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The Low-Income Home Energy Assistance Program (LIHEAP): Program and Funding

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The Low-Income Home Energy Assistance Program (LIHEAP): Program and Funding

Summary

The Low-Income Home Energy Assistance program (LIHEAP), established in 1981 (P.L. 97-35), is a block grant program under which the federal government gives states and other jurisdictions annual grants to operate home energy assistance programs for low-income households. Funding authorization for LIHEAP expired with FY2004. However, for FY2005 Congress appropriated \$2.182 billion for LIHEAP, of which \$1.885 billion was regular funds (allotted to all states) and \$298 million was contingency funds (allotted to one or more states, at the Administration's discretion, and based on emergency need). The President's FY2006 budget request includes \$2 billion for LIHEAP — \$1.800 billion for regular funds and \$200 million for contingency funds. On June 24, 2005, the House passed legislation (H.R. 3010) that would provide \$2.007 billion in regular LIHEAP funds; it does not provide contingency funds. The Senate Appropriations Committee has approved FY2006 LIHEAP funding of \$2.183 billion, of which \$1.883 billion would be for regular funds and \$300 million would be for emergency contingency (S.Rept. 109-103).

As of mid-July 2005, the Administration has released \$250 million of the FY2005 emergency contingency funds; a total of \$48 million in these funds remain available until expended. The emergency contingency funds were released in late December 2004 (\$100 million), late January 2005 (\$100 million), and early March 2005 (\$50 million) in recognition of high home energy prices, particularly for heating oil and propane. Each of the distributions was made to all states, with half of the money distributed based on the formula used to distribute regular LIHEAP funds and half distributed using that same formula but weighted to increase funding to states where more low-income households use heating oil or propane.

On April 21, 2005, the House passed the Energy Policy Act of 2005 (H.R. 6). The bill would authorize annual regular LIHEAP funding of \$5.1 billion for FY2005 through FY2007; explicitly permit the purchase of renewable fuels, including biomass, as part of providing home energy assistance; require the Department of Health and Human Services (HHS) to report to Congress on how LIHEAP "could be used more effectively to prevent loss of life from extreme temperatures;" and permit some of the money received by the federal treasury in return for oil drilling in the Arctic National Wildlife Refuge (ANWR) to be appropriated for LIHEAP. On June 28, 2005, the Senate passed its own version of this omnibus energy legislation and did not include any of the House provisions related to LIHEAP. Legislation to reauthorize LIHEAP was passed by both the House and Senate in the 108th Congress but was not enacted. (See **Table 5**.)

In FY2002, most recent HHS data available, some 4.4 million households received LIHEAP heating/winter crisis assistance, compared with an estimated 4.8 million households in FY2001. The average combined Some 570,000 households received cooling aid in FY2002, more than double the number of households that received this aid in FY2001. However, the average value of the cooling aid benefit declined from \$219 in FY2001 to \$136 in FY2002. This report will be updated as legislative or program activities warrant.

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The Low-Income Home Energy Assistance Program (LIHEAP): Program and Funding

Introduction

The Low-Income Home Energy Assistance program (LIHEAP), established in 1981 by Title XXVI of P.L. 97-35 is a block grant program under which the federal government gives states, territories, and tribes annual grants to operate home energy assistance programs for low-income households. Funding authorization for LIHEAP expired with FY2004; however, Congress appropriated \$2.182 billion for the program in FY2005, and the House Appropriations committee has proposed \$1.985 billion for the program in FY2006.

In FY2002, the most current year for which data could be obtained from the U.S. Department of Health and Human Services (HHS), an estimated 4.4 million households received help meeting heating costs (i.e. heating assistance and/or winter/year-round crisis assistance). Also in FY2002 more than 570,000 households received cooling assistance, and close to 108,000 received summer crisis aid. The amount of overlap between households that received cooling aid and summer crisis aid is not known; thus an estimated number of households that received aid related to cooling (comparable to those receiving aid with heating costs) is not available. Finally, more than 93,000 households received weatherization assistance through LIHEAP in FY2002.¹

Recent Developments

Funding authorization for LIHEAP expired with FY2004, but Congress appropriated \$2.182 billion (\$1.885 billion for regular funds and \$298 million — designated as emergency funds — for contingency purposes) for the program in FY2005, and both the House and Senate Appropriations Committees have included LIHEAP funding in pending FY2006 legislation.

Proposed FY2006 LIHEAP Funding. The House (H.R. 3010), Senate Appropriations Committee (S.Rept. 109-103), and President (FY2006 budget) have each proposed a different funding level for LIHEAP in FY2006; each would also make these funds available in different ways. The President seeks a total of \$2.0 billion for LIHEAP in FY2006, of which \$1.800 billion was requested for regular

¹ U.S. Department of Health and Human Services, *Low Income Home Energy Assistance Program: Report to Congress for FY2002*, p. 18. (Hereafter referred to as *LIHEAP Report to Congress for FY2002*.)

funds (allotted through formula to each state) and out of which \$500,000 would be reserved for a “feasibility study” to “identify options for a thorough and objective evaluation” of the program.² The remaining \$200 million was requested for contingency purposes (distributed to one or more states on the basis of emergency need, as determined by the Administration).

The House Appropriations Committee (H.Rept. 109-88) recommended \$1.985 billion in LIHEAP funding. However, this proposal was amended on the House floor to add \$22 million (H.R. 3010), and this brought the House-approved FY2006 LIHEAP funding level to \$2.007 billion; as had been recommended by the House Appropriations Committee, all of these funds would be made available for state formula grants (regular funds). The House-passed *regular* funding level would apparently exceed the “hold harmless” level of \$1.975 billion, which is included in current statute and would appear to trigger use of a different formula to distribute these funds to the states.³ That formula has sometimes been called the “new” formula and is described as the “Tier II” formula in the section below, *Funds and Their Distribution*.

The Senate Appropriations Committee (S.Rept. 109-103) recommends a total of \$2.183 billion in LIHEAP funds. Of this amount, \$1.883 billion would be for regular funds (formula grants to the states) and out of which \$500,000 would be made available for the program evaluation feasibility study (as requested by the President) and \$27.5 million are to be set-aside for Leveraging Incentive grants. The remaining \$300 million, “designated as an emergency requirement,” would be available for contingency purposes. As of July 18, the full Senate has not yet acted on this committee recommendation. In March, the Senate rejected (by voice vote) an amendment to the Budget Resolution (S.Con.Res. 18) that was brought by Senator Pryor (S.Amdt. 213) and that sought to provide for an increase of \$1.2 billion in LIHEAP funding for FY2006.

Table 1 shows the final FY2005 funding for LIHEAP as well as the funding proposed for FY2006 by purpose.

² The U.S. Department of Health and Human Services, Administration for Children and Families (ACF) *Justification of Estimates for Appropriations Committees, FY2006*, p. b16-B-18) also appears to assume that \$27.5 million of these regular funds will be set aside for Leveraging Incentive and REACH Option grants. Although the statute (42 U.S.C. 8621(d)) provides a separate authorization for Leveraging Incentive funds, Congress has not used this authority to appropriate funds. Instead, as instructed by Congress (typically in the Conference Report), HHS has set-aside leveraging money from the regular funds appropriation and, as permitted in the statute out of this set-aside it has reserved 25% for REACH grants (42 U.S.C. 8626b (b)- authority for FY1996-FY1999).

