

**LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP)****BACKGROUND**

The Low-Income Home Energy Assistance program (LIHEAP) is a block grant program under which the Federal government gives annual grants to States, the District of Columbia, U.S. Territories and Commonwealths, and Indian tribal organizations in order to operate home energy assistance programs for low-income households. Originally established in 1981 by Title XXVI of the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35), the program has been reauthorized and amended several times, most recently in 2005, when Public Law 109-58, the Energy Policy Act of 2005, reauthorized LIHEAP through FY2007. LIHEAP is operated out of the Division of Energy Assistance in the Office of Community Services, Administration for Children and Families, within the Department of Health and Human Services (HHS).

The LIHEAP statute authorizes appropriations for two types of funds: LIHEAP block grant funds (sometimes referred to as regular funds) and emergency contingency funds. Block grant funds are allocated to States according to a formula prescribed in the LIHEAP statute as amended by the Human Services Reauthorization Act (HSRA) of 1984 (Public Law 98-558). Contingency funds are released and allocated at the discretion of the President and the Secretary of HHS and can be released at any point in the fiscal year to assist one or more States with energy needs arising from natural disasters or other emergencies. In FY2007, Congress appropriated \$1.98 billion in block grant funds and \$181 million in emergency contingency funds, all of which were released during the fiscal year.

**DISTRIBUTION OF LIHEAP BLOCK GRANT FUNDS**

The bulk of LIHEAP funds are allocated to the States through a formula that was developed in 1984 and enacted as part of HSRA. The formula replaced an earlier formula developed for the predecessor program to LIHEAP, the Low Income Energy Assistance Program, implemented as part of the Crude Oil Windfall Profits Tax Act of 1980 (P.L. 96-223). The “new” formula that was enacted in 1984 requires the use of more recent population and energy data and requires that HHS consider energy costs (including cooling needs) of low-income households alone (a change from the focus on heating needs of *all* households). The effect of these changes meant that funds would shift from cold-weather northeastern and midwestern States to southern and western States. To prevent a dramatic shift of funds, Congress added two “hold-harmless” provisions to the formula. The result of these provisions is a current law, three-tiered formula, the application of which depends on the amount of block grant funds that Congress appropriates.

First, at funding levels below \$1.975 billion, funds are distributed according to “Tier I” of the LIHEAP formula. Under the Tier I methodology,

States receive the percentage of funds that they would have received in FY1984 at a hypothetical appropriation of \$1.975 billion. In FY1984, funds were distributed using temperature and energy price data from the early 1980s, so funds distributed under Tier I effectively use these data to determine funding levels.

For appropriations from \$1.975 billion up to \$2.25 billion, funds are distributed according to “Tier II” of the LIHEAP formula. At the Tier II rate, more recent energy, price, and climate data are used to determine the percentage of funds that each State is entitled to receive. However, States that would otherwise lose funds due to the use of new data are protected by a hold-harmless level whereby they cannot receive less funding than they would have received in FY1984. Those States with the greatest percentage increase in their allocations under the new formula have their allocations ratably reduced in order to hold harmless those States that would otherwise lose funding.

For funding levels at or above \$2.25 billion, funds are distributed according to a “Tier III” rate. The Tier III rate implements an additional hold-harmless provision in order to ensure that the proportion of funds received by certain States does not fall even as the appropriation increases. States that would have received less than 1 percent of a total \$2.25 billion allocation must be allocated funds using the rate they would have received at a hypothetical \$2.14 billion allocation (if this rate is greater than the calculated rate at \$2.25 billion).

Table 15-35 displays LIHEAP allocations by State (including tribal organizations but excluding U.S. Territories). As noted in the table’s footnotes, the funding allotments include LIHEAP emergency contingency funds released in a given fiscal year.

