



LIHEAP Primer: What You Need to Know

This Primer is an overview of the Low Income Home Energy Assistance Program (LIHEAP). The Primer will begin by discussing the energy programs that preceded LIHEAP and detailing the basic requirements established by [LIHEAP statute \(42 U.S.C. § 8621-8630\)](#) and [regulations \(45 C.F.R. § 96\)](#). The Primer will then discuss how these requirements set the framework for program administration and delivery. The following will be addressed:

1. [What Is LIHEAP?](#)
2. [How LIHEAP Began](#)
3. [How Are LIHEAP Grants Calculated and Distributed?](#)
4. [How Are LIHEAP Funds Used?](#)
5. [Who Is Eligible for LIHEAP?](#)
6. [Administering LIHEAP Funds](#)
7. [The LIHEAP Application Process](#)
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9. [LIHEAP Leveraging-Incentive Program](#)
10. [Performance Measurement and Management](#)
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1. What Is LIHEAP?

LIHEAP is a federally-funded block grant administered by the U.S. Department of Health and Human Services (HHS). LIHEAP distributes annual grants to grant recipients. LIHEAP is a block grant with only general provisions as to the way the funds are spent in helping make “home energy” bills more affordable for households with low incomes. “Home energy” is defined in the [LIHEAP statute](#) as “a source of heating or cooling in residential dwellings ([42 U.S.C. 8621 Sec. 2603 \(6\)](#)).”

Under the block-grant structure, Congress appropriates LIHEAP funding annually, and it is allocated by HHS to eligible entities—the 50 states, the District of Columbia, federally-recognized tribes and tribal organizations (including Alaska native villages), and five U.S. territories. These entities, also referred to as LIHEAP grant recipients, must follow the LIHEAP statutory requirements and their LIHEAP Model Plan, however, they have considerable flexibility in designing and operating their programs under their own state, territory, or tribal rules.



Additional LIHEAP Resources

- U.S. Department of Health and Human Services, Office of Community Services, [LIHEAP website](#)
- Office of Community Services, [LIHEAP FAQs for Professionals](#)
- LIHEAP Clearinghouse, LIHEAP 101, [Training Tool](#)
- Office of Community Services, LIHEAP 101, [webinar](#)
- Office of Community Services, [LIHEAP Training Resources](#)
- LIHEAP Performance Management [website](#)
- [LIHEAP Clearinghouse](#)

As part of a grant recipient's annual application for funds, it must [submit a plan](#) that describes its eligibility requirements, its benefit levels for each type of assistance offered, the percentage of funds used by each program component it operates, and other details. Grant recipients submit these plans through the federal Online Data Collection system, commonly referred to as OLDC. The [Performance Management Grantee Resource](#) page has up-to-date instructions on how to submit plans to the OLDC on the [Required Reports](#) page under the drop-down "[Using OLDC and Submitting Reports](#)."

The LIHEAP Model Plans also show that the grant recipients' Chief Executive Officer, or their chosen designee, has signed off on [16 assurances](#), or provisions, found in LIHEAP statute. The LIHEAP Clearinghouse website has copies of both [state](#), [territory](#), and [tribal](#) plans.

For insight into how many organizations annually receive funding, visit the Office of Community Services (OCS) [LIHEAP Dear Colleague Letter](#) page, where funding release announcements for each federal fiscal year are hosted.

2. How LIHEAP Began

After the [Organization of the Petroleum Exporting Countries \(OPEC\) Oil Embargo of 1973-1974](#), several federally funded programs arose to address concerns regarding drastically rising energy prices. The projects assisted older individuals and households with low incomes by providing weatherization services and occasional fuel vouchers. In 1976, the U.S. Department of Energy (DOE) began administering its Weatherization Assistance Program (WAP) under [Title IV of the Energy Conservation and Production Act](#), which provides weatherization services to households with low incomes.

As part of the [Crude Oil Windfall Profits Tax Act](#), Congress created the Low-Income Energy Assistance Program (LIEAP) in 1980, which appropriated funds that were split between the Department of Health and Human Services (HHS) and the Community Service Administration. The focus of the program veered away from providing only

crisis assistance to preventing crisis situations. Payments directly to fuel suppliers, households, or both were made possible.

In 1981, Congress replaced LIEAP with LIHEAP as part of the [Omnibus Budget Reconciliation Act \(P.L. 97-35\)](#). The Low Income Home Energy Assistance Program bore great resemblance to its predecessor, however, it also had some modifications. The new program offered grant recipients much more flexibility and had fewer administrative requirements. Income eligibility was also set as high as the greater of 150 percent of federal poverty guidelines (FPG) or 60 percent of state median income (SMI). To learn more about the developments that led to LIHEAP, see this Clearinghouse [document](#).

3. How Are LIHEAP Grants Calculated and Distributed?

The way LIHEAP funds are distributed to state grant recipients is complex, involving the use of the 1981 or 1984 formula based on how much overall funding Congress appropriates. For a detailed overview of how state funding is calculated, see this [2020 Report to Congress](#). What follows is a brief overview.

When Congress first created LIHEAP in 1981, it decided to use the same allotment percentages to states used by the program's predecessor, LIEAP. This is known as the 1981 formula, and it benefited cold weather states more than warm weather ones because the 1981 formula has static percentages for each state based on low income heating expenditures.

Congress addressed the ongoing demands of both cold weather and warm weather needs when it reauthorized LIHEAP in 1983. That authorization created a formula that took effect for 1984 and beyond which involves a dynamic percentage calculated annually for each state based on low income expenditures for both home heating and cooling. The 1984 formula also accounts for temperature based on heating and cooling days for each state.

Congress also implemented a "hold-harmless

level” and a “hold-harmless rate” (see pages 10-11 of the Congressional Research [report](#) for more information) to ensure states wouldn’t receive less funding than what they would have received in 1984 if the overall LIHEAP appropriation had been \$1.975 billion. A third “hold-harmless” provision was added in 2020 as well to ensure states and territories would get no less than 97 percent of the allocation each received in federal Fiscal Year (FY) 2019.

The decision about which funding formula and provisions are used depends on how much Congress appropriates for LIHEAP. Only the 1981 formula is applied if the appropriation is below \$1.975 billion. Figure 1 is a basic guide.

