

# The Need for Supplemental Funding And Flexibility for LIHEAP

## Summary

Millions of families are falling behind on their electric and gas utility bills due to COVID-related unemployment. The Low Income Home Energy Assistance Program (LIHEAP) is a well-established program with the means to provide assistance to customers in every county in the U.S. The American Public Power Association (APPA) is partnering with the National Energy and Utility Affordability Coalition (NEUAC) and National Energy Assistance Directors' Association (NEADA) in support of a \$10 billion emergency supplemental appropriations for LIHEAP. Funding formulas should also be revised to give energy assistance offices more resources to seek out eligible households and income limits should be increased to make it easier to provide relief to households facing sudden, acute financial emergencies.

## Background

LIHEAP, which was established in 1981 as part of the Omnibus Budget Reconciliation Act (P.L. 97-35), is a program through which the federal government makes annual grants to states, tribes, and territories to operate home energy assistance programs for low-income households. The LIHEAP statute authorizes two types of funds—regular funds (sometimes referred to as formula or block grant funds), which are allocated to all states using a statutory formula, and emergency contingency funds, which are allocated to one or more states at the discretion of the Department of Health and Human Services in cases of emergency as defined by the LIHEAP statute.

States may use LIHEAP funds to help low-income households pay for heating and cooling costs, for crisis assistance, weatherization assistance, and services (such as counseling) to reduce the need for energy assistance. The LIHEAP statute establishes federal eligibility for households with incomes at or below 150 percent of poverty or 60 percent of state median income, whichever is higher, although states may set lower limits.

In 2014, the most recent year for which data is available, approximately 49 percent of funds went to pay for heating assistance, 7 percent was used for cooling aid, 21 percent went to crisis assistance, and 9 percent was used for weatherization. Funds are also used for administration (9 percent in fiscal year (FY) 2014) and up to 10 percent of a state's allotment can be carried over for use in the next fiscal year (4 percent in FY 2014). In FY 2014, approximately 6.3 million households received heating and/or winter crisis assistance, and 800,000 received cooling and/or summer crisis assistance.

The COVID-19 pandemic has presented unique challenges for LIHEAP. On the one hand, millions more families are falling behind on their electric and gas utilities. NEADA estimates that arrearages—including write offs—will total nearly \$40 billion before the epidemic is over. This would dwarf the \$3.7 billion typically appropriated for the program annually. On the other hand, many of these families have been protected by voluntary and mandatory utility shut-off moratoriums. This has kept households connected to electric and natural gas services, but done nothing to eliminate ever growing bills or to incentivize these households to seek assistance. As a result, it is not uncommon to see communities with substantial increases in arrearages, but little increase in applications for LIHEAP.

## Congressional Action

Prior to the pandemic, Congress appropriated \$3.74 billion for LIHEAP for FY 2020. In May 2020, through the CARES Act, Congress provided an additional supplemental appropriation of \$900 million for the program. Then in December 2020 as part of the Consolidated Appropriations Act, 2021, Congress provided another \$3.75 billion for LIHEAP for FY 2021.

Since then, the House has taken up budget reconciliation legislation, which would provide an additional \$4.5 billion in funding for LIHEAP that would be available through FY 2022.

## APPA Position

APPA supports a supplemental spending request of \$10 billion for LIHEAP. The association also supports short-term programmatic changes to LIHEAP that would allow states to use 50 percent (\$5 billion) of the emergency supplemental funds to help up to 4 million families pay off their growing utility debt. The other \$5 billion would be used to help up to 7 million families pay current bills through the September 30, 2021, when both the winter heating and summer cooling seasons are over and pandemic conditions are expected to improve.

APPA also supports increasing income eligibility limits, waiving asset tests, and increasing the percentage of LIHEAP funds that can be used for administrative expenses. The latter is particularly important given the difficulty utilities and energy assistance offices are facing in tracking down eligible households and then getting those households to seek assistance.

## APPA Contact

John Godfrey, Senior Government Relations Director,  
202-467-2929 / [jgodfrey@publicpower.org](mailto:jgodfrey@publicpower.org)

The American Public Power Association is the voice of not-for-profit, community-owned utilities that power 2,000 towns and cities nationwide. We represent public power before the federal government to protect the interests of the more than 49 million people that public power utilities serve, and the 93,000 people they employ. Our association advocates and advises on electricity policy, technology, trends, training, and operations. Our members strengthen their communities by providing superior service, engaging citizens, and instilling pride in community-owned power.