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Report to Congressional Committees

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LOW INCOME ENERGY ASSISTANCE

State Responses to 1984 Amendments

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Human Resources Division

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May 16, 1986

The Honorable Paula Hawkins
Chairman, Subcommittee on Children,
Family, Drugs, and Alcoholism
Committee on Labor and Human Resources
United States Senate

The Honorable Dale Kildee
Chairman, Subcommittee on Human Resources
Committee on Education and Labor
House of Representatives

The Honorable Philip R. Sharp
Chairman, Subcommittee on
Fossil and Synthetic Fuels
Committee on Energy and Commerce
House of Representatives

The Honorable Edward J. Markey
Chairman, Subcommittee on
Energy Conservation and Power
Committee on Energy and Commerce
House of Representatives

Authorizing legislation for the Low Income Home Energy Assistance (LIHEA) Block Grant requires the General Accounting Office to evaluate the use of LIHEA funds by the states at least every 3 years. As agreed with your Subcommittees, we obtained information on the effects of the 1984 amendments to the LIHEA program for use during congressional deliberations on its reauthorization. We also agreed to present information on the effects of the Gramm-Rudman-Hollings budget reductions and the $2.1 billion Exxon oil overcharge settlement. This report, which expands on the testimony we delivered in February and March 1986 during hearings on LIHEA program reauthorization, presents the results of our work.

In January through March 1986, we conducted telephone surveys of the 13 states that we had included in our 1983 review of LIHEA. These states were California, Colorado, Florida, Iowa, Kentucky, Massachusetts, Michigan, Mississippi, New York, Pennsylvania, Texas, Vermont, and Washington. They account for about 46 percent of the fiscal year 1986 funding for this program and 49 percent of the nation's low income households. In our interviews we discussed states' responses to the 1984 amendments on their fiscal year 1986 programs, particularly in the areas of funding, eligibility, and energy crisis intervention programs. We also analyzed information obtained from the Department of Health and Human Services' Office of Energy Assistance on the 13 states' programs and visited Florida to obtain more in-depth information about these matters. Because of time constraints, we did not independently verify information obtained from the states.

Funding patterns among the 13 states contacted were affected by both the new formula for allocating funds to states and budget reductions under the Gramm-Rudman-Hollings legislation. States losing funds generally reduced weatherization expenditures, but did not generally reduce their transfers of LIHEA funds to other block grants permitted by the legislation. Also, we were advised they did not obtain state funding to replace federal cuts. However, in March 1986, through the distribution of the Exxon oil overcharge settlement, states received $2.1 billion, which they could use to supplement any of several energy-related programs, including the LIHEA program.

To encourage broader participation by the nonwelfare poor, the Congress also amended the eligibility provisions in 1984 both to prohibit states from setting income ceilings below 110 percent of poverty and to prevent them from excluding households not participating in other federal income assistance programs. Although eight states said their programs already met the new eligibility standards included in the 1984 amendments, five had to expand eligibility criteria to meet the new federal minimum eligibility levels. While state officials believed these eligibility changes will increase the involvement of nonwelfare poor with the program, our discussions with them indicate that they do not compile data on the nonwelfare poor in a uniform manner which would permit tracking the effects of these changes.

Regarding crisis assistance programs, all 13 states believed their programs already complied with the 1984 amendments requiring crisis funds to be reserved until March 15 of each year and with the provision requiring the use of local administering entities with experience in operating low income programs. Two states, however, said they expanded their crisis assistance program as a result of the broader definition of "crisis" in the amendments.

Information we obtained on the 13 states' responses to the 1984 amendments is contained in the questions and answers included in appendix

III. Appendixes IV and V contain tables displaying data on funding and selected program characteristics for the 13 states we contacted.

As agreed with your offices, we did not obtain comments from officials of the Office of Energy Assistance, which is responsible for administering the LIHEA program.

Copies of this report are being sent to the Chairmen of the House Committee on Education and Labor, the House Committee on Energy and Commerce, and the Senate Committee on Labor and Human Resources; the Secretary of Health and Human Services; the Director, Office of Management and Budget; and other interested parties. We will also make copies available to others upon request.

