

Low Income Home Energy Assistance Program (LIHEAP)

Key Findings

- LIHEAP provides financial assistance to help low-income households pay their home heating and cooling bills.
- The “CARES Act” provided an additional \$900 million for LIHEAP. Additionally, the Department of Health and Human Services released the remaining \$37 million from the program’s FY2020 budget.
- More federal assistance is needed to address utility operational shortfalls caused by the economic downturn and nonpayment of utility bills.

LIHEAP Overview

The Low Income Home Energy Assistance Program (LIHEAP) provides critical home heating and cooling help to millions of vulnerable American families. Last year, LIHEAP helped approximately 6 million households, with an average annual grant of \$520. LIHEAP funding peaked when Congress appropriated \$5.1 billion for the program in FY09 and FY10. Unfortunately, funding has since fallen by more than one-third to \$3.74 billion in FY20. With low funds, the program is only able to serve one in six eligible households.

How it works:

LIHEAP is federally funded and administered through the Department of Health and Human Services (HHS), but the funds are sent to the states for implementation. Each state sets its own rules surrounding benefit amount, eligibility, and how to apply. Each state then works with local partners to implement the program. Typically, consumers apply for assistance through their local LIHEAP office. Once approved, they are granted credits on their utility bill and the funds are paid directly to the utility.

Eligibility: Both renters and owners are eligible for assistance, as long as they are responsible for paying utility bills. States set eligibility requirements, but there are federal parameters:

- Income thresholds (states can choose which threshold to apply): income cannot exceed 150% of Federal Poverty Guidelines; or income cannot exceed 60% of the state median income.
- Higher benefits are given to households with the greatest home energy needs in relation to income and number of household members.
- Benefits targeted to those who are elderly, disabled, and/or have a young child.

While most states have additional eligibility requirements, many have modified them to address the ongoing COVID-19 pandemic and ensure that newly unemployed and furloughed households are also eligible for assistance.

Information by state (including local contacts, online applications, and funding totals) may be found [here](#).

CARES Act

On March 27, 2020, Congress passed the “Coronavirus Aid, Relief, and Economic Security Act (CARES Act),” which provided an additional \$900 million for the program. There are no additional requirements or stipulations and funding will flow through existing channels. While not authorized in the “CARES Act,” HHS also released the remaining \$37 million from the FY2020 budget. While these appropriations are substantial, requests for assistance will likely exceed these numbers. As such, electric co-ops are encouraged to work with their consumer-members to apply for assistance now, before funding runs dry.

Additional Federal Assistance is Needed

Many states have mandated moratoriums on utility disconnections and some members of Congress have proposed a similar federal moratorium. As a result, electric bill nonpayment is increasing nationwide. LIHEAP funds appropriated in the “CARES Act,” will not be sufficient to meet the growing demand from newly unemployed households, seniors sheltering in place and existing LIHEAP customers. Additionally, commercial and industrial facilities are not eligible for LIHEAP assistance. Co-ops, as not-for-profit entities have limited reserve margins to sustain high rates on nonpayment and some co-ops are facing significant operational shortfalls. Without federal assistance, co-ops may face severe financial distress.

As a result, NRECA is requesting:

- **Increased funding for LIHEAP**
- **Federal funding to address utility operational shortfalls (relief should be directed to cover incurred costs that are not recoverable through existing avenues)**

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