³ The statute provides that states may not receive less than the funding amount they would have received in FY1984 had the regular fund appropriation in that year been \$1.975 billion. Because Congress typically apportions some of the regular fund grants appropriated for purposes other than regular fund distribution (e.g., leveraging incentive and REACH grants), it is not clear how HHS might interpret the hold harmless level. For more on this issue see discussion of the “Tier II” formula below

**Table 1. Final FY2005 and
Proposed FY2006 LIHEAP Funding**

	Regular		Contingency ^a	TOTAL
	State formula grants	Set-asides (\$300,000 for technical assistance which is permanently authorized in the statute)		
Final FY2005 appropriation	\$1.885 billion	— \$27.5 million - leveraging incentive (authorized by Conference report language)	\$298 million	\$2.182 billion
President's Request	\$1.800 billion	— \$500,000 - feasibility study (requested in budget) — \$27.5 million - leveraging incentive (this past practice is assumed in Administration budget documents)	\$200 million	\$2.000 billion
House (H.R. 3010, as passed June 24, 2005)	\$2.007 billion	None	\$0	\$2.007 billion
Senate Appropriations Committee (S. Rept. 109-103)	\$1.883 billion	— \$500,000 - feasibility study (recommended in committee report) — \$27.5 million - leveraging incentive (recommended in committee report)	\$300 million	\$2.183 billion

Source: Congressional Research Service based on H.R. 3010 (as passed by the House), H.Rept. 109-88, S.Rept. 109-103 and U.S. Department of Health and Human Services (HHS), Administration for Children and Families (ACF) *FY2006 Justification of Estimates for Appropriations Committees*.

- a. Contingency funds appropriated in FY2005 received the formal budget designation of “emergency” funds. For FY2006 only the Senate recommends this formal designation for \$300 million of its total funding. Through mid-July 2005, the Administration had released all but about \$50 million of the FY2005 appropriated contingency funds. These undistributed funds, as specified by P.L. 108-447, are to remain available “until expended.”

Energy Legislation and LIHEAP. On April 21, 2005, the House passed omnibus energy legislation (H.R. 6) that would reauthorize LIHEAP funding and that also includes additional provisions related to the program.⁴ Comparable energy legislation passed in the Senate on June 28, 2005, but does not include any LIHEAP-specific provisions.

⁴ For broader information on this omnibus energy legislation, see CRS Issue Brief IB10143, *Energy Policy: Comprehensive Energy Legislation (H.R. 6) in the 109th Congress*, by Robert Bamberger and Carl Behrens.

With regard to LIHEAP, the House Energy bill (H.R. 6) would

- set the regular funds authorization level for the program at \$5.1 billion in each of FY2005-FY2007 (LIHEAP regular funding authorization was set at \$2.0 billion for FY2004 but is currently expired.);
- permit money received by the federal treasury as bonus payments for the right to drill in the Arctic National Wildlife Refuge to be appropriated for LIHEAP (in addition to amounts otherwise available for the program);
- authorize state energy assistance offices, or those they contract with to provide LIHEAP assistance, to purchase renewable fuels as part of providing this aid ;
- require the Department of Energy to report to Congress on the use of renewable fuels in providing aid under LIHEAP; and
- require HHS (within one year of the bill’s enactment) to report to Congress on how LIHEAP “could be more effectively used to prevent loss of life from extreme temperatures.”

Some of these provisions were included in the version of H.R. 6 that passed the House in the 108th Congress (see **Table 4**). However the current legislation would authorize a higher level of LIHEAP funding than would have been permitted in the previous version of the bill. It also newly permits the purchase of renewable fuels by providers of LIHEAP aid and requires a report on LIHEAP and the use of renewable fuels.

Other LIHEAP legislation in the 109th Congress. No legislation to reauthorize LIHEAP had been introduced in the Senate as of July 18. In the 108th Congress, the 2003 omnibus energy bill passed by the Senate included reauthorization of LIHEAP and the Senate Health, Education, Labor and Pensions Committee, which has exercised jurisdiction over this program in past years, reported LIHEAP reauthorization language that was also passed by the Senate (S. 1786, 108th Congress).(See **Table 4** for a description of the LIHEAP provisions in those bills.) While the Senate did not choose to include LIHEAP in its 2005 energy legislation, the Senate HELP committee may choose to act on LIHEAP again.

Two bills introduced in the House propose to amend certain aspects of LIHEAP. H.R. 1210, introduced by Representative Weiner seeks to expand access to the program for seniors by raising the maximum federal income eligibility limit to 100% of the state median income — provided that at least 50% of that household’s income was attributable to an individual aged 65 or older. (Current law sets the maximum federal income eligibility for households at 65% of the state median income, or 150% of the federal poverty level, whichever is greater.) H.R. 108, introduced by Representative Gene Green, would mandate that no more than 50% of the funding provided under LIHEAP could be made available for heating purposes.

Release of Contingency Funds. On three occasions, late December 2004, late January 2005, and early March 2005, the Administration released FY2005 contingency funds. A total of \$250 million was distributed to all states in response to higher home energy costs, especially for heating oil and propane. The first two distributions totaled \$100 million each, and the third totaled \$50 million. In each case, half of the contingency amount was distributed to the states based on the same formula used to distribute regular LIHEAP funds, and the remaining half was distributed based primarily on that formula but with certain adjustments made to ensure that extra funds would be received by states with the greatest share of low-income households using heating oil or propane. As of mid-July 2005, approximately \$48 million is remaining from the FY2005 contingency appropriation. P.L. 108-447 provides that these funds are “available until expended.”

Table 2 shows recent federal funding levels for LIHEAP, including the amount of contingency funds released and the number of states receiving those contingency funds.

Table 2. Recent LIHEAP Funding

(Dollars in millions; sums may not equal totals due to rounding)

Fiscal year	Funds appropriated		Contingency funds distributed ^a			Total funds distributed ^b	
	Regular	Contingency ^a	To all states	To some states	Subtotal	Subtotal (to all states)	TOTAL
2002	1,700	300	0	100	100	1,700	1,800
2003	1,788	0	200	0	200	1,988	1,988
2004	1,789	99	40	59	99	1,829	1,889
2005	1,885	298	250	0	250	2,135 ^c	2,135 ^c

Source: Tables prepared by the Congressional Research Service (CRS).

- a. The amount of contingency funds appropriated in a fiscal year may differ from the amount of contingency funds that are released in that fiscal year for two reasons. First, the LIHEAP statute gives the Administration discretion to release (or not release) any of available contingency funding. Further these funds, as directed by the Congress in its appropriations language, may be available for release in one or more years.
- b. Regular funds, all of which are shown in both of the Total Funds Distributed columns, include all regular funding distributed by formula to the states, the tribes, and the District of Columbia, as well as set-asides for the territories, leveraging incentive grants, REACH grants, and technical assistance (total set-asides approximately \$30 million). The “Subtotal to all states” column includes all regular funds plus any contingency funds that were distributed to all states; the “Total” column includes all regular funds plus any contingency funds that were distributed to one or more states.
- c. This amount includes total contingency funds released as of mid-July 2005 and total regular funds appropriated for FY2005. Regular LIHEAP funds are made available to states on a quarterly basis (October, January, April, and July). However, states may specify what percent of their total allotment they wish to receive at each allotment and many states receive all, or the great majority of their LIHEAP funds in the first two quarterly disbursements.

Program Rules and Benefits

Federal LIHEAP requirements are minimal and leave most important program decisions to the states, the District of Columbia, the territories, and Indian tribes and tribal organizations (collectively referred to as grantees) who receive federal funds. The federal government (HHS) may not dictate how grantees implement “assurances” that they will comply with general federal guidelines.