Edward A Densmore

for Richard L. Fogel
Director

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Abbreviations

FY	fiscal year
HHS	Department of Health and Human Services
LIHEA	Low Income Home Energy Assistance

Introduction

The Low Income Home Energy Assistance (LIHEA) block grant was established by the Low Income Home Energy Assistance Act of 1981 and became effective on October 1, 1981. The act was amended in 1984. Its purpose is to help eligible households meet home energy costs. States can provide assistance to low income households through various program components—home heating and cooling assistance, energy crisis intervention, and home weatherization.

Although states have flexibility in allocating funds among the program components, the legislation establishes certain constraints. No more than 15 percent of LIHEA funds can be used for the weatherization component, and no more than 10 percent can be spent on state administrative costs. States can also transfer up to 10 percent of their funds to certain other block grants to be used for those programs' purposes and carry over up to 15 percent of their allotment to the succeeding fiscal year.

Funding for the program increased each year until fiscal year 1986, when the program initially received the same funding as the prior year. However, fiscal year 1986 funding later declined as a result of the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177), referred to as Gramm-Rudman-Hollings, as shown in table I.1.

Table I.1: Federal Funding for LIHEA Program[a]

(Dollars in billions)

Fiscal year	Funding
1982	$1.875
1983	1.975
1984	2.075
1985	2.100
1986[b]	2.100
1986[c]	2.009

[a]Includes funds for federal administration and grants to states, Indian tribes, and territories.

[b]Before budget reduction.

[c]After budget reduction.

The Department of Health and Human Services (HHS) is responsible for administering the LIHEA program through the Office of Energy Assistance in the Family Support Administration.[1] According to HHS, in fiscal

[1]Effective April 1, 1986, HHS transferred responsibility for LIHEA from the Social Security Administration to the newly established Family Support Administration.

year 1985 the LIHEA program provided benefits to about 7 million households. This represented about 40 percent of the nation's eligible low income households based on state eligibility policies. Also, HHS data show that LIHEA benefits for heating assistance, the principal program component, averaged $223 in fiscal year 1985, or about 49 percent of estimated annual heating costs for low income households.

In 1984, several amendments were made to the LIHEA block grant legislation. Major changes included:

- A new formula for allocating funds among the states based on low income household energy expenditures.
- Additional restrictions on state eligibility to promote greater participation by the nonwelfare poor.
- Clarifications to the crisis assistance program to promote more effective state operation.

These changes are discussed in more detail in appendix III, which contains questions and answers on state responses to the 1984 amendments.

Objectives, Scope, and Methodology

The 1984 amendments to the Low Income Home Energy Assistance Act require the General Accounting Office to evaluate the LIHEA program at least every 3 years to assure compliance and determine effectiveness. In discussions with the legislative committees responsible for LIHEA, we agreed to focus our review on how states responded to the 1984 amendments. We also agreed to present information on two other changes affecting the program's funding levels—the Gramm-Rudman-Hollings fiscal year 1986 budget reductions and the distribution of the $2.1 billion Exxon oil overcharge settlement. The objective of this report, as well as testimony presented in February and March 1986, is to provide information for the committees to use in preparing legislation to reauthorize the LIHEA program.

We obtained information on state programs from HHS' Office of Energy Assistance and through a telephone survey of 13 state LIHEA program offices. We used the telephone survey in order to obtain state information in a timely manner for our earlier testimony during hearings on LIHEA program reauthorization. We selected the 13 states that had been included in our previous review of the LIHEA program, which we reported on in 1984.[1] These states were California, Colorado, Florida, Iowa, Kentucky, Massachusetts, Michigan, Mississippi, New York, Pennsylvania, Texas, Vermont, and Washington. These states include a diverse cross-section of the country and account for about 46 percent of the fiscal year 1986 funding for this program and about 49 percent of the nation's low income households.

At the federal level, we interviewed officials in HHS' Office of Energy Assistance concerning the administration of the LIHEA program and, for each of the 13 states, obtained copies of the current state plans and information that HHS routinely collects from states on funding and program characteristics.

At the state level, we conducted telephone interviews with officials responsible for the LIHEA program within each state included in our review. We prepared a standardized interview form, which we sent to the states before our telephone interviews. In addition, we visited Florida to obtain more in-depth information. We requested the states' comments on the effects of the 1984 amendments on their fiscal year 1986 programs, particularly in the areas of funding, eligibility, and

[1] States Fund an Expanded Range of Activities Under Low-Income Home Energy Assistance Block Grant (June 27, 1984, GAO/HRD-84-64).

crisis assistance. We also asked about their outreach programs, data collection practices, and plans to respond to recent Gramm-Rudman-Hollings budget reductions and the distribution of Exxon oil overcharge settlement funds. Because of time constraints, we did not independently verify information obtained from the states. Also we relied on data collected by HHS for information on state expenditures and selected program data in our 13 states.

