	68,606	77,485
Mississippi	7,909	9,649	13,313	12,313	13,868
Missouri	32,524	27,196	42,252	41,055	43,753
Montana	7,895	8,506	13,198	12,879	13,967
Nebraska	12,022	10,711	17,072	16,794	17,439
Nevada	2,095	2,258	3,418	4,575	3,698
New Hampshire	9,297	17,629	14,544	13,269	16,923
New Jersey	50,855	67,290	72,660	69,879	78,880
New Mexico	5,585	6,018	9,563	8,696	9,787
New York	164,971	209,880	236,852	228,349	260,507
North Carolina	47,176	29,038	33,535	35,753	38,071
North Dakota	8,576	9,715	14,411	13,823	15,633

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TABLE 15-LIHEAP-1--LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM STATE ALLOTMENTS, FISCAL YEARS 1999-2003-continued

[In thousands of dollars]					
State	1999 ¹	2000 ²	2001 ³	2002 ⁴	2003 ⁵
Ohio	63,606	59,384	94,532	94,545	98,149
Oklahoma	8,480	9,136	14,445	13,202	14,852
Oregon	13,373	14,409	21,082	22,458	23,960
Pennsylvania	86,271	106,313	126,165	121,386	136,651
Rhode Island	9,133	13,420	12,883	12,328	14,202
South Carolina	7,326	10,182	12,100	13,347	13,378
South Dakota	6,965	8,291	11,805	11,404	12,622
Tennessee	14,871	16,022	23,786	23,152	26,385
Texas	24,284	26,163	40,597	37,807	42,543
Utah	8,018	8,639	13,822	13,438	14,105
Vermont	6,863	10,228	10,809	9,946	12,601
Virginia	28,635	28,742	34,492	35,827	39,070
Washington	21,997	23,700	34,423	34,248	39,250
West Virginia	12,607	10,496	16,129	16,336	17,355
Wisconsin	42,851	42,153	65,903	62,426	69,545
Wyoming	3,210	3,459	5,460	5,326	5,629
U.S. total	1,247,899	1,370,633	1,825,683	1,769,935	1,958,134

¹ Includes reallocation of \$2,204,442 in fiscal year 1998 block grant funds and \$175,298,765 in emergency contingency funds.

² Includes \$744,350,000 in emergency contingency funds, including \$400 million in FY2000 contingency funds released in late September 2000, making it effectively available to States in FY2001.

³ Includes \$455,650,000 in emergency contingency funds.

⁴ Includes \$100,000,000 in emergency contingency funds.

⁵ Includes \$200,000,000 in emergency contingency funds. The final FY2003 appropriations included \$1.688 billion in new regular funds and converted \$100 million of the contingency funds originally appropriated in FY2001 into regular funds.

Note-Columns may not add due to rounding. The table includes payments to Indian tribal organizations and excludes payments to the insular areas.

Source: U.S. Department of Health and Human Services.

FEDERAL REQUIREMENTS FOR THE ALLOTMENTS

Decisions regarding LIHEAP are made by the States under broad Federal rules. Federal rules allow States to use LIHEAP funds for the following activities: aid in paying heating or cooling bills; low-cost weatherization projects (limited to 15 percent of allotment unless the grantee has a waiver for up to 25 percent); services to reduce the need for energy assistance (limited to 5 percent of allotment); assistance with energy-related emergencies (with a reasonable amount reserved, based on prior years' data, until March 15 of each program year); and development or implementation of a leveraging incentive program that may be used by grantees to attract funds from non-Federal sources. Up to 10 percent of LIHEAP funds may be used for administrative and planning costs. Federal rules also allow carryover of up to 10 percent funds into the next fiscal year.