The total LIHEAP funding between FY 1981 and FY 2008 invoked only the 1981 formula, with the exception of FY 1985, FY 1986, FY 2006 and FY 2008. In those four years, the overall funding exceeded \$1.975B and invoked only the 1984 formula. Beginning in FY 2009, after the LIHEAP statute expired, Congress introduced a hybrid formula in each year’s appropriation legislation that prescribed a specific amount to be run through the 1984 formula and the rest being distributed under the 1981 formula.

Determining funds for HHS directly funded federally or state recognized tribal grant recipients is based on a set aside calculated for each state for those tribes with land co-located in that state and for which the tribe applies directly to HHS by submitting its own LIHEAP Plan. The federal LIHEAP statute requires HHS to set aside from the state funding an amount for the tribe that is based on the number of income eligible Native American households living on that tribe’s land in that state compared to the number of income eligible households in that state. HHS calculates that percentage for each eligible tribe and multiplies it against those respective states’ gross funding allocations. HHS then issues the

Notice of Award to those tribes which remain accountable directly to HHS in their administration of the program.

The federal statute also permits eligible tribal grant recipients to negotiate with their state counterpart(s) a higher funding set aside from the state funding. The number of directly funded tribal grant recipients fluctuates slightly each year, but is generally around 150 tribes and tribal organizations out of the more than 574 federally recognized tribes. Approximately 90 percent of the directly funded tribal grant recipients receive their funding based on agreements they have negotiated with states. For more on these agreements, please see this [State and Tribal Agreements Training](#) webinar.

Tribes that do not qualify as direct HHS LIHEAP grant recipients or don’t want to administer their own programs, are either served by the state LIHEAP in their area or may negotiate subgrant awards from the state LIHEAP in their area. For example, Minnesota negotiates subgrant awards to tribes co-located in that state and those tribes administer their own programs according to their agreement with that state. States that serve tribal households are required to conduct outreach and application intake services on the tribal lands to ensure that the tribal members have access to the program. In some situations, tribes choose to

The Distribution of LIHEAP Funds and Federal Appropriation

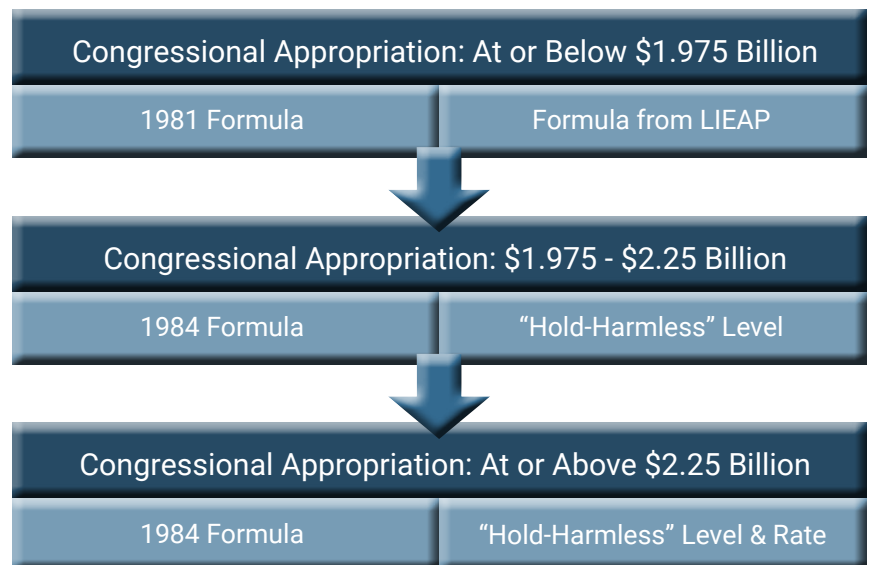


Figure 1

administer home energy assistance only and allow their members to receive weatherization services through the state's LIHEAP and/or Weatherization Assistance Program (WAP).

U.S. territories can receive at least one-tenth, but no more than one-half of 1 percent of the total regular LIHEAP funding appropriated. This funding had generally been about 0.134 percent until FY 2014, at which point [HHS increased](#) it to the statutory maximum of 0.5 percent. Once the percentage is determined, the funding is divided among the territories based on the distribution of the 1984 funds and updated data that HHS analyzed in FY 2014. That distribution allocates 90 percent of the overall territory set aside to Puerto Rico.

In addition to the regular block grant funds discussed above, the LIHEAP statute authorizes emergency contingency funds to supplement regular LIHEAP appropriations to meet the additional home energy assistance needs of one or more states arising from a natural disaster or other emergency. These funds, if appropriated by Congress, can be released and allotted to one or more states at the discretion of the Administration, based on the appropriation.

Such funding was available to supplement LIHEAP prior to 1994, but the 1994 reauthorization of LIHEAP made emergency funding official, subject to Congressional appropriations. The 1998 re-authorization of LIHEAP added a new section, noted below in an excerpt from the [conference report](#), that specified additional conditions under which LIHEAP emergency funds could be re-leased, to include:

“a natural disaster, any other event meeting criteria the Secretary determines appropriate, or a significant increase in: (1) home energy supply shortages or disruptions; (2) the cost of

home energy; (3) home energy disconnections; (4) participation in a public benefit program such as the food stamp program; or (5) a significant increase in unemployment or layoffs.”

Since 1984, these funds have been released to grant recipients nearly two dozen times for reasons such as energy price increases, extremely hot or cold weather, and damages caused by natural disasters. Emergency funding has not been allocated since 2011. Visit the Clearinghouse's [Emergency Funding History](#) page to view a graph featuring the history of emergency contingency funding.

As shown by Figure 2, the historic funding low was in 1996 with \$900 million in regular funds, which was supplemented by \$480 million in emergency funds. The historic high was in 2021, when the program received over \$8 billion.

It is important to note that, historically, LIHEAP has served less than 20 percent of income-eligible households, according to recent editions of the [LIHEAP Home Energy Notebook](#). Figure 2, shown below, uses data collected and combined from the LIHEAP Performance Management's [Data Warehouse](#) website, also displays this trend.

