

Illinois Community Action Association LIHEAP Reauthorization Issues – 2003

The LIHEAP program is administered at the local level by Community Action Agencies in all geographic areas of Illinois. This service is vital to helping the elderly, working families and people with disabilities to achieve self-sufficiency by providing partial payment for energy costs. In combination with other Community Action services, LIHEAP extends a holistic approach to help these low-income populations by reducing their home energy costs through direct financial assistance, energy counseling, outreach activities, information and referral to energy related programs and support services. In addition, LIHEAP assistance helps to prevent homelessness, sickness, and despair, while allowing low-income populations to purchase essentials such as food, clothing and medications.

Supplemental energy services are essential to low-income people trying to achieve self-sufficiency. Documentation suggests that while the average family pays approximately 5% of its income towards energy bills, a low-income family typically pays more than 20% of its income toward energy bills.

The current LIHEAP policy issues ICAA supports are:

1. Funding levels for reauthorization should reflect (at a minimum) level funding and every effort should be made to increase the funding levels.

Currently the LIHEAP program is authorized at a level not to exceed \$2 billion for each fiscal year. In addition to this amount, \$600 million in contingency funds can be made available for situations arising from a natural disaster or other emergency. Congress has not appropriated the full amount for any of the fiscal years that are part of the current authorization. Also, since most Illinois LIHEAP programs report a lack of funding to serve the current eligible population, these amounts (at a minimum) should be extended to the 2004 reauthorization of LIHEAP.

2. Maintain current rules that allow states flexibility to determine what income levels are appropriate for LIHEAP eligibility.

While state governments are required to provide LIHEAP assistance to low income households, particularly those with the lowest incomes that pay a high proportion of household income for home energy, they are also granted the flexibility to set the parameters for this eligibility. ICAA believes this flexibility should be continued. For example, two years ago Illinois expanded eligibility to households with incomes which do not exceed 150 percent of the poverty level. This has been an important improvement to the program and has allowed many senior citizens,

working families and people with disabilities to participate. The current law also allows households with incomes that do not exceed an amount equal to 60 percent of the state median income to participate. Illinois has not used this income criterion, but has the flexibility to do so if it chooses.

The current provision of the law that says States may not exclude a household from eligibility in a fiscal year solely on the basis of household income, if the income is less than 110 percent of the poverty level for the state, should continue. In addition, the state should be able to continue to have the flexibility to give priority to those households with the highest home energy costs or needs in relation to household income.

There should also be built in rewards added to LIHEAP for creative programs that make energy more affordable for low-income people. For example, there is a level payment plan known as the percentage of income payment (PIP) plan that allows the working poor to pay a flat rate percentage for their income for energy. This plan guarantees that participants cannot be sanctioned if they remain current with their payments. States that provide creative options such as a percentage of income payment plan should be rewarded with additional LIHEAP resources. This incentive would stimulate creative solutions to make energy needs of low income people more affordable.

3. Maintain current requirements that outreach activities be conducted to inform the public of the program and to ensure that low-income people are aware of the LIHEAP program and other related services.

Grantees are required to conduct outreach activities designed to assure that eligible households, especially households with elderly individuals or disabled individuals, or both, and households with high home energy burdens, are made aware of the assistance available under LIHEAP. ICAA believes this requirement is important and should be continued. However, more resources need to be made available to effectively do the outreach.

Grantees are also required to coordinate LIHEAP activities with similar and related programs, particularly low-income energy-related programs, the supplemental security income program, the Social Security program, the low-income weatherization assistance program or any other provision of law which carries out programs which were administered under the Economic Opportunity Act of 1964. ICAA believes these requirements are necessary and should continue.

4. Maintain the current regulation that States may use an amount not to exceed 10 percent of its LIHEAP funds for a fiscal year for planning and administering the use of funds under this title.

This rule allows the states ample resources to ensure the program is operated in compliance with the federal regulations and appropriately limits the amount of resources that can be diverted from the program for administrative costs. This ensures an appropriate capacity to provide public accountability while limiting excessive oversight costs.