States decide the mix and dollar range of benefits, choose how benefits are provided, and decide which agencies will administer the program. When paying

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home energy suppliers directly, States are required to give DHHS assurances that suppliers will charge the eligible households the difference between the amount of the assistance and the actual cost of home energy. Also, States may use LIHEAP funds to provide tax credits to energy suppliers that supply home energy to low-income households at reduced rates. Tables 15-LIHEAP-2 and 15-LIHEAP-3 present estimates by State for FY2001 of total dollars spent on heating, cooling, emergency, and weatherization assistance as well as the number of households receiving benefits and average benefits (as of Fall 2003, these are the latest data available).

TABLE 15-LIHEAP-2--LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM ESTIMATED HEATING AND COOLING ASSISTANCE AND AVERAGE BENEFITS, FISCAL YEAR 2001¹

State	Heating assistance			Cooling assistance		
	Assisted Households	Amount of Assistance	Average Household Benefit	Assisted Households	Amount of Assistance	Average Household Benefit
Alabama	53,209	\$6,952,037	\$130	20,375	\$2,380,428	\$116
Alaska	7,549	8,704,243	1,149	0	0	0
Arizona	17,222	4,982,615	289	0	0	0
Arkansas	53,288	6,164,464	116	0	0	0
California	134,236	31,063,739	266	0	0	0
Colorado	76,470	43,836,549	573	0	0	0
Connecticut	78,976	37,545,257	475	0	0	0
Delaware	10,985	3,194,550	239	4,266	1,050,000	224
District of Columbia	18,879	6,918,699	366	0	0	0
Florida	20,215	2,117,897	105	38,755	3,960,450	102
Georgia	130,120	17,313,858	132	12,568	2,515,840	200
Hawaii	5,937	1,509,047	257	0	0	0
Idaho	30,997	6,394,427	229	0	0	0
Illinois	181,201	119,427,603	501	0	0	0
Indiana	128,608	37,812,921	294	24,799	954,013	38
Iowa	83,728	43,775,132	523	0	0	0
Kansas	28,027	10,140,405	467	0	0	0
Kentucky	154,147	14,489,026	108	0	0	0
Louisiana	1,738	2,351,796	210	26,649	7,055,390	140
Maine	52,421	20,580,155	438	0	0	0
Maryland	76,424	34,559,038	471	0	0	0
Massachusetts	133,355	78,755,827	652	0	0	0
Michigan	302,582	75,869,231	251	0	0	0
Minnesota	110,341	58,851,989	562	0	0	0
Mississippi	57,617	8,523,334	150	22,186	2,272,889	152
Missouri	110,133	26,390,001	240	0	0	0
Montana	16,769	7,994,730	475	0	0	0

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TABLE 15-LIHEAP-2--LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM ESTIMATED HEATING AND COOLING ASSISTANCE AND AVERAGE BENEFITS, FISCAL YEAR 2001¹-continued

State	Heating assistance			Cooling assistance		
	Assisted Households	Amount of Assistance	Average Household Benefit	Assisted Households	Amount of Assistance	Average Household Benefit
Nebraska	29,646	5,421,890	183	5,482	592,096	91
Nevada	9,025	2,797,917	296	4,884	1,106,759	296
New Hampshire	27,276	15,047,793	594	0	0	0
New Jersey	121,419	64,413,570	339	27,447	2,747,000	100
New Mexico	44,502	10,219,960	250	0	0	0
New York	697,465	107,401,024	154	0	0	0
North Carolina	150,445	11,843,457	70	0	0	0
North Dakota	15,442	8,121,985	653	337	0	--
Ohio	245,305	46,510,148	196	0	0	0
Oklahoma	60,383	19,189,305	318	14,025	2,088,735	149
Oregon	73,043	16,135,232	220	0	0	0
Pennsylvania	300,462	76,639,340	255	0	0	0
Rhode Island	24,606	9,353,098	380	0	0	0
South Carolina	50,589	4,997,258	110	0	0	0
South Dakota	15,159	9,030,294	640	0	0	0
Tennessee	60,206	13,760,997	246	6,107	1,189,292	203
Texas	8,734	5,069,161	459	14,443	21,767,574	1,428
Utah	31,233	12,329,322	391	0	0	0
Vermont	18,483	13,189,281	805	0	0	0
Virginia	84,237	25,624,956	288	15,763	3,244,192	213
Washington	66,741	26,997,172	385	0	0	0
West Virginia	45,332	9,061,501	200	11,762	1,810,692	150
Wisconsin	115,881	68,479,467	470	0	0	0
Wyoming	9,587	4,600,308	422	0	0	0
Total ²	4,380,375	1,302,453,006	297	249,848	54,735,350	219

¹ States provide all estimates in all categories. As a result the average household benefit is not the calculated average but rather the State estimated rate.