Federal Eligibility Standards and Grantee Responsibility. Federal law limits eligibility to households with incomes up to 150% of the federal poverty income guidelines (or, if greater, 60% of the state median income). States may adopt lower income limits, but no household with income below 110% of the poverty guidelines may be considered ineligible. States may separately choose to make eligible for LIHEAP assistance any household of which at least one member is a recipient of Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), Food Stamps, or certain needs-tested veteran’s programs.

Within these limits, grantees decide which, if any, assistance categories to include, what income limits to use, and whether to impose *other* eligibility tests. The statute gives priority for aid to households with the greatest energy needs or cost burdens, especially those that include disabled individuals, frail older individuals, or young children. 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 decide what agencies will administer the program.⁵

Kinds of Energy Assistance Available. Funds are available for four types of energy assistance to eligible households:

- help paying heating or cooling bills;
- low-cost weatherization projects (e.g., window replacement or other home-energy related repair; limited to 15% of allotment unless grantee has waiver for up to 25%);
- services to reduce need for energy assistance (e.g., needs assessment, counseling on how to reduce energy consumption; limited to 5% of allotment); and
- help with energy-related emergencies (winter or summer crisis aid).

Use of Funds. The majority of LIHEAP funding is used to offset home heating costs. In FY2002 approximately 68% of all LIHEAP funds were used to provide heating assistance or crisis aid related primarily to heating needs; all states

⁵ Information regarding state LIHEAP program characteristics and contacts is available at [<http://www.ncat.org/liheap/sp.htm>].

(including the District of Columbia) provided some heating assistance, and nearly all also offered crisis aid related to heating needs. In that same year, more than 4% of funds were used for cooling/summer crisis aid; just 19 states offered cooling assistance and only six offered summer crisis aid. Also in FY2002 11% of total LIHEAP funds were used for weatherization services (provided by 44 states); 8% of available funds were used for administration and planning purposes (51 states), and 1% of the FY2002 funds were used to offer services to reduce the need for energy assistance (provided by 23 states).⁶

Households Served. Since the LIHEAP program began in the early 1980s, both the percentage of eligible households served and absolute number of households receiving heating/winter crisis assistance have generally declined. However, in FY2001 both figures increased somewhat before dropping again in FY2002. (See **Table 3** below.) In FY2002, the number of households receiving cooling aid appears to have risen well above the half-million mark for the first time in program history.

States reported that in FY2002 (the most recent year for which preliminary HHS-compiled data are available) approximately 4.1 million households received assistance with heating payments; 570,000 received cooling aid; 999,000 received winter/year-round crisis aid; 108,000 received summer crisis aid; and 93,000 received weatherization assistance. As many households may receive more than one kind of LIHEAP assistance, a total, unduplicated number of households assisted is not available. However, these data are used to estimate that some 4.4 million households received heating assistance or heat-related crisis aid in FY2002.⁷ These households represent about 14% of all federally (income) eligible households. States have some discretion to set income eligibility levels below the maximum federal income eligibility standard, however, and many states do this. Thus the national share of *state-income-eligible* households receiving heating/winter crisis aid in FY2002 was approximately 21%.⁸

The Census Bureau's 2002 Annual Social and Economic Supplement indicates that among all households receiving LIHEAP heating assistance about 37% had at least one member 60 years of age or older; about 50% had at least one disabled member; and some 21% included at least one child five years of age or younger. These same census data showed that a minority of households receiving LIHEAP heating assistance also received other kinds of federal aid: an estimated 11% received TANF; 28% received SSI; and 27% lived in rent-subsidized or public housing.⁹

Benefit Levels. The constant dollar value of LIHEAP heating/winter crisis benefits declined from the program's beginning through FY2000. In FY2001 it peaked sharply, before declining again in FY2002. In FY2002 the average household

⁶ Based on state-reported total LIHEAP expenditures for FY2002 (including federal and any supplemental non-federal funding) of \$1.923 billion. *LIHEAP Report to Congress for FY2002*, p. 14.

⁷ *Ibid.*, p. 18.

⁸ *Ibid.*, p. 19.

⁹ *Ibid.*, pp. 19-21.

LIHEAP heating/winter crisis benefit was \$291 (compared to \$364 in FY2001 and \$270 in FY2000). (See **Table 3**.) The average cooling benefit, which is available to a more limited number of households in far fewer states, has largely risen, except in FY2002, when it fell sharply. In FY2002 the average cooling aid benefit was \$136 compared to \$219 in FY2001 and \$228 in FY2000.¹⁰

Table 3. LIHEAP Heating/Winter Crisis Aid, Selected Years

	Fiscal year								
	1983	1990	1993	1997	1998	1999	2000	2001	2002
Households									
Number receiving aid (in millions)	6.8	5.8	5.6	4.3	3.9	3.6	3.9	4.8	4.4
Number federally eligible (in millions)	22.2	25.4	28.4	29.0	29.1	29.0	29.4	30.4	32.7
Federally eligible and receiving aid	31%	23%	20%	15%	13%	12%	13%	16%	14%
Benefit Levels									
Average benefit (nominal dollars)	\$225	\$209	\$201	\$213	\$213	\$237	\$270	\$364	\$291
Average benefit (constant 1981 dollars) ^a	\$209	\$147	\$129	\$118	\$117	\$128	\$140	\$187	\$147
Costs Offset									
Portion of winter heating bill covered by LIHEAP (for all federally eligible households) ^b	18%	15%	11%	9%	9%	9%	11%	14%	NA ^c
Portion of household income required for home heating (for LIHEAP-recipient households)	<i>Before receiving LIHEAP benefit</i>								
	8.3%	4.5%	4.7%	4.0%	3.4%	3.3%	3.3%	4.7%	NA ^c
	<i>After receiving LIHEAP benefit</i>								
	2.6%	2.0%	2.4%	1.9%	1.3%	1.1%	1.0%	1.7%	NA ^c

Source: Table compiled by Congressional Research Service (CRS) based on information provided by or included in the U.S. Department of Health and Human Services, Administration for Children and Families, Office of Community Services, Division of Energy Assistance, *LIHEAP Home Energy Assistance Notebooks* for FY1998, FY2000, FY2001, and FY2002.

- The constant dollars are based on the 1981 value of the benefit (using the CPI-U index).
- These percentages represent the estimated portion of combined home heating costs for all households federally eligible for LIHEAP that was offset by LIHEAP heating/winter crisis assistance.
- FY2002 data on these trends are not available from the *LIHEAP Home Energy Assistance Notebook for FY2002*.

¹⁰ *Ibid.*, pp. 20-21. A combined average cooling/summer crisis benefit level is not yet available for FY2002. However, for FY2001 this average benefit amount was \$211, and for FY2000 it was \$206. In constant (1981 dollars) the average cooling/summer crisis benefit was worth \$57 in FY1983 and \$107 in both FY2000 and FY2001.

Although LIHEAP benefits now cover a smaller portion of home heating bills than in earlier years, the portion of household income required for home heating by LIHEAP-recipient households is less than when the program began, and LIHEAP recipient households now spend less of their income on heating needs than they did when the program began. After taking into account their LIHEAP benefit, LIHEAP-recipient households spent an average of 1.7% of their total income for heating in FY2001 compared to 1.0% in FY2000 and 2.6% in FY1983. (See **Table 3.**)

Apart from federal funding levels, a variety of factors help determine to what extent LIHEAP is able to meet its stated goal of assisting low-income households in meeting their home energy needs.¹¹ These include —

- the cost of energy for a given household (influenced by energy price fluctuations and variation in kinds of fuels used);
- the amount of energy consumed (influenced by severity of the weather, energy efficiency of housing, and expected standards of comfort); and
- the number of eligible households (influenced by population size and health of the economy).