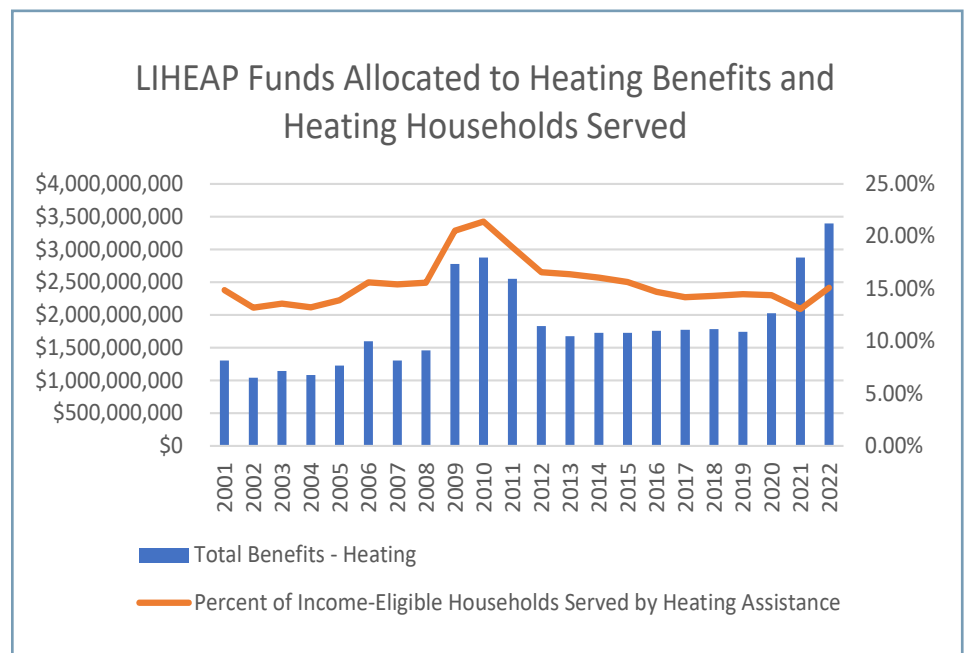


Figure 2

Source: [LIHEAP Performance Measurement Website](#)

In FY 2020 LIHEAP received \$900 million in supplemental funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act ([Public Law 116-136](#)) in response to the Coronavirus Disease 2019 (COVID 19). The American Rescue Plan Act (ARP) of 2021 ([Public Law 117-2](#)) provided an additional \$4.5 billion to FY 2021 funding. On January 25, 2022, the release of supplemental funds from the Infrastructure and Investment in Jobs Act (IIJA) ([Public Law 117-58](#)) was announced. IIJA provided an additional \$100 million dollars a year for the next five years.

Congress appropriated a total of \$6.1 billion in FY 2023 under the *Consolidated Appropriations Act, 2023* ([Public Law 117-58](#)). Of that amount, \$4 billion is being treated at regular block grant funding, with \$2 billion coming from the two supplemental appropriations along with the \$100 million from the five-year IIJA implementation.

Supplemental funding directly impacts state and territory grant recipients. However, a total of 13 tribal grant recipients receive supplemental funds only if they amend their intergovernmental agreements.

4. How Are LIHEAP Funds Used?

The LIHEAP statute ([42 U.S.C. 8623 Sec. 2605 \(b\)1\(A\)](#)) includes in it [16 assurances](#) that grant recipients certify they will agree to – including some optional services – in order to receive funding. [Assurance 1](#) provides a framework for LIHEAP administration and delivery. It directs grant recipients to:

- Conduct outreach and provide assistance to help households with low incomes meet their energy needs;
- Intervene in energy crisis situations;
- Provide low-cost weatherization; and
- Plan, develop, and administer their programs.

In practice, grant recipients use the majority of their funds to help households with low incomes meet their home energy costs by paying a portion of their heating and cooling expenses. In FY 2024, all 50 states plus Washington D.C. and all 150

Tribes indicated their intent to operate a heating assistance program in their annual model plans, while 30 states, three U.S. Territories and 109 Tribes planned to operate a cooling assistance program. Crisis assistance programs were available in all states, territories, and tribes.

Grant recipients must provide assistance to households facing home energy crises, which the statute defines generally as “weather-related and supply shortage emergencies and other household energy-related emergencies” ([42 U.S.C. 8621 Sec 2603 \(3\)](#)). Furthermore, grant recipients must provide some form of assistance to resolve a crisis no later than 48 hours after an income-eligible household applies. The timeframe drops to no later than 18 hours if the crisis situation is also life threatening.

Beyond that, grant recipients set their own definitions and criteria for crisis assistance, including the distinction between regular and life-threatening crises. Numerous grant recipients provide crisis funds to households that have had, or are on the verge of having, their utility service disconnected; or have run out of, or are about to run out of, a deliverable fuel. As of 2024, twenty-eight grant recipients operate crisis year-round, 11 grant recipients operate it in conjunction with their heating assistance programs. Six grant recipients provide a winter and summer crisis component. See the Clearinghouse’s [State](#) and [Tribal](#) Crisis tables for current definitions.

LIHEAP funds may also be used for a few optional programs. First, according to LIHEAP statute, up to 15 percent of a grant recipient’s allocation can be dedicated to providing “low-cost residential weatherization and other cost-effective energy-related home repair” ([Assurance 1](#)). If a grant recipient wants to increase the percentage up to 25 percent, it can request a waiver in writing from HHS. Figure 3 on the next page shows how state allocated funds for weatherization in FY 2022.

The majority of state grant recipients allocate funds to low-income weatherization; only two states do not allocate funding to weatherization, and 26 of the states allocate the 15 percent maximum year-after-year. According to the most

recently available household report data from FY 2022, eight states applied for and received a waiver to allocate up to 25 percent of their funds to weatherization.

To varying degrees, each state's LIHEAP weatherization funds are spent in coordination with the DOE's WAP. Twenty-two states use different agencies to administer funds for LIHEAP and WAP. The District of Columbia and the remaining 28 states administer both in the same office. The Clearinghouse issued this [report](#) about coordinating LIHEAP and WAP and OCS and Briljent held [Tribal](#) and [State](#) Weatherization webinars that can provide further insight.

