

The Low-Income Home Energy Assistance Program (LIHEAP)

By Olivia Wein, Staff Attorney, National Consumer Law Center

Administering Agency: U.S. Department of Health and Human Services (HHS), Office of Community Services within the Administration for Children and Families

Year Program Started: 1981

Number of Persons/Households Served: An estimated 5.9 million families receive Low-Income Home Energy Assistance Program (LIHEAP) assistance in FY 2021 through the regular LIHEAP program, which includes heating grants, cooling grants, and crisis assistance. However, the total number of households served is substantially greater due to the COVID-19 pandemic relief funds for LIHEAP added in the “CARES Act” (\$900 million for LIHEAP) and the “American Rescue Plan Act” (\$4.5 billion for LIHEAP).

Population Targeted: Low-income households (below 150% of the poverty threshold or 60% of the state median income) who cannot afford to keep their homes at safe temperatures; particularly households with frail elderly, members with disabilities, or very young children.

LIHEAP is a targeted block grant program aimed at helping struggling families pay their heating and cooling bills. States have flexibility in setting eligibility criteria, benefit amounts, how much to direct to energy crisis situations where the health of the household is in jeopardy, as well as other program components. The typical main challenge for LIHEAP is securing adequate annual appropriations. The COVID-19 pandemic has increased the need for home energy assistance due to an increase in utility arrearages and home energy prices are projected to be substantially higher this winter. In 2020 and 2021, Congress provided two rounds of additional LIHEAP appropriations (\$900 million and \$4.5 billion,

respectively). While states have until the end of FY 2022 to obligate the additional \$4.5 billion for LIHEAP, the final regular FY 2022 LIHEAP funding is \$3.8 billion.

HISTORY

LIHEAP was created in response to rising energy prices in the 1970s and the decreasing purchasing power of low-income households. In 1980, low-income energy assistance was part of the “Crude Oil Windfall Profit Act,” Public Law 96-223, and LIHEAP was authorized in the “Omnibus Budget Reconciliation Act of 1981,” Public Law 97-35. Since then, LIHEAP has been reauthorized several times, targeting the assistance within the pool of eligible households, adding new program components, and expanding authorization levels for funding.

PROGRAM SUMMARY

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

In order to receive LIHEAP funds, states must submit an annual application (state plan) to the Secretary of HHS. All 50 states, the District of Columbia, numerous tribes, and territories participate in the LIHEAP program. In the

majority of states, LIHEAP is administered by the state social services agency. In many states, the state agency contracts with local providers, such as community action agencies, to handle intake.

Although states have a great deal of flexibility in designing their programs each year, the vast majority of states' LIHEAP grants are used to provide bill payment assistance to eligible low-income households to help with heating and cooling costs. LIHEAP benefits cover all forms of residential heating or cooling fuels. This includes a range of fuels from natural gas and electricity for heating or cooling to home heating oil, propane, kerosene, and wood. Assistance is often in the form of a vendor payment or two-party check (the customer and the utility).

States also have the flexibility to set their program's eligibility criteria in the annual state LIHEAP plan based on income eligibility. The maximum eligibility for LIHEAP is 150% of poverty or 60% of state median income. States are prohibited from setting income eligibility below 110% of the poverty level. States can also rely on participation in another means-tested program to determine eligibility. Low-income households are eligible for LIHEAP through participation in Temporary Assistance for Needy Families, Supplemental Security Income, the Supplemental Nutrition Assistance Program (also known as food stamps) and certain needs-tested veterans' benefits.

There are several additional components to LIHEAP:

- **Crisis grants:** Each fiscal year, states must reserve a reasonable amount of their regular LIHEAP block grant until March 15 for individual crisis intervention grants. States have the discretion to define what constitutes a crisis for this component. Common definitions include an imminent shut-off, empty heating fuel tank, or broken furnace. The state crisis intervention funds must be made available to a household within 18 hours if the household is in a life-threatening situation, and within 48 hours under other circumstances. The state crisis intervention

component is different from the LIHEAP emergency contingency funds that are at the discretion of the president to release.

- **Low-cost weatherization or other home energy-related repairs:** States may use up to 15% of their annual LIHEAP block grant (or 25% with a waiver) for low-cost residential weatherization or other home energy-related repair. In about 30 states, the same agency administers LIHEAP and the Department of Energy's low-income weatherization program.
- **Self-sufficiency:** States can use up to 5% of their block grant to provide services to encourage and enable households to reduce their home energy needs through activities such as needs assessments, counseling, and assistance with energy vendors.
- **LIHEAP emergency contingency fund:** The LIHEAP emergency contingency fund is subsidized separately from the regular LIHEAP block grant. The president can release LIHEAP emergency contingency funds to help meet low-income home energy needs arising from a natural disaster, a significant increase in the cost of home energy, or other emergency. Unfortunately, Congress has not appropriated funds for the LIHEAP emergency contingency fund since FY11.

According to HHS data for FY17, LIHEAP provided essential energy assistance to 5.4 million households, including heating and cooling bill payment assistance and crisis assistance. According to the National Energy Assistance Directors' Association, in 2021, the regular LIHEAP program helped about 5.9 million households (17 million if the emergency LIHEAP funding is counted).