Except as noted above, our review, which was done between January and March 1986, was performed in accordance with generally accepted government auditing standards.

Questions and Answers on State Responses to 1984 Amendments

Following are several questions addressing congressional interest in state responses to the 1984 amendments. The questions deal with funding, eligibility, and crisis assistance issues.

What Effects Have the Formula Changes in the 1984 Amendments Had on State Expenditures of Federal Funds for the LIHEA Program?

The new formula resulted in a redistribution of federal funds among the 50 states in fiscal year 1986. About half of these states received more and half received less than in the prior year. Among the 13 states we contacted, the most significant change in state expenditures occurred in the weatherization component. States losing funds generally reduced this program component. The same states did not, however, reduce transfers to other block grants or obtain state funding to replace federal cuts.

The 1984 amendments introduced a new formula for allocating LIHEA funds to states, which was phased in beginning in fiscal year 1985. While the previous legislation had based state allocations on the percentage of total funding they received under the prior program in fiscal year 1981, the new formula based each state's share on the energy costs of its low income households relative to such costs for all states.

Recognizing that the new formula could significantly change allocations among the states, the Congress included a "hold harmless" provision to limit the loss of funds by any state. For fiscal year 1985, no state lost funds since the hold harmless provision guaranteed that no state would receive less than it actually received in fiscal year 1984, when total funds were $2.075 billion. However, for fiscal year 1986 and thereafter, the hold harmless provision was based on a lower funding level; no state would receive less than it would have received in fiscal year 1984 if the funding level had been at $1.975 billion. Those states that would receive the greatest proportional increases in funding were to have their allotments reduced by the amount needed to bring affected states up to the hold harmless level.

At the initial fiscal year 1986 funding level of $2.1 billion, this new formula produced modest funding changes among the 50 states, ranging from gains of 9.5 percent to losses of 4.8 percent. As shown in table III.1, of the 13 states in our review, 6 gained funds while 7 lost funds in fiscal year 1986 compared to their fiscal year 1985 allocations.

Table III.1: Formula Change Effects[a]

(Dollars in millions)

State	FY 1985 allotment	FY 1986 allotment	Percent change[b]
California	$ 98.2	$107.6	9.5
Colorado	33.3	31.7	−4.8
Florida	29.0	31.7	9.5
Iowa	38.6	36.7	−4.8
Kentucky	29.1	30.9	6.0
Massachusetts	86.9	82.7	−4.8
Michigan	114.2	115.0	0.7
Mississippi	15.7	17.2	9.5
New York	263.4	250.7	−4.8
Pennsylvania	141.5	134.7	−4.8
Texas	48.2	52.8	9.5
Vermont	12.3	11.7	−4.8
Washington	42.5	40.4	−4.8

[a]Before reductions resulting from Gramm-Rudman-Hollings, as discussed on page 13.

[b]Percentages are based on actual allotments, not the rounded amounts shown in the table.

Table III.2 shows the changes in the states' planned use of funds between fiscal year 1985 and fiscal year 1986 for states with increased allotments and states with reduced allotments. Further detail on each state's funding for each component is provided in appendix IV.

Table III.2: Changes in Use of Funds Between FY 1985 and FY 1986

(Dollars in millions)

Component	Total FY 1986 federal funds in 13 states	Overall change in 13 states	Percent change	Changes in states with increased allotments	Changes in states with reduced allotments
Heating	$647.6	$17.1	2.7	$9.6	$ 7.5
Cooling	17.5	1.4	8.8	1.4	•
Crisis	122.8	2.5[a]	2.1	6.8[a]	−4.2[a]
Weatherization	78.5	−22.3	−22.2	1.3	−23.6
Administration	81.9	4.7	6.1	2.6	2.1
Transfers	43.4	−11.7	−21.2	1.9	−13.6

[a]Overall change in 13 states does not agree with state allotment changes due to rounding.

