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The Low-Income Home Energy Assistance Program: A Fact Sheet

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Summary

The Low-Income Home Energy Assistance program (LIHEAP), originally established in 1981 by Title XXVI of P.L. 97-35 and reauthorized several times, is a block grant program under which the federal government gives states, the District of Columbia, U.S. territories and commonwealths, and Indian tribal organizations (referred to as grantees) annual grants to operate multi-component home energy assistance programs for needy households.

The Labor/HHS/Education appropriations bill was signed into law (P.L. 105-78) on November 13, 1997. The LIHEAP appropriation was set at \$1 billion for FY1998, with a \$300 million contingency fund for weather emergencies. The law also included the conference agreement provision that the advanced LIHEAP appropriation for FY1999 be set at \$1.1 billion. The earlier Senate version of the appropriations bill had proposed \$1.2 billion in advance funding, as opposed to the House version's \$1 billion recommendation. The Senate and House bills (S.1061 and H.R. 2264) were already in agreement on FY1998 appropriation amounts. The LIHEAP appropriation for FY1997 was \$1 billion, with a contingency fund of \$420 million. President Clinton last released emergency LIHEAP funds (\$215 million) in January 1997, citing cold weather in certain areas and a nationwide price hike in fuel costs. The President's proposed FY1999 budget includes an appropriation request of \$1.1 billion for advanced LIHEAP funding obligated for FY2000. On June 23, 1998, the House Labor/HHS/Education Appropriations Subcommittee approved a measure which would rescind the \$1.1 billion in advance funding for LIHEAP in FY1999. The measure would restore \$1.1 billion for FY2000. The full committee is expected to vote in mid-July.

Federal Standards and Grantee Responsibilities. LIHEAP is a federally-funded block grant program that helps ease the energy cost burden of low-income individuals. Federal requirements are minimal and leave most important decisions to grantees. The federal government (the Department of Health and Human Services (DHHS)) is prohibited from dictating how grantees implement their "assurances" that they will comply with general federal guidelines.

Federal law limits eligibility to welfare recipients and households with incomes up to 150% of the federal poverty income guidelines, or, if higher, 60% of the state median income. No household with income below 110% of the poverty guidelines may be excluded based solely on income. Within these limits, grantees decide which welfare categories to include, what income limits to use, whether to impose other eligibility tests, and may grant priority to those with the greatest energy needs or cost burdens. Federal standards require grantees 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 aid programs. Federal rules also require outreach activities; coordination with the Department of Energy’s weatherization assistance program; annual audits and appropriate fiscal controls; and fair hearings for those aggrieved. Grantees decide the mix and dollar range of benefits, choose how benefits are provided and how to carry out program directives, decide what agencies will administer program components and make other administrative decisions.

Participation and Benefits. Nearly half of recipient households contain elderly or handicapped persons. An estimated two-thirds of winter crisis aid recipient households received both crisis and regular heating cost assistance. In FY1996, estimates indicate that 4.1 million households received regular heating cost assistance and 762,000 received winter crisis aid. With the overlap in crisis and regular aid, FY1996 estimates indicate that about 4.3 million households received aid with heating costs compared with 5.5 million in FY1995. Grantees estimated that 109,000 households received cooling aid, 31,000 received summer crisis aid, and another 59,000 received weatherization assistance. In FY1996, grantees reported average annual LIHEAP benefits ranging from \$54 to \$403 for heating assistance, from \$77 to \$623 for winter crisis aid, and from \$15 to \$145 for cooling assistance. The FY1996 national annual benefit for households receiving heating and/or winter crisis aid was estimated at \$180, a 9% decrease compared with FY1995. In FY1996, benefits accounted for 91% of LIHEAP spending, and 9% for administration. DHHS data indicate that less than 25% of eligible households receive LIHEAP benefits.

Funding. Each grantee receives a percentage share of the annual federal appropriation; percentage shares are set by a complex formula (taking into account heating costs, climate, and other factors), but unless funding rises dramatically state formula shares are based on those calculated for FY1982. Annual federal grants can be supplemented with: (1) funds from “oil price overcharge” settlements (money paid by oil companies to settle oil price control violation claims and distributed to states by the Energy Department), (2) state and local funds and special agreements with energy providers, (3) money carried over from the previous fiscal year (4) rarely used authority to transfer funds from other federal block grants, and (5) grants under an incentive program for grantees that successfully “leverage” nonfederal resources.

Authorization. P.L. 103-252 reauthorized the LIHEAP (through FY1999) and (1) made an appropriations authorization for a special fund of \$ 600 million a year in case of emergencies, (2) required that benefits and outreach activities be targeted on those with the greatest home energy needs (and costs), including households with young children, frail elderly, and disabled persons, (3) stipulated that appropriations for a given fiscal year be made in advance, in the previous year’s appropriations Act, (4) established a “Residential Energy Assistance Challenge” (REACH) grant program to help reduce recipients’ home energy costs, and made other changes.