TABLE 15-35--LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM  
STATE ALLOTMENTS, FISCAL YEARS 2003-2007

State	[In thousands of dollars]				
	2003 <sup>1</sup>	2004 <sup>2</sup>	2005 <sup>3</sup>	2006 <sup>4</sup>	2007 <sup>5</sup>
Alabama	\$16,214	\$15,473	\$19,995	\$31,972	\$22,205
Alaska	11,168	10,518	11,897	18,473	12,454
Arizona	7,816	7,483	8,383	15,399	8,551
Arkansas	12,333	11,806	13,515	23,336	15,749
California	86,715	83,007	92,376	157,626	94,855
Colorado	30,240	28,942	32,396	44,842	33,073
Connecticut	43,809	40,206	46,835	71,106	48,102
Delaware	5,766	5,337	6,248	10,954	5,727
District of Columbia	6,269	6,244	6,660	8,165	6,700
Florida	25,871	24,483	29,597	49,798	27,977
Georgia	20,315	19,357	22,504	40,026	28,564
Hawaii	2,036	1,949	2,162	2,567	2,228
Idaho	12,035	11,289	12,844	14,772	12,901
Illinois	109,621	104,502	117,223	193,814	119,418
Indiana	50,205	47,315	53,879	75,336	54,069
Iowa	35,516	33,533	38,878	52,054	38,319

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Kansas	16,090	15,400	17,391	27,722	19,746
Kentucky	26,076	24,623	28,129	45,320	32,010
Louisiana	16,531	15,819	29,809	32,671	22,499
Maine	29,684	26,047	31,787	45,146	33,719
Maryland	32,063	30,785	34,234	61,889	33,036
Massachusetts	86,090	80,425	91,953	126,476	93,795
Michigan	105,368	105,654	113,225	154,671	113,377
Minnesota	77,485	71,479	84,024	110,849	81,681
Mississippi	13,868	13,266	27,331	27,467	17,871
Missouri	43,753	41,742	48,066	78,220	52,645
Montana	13,967	13,242	15,062	22,789	15,132
Nebraska	17,439	16,583	19,028	28,643	18,950
Nevada	3,698	3,514	3,971	7,247	4,016
New Hampshire	16,923	15,223	18,262	27,740	18,769
New Jersey	78,880	74,662	84,149	115,046	80,120
New Mexico	9,787	9,368	10,720	12,491	10,705
New York	260,507	243,784	278,374	382,251	261,604
North Carolina	38,071	34,117	41,349	72,413	45,974
North Dakota	15,633	15,318	17,204	24,680	16,438
Ohio	98,149	98,447	104,704	164,226	105,643
Oklahoma	14,852	14,223	16,165	29,543	19,282
Oregon	23,960	22,431	25,450	25,116	25,633
Pennsylvania	136,651	130,948	145,460	202,324	140,520
Rhode Island	14,202	13,238	15,183	23,131	15,471
South Carolina	13,378	12,289	14,612	25,279	17,636
South Dakota	12,622	11,683	14,162	20,117	13,350
Tennessee	26,385	24,942	28,283	47,139	33,568
Texas	42,543	40,731	46,161	84,005	46,545
Utah	14,105	14,322	15,010	23,285	15,369
Vermont	12,601	11,410	13,751	20,903	14,162
Virginia	39,070	37,500	41,718	75,053	40,241
Washington	39,250	36,896	41,593	41,226	42,163
West Virginia	17,355	17,352	18,481	24,543	18,621
Wisconsin	69,545	64,341	75,309	99,837	73,525
Wyoming	5,629	5,385	6,114	9,284	6,153
U.S. total	1,958,134	1,858,633	2,131,619	3,128,981	2,130,860

<sup>1</sup> Includes \$1.788 billion appropriated for the LIHEAP block grant and \$200 million in distributed emergency contingency funds.

<sup>2</sup> Includes \$1.789 billion appropriated for the LIHEAP block grant and \$99 million in distributed emergency contingency funds.

<sup>3</sup> Includes \$1.885 billion appropriated for the LIHEAP block grant and \$277 million in distributed emergency contingency funds.

<sup>4</sup> Includes \$2.48 billion appropriated for the LIHEAP block grant and \$680 million in distributed emergency contingency funds.

<sup>5</sup> Includes \$1.98 billion appropriated for the LIHEAP block grant and \$181 million in distributed emergency contingency funds.

Note-Columns may not add due to rounding. The table includes payments to Indian tribal organizations and excludes payments to the insular areas. The table does not include funds for leveraging incentive/REACH grants and for training and technical assistance.

Source: U.S. Department of Health and Human Services.