The weatherization program experienced the greatest changes. Following 2 years of significant gains, the 13 states were expecting an overall decline of 22 percent in weatherization funding for fiscal year 1986. Six of the seven states that received lower allotments said they expected to reduce their fiscal year 1986 weatherization funding, with decreases ranging from 4 to 59 percent. These seven states received about $30 million less in allotments in fiscal year 1986 and reduced weatherization funding by about $24 million.

States' allocations for heating and crisis assistance were relatively unaffected by the changes in state allotments. While the heating component accounts for about two-thirds of program expenditures, the 13 states made little change in funding for this component. Of the seven states that received reduced federal funding, only two substantially cut funding for their heating component. These two states were handling this cut differently. Pennsylvania planned to reduce benefit payments to recipients to maintain the number of households assisted, while Washington expected to serve fewer households because it wanted to maintain its benefit levels.

Crisis assistance was expected to be about $4 million lower in those same seven states. However, most of that reduction was attributed to Colorado, which said it was reducing its crisis expenditures from what state officials said was an atypically high level in fiscal year 1985.

States are continuing to transfer funds to other programs, primarily the Social Services Block Grant. Although total funds transferred are less than last year, most of the reduction is attributable to New York, which dealt with its lower 1986 funding by reducing its transfer from 6 to 1 percent of its allotment. None of the other states with lower allotments reduced their transfer percentages.

Fiscal year 1986 expenditures for administration were generally expected to increase, reflecting a continuing upward trend in this area. Decreases were expected in only 3 of the 13 states whose administrative costs were already at the federal ceiling. These states—Colorado, Vermont, and Washington—had to reduce spending on administrative costs both because of their lower allotment and because the 1984 amendments required the 10-percent administrative ceiling to be calculated on each state's allotment less transfers.

State decisions regarding carryover funds are more difficult to determine at this time. Many states do not plan for an estimated carryover amount. For example, 11 of the 13 states had carryover funds at the end of fiscal year 1985. However, only 3 of the 11 states estimated at the beginning of that year that they would have a carryover. Similarly, only these same states have estimated at the beginning of fiscal year 1986 that they would have a carryover.

Also, although 7 of the 13 states received lower allotments, only Massachusetts indicated it has received any state funding. The state has been supplementing the LIHEA program for several years; however, we were told it did not increase its funding to make up for the reductions in federal funds.

How Did Fiscal Year 1986 Budget Reductions Caused by Gramm-Rudman-Hollings Affect State Programs?

The budget reductions were not applied equally across all states. Rather, due to the formula's hold harmless provision, states already at hold harmless levels did not receive cuts. States gaining under the new formula absorbed most of the cuts, experiencing up to 11.7-percent reductions.

Additional funding changes occurred in March 1986. As a result of the Gramm-Rudman-Hollings budget reduction legislation, HHS reduced the fiscal year 1986 budget for LIHEA by 4.3 percent. However, HHS did not allocate this reduction proportionally to all states. Rather, it reduced total program funding by the required percentage and then allocated funds among the states using the program formula. The result was that cuts in state allocations ranged from zero in states that were already at the funding hold harmless level to 11.7 percent in states that had gained under the new formula.

The practical effect of this approach was to offset all of the increases the six states initially received in fiscal year 1986. Following the reductions resulting from the Gramm-Rudman-Hollings cuts, the allotments for each of these states was lower than the prior year, as shown in table III.3.

Table III.3: Gramm-Rudman-Hollings Reductions

(Dollars in millions)

		FY 1986 allotment		
State	FY 1985 allotment	Before reduction	After reduction	Percent reduction[a]
California	$ 98.2	$107.6	$ 95.1	11.7
Florida	29.0	31.7	28.0	11.7
Kentucky	29.1	30.9	28.2	8.7
Michigan	114.2	115.0	110.1	4.3
Mississippi	15.7	17.2	15.2	11.7
Texas	48.2	52.8	46.6	11.7

[a]Percentages are based on actual allotments, not the rounded amounts shown in table.

We contacted these states in March 1986 following their notification of the cuts. Officials in five of the six states told us how the cuts would affect their programs. Texas, however, was not expected to decide before May on what action would be taken.

Each of the five states expected to reduce its weatherization component. Reductions in heating/cooling and crisis components were expected in four of the five states, but the amounts were not yet known. Three states said they would reduce administration, and three said they would reduce transfers. In all six instances, the states' estimated expenditures for these components were already at federal statutory limits. Therefore, any reductions in federal funding would require cuts in these components. In five of the six instances, the states specifically said they were not expecting any further reductions beyond that required to maintain the same percentage allocations for administrative activities and for transfers.