FUNDING

The "Extending Government Funding and Delivering Emergency Assistance Act," 2022 (P.L. 117-43) that was signed into law on September 30, 2021 includes funding for FY22 LIHEAP. On November 1, 2021, \$3.37 billion was released to the states. Thus, there remains approximately 10% of the states' funds to be released.

The authorized funding level for LIHEAP is \$5.1 billion for the regular block grant program and \$600 million in LIHEAP emergency contingency funds.

Emergency supplemental funding for LIHEAP as part of the COVID-19 response: On March 27, 2020, the “*Coronavirus Aid, Relief, and Economic Security Act*” (P.L. 116-136) included \$900 million for LIHEAP. States had until September 30, 2021 to obligate those funds. On March 11, 2021, the “American Rescue Plan Act of 2021” (P.L. 117-2) included \$4.5 billion for LIHEAP. States have until September 30, 2022 to obligate those funds.

FORECAST FOR 2022

The U.S. Energy Information Administration’s Winter Fuels Outlook (October 2021) predicts retail price of home energy fuels to be at multiyear highs this winter due to colder weather and rising commodity prices. EIA predicts that the average household heating with natural gas will spend \$746 this winter (30% more than last winter), households heating with electricity will spend \$1,268 (6% more than last winter) and households heating with deliverable fuels will see dramatic increases. Average expenditures this winter for households heating with propane are estimated to be \$1,643 (54% more than last winter) and \$1,734 for heating oil (43% more than last winter). We expect strong demand for LIHEAP assistance. As we near the next budget cycle, the immediate concern for LIHEAP advocates is to secure full funding for LIHEAP at \$5.1 billion in the final FY 2023 appropriations.

TIPS FOR LOCAL SUCCESS

February 1, 2022 will be the first LIHEAP Energy Assistance Day and the National Energy Assistance Directors have prepared a [toolkit](#) to help promote the event. This campaign is to increase awareness about LIHEAP and to encourage households to apply for assistance. The LIHEAP Clearinghouse has an energy assistance [referral service](#) (phone line and website). The LIHEAP Clearinghouse should soon have a tool to connect households to the nearest LIHEAP intake site by applicant zip code.

Advocates should become involved in the development of their state’s annual LIHEAP program. LIHEAP state plans are required to be made available to the public in a manner that facilitates meaningful review and comment, and states are required to hold public hearings on the LIHEAP plan. The plans will set out eligibility criteria and benefit amounts, as well as other aspects of the program, such as the percentage of the state’s LIHEAP grant requested in each quarter.

Please note that some tribes receive LIHEAP grants directly through the federal agency (as opposed to the state). Each state’s LIHEAP office is listed at <https://www.acf.hhs.gov/ocs/map/liheap-map-state-and-territory-contact-listing>.

Advocates should also become familiar with the other energy assistance programs and utility consumer protections. In addition to LIHEAP, some states and some utilities have separate low-income energy assistance programs. For a list of some of the additional assistance programs, see <https://liheapch.acf.hhs.gov/dereg.htm> or contact the consumer protection division of a state’s utility commission.

Advocates should also become familiar with certain utility rules. For utilities regulated by the state utility commission (generally private investor-owned utilities), the commission website should have a link to rules regarding: customer shut-offs (for example, a winter shut-off rule, an extreme temperature rule, or a severe illness shut-off protection rule); payment plans; special protections for low-income or LIHEAP customers; and deposits and reconnection fees. Staff in the consumer protection division of the utility commission may be able to help find the relevant rules. For municipal utilities or cooperatives, the rules will reside with the municipality or the co-op. For links to the state utility commissions, visit: <https://www.naruc.org/about-naruc/regulatory-commissions/>.

WHAT TO SAY TO LEGISLATORS

Advocates should meet with their members of Congress to share the following messages:

- LIHEAP is a critical safety net program aimed at helping vulnerable households afford residential energy.
- There is significant need in the member's district (provide, for example, the number of clients seeking help with their utility bills, newspaper clips, or data regarding the number of households being disconnected).
- The current funding level will not be sufficient to meet the record high levels of applications.
- Supporters of LIHEAP should visit the LIHEAP Action Day website of the National Energy and Utility Affordability Coalition (www.NEUAC.org) and sign on to letters to Congress regarding LIHEAP funding. The NEUAC website also contains state-by-state, one-page fact sheets with helpful statistics tailored to each state.
- One-page snapshots of state LIHEAP programs are available on the HHS LIHEAP Data Warehouse website: <https://liheappm.acf.hhs.gov/datawarehouse/>.

The National Energy and Utility Affordability Coalition is an organization of utility, nonprofit, and anti-poverty organizations focused on the energy needs of low-income consumers. View at: <http://www.neuac.org/>

FOR MORE INFORMATION

For advocates seeking more information about LIHEAP program design, the LIHEAP Clearinghouse is a wealth of information regarding the various ways states have designed their LIHEAP programs. View at: <https://liheapch.acf.hhs.gov/>.

The LIHEAP Clearinghouse tracks states' supplemental energy assistance activities (listed as "State Leveraging under State Programs in the menu on the homepage). View at: <https://liheapch.acf.hhs.gov/state-leveraging>.

For information about advocacy regarding LIHEAP funding:

The National Energy Assistance Directors' Association's website provides information on LIHEAP funding needs and current funding levels. View at: www.neada.org.