## FEDERAL ELIGIBILITY AND GRANTEE RESPONSIBILITY

Decisions regarding LIHEAP are made by the States under broad Federal rules. Federal rules allow States to use LIHEAP funds for the following activities: aid in paying heating or cooling bills; low-cost weatherization projects (limited to 15 percent of allotment unless the grantee has a waiver for up to 25 percent); services to reduce the need for energy assistance (limited to 5 percent of allotment); assistance with energy-related emergencies (with a reasonable amount reserved until at least March 15 of each program year to ensure that funds are available for emergency assistance through winter months); and development or implementation of a leveraging incentive program that may be used by grantees to attract funds from non-Federal sources. Up to 10 percent of LIHEAP funds may be used for administrative and planning costs. Federal rules also allow carryover of up to 10 percent of funds into the next fiscal year.

States decide the mix and dollar range of benefits, choose how benefits are provided, and decide which agencies will administer the program. When paying home energy suppliers directly, States are required to give HHS assurances that suppliers will charge the eligible households the difference between the amount of the assistance and the actual cost of home energy. Also, States may use LIHEAP funds to provide tax credits to energy suppliers that supply home energy to low-income households at reduced rates.

Federal law limits eligibility to households with incomes up to 150 percent of the Federal poverty income guidelines (or, if higher, 60 percent of the State median income). States may adopt lower income limits, but these limits may not be less than 110 percent of the poverty guidelines. The term "household" is defined as any individual or group of individuals who are living together as one economic unit and for whom residential energy is customarily purchased in common, or who make undesignated payments for energy in the form of rent. States may choose to make eligible for LIHEAP assistance any household where at least one member is a recipient of Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), Food Stamps, or certain needs-tested veterans' programs.

Within these limits, States decide which, if any, types of assistance to provide, what income limits to use, and whether to impose other eligibility tests. However, Federal law gives priority for aid to households with the greatest energy needs or cost burdens, especially those households that include disabled or elderly individuals or young children. Federal rules require States 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 Federal aid programs targeted to low-income individuals and families. Federal rules also require outreach activities, coordination with the Department of Energy's weatherization program, annual audits and appropriate fiscal controls, and fair hearings for those aggrieved.

Tables 15-36 and 15-37 present estimates by State for FY2004 of total

dollars spent on heating, cooling, emergency, and weatherization assistance as well as the number of households receiving benefits and average benefits.

TABLE 15-36--LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM  
ESTIMATED HEATING AND COOLING ASSISTANCE AND AVERAGE  
BENEFITS, FISCAL YEAR 2004<sup>1</sup>

State	Heating Assistance			Cooling Assistance		
	Assisted Households	Amount of Assistance	Average Household Benefit	Assisted Households	Amount of Assistance	Average Household Benefit
Alabama	47,130	\$6,569,175	\$140	23,319	\$3,075,940	\$132
Alaska	7,576	5,569,373	657	0	0	0
Arizona <sup>2</sup>	16,543	5,517,092	201	—	—	—
Arkansas	50,195	6,273,803	123	0	0	0
California <sup>2</sup>	158,426	27,083,694	236	—	—	—
Colorado	98,676	20,910,898	320	0	0	0
Connecticut	79,183	27,909,075	352	0	0	0
Delaware	13,277	3,563,076	299	1,252	230,000	184
District of Columbia <sup>2</sup>	14,325	4,605,801	330	—	—	—
Florida	17,444	1,971,135	113	33,717	4,905,029	145
Georgia	53,527	11,468,289	214	0	0	0
Hawaii <sup>2</sup>	6,258	1,722,560	271	—	—	—
Idaho	31,901	7,789,943	252	0	0	0
Illinois	161,991	73,809,726	429	0	0	0
Indiana	126,510	34,761,925	275	48,899	2,591,855	85
Iowa	82,431	26,366,456	320	0	0	0
Kansas	45,072	11,675,347	259	0	0	0
Kentucky	111,767	11,346,000	114	0	0	0
Louisiana	18,362	4,350,720	236	34,072	6,719,667	185
Maine	45,426	17,938,520	441	0	0	0
Maryland	80,608	26,863,536	334	0	0	0
Massachusetts	136,656	63,768,654	463	0	0	0
Michigan	355,935	59,794,690	175	0	0	0
Minnesota	111,257	49,515,257	445	0	0	0
Mississippi	37,347	6,603,787	239	23,762	4,127,044	165
Missouri	104,097	19,979,380	192	0	0	0
Montana	19,283	6,593,747	343	0	0	0
Nebraska	31,041	6,813,369	219	5,861	1,225,460	208
Nevada <sup>2</sup>	15,998	3,492,115	498	—	—	—
New Hampshire	28,002	13,189,109	484	0	0	0
New Jersey	154,645	56,175,602	363	33,895	3,390,300	100
New Mexico	36,578	4,623,870	124	0	0	0
New York	809,908	124,283,761	335	0	0	0
North Carolina	198,922	12,775,323	66	0	0	0
North Dakota	15,080	8,773,484	582	0	0	0
Ohio	289,771	48,685,064	184	0	0	0
Oklahoma	71,519	6,775,153	92	20,357	2,967,690	155
Oregon	54,452	14,621,352	267	0	0	0
Pennsylvania	327,279	77,511,238	239	0	0	0
Rhode Island	26,369	9,740,275	369	0	0	0