Further, states were using various strategies to determine where reductions could be made. For example, in Florida, most of the reduction would come from its combined heating/cooling component since these benefit payments had not yet been made at the time of the Gramm-Rudman-Hollings cut. This action would reduce payments to each household. In Kentucky, reductions would essentially come from the weatherization program because heating program benefits had already been paid. Mississippi, which runs a year-round program, expected to terminate its program by the end of March 1986.

What Effect Could the Recent Exxon Oil Overcharge Settlement Have on the LIHEA Program?

LIHEA is one of five programs that could benefit from the settlement. Final allocation of each state's share of these funds among the five programs depends on state decisions. Overall distribution of Exxon funds among states differs from that of LIHEA, which could affect the extent of benefit to the program.

On March 6, 1986, the Department of Energy released nearly $2.1 billion to the states that it had collected from Exxon Corporation in settlement of oil overcharge litigation. The court order mandated that these funds be distributed among five federal programs—four administered by the Department and the LIHEA program. These same five programs had received funds under an earlier $200 million oil overcharge distribution in 1983 provided by section 155 of Public Law 97-377. As with the earlier distribution, the states determine how the funds are to be distributed among the five programs and when the funds will be spent.

It is too early to determine the extent to which the Exxon funds will be available for use in the LIHEA program. Officials from the 13 states indicated that the distribution among programs would be decided by their state legislatures or governors. One factor that may influence state decisions is federal funding for the five programs. The President's fiscal year 1987 budget provides $5 million to close out the four Department of Energy programs and $2.1 billion for the LIHEA program. Depending on appropriation decisions, Exxon funds could represent an opportunity to replace lost federal funding for any of these five programs. However, because the formulas for allocating the LIHEA funds and the Exxon funds to the states differ, the opportunity for states to use Exxon funds to replace any future cuts in LIHEA funds would vary. Table III.4 compares the Exxon distribution to the percentage allocation of LIHEA funds for fiscal year 1986 among the 13 states.

Table III.4: State Shares of Exxon and LIHEA Funds

(Dollars in millions)

State	Exxon funds	Percent of total funds	FY 1986 LIHEA funds	Percent of total funds
California	$194.7	9.4	$ 95.1	4.8
Colorado	22.7	1.1	31.7	1.6
Florida	98.1	4.8	28.0	1.4
Iowa	27.4	1.3	36.7	1.8
Kentucky	27.4	1.3	28.2	1.4
Massachusetts	70.3	3.4	82.7	4.1
Michigan	71.0	3.4	110.1	5.5
Mississippi	28.4	1.4	15.2	0.8
New York	159.9	7.7	250.7	12.5
Pennsylvania	96.8	4.7	134.7	6.7
Texas	157.2	7.6	46.6	2.3
Vermont	5.0	0.2	11.7	0.6
Washington	32.1	1.6	40.4	2.0

What Eligibility Changes Did States Make to Comply With the 1984 Amendments?

Although most states' programs already met the new eligibility standards, several states had to expand eligibility criteria to comply with the minimum levels imposed by the 1984 amendments. States were also making other changes to their eligibility criteria based on state policy decisions.

The LIHEA legislation authorized states to provide assistance to households that were either:

1. Categorically eligible—those in which one or more individuals are receiving benefits from any of the following federal programs: Aid to Families with Dependent Children, Supplemental Security Income, Food Stamps, and needs-tested veterans programs.

2. Income eligible—those whose total incomes do not exceed the greater of 150 percent of the poverty level or 60 percent of the state median income.

Nationally, a 1984 Senate Committee on Labor and Human Resources report said that a few states had been using their flexibility under the block grant to set income eligibility limits well below the federal ceiling or to limit participation to the categorically eligible. These actions prompted congressional concern that the nonwelfare poor (i.e., those not participating in other federal welfare programs, such as the elderly and working poor) were being excluded. While data obtained by HHS show that about 30 percent of LIHEA recipients represent nonwelfare poor individuals, the 1984 Senate Committee report on the amendments noted that the nonwelfare poor represented a majority of the population with income below 125 percent of poverty. To address these concerns, in 1984 the Congress amended the LIHEA eligibility provisions to prohibit states from setting their income ceilings below 110 percent of the poverty level or excluding income eligible households, effective in fiscal year 1986.