Grant recipients may also use up to five percent of their allocation to provide self-sufficiency services for clients. Also known as [Assurance 16](#), these services are often coordinated with energy vendors or other low-income programs and include energy-efficiency education and case management. For a description of the services offered by state grant recipients, please see the [State and Territories' Use of Assurance 16](#) table and the [LIHEAP Webinar on Assurance 16](#). During its 2016 regional trainings, HHS stressed the importance

of reporting the inputs, outputs, and outcomes of Assurance 16 programs. More information can be found in the [Evaluation of Assurance 16 Programs](#) PowerPoint presentation from the Denver regional training.

For a breakdown of how states planned to divide their funds among program components for FY 2023, please see the Clearinghouse's [LIHEAP Funds by Program Component](#) table.

Effective in 1996, contingent upon available annual funding, another optional program has been available to grant recipients that successfully compete for what are called Residential Energy Assistance Challenge (REACH) funds, authorized in [Section 2607\(b\)](#) of the LIHEAP statute. Funding for REACH comes out of the same set-aside as for Leveraging. Both Leveraging and REACH programs are at the discretion of the Secretary of HHS and the last year HHS awarded either of these grants was in FY 2011. If and when HHS awards these grants, HHS will issue an Action Transmittal to current LIHEAP grant recipients soliciting separate reports or plans for those programs. To learn more about the leveraging program, see Section 9 of this document.

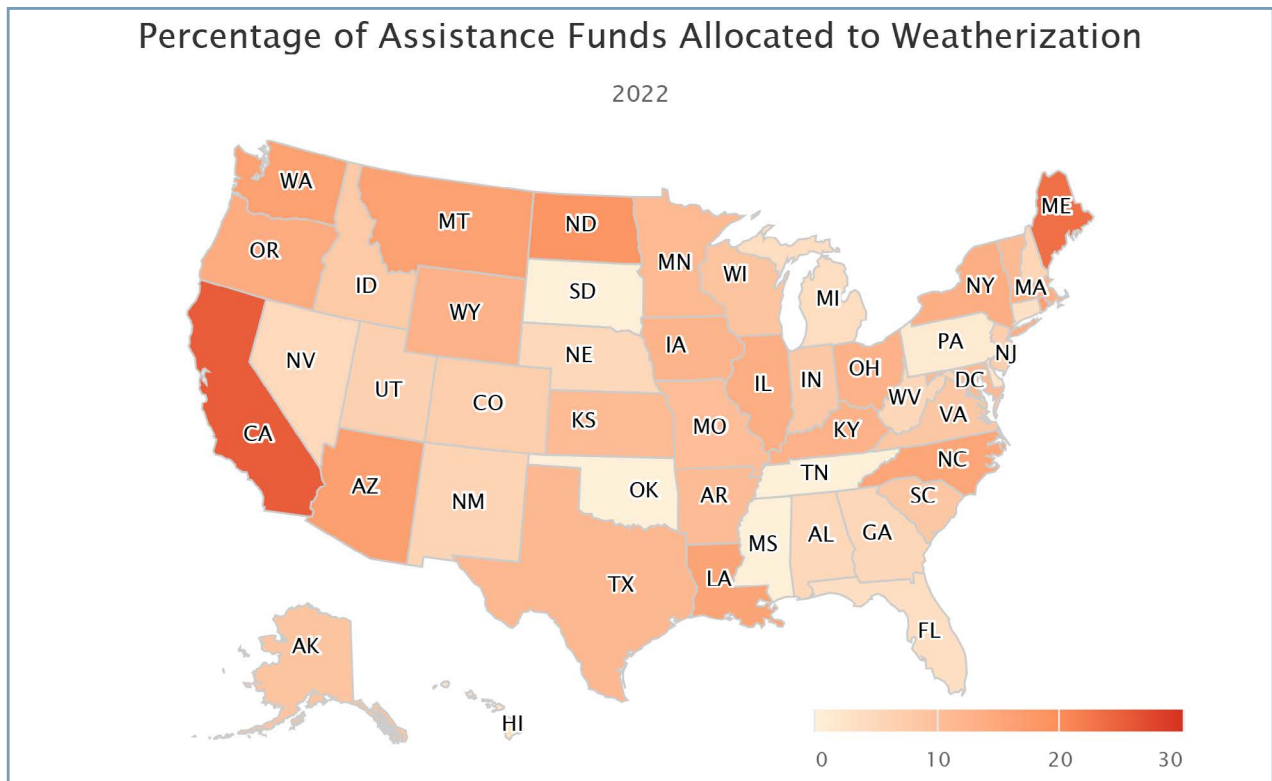


Figure 3

Source: [LIHEAP Performance Measurement Website](#)

If awarded, grant recipients that qualify can use the REACH funds to, in summary, minimize the health and safety risks that result from high energy burdens on low-income Americans, prevent homelessness as a result of inability to pay energy bills, increase the efficiency of energy usage by low-income families, and target energy assistance to individuals who are most in need.

Additional funds may be made available to REACH programs that have energy-efficiency education plans. More information, including REACH history and selected [state](#) and [tribal](#) project evaluations, can be found on the LIHEAP Clearinghouse website.

5. Who Is Eligible for LIHEAP Benefits?

As discussed more in Section 8 of this Primer, program eligibility and benefits are determined by at least three factors: total household income, total number of eligible household members, and at least one factor reflecting home energy need(s). The statute defines a household as an:

“individual or group of individuals who are living together as one economic unit for whom residential energy is customarily purchased in common or who make undesignated payments for energy in the form of rent...” ([42 U.S.C. 8621 Sec. 2603 \(5\)](#)).

By statute, grant recipients may set income-eligibility for households as high as 150 percent of FPG or, if greater, 60 percent of SMI. Grant recipients may establish lower income eligibility levels, but no household below 110 percent FPG can be considered ineligible for being over income. Visit the [Percent of Poverty Guidelines for LIHEAP Components](#) page for a table listing the income guidelines used by state grant recipients in 2024. Visit the [State Eligibility Limits for FFY 2024](#) page for a quick overview. This FY 2024 graph is also included as Appendix I to the Primer.