Funds and Their Distribution

The LIHEAP statute authorizes regular funds appropriations, which are allocated to all states based on a statutory formula, and contingency fund appropriations, which are allocated to one or more states at the discretion of the Administration. It also authorizes a smaller amount of funds for incentive grants to states who leverage non-federal resources for their energy assistance programs and it allows states to draw on certain other resources.

Regular Funds. Regular funds are distributed to states according to a three-tier formula included in the LIHEAP statute and based on the level of funds appropriated in a given fiscal year.¹² Although provision of cooling assistance has been authorized from the beginning of LIHEAP (initially only when medically necessary), the original method for distributing regular funds was largely based on home *heating* needs of low-income households. The statute also did not provide for the use of updated population, home heating need, or other data.

In 1984 (P.L. 98-558) Congress enacted a new distribution formula that requires taking into account the home energy needs of low-income households — whether heating or cooling related — and also provides that the data used for calculating the distribution should be the most recent available. However, in order for these new

¹¹ See also CRS Report RS20761, *LIHEAP and Residential Energy Costs*, by Bernard Gelb.

¹² States are defined to include the District of Columbia. Indian tribes receive funds out of state allotments that are proportionate to their share of LIHEAP-eligible households in the state. Before state allotments are made, the statute provides that at least one-tenth (but not more than one-half) of 1% of the total appropriation must be set-aside for energy assistance in American Samoa, Guam, the Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands.

measures to be used, Congress also stipulated that — for FY1986 and succeeding years — no state could receive less money than it would have received in FY1984 (had the LIHEAP funding in that year been \$1.975 billion). Funding levels for LIHEAP have only twice exceeded this level, and thus the original distribution formula has been used in every year beginning with FY1987.

Should a higher funding level bring the new distribution formula into effect, the use of current data, particularly updated population numbers, as well as the much increased weight given to cooling needs, would significantly alter the share of LIHEAP funds that states receive. At the same time, should funding increase to certain specified amounts, the three-tier formula now written in law includes provisions designed to maintain an absolute dollar as well as percentage share (or rate) amount of funding that a state could expect to receive. These stipulations are referred to as “hold-harmless” provisions.¹³ The three-tier current law formula is described in more detail below.

Tier I. For funding levels at or below \$1.975 billion states receive a fixed share of the total funds (or a rate) that was first used in FY1981.¹⁴ This Tier I rate has been used to distribute regular LIHEAP funds in every program year except FY1985 and FY1986. It was created using formula factors that resulted in greater proportionate funding for cold-weather states with the highest number of low-income households.

Tier II. For appropriations above \$1.975 billion and up to \$2.25 billion a Tier II rate applies.¹⁵ This distribution rate is based on the most current available data regarding home energy expenditures (heating and cooling) of low-income households. However, under this new distribution rate no state may receive less *funding* than it would have under the Tier I distribution rate *as it was in effect for FY1984* (and assuming a \$1.975 billion appropriation). To ensure this “hold-harmless” provision can be met, those states with the greatest increase in their funding rate must have that percentage share of funds ratably reduced. The Tier II distribution effectively ensures that, given the required increase in LIHEAP funding, a state cannot receive less than a state-specific absolute dollar amount.

¹³ For more information on the formula and the percentage share of funds a state would receive at various levels of funding, see CRS Report RS21605, *Low-Income Home Energy Assistance Program (LIHEAP): Estimated Allocation Rates*, by Julie Whittaker.

¹⁴ Current law provides that when the newer formula is used, a state cannot receive less money than it would have received in FY1984 at a \$1.975 billion funding level. Since this language was enacted, Congress further provided that HHS could use regular LIHEAP funds appropriations for Training and Technical Assistance (P.L. 99-425), and it also authorized Leveraging Incentive Grants (P.L. 101-501) and the REACH option (P.L. 103-252) — both of which it generally funds out of regular LIHEAP funds. These debits on the regular funds account were not in place for FY1984. Because they affect the level of regular funds available for state grant allotments by a little more than \$25 million *it is possible* but not certain that HHS would not implement the newer formula before a regular funds appropriation level reaches just above \$2 billion.

¹⁵ See immediately previous footnote.

Tier III. For funding levels at or above \$2.25 billion, a Tier III rate is applied. The Tier III rate uses the Tier II methodology to distribute funds but adds a second hold-harmless requirement. States that would receive less than 1% of a \$2.25 billion appropriation must be allocated funds using the rate they would have experienced at a hypothetical \$2.14 billion appropriation (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 less funds than the state received under the Tier I distribution as it was in effect in FY1984 (had the appropriation level been \$1.975 billion). The Tier III distribution, however, effectively ensures that (given the required increase in LIHEAP funding) state LIHEAP programs must receive a state-specific minimum share (or rate) of the total funding. (See **Table 4** below.)

Table 4. Level of Funds Appropriated and Resulting Distribution Factors for LIHEAP Regular Funds

Funds appropriated	Statutory directive	Data used	Hold harmless
<i>Tier I</i> \$1.975 billion or less	P.L. 97-35 created LIHEAP and effectively directed that funds be distributed as they had been in FY1981 for a predecessor energy assistance program.	Heating degree days (squared), residential energy expenditures, home heating expenditures, and number of low-income households. (These data are not updated and remain fixed at the values that were current circa 1980.)	Not applicable.
<i>Tier II</i> more than \$1.975 billion but less than \$2.25 billion	At this funding level, P.L. 98-558 amended the LIHEAP statute to provide that state allotments be determined according to “expenditures for home energy by low-income households” and based on the “most recent satisfactory data” available to HHS.	Heating degree days, cooling degree days, heating expenditures, cooling expenditures, type of energy used, cost of energy, number of low-income households and the method of heating or cooling used by low-income households. (Data used are to be current.)	States with greatest proportionate increase in their rate of funding must have their share of funding (or rate) reduced to ensure that no state receives less money than it would have received for FY1984 (if the appropriation that year had been \$1.975 billion).
<i>Tier III</i> \$2.25 billion or more	Same as for Tier II.	Same as for Tier II.	Same as for Tier II; in addition, any state that would receive less than 1% of a total \$2.25 billion appropriation must be allocated funds at the rate it would have received at a \$2.14 billion appropriation (if this rate is greater than it would be at \$2.25 billion).

Source: Table prepared by the Congressional Research Service.

Contingency Funds. The statute currently provides an annual authorization of \$600 million for LIHEAP contingency funds. Appropriated contingency funds may only be released at the discretion of HHS and may be allocated to one or more states based on their needs. The statute authorizes appropriation of contingency funds “to meet the additional home energy assistance needs of one or more States arising from a natural disaster or other emergency.” The term “emergency” is defined in the LIHEAP statute to include a natural disaster; a significant home energy supply shortage or disruption; significant increases in the cost of home energy, home energy disconnections, participation in public benefit programs, or unemployment; or an “event meeting such criteria as the [HHS] Secretary may determine to be appropriate.”