² Includes leveraging incentive funds.

Source: U.S. Department of Health and Human Services.

ELIGIBILITY STANDARDS

Federal law limits eligibility to households with incomes up to 150 percent of the Federal poverty income guidelines (or, if higher, 60 percent of the State median income). States may adopt lower income limits, but these limits may not be less than 110 percent of the poverty guidelines. The term "household" is defined as any individual or group of individuals who are living together as one economic unit and

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Massachusetts	12,743	8,557,446	681	0	0	0	0	10,530	4,000,000
Michigan	60,867	22,431,839	369	0	0	0	0	2,808	12,152,377
Minnesota	33,504	17,238,371	352	0	0	0	0	564	2,373,319
Mississippi	2,712	454,578	172	1,717	113,643	80	0	0	0
Missouri	67,959	22,931,225	338	0	0	0	0	0	0
Montana	1,137	269,277	250	0	0	0	0	752	3,239,773
Nebraska	36,358	10,654,121	160	0	0	0	0	509	2,276,657
Nevada	0	0	0	6	987	165	0	0	0
New Hampshire	3,841	0	0	0	0	0	0	409	850,000
New Jersey	10,915	11,831,000	311	0	0	0	0	1,038	3,246,000
New Mexico	2,454	1,545,320	250	0	0	0	0	402	0
New York	159,390	113,242,106	352	0	0	0	0	9,320	42,582,158
North Carolina	115,338	14,840,753	300	0	0	0	0	1,729	3,936,704
North Dakota	1,766	1,598,719	735	0	0	0	0	1,123	2,090,888
Ohio	122,491	41,112,591	192	42,380	9,061,289	170	0	5,363	9,453,229
Oklahoma	22,928	5,942,372	259	0	0	0	0	316	896,953
Oregon	7,222	1,473,758	204	0	0	0	0	2,438	4,244,195
Pennsylvania	124,991	62,900,000	507	0	0	0	0	6,251	16,851,279
Rhode Island	22,585	2,825,114	125	0	0	0	0	624	1,927,041
South Carolina	13,194	6,990,066	320	0	0	0	0	736	1,674,599
South Dakota	487	600,000	200	0	0	0	0	569	1,770,630
Tennessee	20,867	5,033,750	250	0	0	0	0	2,179	1,903,012
Texas	98,941	2,981,859	30	0	0	0	0	3,460	10,463,872
Utah	1,378	603,850	276	0	0	0	0	502	2,489,028
Vermont	5,225	1,540,167	159	0	0	0	0	1,078	0
Virginia	9,920	2,708,018	317	0	0	0	0	2,376	5,644,346
Washington	27,627	1,206,754	438	0	0	0	0	3,094	5,717,502

TABLE 15-LIHEAP-3--LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM ESTIMATED CRISIS AND WEATHERIZATION ASSISTANCE AND ESTIMATED AVERAGE BENEFITS, FISCAL YEAR 2001¹-continued

State	Winter year round crisis assistance			Summer crisis assistance			Weatherization Assistance ²		
	Assisted Households	Amount of Assistance	Average Household Benefit	Assisted Households	Amount of Assistance	Average Household Benefit	Assisted Households	Amount of Assistance	Average Household Benefit
West Virginia	14,102	3,458,788	245	0	0	0	1,069	2,618,526	
Wisconsin	24,737	11,203,318	319	0	0	0	3,074	9,785,486	
Wyoming	1,812	442,230	260	0	0	0	207	1,364,975	
Total ³	1,355,560	457,948,854	338	86,795	16,332,256	188	97,447	234,197,220	

¹ States provide all estimates in all categories. As a result the average household benefit is not the calculated average but rather the State estimated rate.

