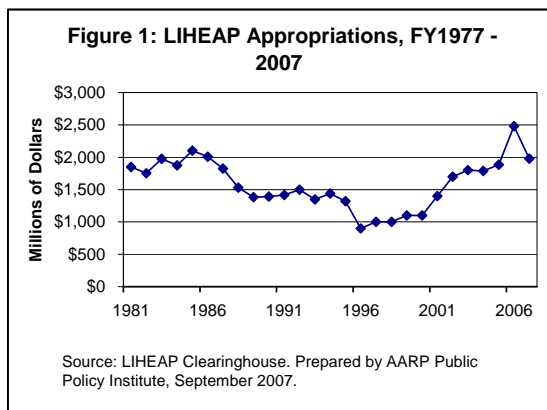


## The Low Income Home Energy Assistance Program: A Critical Resource for Low-Income Households

The Low Income Home Energy Assistance Program (LIHEAP)<sup>1</sup> is a federal block grant that provides funding to the 50 states and other jurisdictions to operate home energy assistance programs for low-income households. LIHEAP serves as a social safety net protecting at-risk households spending a high proportion of their income on home energy from the dangers of inadequate heating and cooling.<sup>2</sup>

### LIHEAP is funded at less than half the level authorized by Congress

Although the Energy Policy Act of 2005 authorizes LIHEAP to be funded at a maximum of \$5.1 billion per year, fiscal year 2007 (FY2007) funding totaled \$1.98 billion. To date, annual LIHEAP funding has remained below \$2 billion, with the exception of FY2006 when Congress appropriated \$2.48 billion in regular funds and \$681 million in contingency funds (Figure 1).



<sup>1</sup> LIHEAP was established through the Low Income Home Energy Assistance Act, Title XXVI of the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35).

<sup>2</sup> Low-Income Home Energy Assistance Act of 1981, XXVI U.S.C. § 2601-2611 (Supp. 1989), <http://www.acf.hhs.gov/programs/liheap/guidance/statute/statute.html#Sec2602>.

### LIHEAP targets the most vulnerable households

Under Federal law, states must limit LIHEAP eligibility to households with incomes that do not exceed 150 percent of the Federal poverty level or 60 percent of the state median income, whichever is greater. Approximately 35 million households<sup>3</sup> meet this requirement. However, the program is only funded at a level that allows states to grant funds to the most eligible households. State LIHEAP programs therefore first assist the most vulnerable households, often those with older or disabled individuals<sup>4</sup>. The U.S. Department of Health and Human Services (HHS) estimates that approximately 4.6 million households received assistance in 2004 (Table 1).

**Table 1: Participation in LIHEAP, 2004**

Component	Participants
Heating	4,600,000
Winter/Year-round Crisis	1,100,000
Weatherization	112,000
Cooling	308,000
Summer crisis	88,000

Source: Congressional Research Services, 2006.

<sup>3</sup> Richard Kogan and Aviva Aron-Dine. *Out in the Cold: How Much LIHEAP Funding Will Be Needed to Protect Beneficiaries from Rising Energy Prices?* Retrieved October 10, 2007 from <http://www.cbpp.org/10-6-05bud.htm>

<sup>4</sup> LIHEAP Funding Levels Must Be Increased: Low-Income Families Need Energy Assistance Now More Than Ever (2007). Retrieved September 19, 2007 from SupportLIHEAP.org Web site: [http://www.supportliheap.org/resources/LIHEAP%20paper\[1\].0107.pdf](http://www.supportliheap.org/resources/LIHEAP%20paper[1].0107.pdf).

According to a recent survey<sup>5</sup>, 94 percent of LIHEAP households had at least one member who was elderly, disabled, a child under 18, or a single adult living with one or more children. The survey found that 82 percent of recipients reported an annual income of below \$20,000, and 61 percent reported incomes at or below the federal poverty level. Survey respondents spent an average of 14 percent of total household income on residential energy, and 73 percent reported that they spent less than necessary for household necessities in order to pay energy bills.

