

# CRS Report for Congress

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## The Low-Income Home Energy Assistance Program (LIHEAP)

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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 FY2001 Consolidated Appropriations Act (P.L. 106-554), includes a total of \$1.7 billion in FY2001 LIHEAP funding: \$1.4 billion in regular funding and \$300 million for weather emergencies. In his FY2002 proposed budget, President Bush requests the same level of funding for FY2002: \$1.4 billion in regular LIHEAP funding, and \$300 million in emergency funds.

In FY2000, LIHEAP received a total of \$2 billion in funding, \$600 million of which was supplemental emergency funding included in the FY2001 Military Construction Appropriation bill (P.L. 106-246). The \$600 million included in the supplemental appropriations bill was to be available until expended. On December 18 and 30, 2000, President Clinton released \$155.65 million and \$300 million, respectively, allocated to all states, marking the last portion of FY2000 supplemental funds and all of the emergency funds appropriated for FY2001. These funds were for states to assist low-income households facing significant price increases for heating oil, natural gas, and propane prices during the winter. This report provides background on LIHEAP and will be updated periodically.

**Recent Developments.** *On April 9, 2001, President Bush released his FY2002 budget, which includes a request for \$1.4 billion in regular LIHEAP funds, and \$300 million in emergency funds—the same amounts provided for FY2001. On March 15, 2001, the Senate passed the Bankruptcy Reform Act of 2001 (S. 420), which includes an amendment (S.Amdt. 28) which would increase the LIHEAP authorization to \$3.4 billion for each of FY2001-FY2005. The amendment would also allow states in FY2001 to extend eligibility for LIHEAP benefits to households with incomes up to 200% of poverty (rather than the current statute's 150% of poverty, or 60% of state median income).*

**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 (HHS)) 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 (DOE) weatherization 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 decide what agencies will administer program components.

**Participation and Benefits.** Preliminary estimates of the number of households that received various forms of LIHEAP assistance are available from HHS. Those estimates, based on data reported by the states, indicate that in FY1999, 3.4 million households received regular heating cost assistance and 748,000 received winter crisis aid. These data do not reflect an unduplicated count of households, but rather an estimated count of households that received each category of assistance. In addition to heating assistance provided by LIHEAP funds, cooling aid was provided to an estimated 480,000 households, summer crisis aid to 194,000 households, and weatherization assistance to 87,000.

The most recently released data regarding average LIHEAP benefit amounts indicate that the average heating/winter crisis benefit amount in FY1998 was \$213, approximately the same as the average for FY1997 (\$214). The average cooling/summer crisis benefit for FY1998 was \$248, an increase of 78% from FY1997. The percentage of federally eligible households assisted with LIHEAP benefits has declined from 36% in 1981 to 13% in FY1998.

**Funding.** The FY2001 Consolidated Appropriations Act (H.R. 4577, P.L. 106-554) includes a total of \$1.7 billion in FY2001 LIHEAP funding: \$1.4 billion in regular funds and \$300 million in emergency funding.

In its version of an FY2001 Labor/HHS/Education bill (H.R. 4577), the House had proposed \$1.1 billion, plus \$300 million in emergency funds, for LIHEAP in FY2001, and an advance appropriation of \$1.1 billion for LIHEAP in FY2002. The Senate bill (S. 2553), which was incorporated into H.R. 4577 as an amendment and passed by the Senate, includes the same funding amounts for FY2001 as those included in the House version but did not include an advance LIHEAP appropriation for FY2002.

The FY2000 Consolidated Appropriations Act (H.R. 3194/P.L. 106-113) provided \$1.1 billion, plus \$300 million in emergency funding for LIHEAP. It also included \$1.1

billion in advance funding for FY2001. These amounts were the same as those provided for FY1999 (P.L. 105-277). The FY2000 funding was designated as a “budget emergency” and therefore for budget “scoring” purposes was not counted against the federal budget caps.