The statute allows grant recipients to make households automatically income eligible (referred to as “categorical eligibility”) if at least one member of the household receives Temporary Assistance for Needy Families (TANF), Supplemental Security

Income (SSI), Supplemental Nutrition Assistance Program (SNAP), or certain means-tested veteran programs. In such instances the LIHEAP intake staff will accept the program eligibility work of the other program’s intake staff and will then skip to the benefit calculation step of the intake process. This [Categorical Eligibility](#) table shows which state grant recipients use categorical eligibility.

The statute does not define what items or sources of funds are to be counted as income. However, other federal laws that prohibit certain sources of income from being counted in the LIHEAP eligibility or benefit determination process, such as SNAP and other certain federal sources of benefits, do exist. It is up to the grant recipient to determine what it will or will not count as income. Visit the [Defining Income](#) page for more detailed information about defining income.

Additionally, a LIHEAP grant recipient may decide to have additional criteria, beyond the federal requirements, that a household must meet in order to be eligible for the program. Other eligibility criteria include, but are not limited to:

- Having a work or study requirement
- Passing an assets test, that is, having no more than a certain amount of resources or assets, as determined by the grant recipient (see [state examples](#)).

For more about eligibility criteria, see these Clearinghouse pages about [states](#) and [tribes](#).

LIHEAP is a block grant program, thus, even if a household is income eligible, there is no guarantee it will receive assistance. The number of households served in a given year depends on a grant recipient’s LIHEAP allocation and how it designs its program, including whether it targets or prioritizes certain households.

For example, LIHEAP grant recipients are required to target households with vulnerable members and or high energy burdens. The statute defines the term “highest home energy needs” to mean:

“the home energy requirements of a household determined by taking into account both

the energy burden of such household and the unique situation of such household that results from having members of vulnerable populations, including very young children, individuals with disabilities, and frail, older individuals ([42 U.S.C. 8621 Sec. 2603\(4\)](#)).

Throughout the statute, grant recipients are directed to make efforts to reach older individuals, disabled, and young children with their assistance.

As a result of a [1994 amendment to the statute](#), grant recipients must also ensure that households with the lowest income and highest home energy burden receive the highest level of assistance. The term “energy burden” means the expenditures of the household for home energy divided by the income of the household.

The statute also requires that LIHEAP grant recipients treat owners and renters equitably. However, equitably doesn’t necessarily mean equally. While grant recipient policy can treat owners and renters differently, the key is to run a program that is fair to both parties where no renters are automatically denied because they do not have a separate energy bill or because their home energy costs are included in rent.

6. Administering LIHEAP Funds

Grant recipients are responsible for planning and administering their LIHEAP funds; however, the LIHEAP statute limits grant recipients’ obligations in this area to 10 percent of their annual allocation. Grant recipients are also prohibited from using other federal program funding to pay for costs that exceed the 10 percent of the LIHEAP grant for that FY. Any costs in excess of that limit must be paid from non-federal funds. Grant recipients must detail in their annual LIHEAP Model plan the amount they plan to obligate on administration (listed as a percentage of their allocation).

The LIHEAP statute and federal block grant regulations do not define administrative costs. That means grant recipient have the flexibility to define them, and HHS will accept a grant recipient’s definition of its administrative costs unless it is deemed “clearly erroneous.”

As a result, grant recipients have developed a variety of definitions for administrative and program costs. The following are typical activities that many grant recipients consider to be administrative: management and oversight of the program, including fiscal and program monitoring; development of contractor policies, goals and objectives; budgeting and fiscal reporting; hiring/supervising operations at administrative and program levels; program staff training; equipment purchases; and client intake and eligibility determination. In some instances, grant recipients split a case worker’s time between admin and program funding depending on how much time might be spent on case management, and so on. Grant recipients must follow their own state-wide, tribal-wide, or territory-wide rules on administrative costs as well. The LIHEAP grant recipient must use these definitions for administrative costs, except to the extent there are LIHEAP specific costs that aren’t captured. This requirement to follow statewide rules also applies to other terms not defined in federal law, such as “obligation” and “expenditure.” The requirement to follow statewide definitions and rules can be found in the federal regulations at [45 C.F.R. 96.30\(a\)](#). Grant recipients may also design a more restrictive or broad definition of administrative costs, as per the definition that governs its own funds. For more information on state variations, see this Clearinghouse’s [Administrative Costs vs. Program Costs: State Variations](#) and the issue brief, [LIHEAP Administrative Cost Savings](#). OCS also released an Information Memorandum [LIHEAP IM 2015-04 Applicability of the OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements to LIHEAP Awards](#) that further explains what can be counted towards administrative costs.

[Assurance 6](#) pertains to grant recipients’ use of local administrative agencies in the delivery of LIHEAP. It doesn’t require the state to use local agencies. However, if the state does utilize local administrative agencies (also called sub-grant recipients), it must “give special consideration” to agencies operating energy-assistance or weatherization programs under the Economic Opportunity Act of 1964, which created community action

agencies. Other local nonprofit organizations can also be used. The majority of state grant recipients that use sub-grant recipients use community action agencies as their local administrative agencies for at least one component of their LIHEAP, while others use county social services offices or other non-profits. For more on sub-grant recipients, please see [State and Local LIHEAP Administering Agencies](#).

Territory and tribal grant recipients do not utilize sub-grant recipients. Regardless of what entity administers LIHEAP at the local level, it must follow the grant recipient's current plan and adhere to all federal and state policies and procedures.

7. The LIHEAP Application Process

The LIHEAP application process is an area of flexibility for grant recipients and varies considerably among grant recipients. Most programs require all households seeking assistance to fill out an application and provide the required information to prove eligibility.

It is standard practice for states to request the following information, at a minimum, for the LIHEAP applicant as well as all household members: full name, mailing and street addresses, income, telephone number, county of residence, date of birth, gender, Social Security Number (SSN), tribal ID, tribal enrollment and utility information. Although it is not a federal requirement, HHS strongly encourages recipients to securely collect SSN.

However, some states ask for less information and some ask for more. A broader overview of the information considered by state grant recipients to determine eligibility can be found on the [Eligibility](#) page. Examples of LIHEAP applications can be found on under [State Low-Income Energy Profiles](#).