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South Carolina	21,995	5,379,248	250	3,784	881,844	250
South Dakota	16,768	7,375,642	506	0	0	0
Tennessee	47,360	14,056,869	270	14,173	3,576,176	252
Texas	24,275	9,500,654	397	29,615	16,794,898	574
Utah	33,678	10,575,000	295	0	0	0
Vermont	18,462	9,221,354	695	0	0	0
Virginia	97,778	18,507,067	190	34,590	6,256,753	182
Washington	60,478	25,313,358	419	0	0	0
West Virginia	64,822	9,928,246	209	0	0	0
Wisconsin	134,840	35,326,562	268	0	0	0
Wyoming	8,655	3,173,073	367	0	0	0
<b>Total<sup>3</sup></b>	<b>4,619,878</b>	<b>1,080,138,447</b>	<b>234</b>	<b>307,296</b>	<b>56,742,656</b>	<b>185</b>

<sup>1</sup> States provide all estimates in all categories. As a result the average household benefit is not the calculated average but rather the State estimated rate.

<sup>2</sup> Arizona, California, the District of Columbia, Hawaii, and Nevada combine heating and cooling assistance and report both under the heating assistance category.

<sup>3</sup> The totals include leveraging incentive grants.

Source: U.S. Department of Health and Human Services.

TABLE 15-37--LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM ESTIMATED CRISIS AND WEATHERIZATION ASSISTANCE AND ESTIMATED AVERAGE BENEFITS, FISCAL YEAR 2004<sup>1</sup>

State	Winter Year Round Crisis Assistance			Summer Crisis Assistance			Weatherization Assistance <sup>2</sup>	
	Assisted Households	Amount of Assistance	Average Household Benefit	Assisted Households	Amount of Assistance	Average Household Benefit	Assisted Households	Amount of Assistance
Alabama	12,402	\$2,242,769	\$181	9,100	\$1,364,963	\$150	434	\$768,902
Alaska	1,061	819,237	773	0	0	0	627	800,000
Arizona	2,020	202,000	100	0	0	0	562	1,282,703
Arkansas	16,916	2,076,340	123	0	0	0	452	1,770,971
California	60,462	25,258,823	290	0	0	0	19,901	19,937,334
Colorado	1,762	1,259,073	633	0	0	0	3,551	4,268,185
Connecticut	20,631	8,027,844	397	0	0	0	0	0
Delaware	4,238	823,500	194	0	0	0	160	140,000
District of Columbia	1,432	685,268	380	0	0	0	918	795,161
Florida	21,059	3,643,919	187	25,637	7,635,894	298	744	3,239,535
Georgia	17,696	3,829,694	216	0	0	0	976	2,208,069
Hawaii	0	0	0	336	31,687	94	0	0
Idaho <sup>3</sup>	6,623	0	—	0	0	0	1,341	1,407,138
Illinois	8,006	6,603,431	438	0	0	0	6,698	14,869,907
Indiana	30,592	4,670,379	133	0	0	0	1,309	3,401,342
Iowa	2,640	1,282,177	486	757	55,611	73	2,192	5,029,957
Kansas <sup>3</sup>	2,490	0	—	0	0	0	775	2,258,095
Kentucky	81,410	7,711,857	111	0	0	0	691	3,133,016
Louisiana	3,561	969,181	235	0	0	0	627	2,372,784
Maine	4,073	822,498	194	0	0	0	1,267	3,963,163
Maryland <sup>3</sup>	—	0	0	0	0	0	0	0
Massachusetts <sup>3</sup>	10,269	0	—	0	0	0	8,205	6,000,000