² States are not required to estimate average benefits for weatherization assistance.

³ Includes leveraging incentive funds.

Source: U.S. Department of Health and Human Services.

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for whom residential energy is customarily purchased in common, or who make undesignated payments for energy in the form of rent. States may choose to make eligible for LIHEAP assistance any household where at least one member is a recipient of Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), Food Stamps, or certain needs-tested veterans' programs.

Within these limits, States decide which, if any, types of assistance to provide, what income limits to use, and whether to impose other eligibility tests. However, Federal law gives priority for aid to households with the greatest energy needs or cost burdens, especially those households that include disabled or elderly individuals or young children. Federal rules require States to treat owners and renters "equitably," to adjust benefits for household income and home energy costs, and to have a system of "crisis intervention" assistance for those in immediate need. LIHEAP assistance does not reduce eligibility or benefits under other Federal aid programs targeted to low-income individuals and families. Federal rules also require outreach activities, coordination with the Department of Energy's weatherization program, annual audits and appropriate fiscal controls, and fair hearings for those aggrieved.

PLANNING AND ADMINISTRATION

States are required to submit an application for funds to the Secretary of DHHS. As part of the application, the chief executive officer of the State (Indian tribe, or territory), or a designee, is required to make several assurances related to eligibility requirements, anticipated use of funds, as well as satisfy planning and administrative requirements.

States must provide for public participation and public hearings in the development of the State plan, including making the plan, and any substantial revisions, available for public inspection and allowing public comments. Public Law 98-558 requires States to engage an independent person or organization to prepare an audit at least once every 2 years. However, the Single Audit Act of 1984 (Public Law 98-502) supersedes this requirement in most cases, requiring States to conduct an annual audit for all Federal financial assistance received.

Section 607(a) of Public Law 98-558 directs DHHS to collect annual data, including information on the number of LIHEAP households in which at least one household member is 60 years old or handicapped.

AVAILABLE SOURCE OF FUNDS

Several sources of Federal and non-Federal funds are available for State LIHEAP programs:

- Federal LIHEAP block grant allotments;
- LIHEAP emergency contingency allotment for weather emergencies (these funds can only be released at the President's directive);
- LIHEAP leveraging incentive awards (established by Public Law 101-501 to reward States that have acquired non-Federal home energy resources for

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- low-income households);
- Residential Energy Assistance Challenge (REACH) grants which award funds to demonstration projects to increase energy efficiency and reduce the vulnerability of low-income households (REACH grants receive 25 percent of the LIHEAP leveraging incentive allocation);
- LIHEAP carryover (States can request that up to 10 percent of their Federal LIHEAP funds be carried over for use in the next fiscal year);
- Oil overcharge funds (disbursed by the Department of Energy from settlements related to oil price overcharges pursuant to the Emergency Petroleum Act of 1973. States determine how to allocate these funds among several eligible activities, including LIHEAP); and
- State and other funds. (States may use their own funds to supplement LIHEAP benefits or administrative costs. Other funds include reimbursements to LIHEAP agencies for taking applications for low-income weatherization programs or winter heating protection programs.)

PERFORMANCE MEASUREMENT

The LIHEAP statute provides that Federal LIHEAP funds should serve low-income households that pay high home energy costs relative to income and that have very young, disabled, or elderly individuals. DHHS has developed performance goals and measures to enable it to quantify State performance. The performance goals are to increase the percentage of LIHEAP recipient households having: a household member 5 years old or younger; a household member at least 60 years old; and the lowest income households with the highest energy costs. Achievement of these goals will be measured using specially developed benefit-targeting and burden-targeting indexes. The agency intends to measure performance using a FY2001 baseline. The data collected are intended to help States improve program outreach and management, and to assist DHHS in determining how best to offer technical assistance to States.