Numerous grant recipients run their programs with staggered opening dates that allow households with older individuals, disabled, or young people to apply before the general population.

Those grant recipients utilizing categorical eligibility may or may not require recipients of specific federal programs to fill out an application. Sometimes those households deemed automatically

eligible are issued an automatic LIHEAP benefit.

Since the COVID-19 pandemic began, the majority of state grant recipients shifted to allow customers to fill out forms either online, by mail, over the phone, or through mobile apps to qualify for assistance. Fewer programs now involve an application process whereby households with low incomes go to a local agency or nonprofit and fill out a form, though more offices are once again opening their doors to applicants.

Grant recipients vary widely in the extent to which they verify client information, especially when it comes to identity and income. Verification is important, because it helps ensure that LIHEAP benefits go only to those who are eligible. Some grant recipients seek to verify client identity and income through other government databases such as their state's SNAP or TANF programs, state employment or labor offices, or the Social Security Administration. Others rely primarily on client documents such as Social Security cards, benefit award letters, check stubs, and tax records. More details on how states verify client information is available under Eligibility Verification and in the Clearinghouse's [LIHEAP Program Integrity Report](#).

8. LIHEAP Benefits: Requirements and Variations

The LIHEAP statute says grant recipients must:

“provide, in a timely manner, that the highest level of assistance will be furnished to those households which have the lowest incomes and the highest energy costs or needs in relation to income, taking into account family size.”

In its 1994 reauthorization of LIHEAP, Congress broadened the purpose of LIHEAP to:

“provide assistance to low income households in meeting their home energy costs, particularly those with the lowest incomes that pay a high proportion of household income for home energy ([42 U.S.C. 8623 Sec. 2605 \(b\)\(1\)\(A\)](#)).”

Grant recipients develop a benefit matrix for their

service area that varies the amount of the bill payment by at least three critical, federal factors required by the statute—income, household size, and energy cost/need. They have the most flexibility in how they determine energy cost/need. Most grant recipients choose one or more ways to determine energy cost/need, such as by home fuel type, dwelling type or size, regional weather/climate, and the presence of vulnerable household members (older adults, young children five and under, and members with disabilities). Examples of benefit matrices used by [state](#) grant recipients and [tribal](#) grant recipients provide a more nuts-and-bolts way of understanding how benefits are calculated.

As Figure 4 shows, the average LIHEAP grant has historically funded less than half of recipients’ annual home heating costs.

Once a household qualifies for assistance and its benefit is determined, most grant recipients make a payment directly to the household’s utility vendor(s). Grant recipients may have exceptions to this such that they make payments directly to clients in situations where the grant recipient does not have an agreement with the client’s vendor (which can often be the case with deliverable

fuels); the client’s rent includes utility costs; or other specifically-stated situations. For examples of grant recipient vendor agreements, see these [state](#) and [tribal](#) examples.

9. LIHEAP Leveraging-Incentive Program

As Figure 5 shows on the next page, LIHEAP funding has been insufficient in assisting all income-eligible households and in fully addressing home energy needs. In response, many LIHEAP grant recipients, their allies at local agencies, utility vendors, and community groups have developed additional funding resources to supplement federal LIHEAP funding. Some of these endeavors have been underway since before LIHEAP’s beginning as a block grant in 1981.

The acquisition of supplemental energy assistance funding, also known as leveraging, became a formal part of LIHEAP with the passage of a “[leveraging incentive](#)” provision in the 1990 LIHEAP re-authorization bill. In adopting the provision, federal lawmakers reasoned that providing grant recipients with financial rewards based upon the amount of leveraging resources they attained would incentivize them to attain additional resources.

Expenditures for Heating Fuels vs Average LIHEAP Grants
FY 2018 - FY 2022

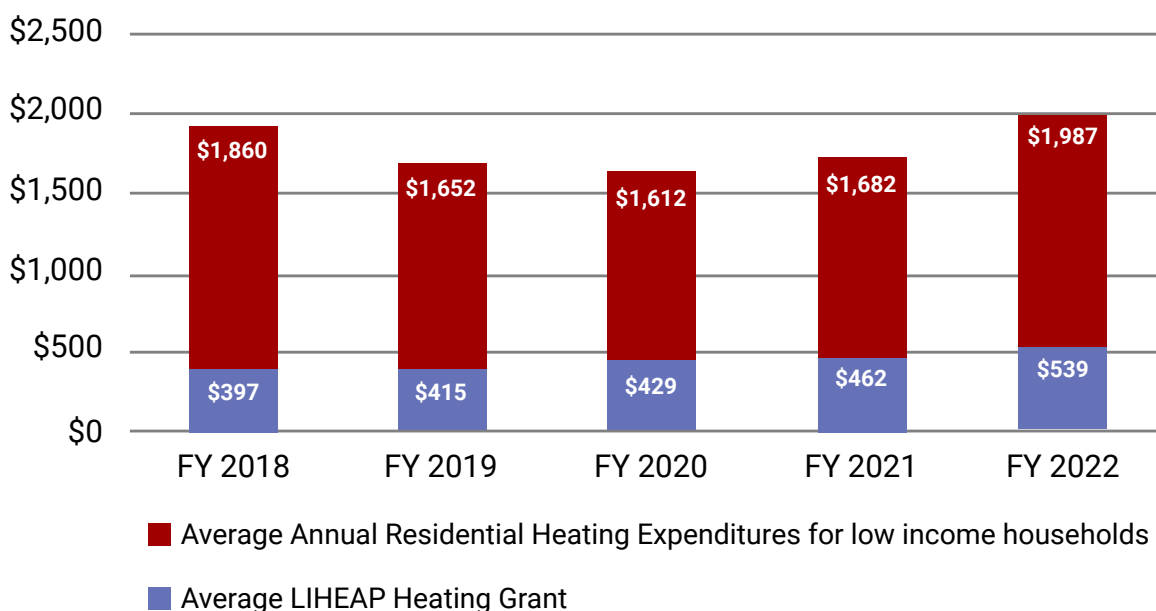


Figure 4

Source: [LIHEAP Performance Measurement Data Warehouse Website](#)