Eight of the 13 states already had programs that both included income eligible participants and set maximum eligibility at 110 percent or more of poverty. Two states—California and Texas—were required to include income eligible households in their programs for the first time. Before fiscal year 1986, these states had assisted only categorically eligible households.

Four states—Florida, Kentucky, Michigan, and Texas—were required to raise their income eligibility ceilings. Florida, for example, raised its maximum income eligibility level from 100 to 110 percent of poverty.

While some states were required to make certain eligibility changes to comply with legislative requirements, several states were making other changes in their eligibility criteria that they considered significant. These changes, they said, were not made as a result of federal legislation, but rather reflected state policy decisions. For instance, California added food stamp and needs-tested veterans program participants to Aid to Families with Dependent Children and Supplemental Security

Income households in its definition of categorically eligible households, and Colorado raised its income ceiling from 135 to 150 percent of poverty in its heating program.

What Outreach Mechanisms Do States Use to Reach Eligible Households?

States use various mechanisms to notify eligible households about the availability of program benefits. Local community-based organizations were frequently cited as providing outreach services.

All states we contacted said numerous outreach efforts were being used to reach eligible households. Posters and brochures as well as public service announcements on television and radio were commonly used. All states also reported that various groups, such as community action agencies and public and nonprofit aging and handicapped organizations, carry out outreach activities.

All 13 states reported using local organizations for outreach to the elderly. These states used various local aging agencies to reach eligible households. Application information, intake assistance, and site visits were services frequently identified. In addition, several states said they mail out and accept mail-in applications to assist the elderly.

While 9 of the 13 states reported having outreach mechanisms specifically to reach the working poor, only 4 reported working through local organizations for this outreach. These four states used community action agencies as providers of such services. All states, however, identified other channels of outreach for information dissemination and intake assistance that would reach a wide range of households, including the working poor. The most frequently cited state efforts are shown in table III.5.

Table III.5: Outreach Efforts to Contact the Working Poor in the 13 States

Type of effort	Number of states
Public service announcements	9
Unemployment offices	5
Workplaces	4
Energy suppliers	3

Several states gave examples of efforts that can reach the working poor. In Florida, some local agencies would place an intake worker in utility company offices during their LIHEA application period to help people experiencing problems in paying their utility bills. In Washington, when local community action agencies become aware of expected saw mill closings, they contact workers soon to be unemployed to arrange energy assistance. Colorado has arranged for applications to be mailed with utility bills.

What Data Are Available to Assess the Extent to Which the LIHEA Program Is Serving Both Categorical and Income Eligible Households?

States making eligibility changes in accordance with the 1984 amendments generally expected increased participation among income eligible households. The actual level of participation by categorically and income eligible households in each state, however, is difficult to track because data being reported by states to HHS do not identify the extent of participation by each group or by poverty level.

The legislation requires HHS to collect data on (1) the number and income levels of participating households and (2) the number of households that include elderly or handicapped individuals. HHS requests each state to provide this information annually, but does not request any further information. The only information available on participation of categorical and income eligible households is that collected by the Census Bureau as part of its Current Population Survey.

For the past several years, HHS has contracted with the Census Bureau to collect data on LIHEA participation during its March Current Population Survey. This survey provides estimates of the number of low income households participating in LIHEA as well as those who are receiving assistance through other federal programs. According to HHS officials, the March 1985 survey showed that about half of the LIHEA recipients also participated in other public assistance programs, such as Aid to Families with Dependent Children and Supplemental Security Income. Further, if food stamp recipients are included, this would represent about 70 percent of LIHEA recipients. Because the Current Population Survey is a sample survey, it does not provide state level data to permit the tracking of the results of individual state eligibility policies, particularly changes made in response to the 1984 amendments.

We asked officials in the 13 states to estimate the percentage of recipient households that were classified as categorical and income eligible in fiscal years 1985 and 1986. Nine states provided data by categorical and income eligible households. For example, Michigan estimated that about 46 percent of its 1985 recipients were income eligible, while Florida estimated that about 19 percent were income eligible in 1985.