Leveraging Incentive and REACH Funds. In 1990, P.L. 101-501, amended the program statute to provide a separate funding authorization of \$50 million (\$30 million if regular funds appropriated are under \$1.4 billion) for incentive grants to states that leverage non-federal resources for their LIHEAP programs. Such resources might include negotiated lower energy rates for low-income households or separate state funds. States are awarded incentive funds in a given fiscal year based on a formula that takes into account their previous fiscal year success in securing non-federal resources for their energy assistance program. In 1994 (P.L. 103-252) the statute was further amended to provide that of any incentive funds appropriated, up to 25% may be set aside for the Residential Energy Assistance Challenge Option (REACH). Under the REACH option states may be awarded competitive grants for their efforts to increase efficiency of energy usage among low-income families and to reduce those families’ vulnerability to homelessness and other health and safety risks due to high energy costs. Although the funding authorization for Leveraging Incentive and REACH grants is separate, in practice, Congress has funded these initiatives at \$22 million to \$30 million with dollars set-aside out of annual regular fund appropriations.

Other Funds. States are allowed to carry over unused funds from a previous fiscal year (limited to 10% of funds awarded a state). A diminishing amount of money may also be available from previously settled claims of price control violation by oil companies.¹⁶ Finally states have the authority to transfer funds to LIHEAP from certain other federal block grants (including TANF).

Legislative History

Since it was created by the Low Income Home Energy Assistance Act of 1981 (Title XXVI of P.L. 97-35), the LIHEAP program has been reauthorized or amended six times. The legislation and some of the significant changes made are briefly discussed in the following paragraph.

In 1984, P.L. 98-558, established a new formula by which regular LIHEAP funds are to be distributed in every year (after FY1985) in which regular

¹⁶ *LIHEAP Report to Congress, FY2002*, pp. 11-12. For FY2002 \$4.9 million in oil overcharge funds was obligated by one state.

appropriations exceed \$1.975 billion. (This level of funding was exceeded in FY1986 but has not been reached in any year since then.)

In 1986, P.L. 99-425 extended the program with few changes. In 1990, P.L. 101-501 created the Incentive Program for Leveraging Non-Federal Resources and authorized a July to June program year (or forward funding) for LIHEAP to allow state program directors to plan for the fall/winter heating season with knowledge of available money. (This program year language was subsequently removed although the statute now states that money appropriated in a given fiscal year is to be made available for obligation in the following fiscal year. Congress last provided advance appropriations for LIHEAP in the FY2000 appropriations cycle.)

In 1993, P.L. 103-43 extended the authorization of LIHEAP for one year but made no other changes. In 1994 (P.L. 103-252) Congress stipulated that LIHEAP benefits and outreach activities target households with the greatest home energy needs (and costs), and it enacted a separate and permanent contingency funding authorization of \$600 million for each fiscal year. The 1994 law also established the competitive REACH grant option. In 1998, P.L. 105-285 authorized annual regular funding for each of FY2002-FY2004 at \$2 billion and made explicit a wide variety of situations under which HHS is authorized to release LIHEAP contingency funds.

Program Authorization. LIHEAP funding authorization expired with FY2004. As noted in **Recent Developments** section above, the House recently passed omnibus energy legislation that would raise the LIHEAP regular funds authorization level to \$5.1 billion, explicitly permit the purchase of renewable fuels as part of providing LIHEAP assistance, require the Department of Energy to report on use of renewable fuels in provision of LIHEAP aid, require HHS to report (within one year of the legislation's enactment) on ways that the program could more effectively prevent loss of life due to extreme temperatures, and would permit the use of certain revenue received by the federal treasury as a consequence of drilling in the Arctic National Wildlife Refuge to be appropriated for LIHEAP.

Legislation to reauthorize LIHEAP was passed in both chambers of Congress during the 108th Congress, however no final reauthorization language became part of law. (See **Table 5** at the end of this report for a summary of major provisions in those bills.)

Issues

Congress has shown interest in adjusting the method by which contingency funds are released, in revisiting the formula used to distribute regular LIHEAP funds, and in performance measurement. The following discussion focuses primarily on activities in the 108th Congress. As no final reauthorization language was enacted, these issues are presumed to be of continued interest.

Release of Contingency Funds. Contingency funds are appropriated by Congress "to meet the additional home energy assistance needs of one or more States arising from a natural disaster or other emergency." Current law provides a broad definition of such emergencies, but gives HHS (acting on behalf of the President) sole discretion to determine when events warrant the release of contingency funds,

what states (or state) are to receive contingency funds, and under what formula this money will be distributed.¹⁷ Depending on the language used in the appropriations act, contingency funds that are not released by HHS in the fiscal year for which they are appropriated may revert to the federal treasury at the end of the fiscal year (expire), or they may remain available for a specified number of years or until expended.

As passed by the Senate in February 2004, S. 1786 (108th Congress) would have amended current law to establish two conditions that would *require* HHS to release available contingency funds to affected states. Those conditions would be: (1) if there is an increase of at least 20% in the cost of home energy over the previous five-year average for a duration of a month or more in one or more states or regions; or (2) if one or more states experience hot or cold weather that is significantly more severe than average (i.e., the number of heating degree days or cooling days for a month is more than 100 above the 30-year average).¹⁸ This proposal is in keeping with the Senate HELP committee's reported concern that "emergency funds appropriated in FY2001 and FY2002 were not distributed to States despite requests from Congress and Governors for the release of funds." The committee report accompanying S. 1786 in the 108th Congress also encouraged HHS "to consider all factors defined in the statute" when making decisions about release of contingency funds.¹⁹

Current law provides that "a significant increase in home energy disconnections" may be considered an emergency that warrants release of contingency funds. In keeping with its desire for HHS to "monitor arrearage trends nationwide" and to consider a significant increase in energy utility arrearages as part of this "disconnection criteria" for releasing contingency funds, S. 1786 (108th Congress) would have also required HHS to develop a protocol for states to collect information from energy vendors on a range of residential customer statistics, including overall statistics on the number of disconnections for nonpayment and the number of reconnections. The protocol would also need to establish a method for gathering information about the accounts of households eligible for energy assistance, including the total number of such accounts and how many are past due, the number that have been issued disconnection notices, the total past due amount owed, the number determined uncollectible and the energy burden of these accounts.

¹⁷ P.L. 105-285, which last reauthorized LIHEAP, defined the term "emergency" broadly and added a "natural disaster" as a possible cause for the release of LIHEAP contingency funds. In explaining these changes, S.Rept. 105-256 noted that the changes were intended to clarify when contingency funds may be released and particularly to assert that emergencies need not be temperature driven.

¹⁸ A heating degree day equals the number of degrees below 65°F in a given day. For example, if the average temperature on a given day is 55°F, then the number of heating degree days for that day is 10. A cooling degree day equals the number of degrees above 65°F in a given day. For example, if the average temperature for the day is 75°F, then the number of cooling degree days for that day is 10.

¹⁹ U.S. Congress, Senate Health, Education, Labor and Pensions Committee, *Poverty Reduction Act of 2003: Report to Accompany S. 1786*, 108th Cong., 2nd Sess., S.Rept. 108-210, p. 15.

A description of the protocol would need to be included in a larger report on LIHEAP that S. 1786 would have required HHS to complete and submit to Congress within two years of the legislation's enactment.