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State	Winter Year Round Crisis Assistance			Summer Crisis Assistance			Weatherization Assistance <sup>2</sup>	
	Assisted Households	Amount of Assistance	Average Household Benefit	Assisted Households	Amount of Assistance	Average Household Benefit	Assisted Households	Amount of Assistance
Michigan	70,760	32,571,198	481	0	0	0	3,198	8,505,000
Minnesota	22,602	10,282,591	285	0	0	0	1,378	3,180,231
Mississippi	1,946	504,566	263	0	0	0	289	413,605
Missouri	45,741	16,020,729	350	20,017	4,493,175	225	0	0
Montana	550	407,582	758	0	0	0	992	2,333,160
Nebraska	15,834	4,693,501	294	0	0	0	775	2,486,845
Nevada	9	3,793	421	0	0	0	0	0
New Hampshire <sup>3</sup>	3,810	0	—	0	0	0	171	500,000
New Jersey	14,647	6,062,064	317	0	0	0	1,086	3,246,300
New Mexico	17,656	2,425,821	135	0	0	0	543	1,200,000
New York	143,743	55,197,451	360	0	0	0	11,825	36,506,230
North Carolina	62,936	12,338,403	173	0	0	0	1,793	4,212,740
North Dakota	2,006	557,466	45	0	0	0	1,528	1,862,275
Ohio	135,671	22,176,048	165	32,565	6,160,453	191	6,786	14,761,011
Oklahoma	6,845	912,821	133	0	0	0	441	1,141,834
Oregon	2,939	1,028,895	350	0	0	0	3,130	4,371,021
Pennsylvania	108,592	29,950,858	275	0	0	0	7,579	18,038,100
Rhode Island	3,785	600,877	159	0	0	0	859	1,273,930
South Carolina	10,572	2,557,348	240	0	0	0	492	1,802,597
South Dakota <sup>3</sup>	1,145	63,714	—	0	0	0	408	1,440,823
Tennessee	9,726	2,375,880	244	0	0	0	1,563	2,494,233
Texas	12,161	2,748,837	229	0	0	0	2,914	7,938,460

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State	Winter Year Round Crisis Assistance			Summer Crisis Assistance			Weatherization Assistance <sup>2</sup>	
	Assisted Households	Amount of Assistance	Average Household Benefit	Assisted Households	Amount of Assistance	Average Household Benefit	Assisted Households	Amount of Assistance
Utah	3,585	665,000	242	0	0	0	793	1,366,000
Vermont	6,086	1,518,177	161	0	0	0	0	0
Virginia	15,620	4,465,879	288	0	0	0	1,881	5,511,640
Washington	11,460	811,646	459	0	0	0	3,991	5,368,415
West Virginia	17,326	3,754,179	230	0	0	0	1,400	2,390,263
Wisconsin	36,107	15,370,305	307	0	0	0	4,916	9,644,381
Wyoming	733	184,791	252	0	0	0	251	1,292,527
Total <sup>4</sup>	1,093,936	301,178,410	275	88,412	19,741,783	223	112,412	220,927,883

<sup>1</sup> States provide all estimates in all categories. As a result the average household benefit is not the calculated average but rather the State estimated rate.

<sup>2</sup> States are not required to estimate average benefits for weatherization assistance.

<sup>3</sup> Idaho, Kansas, Maryland, Massachusetts, New Hampshire, and South Dakota provided expedited heating assistance for households in winter crisis situations, so complete data are not available for winter crisis assistance.

<sup>4</sup> Totals include leveraging incentive grants.

Source: U.S. Department of Health and Human Services.