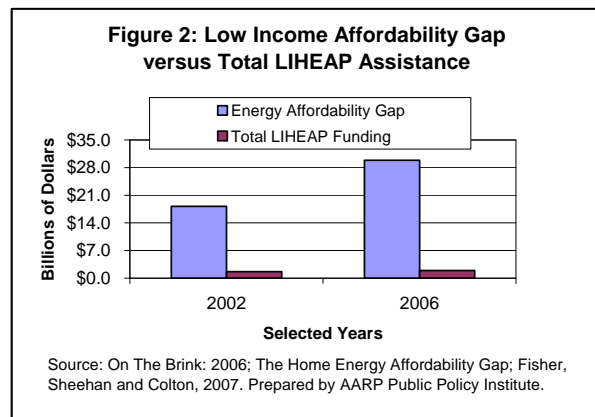
**LIHEAP benefits continue to reach fewer and fewer eligible households.**

Estimates show that the LIHEAP program served only 16 percent of households eligible for assistance in FY2006<sup>6</sup>. Eligible households receiving LIHEAP assistance decreased from 36 percent in 1981 to 20 percent in 2000<sup>7</sup>.

**The gap between energy affordability and energy assistance is almost \$28 billion for low income households.**

Energy costs have risen steadily since 2000<sup>8</sup> and there is a significant gap between these costs and what low-income households could afford to pay. A

recent study<sup>9</sup> shows that actual low-income energy bills in the winter of 2005/2006 totaled over \$29.8 billion more than low-income households could afford to pay. Federal energy assistance during that period amounted to \$1.94 billion, leaving a gap of almost \$28 billion in energy assistance needs. Between 2002 and 2006 the energy affordability gap increased by \$11.6 billion while LIHEAP funding increased by \$279.9 million (Figure 2).



Only about 5 percent of the low-income residential energy bill is covered by LIHEAP<sup>10</sup>.

**Congress should fund LIHEAP at its authorized level.**

The LIHEAP program is the most important source of assistance for low-income households trying to cope with rising energy costs, yet because of the lack of adequate funding, many eligible households go without aid. To address this problem and assist in closing the energy affordability gap, Congress should fund the LIHEAP program at its full authorized level of \$5.1 billion.

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<sup>5</sup> Berger, J., Ferraro, C.-A., & Carroll, D. (2005, September). 2005 National Energy Assistance Survey: Final Report. Retrieved May 9, 2007, from National Energy Assistance Directors Association Web site: [http://www.neada.org/comm/surveys/NEADA\\_2005\\_National\\_Energy\\_Assistance\\_Survey.pdf](http://www.neada.org/comm/surveys/NEADA_2005_National_Energy_Assistance_Survey.pdf)

<sup>6</sup> The Increasing Burden of Energy Costs on Low Income Consumers. (September 2007). Retrieved October 10 2007, from The American Gas Association website: <http://www.aga.org/NR/rdonlyres/462713DE-A933-45A7-A3D1-B879BB2DA51A/0/0709ENERGYBURDEN.PDF>

<sup>7</sup> LIHEAP Factsheet. (2005). Retrieved May 9, 2007, from Campaign for Home Energy Assistance Web site: <http://www.liheap.org/factsheet.html>.

<sup>8</sup> Several studies show that energy costs have risen steadily since 2000. For example, a report by the Economic Opportunity Studies (Forecast FY 2007 Energy Bills and Heating Bills: LIHEAP-Eligible Population 2001-2006) estimates that average household energy costs rose by 43 percent between FY2001 and FY2006, and suggests that this level of change will remain consistent in FY2007.

<sup>9</sup> On the Brink 2006: The Home Energy Affordability Gap. (2006, April). Retrieved May 4, 2007, from Fisher, Sheehan & Colton Web site: [http://www.homeenergyaffordabilitygap.com/downloads/2006\\_Released\\_Apr07/2006%20Census%20Fact%20Sheets.pdf](http://www.homeenergyaffordabilitygap.com/downloads/2006_Released_Apr07/2006%20Census%20Fact%20Sheets.pdf)

<sup>10</sup> Ratepayer-Funded Low-Income Energy Programs: Performance and Possibilities. Prepared by APPRISE and Fisher, Sheehan, and Colton. July 2007.