Echoing the HELP Committee report language, the conference report accompanying the FY2004 omnibus spending measure (H.Rept. 108-401) notes that arrearages are a precursor to energy utility disconnections and that an increase in such disconnections is one criteria for the release of emergency funds. Like the HELP committee, the conferees "urge" HHS to consider a significant increase in arrearage rates as part of the disconnection criteria for releasing emergency funds. Responding to the conferees in its FY2005 budget justifications, the Administration states that it "has examined the possibility of collecting national arrearage and disconnection information in the past and determined that this kind of data was not readily available."²⁰ At the same time, it notes that many states work with utility companies on behalf of low-income households to obtain reduction in arrearages or forgiveness where possible, and further, that states may also use the LIHEAP program to provide budget counseling services that might help these households "effectively manage their resources to avoid future disconnections."²¹

The conferees to the FY2004 omnibus appropriations act also "urge" HHS to make available "regular information on significant, unanticipated changes in home heating and cooling costs" and "quarterly reports on significant variances in regional weather data and fuel prices" to the LIHEAP-authorizing and the appropriations committees and state that "such reports should be provided within 30 days of the end of any fiscal quarter in which LIHEAP contingency funds remain available for obligation." And, finally, should funds be released, the conferees seek a "detailed explanation of the factors used to determine the distribution of funds." And they also remind HHS that it is "expect[ed]" to "consider the factors identified in the statute when making decisions about the release of funds," and request that the House and Senate Appropriation Committees receive formal notification in advance of any release of contingency funds.²² In its response to these statements, HHS agrees to provide quarterly data, as requested "to the extent there are significant variances in regional and fuel data" and during any period when contingency funds remain available for distribution.²³

²⁰ The Administration also states that a 1986 GAO report concurred with this finding. At the same time, HHS has recently funded research into the issue of collecting these data. The study authors cite obstacles but propose ways to begin to ensure their availability. See John Howat, Jerry McKim, Charlie Harak, and Olivia Wein, "Tracking the Home Energy Needs of Low Income Households Through Trend Data on Arrearages and Disconnections," May 2004. Available online at [http://www.neada.org/pubs/Tracking_the_Need.pdf].

²¹ U.S. Department of Health and Human Services, Administration for Children and Families, "FY2005: Justification of Estimates for Appropriations Committees," p. F-6.

²² Current law requires HHS to notify "Congress," and this notification is sent to the House Education and Workforce Committee and the Senate Health, Education, Labor and Pensions Committee.

²³ U.S. Department of Health and Human Services, Administration for Children and Families, "FY2005: Justification of Estimates for Appropriations Committees," p. F-7.

LIHEAP Formula. As passed by the House on April 21, 2005, H.R. 6 (109th Congress) would require HHS to report to Congress on how LIHEAP “could be used more effectively to prevent loss of life from extreme temperatures.” This same language was included in the conference agreement to the Energy Policy Act of 2003 (H.R. 6 in the 108th Congress), which was not enacted. The requirement that such a report be made was first included in House legislation (H.R. 1644) in the 108th Congress and, according to the accompanying committee report, was intended to “assist the [HHS] Secretary in developing a more accurate formula allocation methodology” to better meet the home energy assistance needs of “vulnerable populations.” At the time, the House Energy Committee report asserted that any formula developed, should use the best statistical data and models now available; be a simple, easy-to-understand science-based mechanism that considers state-level expenditures for low-income home heating and cooling needs; and include annually updated, state-level heating and cooling degree day and fuel price information.²⁴

Although the Senate-passed version of H.R. 6 in the 108th Congress did not include this language, Senate conferees agreed to this report. Ultimately however, due to provisions unrelated to LIHEAP, the Senate choose not to act on the 2003 conference agreement. However, S. 1786 (108th Congress), which the Senate passed in February 2004, would also have required HHS to report to Congress on several issues that might be relevant to formula determinations. These include an analysis of the public health and safety threats of hypothermia and hyperthermia due to lack of home heating or cooling, including morbidity, mortality and decrease in caloric intake; an analysis of the effect of standard of housing and housing age on energy costs to low-income households; and an evaluation of regional differences in cost-of-living and the ability of low-income families to meet home energy requirements.

Performance Measurement. S. 1786 (108th Congress) would have required HHS to evaluate the performance of LIHEAP with regard to who the program serves, the benefits of the program to recipients, and the ability of the program to reduce utility arrearage and shut-offs among low-income households. Findings of the evaluation would have been part of a required report due to Congress within two years of the legislation’s enactment. The bill also would have required the GAO to conduct a new evaluation of the REACH option under LIHEAP.²⁵

The President’s FY2005 and FY2006 budgets include a request for \$500,000 to conduct a feasibility study regarding a nationally representative evaluation of LIHEAP program operations. Both of those budgets also include a program performance rating for LIHEAP. It is rated as a program for which “results [are] not demonstrated.” According to these reviews, the program purpose is clear, it addresses a specific existing need, and has a number of additional strengths including effective targeting of intended beneficiaries. However, the review notes that the program’s “effectiveness or efficiency”

²⁴ U.S. Congress, House Energy and Commerce Committee, *Energy Policy Act of 2003: Report to Accompany H.R. 1644*, 108th Congress, 1st sess., H.Rept. 108-65, Part 1, p. 145.

²⁵ In 2001 the GAO released an earlier requested report on the REACH option. U.S. General Accounting Office, *Residential Energy Assistance: Effectiveness of Demonstration Program as Yet Undetermined*, GAO-01-723, Aug. 2001.

is hampered by the current law formula, it has limited and only recently developed outcome measures, and there have been no independent evaluations (of “sufficient scope and quality”) that demonstrate the program’s effectiveness. The Administration efforts to develop new performance measures, generally related to meeting the statutory goal of serving low income households with high energy burdens and including certain vulnerable populations (disabled, age 5 or younger, and age 60 or older) have been hampered by data concerns.²⁶

²⁶ See U.S. Department of Health and Human Services, Administration for Children and Families *FY 2005 Budget Justifications*, pp. M-137-140 and U.S. Department of Health and Human Services, Administration for Children and Families, *FY2006 Budget Justifications*, pp. M-74-M-78.

Table 5. Major Provisions of LIHEAP Reauthorization Language in the 109th and 108th Congresses

Provision	Current law	109 th Congress	108 th Congress		
		Energy Policy Act of 2005, H.R. 6	Energy Policy Act of 2003, H.R. 6		S. 1786 (as it passed the Senate)
		House-passed	House-passed ^a	Senate-passed	
Regular funds authorization	(Expired) Set at \$2 billion for FY02-FY04.	Set at \$5.1 billion for FY05-FY07	Set at \$3.4 billion for FY04-FY06	Set at \$3.4 billion for FY03-FY05	Set at \$3.4 billion for FY04-FY06 and make such sums as necessary for FY07-FY10
Contingency funds authorized	Indefinite authorization of \$600,000 (under certain conditions).	No provision	No provision	Set at \$1 billion	No provision
Technical Assistance, and training set-aside authorized	HHS may set aside up to \$300,000 from the regular funds appropriated for training and technical assistance.	No provision	No provision	HHS could set-aside up to \$750,000 from the regular funds appropriated	No provision (but see funding authorized for HHS report on various program aspects, below).
Funds for leveraging (non-federal resources) incentive authorized	(Expired) \$50 million for FY99-FY04 provided the regular funds appropriation totals at least \$1.4 billion; set at \$30 million for those years if regular funding falls below \$1.4 billion. ^b	No provision	No provision	No provision	Extends same level of funding authorization through FY2010.
Residential Energy Assistance Challenge (REACH) Option	State may apply for special grants to plan, implement and evaluate special initiatives designed to minimize health and safety risks resulting from high energy burdens on low income Americans; prevent homelessness as a result of inability to pay energy bills; increase efficiency of energy usage by low income families and to target energy assistance to individuals who are most in need. HHS is authorized to set-aside up to 25% of funds made available for the leveraging incentive for this purpose and, out of those funds must reserve some money to make grants to states who will implement and evaluate model energy efficiency education services.	No provision	No provision	No provision	The Government Accountability Office (GAO) must conduct an evaluation of REACH and also study the state evaluations of their REACH initiatives, including those concerning model energy efficiency education services. Within two years of the enactment of the legislation, the report is to be submitted to the Senate Health Education Labor and Pensions and the House Education and Workforce committees.