Table V.2: Criteria for Determining Benefit Payments, LIHEA Heating Assistance, FY 1986

State	Income	Fuel type	Region	Family size	Housing type	Subsidized housing	Elderly/handicapped
California	x		x	x			
Colorado		x					
Florida	x		x	x			
Iowa	x	x	x	x	x		
Kentucky	x	x		x			
Massachusetts	x			x		x	
Michigan	x			x			x
Mississippi	x	x	x	x			
New York		x	x				x
Pennsylvania	x	x	x	x			
Texas	x		x	x			
Vermont	x	x		x			x
Washington	x		x	x		x	
Total number of states	**11**	**7**	**8**	**11**	**1**	**2**	**3**

Table V.3 Percentage of LIHEA Benefits Distributed Through Different Payment Methods, FY 1985

(Figures in percents)

	Heating			Crisis			
State	Cash	Vendor payments	2-party checks	Cash	Vendor payments	2-party checks	Service providers[a]
California	10		90		98	2	
Colorado	30	70	[b]	2.5	95	2.5	
Florida	100					100	
Iowa	1	95	4		30		70
Kentucky	8		92		100		
Massachusetts[c]	2	98					
Michigan	25	75			100		
Mississippi			100			100	
New York	43	57			100		
Pennsylvania	11	89			100	[b]	
Texas	13	87			95		5
Vermont	34		66		100		
Washington	45	55		2	98		
Total number of states	**12**	**8**	**6**	**2**	**10**	**5**	**2**

[a]Payments to providers of heaters, blankets, or lodging.

[b]Less than 1 percent.

[c]Combined heating and crisis assistance.

However, our discussions with state officials indicated that states do not compile data on recipient characteristics in a uniform manner. In several states, a determination of participation among these two groups was difficult to make because of differing state policies and data collection strategies regarding the classification of households as income or categorically eligible. For example, Mississippi and Vermont consider all participating households to be income eligible whether or not the household is receiving other federal assistance. Additionally, three states said that food stamp recipient households were not identified for reporting purposes as categorically eligible but were rather included among their income eligible households. For example, Iowa estimated about 60 percent of its recipients to be categorically eligible, but that excludes food stamp recipients.

What Effects Did the 1984 Amendments Have on Crisis Programs?

Overall, the amendments had little effect on the 13 states. Only two states made changes in the types of assistance provided. State officials generally believed that their programs already complied with the amendments.

The legislation establishing the LIHEA program in 1981 provided that states were to reserve a reasonable amount of funds for energy crisis intervention. The statute originally defined an energy crisis as a weather-related or supply shortage emergency, but it did not contain further information on what activities were intended to be included under this provision. The 1984 amendments clarified three issues with respect to the states' operation of crisis programs.

Time Period

To assure an appropriate response to household energy emergencies throughout the heating season, the 1984 amendments provided that states were to reserve an adequate level of funds at least until March 15 of each year. None of the 13 states indicated a need to change the time period of their crisis assistance programs to comply with the amendments. All said they were already operating crisis programs at least until March 15. Four states noted that they operated year-round crisis programs. As required in the amendments, each of the 13 states identified in its state plan for fiscal year 1986 an amount of funds the state would reserve until March 15 for crisis intervention activities. Each state told us that it also understood that these funds could be fully expended before that date as long as they were spent on crisis assistance and not devoted to other program component activities before March 15.

Table III.6 shows the amount of funds reserved for fiscal year 1986, according to state plans, and the time period that each state indicated its crisis program operated in both fiscal years 1985 and 1986.

Table III.6: Funds Reserved and Time Frames for Crisis Assistance Programs

(Dollars in thousands)

State	FY 1986 amount reserved	Benefit payment time period FY 1985	Benefit payment time period FY 1986
California	$16,440	Jan - Dec	Jan - Dec
Colorado	1,005	Nov - Jun	Nov - Jun
Florida	1,911	Feb - Jun	Dec - Apr
Iowa	400	Nov - Mar	Nov - Mar
Kentucky	6,500	Jan - Jun	Jan - May
Massachusetts	2,500	Oct - Apr	Oct - Apr
Michigan	51,600	Oct - Sep	Oct - Sep
Mississippi	2,000	Oct - Sep	Oct - Sep
New York[a]	18,500	Nov - Sep	Nov - [b]
Pennsylvania	15,000	Oct - Jun	Nov - Apr
Texas	2,000	Dec - Nov	Dec - Nov
Vermont	500	Nov - May	Nov - May
Washington	8,000	Oct - Aug	Oct - Aug

[a]These dates represent application periods, not benefit payment periods.

