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The Low-Income Home Energy Assistance Program: How are State Allotments Determined?

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Summary

The Low-Income Home Energy Assistance Program (LIHEAP) is a block grant program under which the federal government provides states annual grants to operate multi-component home energy assistance programs for needy households. The LIHEAP statute authorizes two types of grants, regular and emergency. When appropriations are \$1.975 billion or less, states receive the same share of funds they received in FY1984. When regular appropriations for a fiscal year exceed \$1.975 billion, state allocations are based on estimated home heating and cooling expenditures by low-income households (subject to a minimum). Emergency funds are released and distributed at the discretion of the President and the Secretary of Health and Human Services (HHS) in response to natural disasters or other emergencies. This report will be updated as necessary.

What is the Low-Income Home Energy Assistance Program? The Low-Income Home Energy Assistance Program 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 (all referred to as grantees) annual grants to operate multi-component home energy assistance programs for needy households.¹ Originally established in 1981 by Title XXVI of P.L. 97-35, the program has been reauthorized and amended several times, most recently in 1998, when P.L. 105-185 reauthorized LIHEAP through FY2004.

What Type of Grants Are Authorized under LIHEAP and How Are These Grants Determined? The LIHEAP statute provides for two types of program funding: *regular* block grant and *emergency*. Regular funds are allotted to states according to methods prescribed in the LIHEAP statute as amended by the Human Services Reauthorization Act (HRSA) of 1984 (P.L. 98-558). The amount of each state's regular

¹ For additional information on LIHEAP, see CRS Report 94-211, *The Low-Income Home Energy Assistance Program* by Melinda Gish.

allotment is determined after enactment of appropriation levels. Emergency funds, on the other hand, are released and allotted at the discretion of the President and the Secretary of HHS and can be done at any point in the fiscal year.²

How Are the Allotments of Regular LIHEAP Funding Determined? The method used to determine each state's allotment of regular LIHEAP funds depends on the size of the appropriations for that fiscal year.

If Regular Appropriations Are \$1.975 Billion or less For fiscal years in which the appropriation for regular LIHEAP funds is \$1.975 billion or less, as has been the case each fiscal year since FY1987, each state receives the same percentage of funds that it received in FY1984.³ The LIHEAP formula in FY1984 distributed funds by giving states the same share of funds that they received in FY1981 under the predecessor program to LIHEAP, the Low-Income Energy Assistance Program(LIEAP). Funds for LIEAP were distributed based on a state's share of home heating expenditures by low-income households using data collected from 1976 to 1980. The share of funds that each state receives when the regular appropriation is \$1.975 billion or less can be found in **Table 1**. State allotments for FY2001 made from regular appropriations, which were based on the FY1984 allotment percentages, can be found in **Table 2**.

If Regular Appropriations Are More than \$1.975 Billion For fiscal years in which the appropriation for regular LIHEAP funds is more than \$1.975 billion, funds are distributed, based on a state's share of home heating and cooling expenditures by low income households.⁴ Because the HRSA amendments to LIHEAP modified the basis for distributing funds by adding cooling expenditures and changing the method of estimating energy consumption by low-income households, Congress sought to ensure that no state would lose too great a share of its anticipated funding, by including a statutory floor or minimum grant amount. No state can receive less than the amount they would have received in FY1984 had appropriations been \$1.975 billion. The statutory floors for each state can be found in **Table 1**.

² Depending on how Congress appropriates these funds, emergency funding may not need to be released and distributed in the fiscal year for which it was appropriated. As of April 17, 2001, there are no remaining emergency funds.

³ FY1985 and FY1986 are the only 2 fiscal years for which appropriations have been greater than \$1.975 billion since the 1984 HRSA modification of the LIHEAP formula.

⁴ Section 2604(a)(2) of the LIHEAP statute, as amended by HRSA, specifies that a state's allotment percentage of LIHEAP funds in FY1985 and thereafter is "the percentage which expenditures for home energy by low-income households in that state bears to such expenditures in all states ..." In practice, this means both heating and cooling expenditures by low-income households. To estimate expenditures for each state, the formula multiplies fuel prices by the estimated amount of energy consumed by low-income households in each state. Energy price data (by fuel type and by state) come from projections made by the Energy Information Administration (EIA) in its State Energy Price and Expenditure Report (SEPER). Energy consumption (heating and cooling) by low-income households is estimated using data on household heating sources, weather data, residential energy consumption data and data on energy consumption by low-income households specifically. The decennial census long form supplies state-by-state information on the fuel types used for heat. Heating and cooling degree day weather data, which correlates to energy need, comes from the National Oceanic and Atmospheric Administration. The Energy Information Administration supplies residential energy consumption data for various fuel types.

The method for ensuring that each state receives its minimum depends on whether regular fund appropriations exceed \$2.25 billion. Generally, if by formula, a state's allotment would fall below its guaranteed minimum, its allotment is raised up to that amount by proportionately reducing the allotments of the states that, by formula, would receive allotments surpassing their floors, or minimums. When the LIHEAP regular appropriations is less than \$2.25 billion, all states above their statutory floor have their allotments proportionately reduced. However, the statute states that when appropriations are greater than or equal to \$2.25 billion, no state whose allotment percentage is less than 1% can have its allotment percentage reduced below the allotment percentage it would have received from a total appropriation of \$2.14 billion. In effect, the money needed to increase the allotments to states that fall below their statutory floor comes from states that receive more than 1% of available funds when appropriations exceed \$2.25 billion.