Each grantee receives a percentage share of the annual federal LIHEAP appropriation. If the annual federal appropriation is below \$1.975 billion (which has been the case for regular LIHEAP funds since FY1987), states receive the same percentage share that they received in FY1984. The formula on which the FY1984 percentage shares were determined took into account data available at that time pertaining to: heating degree days squared, home heating expenditures, total residential energy expenditures, number of low-income households, and other factors. In the event the annual appropriation were to exceed \$1.975 billion, a different formula for calculating states’ percentage shares would go into effect.<sup>1</sup> Under either scenario, 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 DOE), (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” non-federal resources.

**Table 1** shows a history of LIHEAP funding, including Presidential requests, the authorization level, and the actual appropriated amount for each of FY1982-FY2002.

**Authorization.** P.L. 105-285 reauthorized LIHEAP at “such sums as may be necessary” for FY2000 and FY2001, and \$2 billion annually for FY2002-FY2004, with no major changes. Earlier reauthorizations made an appropriations *authorization* for a special fund of \$600 million a year in case of emergencies; required that benefits and outreach activities be targeted on those with the greatest home energy *needs* (and costs); stipulated that appropriations for a given fiscal year be made in the previous year’s appropriations Act; and established a “Residential Energy Assistance Challenge” (REACH) grant program to help reduce recipients’ home energy costs. The authorized level of LIHEAP funding is shown for FY1982-FY2001 in **Table 1**.

**Table 1. LIHEAP Funding Trends: FY1982-FY2002**

(\$ in thousands)

Fiscal year	Administration request	Authorization level	Appropriation
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

<sup>1</sup> For more information see CRS Report RS20893, *The Low-Income Home Energy Assistance Program: How are State Allotments Determined?*, by Craig W. Abbey.

Fiscal year	Administration request	Authorization level	Appropriation
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	1,443,000 <sup>a</sup>
1991	1,050,000	2,150,000	1,610,000
1992	1,025,000	2,230,000	1,500,000
1993	1,065,000	such sums as necessary	1,346,030
1994	1,507,408	such sums as necessary	1,737,408 <sup>b</sup>
1995	1,475,000	2,000,000	1,319,000
1996	1,319,204	2,000,000	900,000
1997	1,000,000	2,000,000	1,000,000
1998	1,000,000	2,000,000	1,300,000 <sup>b</sup>
1999	1,300,000	2,000,000	1,400,000 <sup>b</sup>
2000	1,400,000	such sums as necessary	2,000,000 <sup>c</sup>
2001	1,400,000	such sums as necessary	1,700,000 <sup>d</sup>
2002	1,400,000	such sums as necessary	

**Source:** Table prepared by CRS based on HHS Budget Justifications.

<sup>a</sup> Includes \$50 million in emergency funding.

<sup>b</sup> Includes \$300 million in emergency funding.

<sup>c</sup> Includes \$900 million in emergency funding. P.L. 106-113 provides \$300 million for emergency funding, while P.L. 106-246 provides an additional \$600 million in FY2000 supplemental funds.

<sup>d</sup> Includes \$300 million in emergency funding.

**Emergency Fund Releases.** The Consolidated Appropriations Act, 2001 (P.L. 106-554) provides \$300 million in FY2001 emergency funding for LIHEAP. On December 30, 2000, President Clinton released all of these emergency funds available for FY2001. As shown in **Table 2**, these funds were allotted to all states, with the northeast and midwest states receiving the greatest proportion of funds. Also shown in **Table 2** are the totals, by state, of FY2000 emergency funds released by President Clinton. As mentioned above, \$300 million in LIHEAP emergency funding was originally appropriated for FY2000. By mid-February of 2000, all of that amount had been released, at President Clinton's direction. He sent Congress an emergency supplemental request for \$600 million which would provide additional emergency funds for LIHEAP through the end of FY2000. On March 30, 2000, the House passed a FY2000 supplemental spending bill (H.R. 3908), which included President Clinton's requested \$600 million in additional LIHEAP emergency funding. However, following the House passage, Senate Majority Leader Lott pronounced the supplemental package as dead on arrival in the Senate. Senator Lott instead stated that he favored moving FY2000 supplemental funding as part of the regular FY2001 appropriations bills.

The FY2001 Military Construction Appropriation bill (H.R. 4425, P.L. 106-246) included \$600 million in FY2000 supplemental emergency funding for LIHEAP, which

would remain available until expended. The last portion of these funds was released by President Clinton on December 18, 2000.