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Provision	Current law	109 th Congress	108 th Congress		
		Energy Policy Act of 2005, H.R. 6	Energy Policy Act of 2003, H.R. 6		S. 1786 (as it passed the Senate)
		House-passed	House-passed ^a	Senate-passed	
Other federal funding sources	Very limited funds remain available for distribution by the Department of Energy to certain states and insular areas as a result of the settlement oil price overcharges cases (brought under the Emergency Petroleum Allocation Act of 1973). ^c	Permits bonus funds received by federal treasury related to leasing drilling rights in the Arctic National Wildlife Refuge to be appropriated for LIHEAP	Permits bonus funds received by federal treasury related to leasing drilling rights in the Arctic National Wildlife Refuge to be appropriated for LIHEAP ^a	No provision	No provision
Use of funds	States are to use funds to provide assistance to eligible households for meeting home energy needs.	As part of providing home energy assistance, LIHEAP funds may be used to purchase renewable fuels, including bio-mass.	No provision	No provision	No provision
Department of Energy Report (DOE)	Not applicable	DOE must report to Congress on the use of renewable fuels in providing assistance under LIHEAP	No provision	No provision	No provision

Provision	Current law	109 th Congress	108 th Congress		S. 1786 (as it passed the Senate)
		Energy Policy Act of 2005, H.R. 6	Energy Policy Act of 2003, H.R. 6		
		House-passed	House-passed ^a	Senate-passed	
Special Department of Health and Human Services (HHS) Report	Not applicable	HHS must report to Congress on how LIHEAP can more effectively prevent loss of life from extreme temperatures (within one year of enactment)	HHS must report to Congress on how LIHEAP can more effectively prevent loss of life from extreme temperatures (within one year of enactment)	No provision	HHS must evaluate LIHEAP performance; develop a protocol for states to collect data on certain home energy disconnections, past due accounts, etc; analyze public health and safety threats related to lack of home energy; analyze certain housing and regional cost of living factors as they affect the ability of low-income households to meet home energy needs; determine impact of using an eligibility cut off of 60% of state median income (due within 24 months; authorizes “such sums as necessary” in FY04-05 to carry out this study).
Release of contingency funds	LIHEAP contingency funds <i>may be</i> released to one or more states experiencing an emergency — at the discretion of HHS. Emergency is broadly defined and includes natural disasters; significant home energy supply shortages, disruptions or costs increases; significant home energy disconnections; significant increases in use of public benefit programs, or in unemployment; or “an event meeting such criteria as [HHS] may determine to be appropriate.	No provision	No provision	No provision	HHS <i>must release</i> contingency funds to affected areas if it determines that in one or more states or regions 1) there is an increase of at least 20% in the cost of home energy over the previous five-year average for a month or more; or 2) that the number of heating degree days or cooling days for a month was more than 100 above the 30-year average.

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Source: Table prepared by Congressional Research Service (CRS) based on legislation in the 109th and 108th Congresses.

- a. With one exception (noted in the following sentence), the provisions in this column were included in both the initial House-passed H.R. 6 (108th Congress) and the House-approved conference agreement to that legislation. The exception is the provision that would have allowed bonus funds received by the federal treasury as a result of leasing oil drilling rights in the Arctic National Wildlife Refuge to be appropriated to HHS for distribution via LIHEAP. It was included in the first House-passed H.R. 6 (108th Congress) but was not included in the House-passed conference agreement on that bill. (The conference agreement, which was not acted on by the Senate and was thus not enacted, would not have permitted drilling in the ANWR).
- b. In practice, Congress has not appropriated funds for these leveraging incentive grants separately but has instead provided that a certain amount of the regular LIHEAP funds appropriation (typically \$27 million in recent years) are to made available for this purpose.
- c. These oil overcharge funds, which have been held in escrow and distributed by the Department of Energy, are nearly exhausted. For FY2002 (most recent year for which these data are available) a total of two states reported spending just under \$5 million in these funds for their LIHEAP programs.

Table 6. LIHEAP Funding by State, FY2002 to FY2005
(Dollars in millions)

State	TOTAL funds distributed ^a (regular and contingency)			Regular allotment ^b	Contingency distributed ^c	TOTAL
	FY2002	FY2003	FY2004	FY2005		
Alabama	14.3	16.1	15.4	15.9	2.0	17.9
Alaska	6.4	7.8	7.5	8.7	1.4	10.1
Arizona	8.1	7.2	6.9	7.1	0.6	7.7
Arkansas	11.0	12.3	11.8	12.2	1.3	13.5
California	76.5	86.1	82.4	84.9	6.8	91.7
Colorado	28.8	30.2	28.9	29.8	2.6	32.4
Connecticut	36.7	43.8	40.2	38.9	7.9	46.8
Delaware	5.0	5.8	5.3	5.2	1.1	6.2
District of Columbia	5.7	6.3	6.2	6.0	0.6	6.7
Florida	22.7	25.9	24.5	25.2	2.9	28.1
Georgia	18.0	20.3	19.4	20.0	2.5	22.5
Hawaii	1.8	2.0	1.9	2.0	0.2	2.2
Idaho	11.2	11.8	11.1	11.1	1.1	12.2
Illinois	105.2	109.6	104.5	107.7	9.5	117.2
Indiana	47.6	50.2	47.3	48.8	5.1	53.9
Iowa	32.2	35.5	33.5	34.6	4.3	38.9
Kansas	15.3	16.1	15.4	15.9	1.5	17.4
Kentucky	26.1	26.1	24.6	25.4	2.7	28.1
Louisiana	14.7	16.5	15.8	16.3	1.5	17.8
Maine	21.9	28.6	25.1	24.3	6.3	30.6
Maryland	28.4	32.1	30.8	29.8	4.4	34.2
Massachusetts	74.3	86.1	80.4	77.8	14.1	91.9
Michigan	99.4	104.9	105.0	101.7	10.9	112.5
Minnesota	68.6	77.5	71.5	73.7	10.3	84.0
Mississippi	12.3	13.8	13.2	13.7	1.9	15.6
Missouri	41.1	43.8	41.7	43.0	5.0	48.1
Montana	10.9	11.9	11.2	11.6	1.2	12.8
Nebraska	16.8	17.4	16.6	17.1	1.9	19.0
Nevada	4.6	3.7	3.5	3.6	0.3	4.0
New Hampshire	13.3	16.9	15.2	14.7	3.5	18.3
New Jersey	69.7	78.7	74.5	72.1	11.8	83.9
New Mexico	8.0	9.1	8.7	8.9	1.0	9.9
New York	228.0	260.1	243.4	235.6	42.3	277.9
North Carolina	35.3	37.5	33.6	34.5	6.1	40.6
North Dakota	11.3	12.6	12.4	12.1	1.9	14.0
Ohio	94.5	98.1	98.4	95.3	9.4	104.7
Oklahoma	12.0	13.6	13.0	13.4	1.4	14.7
Oregon	22.3	23.8	21.8	22.7	2.3	25.0
Pennsylvania	121.4	136.7	130.9	126.8	18.7	145.5