Table 1. LIHEAP: Allotment Percentages and Statutory Floors

State	Appropriations less than or equal to \$1.975 billion	Appropriations greater than \$1.975 billion	Appropriations greater than \$1.975 billion
	Allotment percentages ^a	Allotment percentages (subject to minimums) ^b	Minimum allotments (\$ in thousands) ^c
Alabama	0.86	1.68	16,943
Alaska	0.55	0.36	10,815
Arizona	0.42	1.25	8,194
Arkansas	0.66	1.21	12,928
California	4.61	6.00	90,895
Colorado	1.61	1.15	31,692
Connecticut	2.10	1.40	41,344
Delaware	0.28	0.37	5,488
District of Columbia	0.33	0.27	6,421
Florida	1.36	4.16	26,809
Georgia	1.08	2.68	21,197
Hawaii	0.11	0.12	2,135
Idaho	0.63	0.28	12,362
Illinois	5.81	5.30	114,432
Indiana	2.63	2.21	51,812
Iowa	1.86	1.22	36,720
Kansas	0.86	1.07	16,863
Kentucky	1.37	1.73	26,963
Louisiana	0.88	1.79	17,322
Maine	1.36	0.55	26,784
Maryland	1.61	2.26	31,656
Massachusetts	4.20	2.91	82,701
Michigan	5.51	4.82	108,643
Minnesota	3.97	1.68	78,271
Mississippi	0.74	1.87	14,526
Missouri	2.32	2.41	45,709
Montana	0.74	0.35	14,500
Nebraska	0.92	0.55	18,159
Nevada	0.20	0.51	3,848
New Hampshire	0.79	0.45	15,654
New Jersey	3.90	3.28	76,775
New Mexico	0.52	0.54	10,258
New York	12.72	8.68	250,683
North Carolina	1.90	3.14	37,359
North Dakota	0.80	0.21	15,751
Ohio	5.14	4.86	101,232
Oklahoma	0.79	1.31	15,574
Oregon	1.25	0.95	24,563

State	Appropriations less than or equal to \$1.975 billion	Appropriations greater than \$1.975 billion	Appropriations greater than \$1.975 billion
	Allotment percentages ^a	Allotment percentages (subject to minimums) ^b	Minimum allotments (\$ in thousands) ^c
Pennsylvania	6.84	5.15	134,653
Rhode Island	0.69	0.47	13,613
South Carolina	0.68	1.44	13,456
South Dakota	0.65	0.29	12,793
Tennessee	1.39	2.08	27,313
Texas	2.26	6.60	44,601
Utah	0.75	0.54	14,727
Vermont	0.60	0.23	11,733
Virginia	1.96	3.05	38,561
Washington	2.05	1.50	40,403
West Virginia	0.91	0.96	17,843
Wisconsin	3.58	1.93	70,456
Wyoming	0.30	0.18	5,897
Total	100%	100%	\$1,970,032

Source: Table prepared by the Congressional Research Service based on data from the Department of Health and Human Services.

^a These are the allotment percentages from FY1984. They do not change over time.

^b These allotment percentages change year to year as fuel price and low-income household data is updated.

^c These amounts reflect the minimum allotment each state can receive under LIHEAP statute, if appropriation of regular funds exceeds \$1.975 billion. The amounts reflect the amount they *would* have received in FY1984 had appropriations been \$1.975 billion. From the \$1.975 billion, \$2.296 million would have been used for administration and \$2.67 million set-aside for territorial programs. From FY1982 through FY1987, the LIHEAP appropriation included federal administration costs. State allotments are then calculated by multiplying the remaining \$1.97 billion by the FY1984 allotment percentages. Therefore, the sum of all state floors does not equal \$1.975 billion.

Table 2. LIHEAP: FY2001 Regular Fund State Allotments
(\$ in thousand)

State	FY2001 allotment	State	FY2001 allotment	State	FY2001 allotment
Alabama	11,786	Kentucky	18,755	North Dakota	10,957
Alaska	7,523	Louisiana	12,049	Ohio	70,417
Arizona	5,700	Maine	18,631	Oklahoma	10,833
Arkansas	8,993	Maryland	22,020	Oregon	17,086
California	63,226	Massachusetts	57,526	Pennsylvania	93,664
Colorado	22,045	Michigan	75,572	Rhode Island	9,469
Connecticut	28,758	Minnesota	54,445	South Carolina	9,360
Delaware	3,817	Mississippi	10,104	South Dakota	8,899
District of Columbia	4,466	Missouri	31,795	Tennessee	18,998
Florida	18,648	Montana	10,086	Texas	31,024
Georgia	14,744	Nebraska	12,631	Utah	10,244
Hawaii	1,485	Nevada	2,677	Vermont	8,161
Idaho	8,599	New Hampshire	10,889	Virginia	26,823
Illinois	79,598	New Jersey	53,404	Washington	28,104
Indiana	36,040	New Mexico	7,136	West Virginia	12,412
Iowa	25,542	New York	174,373	Wisconsin	49,008
Kansas	11,730	North Carolina	25,987	Wyoming	4,102

Source: Table prepared by the Congressional Research Service based on data from the Department of Health and Human Services.