The most recent releases of emergency funds have been allocated to all states, to assist low-income households facing significant increases for heating oil, natural gas, and propane prices this winter. Overall, allotments have been weighted for states with a greater percentage of households using fuel oil, natural gas, and propane for heating. However, on August 23, 2000, President Clinton released \$2.6 million in emergency LIHEAP funds to Southern California, for low-income households that had been facing substantially higher electricity rates. Likewise, most of the summer releases of FY2000 emergency funds targeted southern states, to help low-income families cool their homes during the extreme summer heat. Alaska, on the other hand, received emergency funding during the summer of 2000, which was used to assist families in native Alaskan villages with buying heating oil for the coming winter. For families dependent on salmon fishing for their livelihood, a poor salmon run (for the fourth year in a row) resulted in a lack of cash for buying heating oil for the winter months.

**Table 2** shows the total amount of FY2000 and FY2001 emergency funds that each state received. HHS was directed to release FY2000 emergency funds on eight different occasions. For example, on January 26, 2000, President Clinton released \$45 million to 11 states hit hardest by increases in home heating fuel prices, and experiencing severe winter weather. During February 2000, he authorized the release of the remainder of the \$300 million in emergency funds initially appropriated for FY2000. On February 10, 2000, \$130 million was released according to the following breakdown: \$85 million was allocated to all LIHEAP grantees under the normal block grant formula mentioned above, and the other \$45 million was allocated to 11 states that HHS determined to be most affected by increasing oil and propane prices. The following week, on February 16, 2000, the President released \$120 million in LIHEAP emergency funds, this time to 31 states that had a “price impact factor” of at least 5%. That factor equals the percentage price increase in heating oil and propane this year, over the same period last year, multiplied by the percent of low-income households using heating oil and propane.

**Table 2. LIHEAP Emergency Fund Allocations by State:  
FY2000 and FY2001**  
(\$ in thousands)

<b>State</b>	<b>FY2000 emergency funding</b>	<b>FY2001 emergency funding</b>
Alabama	\$ 12,177	\$ 2,429
Alaska	12,827	1,573
Arizona	2,249	1,047
Arkansas	5,107	1,867
California	31,998	13,786
Colorado	10,507	4,938
Connecticut	24,122	6,570
Delaware	3,968	844
District of Columbia	2,185	967
Florida	7,434	2,761
Georgia	12,648	3,127
Hawaii	421	178

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<b>State</b>	<b>FY2000 emergency funding</b>	<b>FY2001 emergency funding</b>
Idaho	3,198	1,439
Illinois	39,272	18,541
Indiana	17,085	8,019
Iowa	12,954	5,873
Kansas	5,786	2,732
Kentucky	8,281	3,559
Louisiana	9,529	2,466
Maine	25,162	4,007
Maryland	14,985	4,768
Massachusetts	50,944	13,057
Michigan	38,076	18,053
Minnesota	27,506	12,195
Mississippi	8,477	2,113
Missouri	15,104	6,885
Montana	4,259	2,049
Nebraska	6,255	2,923
Nevada	1,069	488
New Hampshire	13,578	2,407
New Jersey	49,027	12,678
New Mexico	3,340	1,598
New York	149,784	41,136
North Carolina	17,889	4,969
North Dakota	5,130	2,275
Ohio	33,770	15,878
Oklahoma	4,976	2,378
Oregon	5,921	2,631
Pennsylvania	72,760	21,399
Rhode Island	10,181	2,248
South Carolina	7,460	1,804
South Dakota	4,706	1,914
Tennessee	7,841	3,152
Texas	19,560	6,302
Utah	4,967	2,356
Vermont	7,079	1,743
Virginia	17,136	5,049
Washington	9,361	4,160
West Virginia	5,331	2,447
Wisconsin	24,462	11,124
Wyoming	1,910	894
Territories	492	203
<b>Total</b>	<b>899,999</b>	<b>300,000</b>

**Source:** Table prepared by Congressional Research Service (CRS) based on data released by the Department of Health and Human Services (HHS). Totals may not add due to rounding.