State	TOTAL funds distributed ^a (regular and contingency)			Regular allotment ^b	Contingency distributed ^c	TOTAL
	FY2002	FY2003	FY2004			
Rhode Island	12.3	14.2	13.2	12.8	2.4	15.1
South Carolina	13.3	13.4	12.3	12.7	1.9	14.6
South Dakota	9.4	10.4	9.6	9.9	1.7	11.6
Tennessee	23.2	26.4	24.9	25.7	2.6	28.3
Texas	37.8	42.5	40.7	42.0	4.2	46.2
Utah	13.2	13.8	14.0	13.6	1.1	14.7
Vermont	9.9	12.6	11.4	11.0	2.7	13.8
Virginia	35.8	39.1	37.5	36.3	5.4	41.7
Washington	32.9	37.7	35.4	36.5	3.4	39.9
West Virginia	16.3	17.4	17.4	16.8	1.7	18.5
Wisconsin	62.4	69.5	64.3	66.3	9.0	75.3
Wyoming	5.3	5.5	5.2	5.3	0.5	5.9
Subtotal	\$1,753	\$1,939	\$1,840	\$1,837	\$247	\$2,084
Tribes ^d	16.9	19.3	19.0	17.6	2.5	20.1
Territories ^e	2.3	2.5	2.5	2.5	0.3	2.9
Leveraging/REACH ^f	27.5	27.3	27.3	27.3	0.0	27.3
Training/ Tech. Asst. ^g	0.3	0.3	0.3	0.3	0.0	0.3
TOTAL	\$1,800	\$1,988	\$1,889	\$1,885	\$250	\$2,135

Source: Table compiled by the Congressional Research Service (CRS) based on U.S. Department of Health and Human Services (HHS) data.

- a. The totals shown in these columns include regular fund allocations to states (net of the direct awards to tribes) and any contingency funds awarded to the state in that year. In FY2002 the regular funds appropriation was \$1.700 billion and HHS distributed \$100 million in contingency funds to 33 states and the District of Columbia that experienced extreme heat. In FY2003 the regular funds appropriation was \$1.788 billion and HHS distributed \$200 million in contingency funds to all states (for higher fuel costs). In FY2004 the regular funds appropriation was \$1,789 billion and HHS distributed \$99.4 million in contingency funds to all states (because of higher fuel costs — with a greater share of the funding awarded to 19 states, including the District of Columbia, that also experienced extreme cold).
- b. LIHEAP funds are released on a quarterly basis. As of early July 2005, all of the FY2005 regular funding have been distributed.
- c. This column shows the amount of FY2005 contingency funds released as of mid-July 2005. As of that date, HHS had distributed \$250 million. An additional \$46.7 million in FY2005 contingency funds remain available for release until expended.
- d. This funding is made directly available to or for tribes but is reserved out of a given state's allotment amount. As prescribed in the statute, the tribal set-aside from a state gross allotment is based on tribal households in that state.
- e. The statute provides that HHS must set-aside not less than one-tenth of 1% and not more than one-half of 1% for use in the territories (American Samoa, Guam, Puerto Rico, Northern Mariana Islands, and the U.S. Virgin Islands).
- f. The statute provides a separate funding authorization for competitive grants under the leveraging incentive program (designed to encourage states to increase non-federal support for energy

assistance). It also provides that up to 25% of any leveraging funds made available may be reserved for competitive REACH grants (for state efforts to increase efficient use of energy among low-income households and to reduce their vulnerability to homelessness and other problems due to high energy costs). The Congress has in recent years stipulated that a certain portion of the LIHEAP regular funds be set aside for leveraging grants and, of this amount, HHS has reserved 25% for REACH grants.

- g. The statute provides that HHS may reserve up to \$300,000 for making grants or entering into contracts with states, public agencies, or private nonprofits that provide training and technical assistance related to achieving the purposes of the LIHEAP program.

Table 7. LIHEAP Funding: FY1982 to FY2006

(Dollars in thousands)

Fiscal year	Regular Funds ^a			Contingency Funds ^a		TOTAL Distributed
	President's request	Authorized	Appropriated	Appropriated	Distributed	
1982	\$1,400,000	\$1,875,000	\$1,875,000	—	—	\$1,875,000
1983	1,300,000	1,875,000	1,975,000	—	—	1,975,000
1984	1,300,000	1,875,000	2,075,000	—	—	2,075,000
1985	1,875,000	2,140,000	2,100,000	—	—	2,100,000
1986	2,097,765	2,275,000	2,100,000	—	—	2,100,000
1987	2,097,642	2,050,000	1,825,000	—	—	1,825,000
1988	1,237,000	2,132,000	1,531,840	—	—	1,531,840
1989	1,187,000	2,218,000	1,383,200	—	—	1,383,200
1990	1,100,000	2,307,000	1,443,000	—	—	1,443,000
1991	1,050,000	2,150,000	1,415,055	195,180	195,180	1,610,235
1992	1,025,000	2,230,000	1,500,000	300,000	0	1,500,000
1993	1,065,000	<i>ssan^b</i>	1,346,030	595,200	0	1,346,030
1994	1,507,408	<i>ssan^b</i>	1,437,402	600,000	300,000	1,737,402
1995	1,475,000	2,000,000	1,319,202	600,000	100,000	1,419,202
1996	1,319,204	2,000,000	900,000	180,000	180,000	1,080,000
1997	1,000,000	2,000,000	1,000,000	420,000	215,000	1,215,000
1998	1,000,000	2,000,000	1,000,000	300,000	160,000	1,160,000
1999	1,300,000	2,000,000	1,100,000	300,000	175,299	1,275,299
2000	1,400,000	<i>ssan^b</i>	1,100,000	900,000	744,350 ^c	1,844,350 ^c
2001	1,400,000	<i>ssan^b</i>	1,400,000	600,000	455,650	1,855,650
2002	1,400,000	2,000,000	1,700,000	300,000	100,000 ^d	1,800,000
2003	1,400,000	2,000,000	1,788,300 ^e	0	200,000 ^f	1,988,300
2004	1,700,000	2,000,000	1,789,380	99,410	99,410	1,888,790
2005	1,800,500 ^g	<i>None</i>	1,884,799	297,600	250,000 ^h	2,134,799 ^h
2006	1,800,000 ^g	<i>None</i>				

Source: Table prepared by the Congressional Research Service (CRS) based on HHS data.

- a. Amounts listed under the Regular Funds heading are for *regular* funding only. In 1994, Congress enacted a permanent \$600 million annual authorization for contingency funding. As shown, however, before this authorization contingency funds were sometimes made available.
- b. Such sums as necessary.
- c. President Clinton released \$400 million of these FY2000 contingency funds in late Sept. 2000 making it effectively available to states in FY2001.
- d. These funds were distributed out of the total FY2002 contingency appropriation (P.L. 107-116). With the end of FY2002, the remaining \$200 million of these contingency funds expired.
- e. The final FY2003 appropriations act (P.L. 108-7) included \$1.688 billion in new regular funds and converted into regular funds \$100 million of remaining contingency funds originally appropriated in FY2001 (P.L. 107-20).
- f. These funds were distributed out of contingency dollars appropriated as part of the FY2001 supplemental (P.L. 107-20). That law provided that the funds were “available until expended.” Congress subsequently converted some of these dollars into regular funds (see tablenote e).
- g. Of this amount the President requests that \$500,000 be set aside for a national evaluation.
- h. The amount of contingency funds distributed in FY2005 is shown as of mid-July 2005; the total distributed amount for FY2005 includes all regular funds appropriation that are distributed on a quarterly basis.