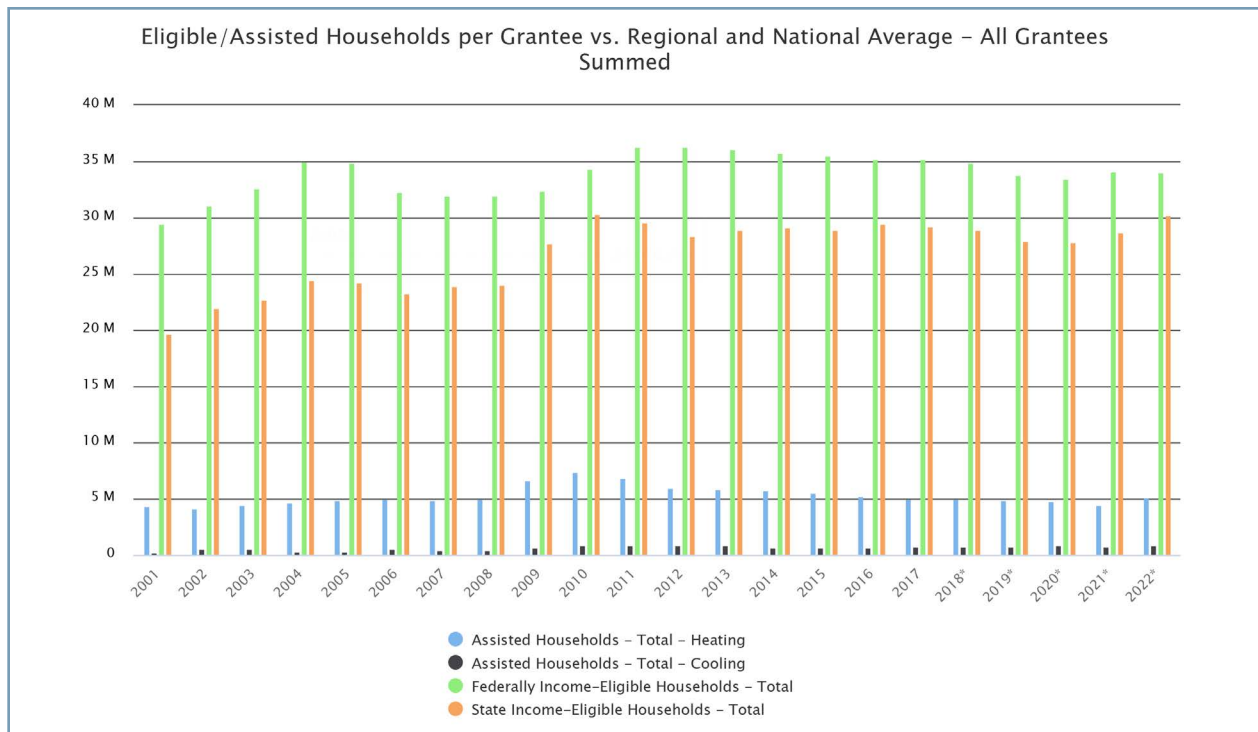


Figure 5

Source: [LIHEAP Performance Measurement Data Warehouse Website](#)

Congress first enacted the leveraged resources subsection (d) of the federal LIHEAP statute in 1994 by the Human Services Amendments of 1994 ([PL 103-2552](#)), and originally authorized \$50 million for FY 1996 and FY 97, “and such sums as may be necessary for each of fiscal years 1998 and 1999.” In 1998, the provision was amended to its current form, authorizing up to \$50M per year from FY 1999-FY2004 so long as the overall program funding was at least \$1.4B. If a year had less than \$1.4B in total funding, then HHS could use up to \$30M for leveraging. When made available by HHS, grant recipients desiring leveraging incentive funds must submit a separate leveraging incentive funds report to HHS for a particular fiscal year, based on leveraging activities carried out during the previous fiscal year.

From FY 1991 until FY 2010, a majority of state grant recipients and about two dozen tribal grant recipients submitted annual [leveraging reports](#) detailing their leveraging activities. This report, in addition to the leveraging application itself, made them eligible for a portion of the approximately \$25 million in leveraging incentive awards. For more information, see these [state](#) and [tribal](#) leveraging pages. Complete information is not available after 2012, because HHS has not funded the

leveraging incentive provision since then.

In FY 2012, the last year HHS funded this optional program, non-federal leveraging resources for home energy bills (rate assistance) totaled more than \$3 billion. The majority, 76 percent, of state leveraging funding in FY 2012 came from utilities, followed by 19 percent from state and local governments. The final 6 percent came from fuel funds and delivered fuel vendors.

While the leveraging-income program has not been funded since FY 2012, many states have elected to supplement their LIHEAP programs with non-LIHEAP funds and state energy assistance programs. Information on state programs can be found in the [State Snapshots](#) on the LIHEAP Clearinghouse website. For more information and examples on how states provide non-federal funds for energy assistance, see the [Leveraging and LIHEAP Report](#).

10. Performance Measurement and Management

Determining the impact social service programs have on beneficiaries is part of evaluating program outcomes. For LIHEAP, state grant recipients gather and report data for federal performance measures that seek to quantify the impact

the program has on its low-income beneficiaries. State grant beneficiaries voluntarily began reporting with FY 2014 data and were required in FY 2015.

The main push for performance measurement data resulted from a process beginning in 2003, although measures had been taken at least as early as the Human Services Amendments of 1994. The Office of Management and Budget (OMB) conducted an [assessment](#) of federal programs and concluded that LIHEAP lacked “meaningful performance measures” and “results [were] not demonstrated.” In June 2008, HHS formed the LIHEAP Performance Measures Work Group to bring state directors together to create performance measures.

By November 2014, HHS’ Administration for Children and Families (ACF) had gone through the required process and announced that OMB had approved the collection and reporting of data related to four new outcome-based performance measures. The measures are:

- Benefit Targeting Index for High Burden Households - measures the extent to which the highest benefits are provided to households with the highest energy burden;
- Energy Burden Reduction Index for High Burden Households - measures the extent to which LIHEAP benefits are adequate to deliver the same energy burden reduction to high burden recipient households as to low and moderate burden households;
- Prevention of Loss of Home Energy Services - the unduplicated count of households where LIHEAP prevented the loss of utility services; and
- Restoration of Home Energy Services - the unduplicated count of households where LIHEAP restored utility services.

