

The Low Income Home Energy Assistance Program (LIHEAP)

March 2012

The Low Income Home Energy Assistance Program (LIHEAP) helps millions of low-wage working families, the recently unemployed, retirees and other low-income households pay their heating bills and keep their homes at safe temperatures during the frigid winter and sweltering summer.

The LIHEAP program was created in response to rising energy prices in the 1970s and the decreasing purchasing power of low income households. In 1980, LIHEAP was part of the Crude Oil Windfall Profit Act and since then it has been reauthorized several times, targeting the assistance within the pool of eligible households, adding new program components, and expanding authorization levels for funding.

The LIHEAP Program Summary

LIHEAP is administered by the Office of Community Services, under the Administration for Children and Families at the Department of Health and Human Services. The federal statute authorizing LIHEAP sets out the program parameters (42 U.S.C. §§ 8621 – 8630).

❖ Targeted Assistance to the Most Vulnerable

LIHEAP is intended to “assist low income households, particularly those with the lowest incomes that pay a high proportion of household income for home energy primarily in meeting their home energy needs.” (42 U.S.C. § 8621(a)). States are to target assistance to low income households with the lowest income and highest energy needs (i.e., those who pay a large percentage of their income on home energy) and households with populations vulnerable to extreme heat or cold. These are households with very young children, individuals with disabilities and/or frail elderly. The LIHEAP program focuses on ‘home energy’ which is defined as a source of heating or cooling in residential dwellings.

❖ Flexibility to the States

In order for a state to receive LIHEAP funds, each state must submit an application to the Secretary of Health and Human Services. All 50 states, the District of Columbia, numerous tribes and the territories participate in the LIHEAP program. In the majority of states, LIHEAP is administered by a state social services agency. In many of the states, the state agency contracts with local providers such as community action agencies to handle intake.

While states have a great deal of flexibility in designing their programs each year, the vast majority of states’ LIHEAP grants are used to provide bill payment assistance to eligible low income households to help with heating and cooling costs. LIHEAP benefits cover all forms of residential heating or cooling fuels. This covers a range of fuels from natural gas and electricity (for heating or cooling) to home heating oil, propane, kerosene and wood. Assistance is often in the form of a vendor payment or a two-party check, but in limited circumstances it can be provided as direct assistance to LIHEAP households (for example to a tenant whose heat is covered in the rent or a household that uses firewood).

States also have the flexibility to set their program’s eligibility criteria in the annual state LIHEAP plan. States must set income eligibility at or above 110% of the poverty level, and the maximum eligibility for LIHEAP is 150% of poverty or 60% of state median income.

Low-income households may also be eligible for LIHEAP through participation in the following programs: Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), Food Stamps (now called Supplemental Nutrition Assistance Program), and certain needs-tested veterans’ benefits.

❖ **Additional Components to LIHEAP:**

- **Crisis grants.** Each fiscal year, states must reserve a reasonable amount of their regular LIHEAP block grant until March 15 for individual crisis intervention grants. States have the discretion to define what constitutes a crisis for this component. Common definitions include an imminent shut-off, empty heating fuel tank, or broken furnace. The state crisis intervention funds must be made available to a household within 18 hours if the household is in a life-threatening situation and within 48 hours in other circumstances. The state crisis intervention component is different than the LIHEAP emergency contingency funds that are at the discretion of the President to release.
- **Weatherization or other home energy-related repairs.** States may use up to 15% of their annual LIHEAP block grant (or 25% with a waiver) for residential weatherization or other home-energy related repair. In 32 states, the same agency administers LIHEAP and the Department of Energy's low-income weatherization program.
- **Self-Sufficiency.** States can use up to 5% of their block grant to provide services to encourage and enable households to reduce their home energy needs through activities such as budget counseling, conservation education and assistance working out payment agreements with energy vendors.

LIHEAP emergency contingency fund

The LIHEAP emergency contingency fund is separately funded from the regular LIHEAP block grant. The President can release LIHEAP emergency contingency funds to help meet low income home energy needs arising from a natural disaster, a significant increase in the cost of home energy, or other emergency.

Funding

The main challenge for the LIHEAP program is securing adequate funding due to the growth in demand due to these challenging economic times. In FY 2010 and FY 2009, LIHEAP was funded at a total of \$5.1 billion. In FY 2010 the number of households receiving LIHEAP assistance reached record levels with close to 8.7 million households receiving assistance with an average grant of \$456, about enough to cover 47% of the cost of home heating. By FY 2012, LIHEAP funding was cut to \$3.5 billion and the President's budget request for LIHEAP in FY 2013 would further cut the program down to \$3 billion. This proposed program cut is estimated to eliminate a million families from the program from FY 2012 levels.

This issue brief was prepared by Olivia Wein, Staff Attorney, Washington Office, National Consumer Law Center, (202) 452-6252 x 103, owein@nclc.org.