

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

The Low Income Home Energy Assistance Program is a vital source of assistance for low-income households trying to cope with high energy costs. Even fully funded, program resources are insufficient to meet the needs of all eligible households; proposed cuts would only make the situation worse.

Residential energy is a critical resource necessary to the health and well-being of every individual. Each household must have adequate access to energy in order to heat and/or cool the home, cook, and power appliances, from light bulbs to life-sustaining equipment.

For many low-income households, the cost of residential energy remains unaffordable. For these families, lack of adequate energy can ultimately result in sickness, death, or mandatory removal of vulnerable¹ members from the household. In addition, the failure of low-income households to pay utility bills has been identified as a leading cause of homelessness.²

The Low Income Home Energy Assistance Program (LIHEAP)³ is a federal block grant

¹ The statutory description of LIHEAP describes vulnerable persons as including very young children, individuals with disabilities, the elderly, and those with special medical needs.

² Jerrold Oppenheim, Theo Macgregor. *The Economics of Low-Income Electricity Efficiency Investment*. Entergy Corporation, 2002.

³ 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).

that provides funding to the 50 states and other jurisdictions to operate home energy assistance programs for low-income households. States set independent eligibility criteria within federal guidelines and leverage and supplement LIHEAP funds with state, private, corporate, and charitable funding.

LIHEAP serves as a social safety net, helping low-income households—in particular those spending a high portion of their income on home energy—to meet their home energy needs. The program helps eligible households pay heating and/or cooling bills, helps with energy-related emergencies, and funds low-cost weatherization projects.

LIHEAP is historically underfunded.

LIHEAP was established in 1981 and has since been reauthorized several times. The latest reauthorization, the Energy Policy Act of 2005, authorizes LIHEAP to be funded at a maximum of \$5.1 billion per year. With the exception of fiscal year (FY) 2009 and FY 2010, when the program was fully funded, and FY 2006, when Congress appropriated \$3.16 billion in regular and contingency funds, annual LIHEAP funding has remained below \$2 billion (figure 1).

So far in FY 2011, states have operated on a \$3.3 billion level, and it is expected that the program will receive a total of at least \$4