HHS offers resources through the [LIHEAP Performance Management website](#) to help state grant recipients with the performance management process. The site contains numerous training tools, sample documents, and best practices to assist grant beneficiaries. While much of the data are shared publicly through the web site, grant recipients can get login information to access other data on the site.

Here are links to important resources available on the LIHEAP Performance Management Website:

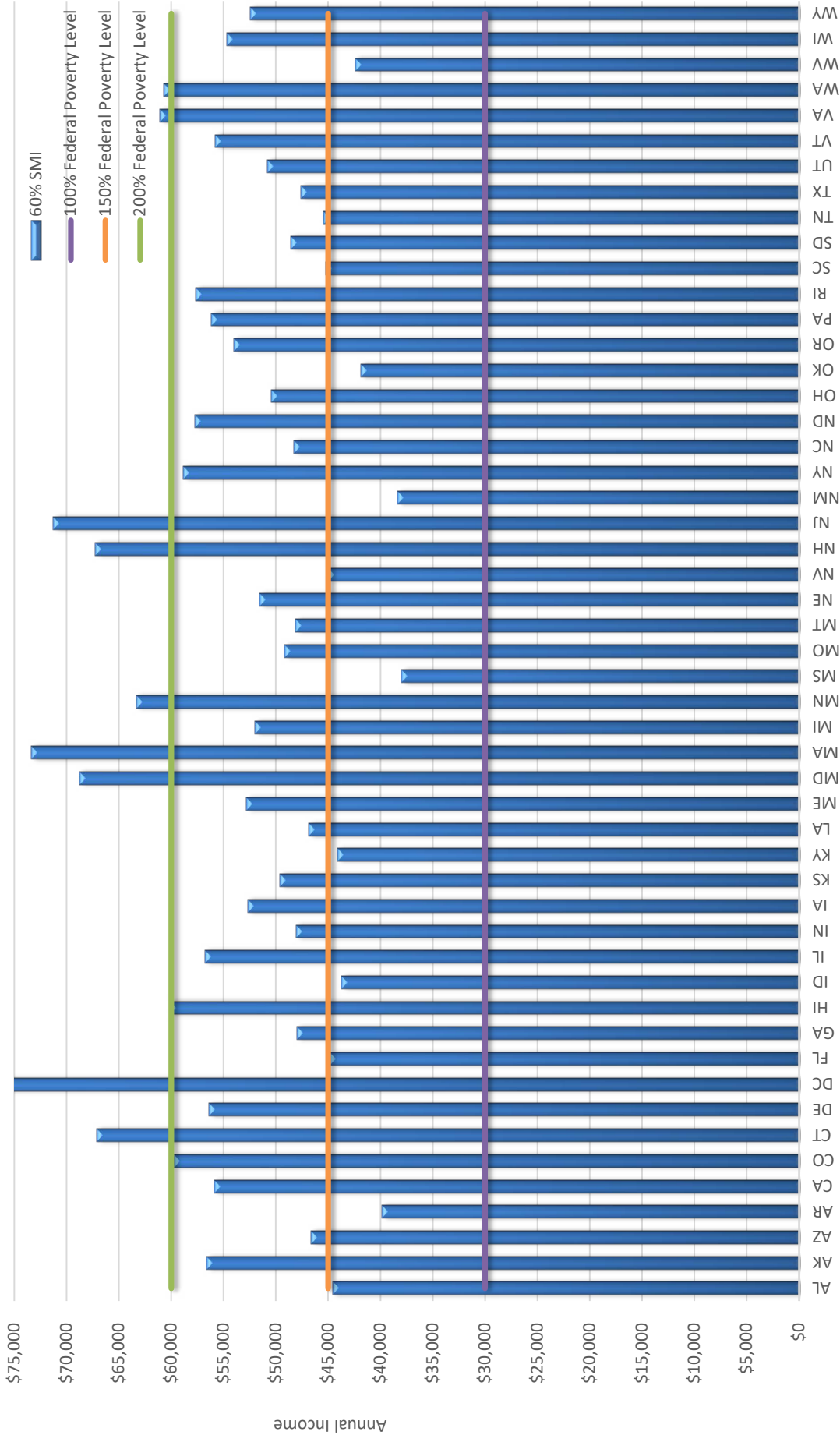
- [LIHEAP Performance Measures](#) – Learn about the Performance Measures background and view state Performance Measures results.
- [The LIHEAP Data Warehouse](#) – Access recent and historic national and state-level LIHEAP data.
- [LIHEAP Grant Recipient Resources](#) – Find information important for LIHEAP grant recipients
- [LIHEAP Virtual Library](#) – Find LIHEAP resources by topic area

11. Summary

LIHEAP is a complex and nuanced program. While there are some critical specific requirements spelled out in federal law, its block grant structure gives significant flexibility to grant recipients when it comes to designing their programs to address local needs. This primer touched briefly on some of the main topics related to LIHEAP. To learn more about this program, consult the sidebar of resources listed on page 1. These websites and reports will provide more information about LIHEAP and how grant recipients have structured their programs.

This LIHEAP Primer was created by the LIHEAP Clearinghouse in the performance of the United States (U.S.) Department of Health and Human Services (HHS), Administration for Children and Families (ACF), Office of Community Services (OCS), Contract Number 75N92021P0034. Any opinion, findings, conclusions, or recommendations expressed in this material are those of the author(s) and do not necessarily represent the official views of, nor an endorsement by, OCS/ACF/HHS or the U.S. Government. For more information, please visit the ACF website, Administrative and National Policy Requirements.

State LIHEAP Heating Income Eligibility Limits - FY 2024 (Federal Poverty Guidelines or State Median Income for a Household of Four)



[LIHEAP IM 2023-01 Federal Poverty Guidelines for Optional Use in FFY 2023 and Mandatory Use in FFY 2024](#)

[LIHEAP IM 2023-02 State Median Income Estimates for Optional Use in FFY 2023 and Mandatory Use in FFY 2024](#)