What Are the Trends in Requested, Authorized and Appropriated LIHEAP Funding Levels? Table 3 shows LIHEAP administration requests, authorization levels, regular appropriations and emergency appropriations for FY1982-FY2001. For every fiscal year since FY1988, administration requests have been less than \$1.975 billion. Since FY1987, Congressional appropriations have not surpassed \$1.975 billion either. Therefore, states are allotted the same percentage of total funds that they received in FY1984.

Table 3. LIHEAP: Administration Requests, Authorizations and Regular Appropriations and Emergency Appropriations, FY1982-FY2001

(\$ in thousands)

Fiscal year	Administration request ^a	Authorization level	Regular appropriations	Emergency appropriations ^b
1982	1,400,000	1,875,000	1,875,000	-
1983	1,300,000	1,875,000	1,975,000	-
1984	1,300,000	1,875,000	2,075,000	-
1985	1,875,000	2,140,000	2,100,000	-
1986	2,097,765	2,275,000	2,010,000	-
1987	2,097,642	2,050,000	1,825,000	-
1988	1,237,000	2,132,000	1,531,840	-
1989	1,187,000	2,218,000	1,383,200	-
1990	1,100,000	2,307,000	1,442,950	50,000
1991	1,050,000	2,150,000	1,610,000	195,000
1992	1,025,000	2,230,000	1,500,000	-
1993	1,065,000	ssan*	1,346,030	-
1994	1,507,408	ssan*	1,437,408	298,000
1995	1,475,000	2,000,000	1,319,000	100,000
1996	1,319,204	2,000,000	900,000	180,000
1997	1,000,000	2,000,000	1,000,000	215,000
1998	1,000,000	2,000,000	1,000,000	160,000
1999	1,300,000	2,000,000	1,100,000	180,000
2000	1,400,000	ssan*	1,100,000	744,000
2001	1,400,000	ssan*	1,400,000	456,000
2002	1,400,000	2,000,000	- ^c	- ^d

Source: Table prepared by the Congressional Research Service based on data from the Department of Health and Human Services.

* Such sums as necessary.

^a The administration requests listed here are for regular appropriations only.

^b Depending on how Congress appropriated emergency funds, they may not have to be released and distributed in the fiscal year under which they are appropriated. Emergency fund appropriations do not alter the method for determining state allotments.

^c As of April 17, 2001, regular appropriations for FY2002 have not been made; however the Administration requested \$1.4 billion in its budget.

^d As of April 17, 2001, emergency appropriations for FY2002 have not been made; however the Administration requested \$300 million in its budget.

For What Purposes Does the LIHEAP Statute Authorize the Release of Emergency Funds? Emergency funds are authorized under Section 2602(e) of the LIHEAP statute. Specifically, the statute authorizes these funds for additional home energy assistance needs of one or more states arising from a natural disaster or other emergency. Section 2603(1) further defines the term emergency as: a natural disaster; a significant price increase; a significant supply shortage or disruption; a significant increase in participation in the Food Stamps program, Supplemental Security Insurance (SSI) program, or Temporary Assistance to Needy Families (TANF) program; a significant increase in unemployment or layoffs; a significant increase in the reported number of home energy disconnections; or any other event meeting such criteria as the Secretary determines appropriate.

Under Section 2604(e), the Secretary is authorized to allot emergency funds to one or more states. When making such allotments, the Secretary is required to take into account the extent to which a state was affected by natural disaster or other emergency, the availability of other resources to the state, and any other factors the Secretary deems appropriate. No later than 30 days after making an allotment and before releasing emergency funds, the Secretary is required to notify Congress that the allotment is being made. As of April 9, 2001, all emergency funds have been released and distributed.

To What Types of Emergencies Have Recent LIHEAP Emergency Fund Releases Responded? In fiscal years 1999-2001, LIHEAP emergency funds were released in response to a diverse range of natural disasters or other emergencies. On December 28, 2000, President Clinton released and distributed \$300 million in emergency LIHEAP funds in response to substantial increases in home heating fuel prices. On August 23, 2000, \$2.6 million was released and distributed to California in response to substantially higher electricity prices. On July 25, 2000, \$41.75 million was released to nine states. Most of this funding was directed to southern states suffering extreme heat waves. However, Alaska also received money to assist families in native Alaskan villages with buying heating oil for the upcoming winter. For the fourth year in a row a poor salmon run resulted in a lack of cash during summer months when lower-priced heating oil is purchased. During FY2000, over \$744 million were released to states in response to severe winter weather and increasing home heating fuel prices. In July 1999, \$100 million in emergency funds were released to 17 states experiencing extreme heat waves. In September 1999, \$20.3 million was released to North Carolina for flood relief.