[b]For fiscal year 1986, New York did not indicate an ending date for its crisis program although the state plan indicates the program is expected to extend beyond March.

Definition

To clarify that states did not have to restrict crisis assistance to weather-related or supply shortage emergencies, the definition was broadened to include household energy-related emergencies. Officials in 11 of the 13 states said they were already providing crisis benefits that met the broadened definition in the 1984 amendments. Two states (Florida and Kentucky) expanded their crisis programs as a result of the amendments.

Before fiscal year 1986, Florida had been setting aside 3 percent of its funds for a crisis assistance program to take effect whenever the governor declared a weather-related crisis. In 3 of the past 4 years, weather-related emergencies were declared in specific areas in response to hurricanes and crop freezes. In these instances, LIHEA benefits were available to people whose economic livelihood was affected by the weather conditions and, as a result, were unable to pay for fuel.

Beginning in fiscal year 1986, Florida expanded its crisis assistance program in response to the amendments to include household emergencies. This program provides assistance only to low income households with elderly (age 60 or over) individuals for such emergencies as a fuel shut-off or inadequate source of heat. Florida chose to limit this program to the elderly because funding was limited and they were considered to be the most vulnerable. None of the other states have restricted eligibility for crisis assistance to elderly households.

Kentucky had been providing crisis assistance payments for fuel shortage emergencies, such as a shut-off notice or discontinuance of fuel. In fiscal year 1986, the state said it expanded its program to fund repairs to heating systems needed to obtain adequate heat. According to state officials, the amendments allowed the state to include this activity in its crisis assistance program.

Administering Agency

To assure that assistance is made available throughout the community, the amendments provided that programs were to be administered through public or nonprofit entities that had both experience in operating such programs and the capacity to intervene in a timely and effective manner. All 13 states we contacted believed the administering agency that had been operating their crisis assistance programs complied with the intent of the 1984 amendments; therefore, no changes were needed. The legislative history suggests that a broad network of community-based organizations, such as community action agencies or area agencies on aging, were expected to be used in making crisis assistance available. However, the legislation did not identify specific agencies. Of the 13 states, 3 exclusively used their welfare offices to administer the crisis program, and another 4 used welfare offices along with other community-based agencies. Officials in these states said that these offices met the new requirements regarding experience and the capacity for timely and effective intervention.

Two of the 13 states made changes regarding their administering agency, but neither attributed the change to the amendments. Kentucky changed its local agency from the welfare office to the community action agency because it believed that agency could respond faster. Florida designated the area agency on aging as the administering agency for its new crisis assistance program for the elderly, but continued to administer weather-related crisis through its welfare offices. Table III.7 shows the administering agencies used by the 13 states in fiscal year 1986.

Table III.7: Local Administering Agencies for Crisis Assistance

State	Welfare Office	Community action agency	Other
California		x	Community-based organizations
Colorado	x		
Florida	x		Area agency on aging
Iowa		x	
Kentucky		x	
Massachusetts		x	Private groups
Michigan	x		
Mississippi		x	
New York	x		Area agency on aging; employment offices
Pennsylvania	x	x	City governments
Texas	x	x	
Vermont	x		
Washington		x	Local governments; housing authorities

Program Funding Data for 13 States

Allotment and expenditure figures for fiscal year 1984 are taken from the 1985 HHS report to the Senate Committee on Appropriations. The fiscal year 1985 and 1986 allotment and expenditure figures are taken from the 1986 HHS report to the Senate Committee on Appropriations; the post-Gramm-Rudman-Hollings allotment amounts for fiscal year 1986 shown in table IV.1 were obtained from other HHS data. It should be noted that the estimated expenditure data for each component for fiscal year 1986 were obtained from states before these reductions and do not reflect the Gramm-Rudman-Hollings cuts.

State allotment figures reflect gross allotments, including funds provided for Indian tribes within states. The gross allotment figures were used since they are the basis for the formula calculations and Gramm-Rudman-Hollings changes.

For each program component, we calculated the percentage share of the state's gross allotment spent on that component based on HHS data. The percentages in our tables reflect statutorily defined percentage limits, except where noted. In a few instances noted in the tables, the percentages do not reflect the statutory percentage limits established for transfers, carryovers, and administration, since these statutory limits are computed on bases other than gross allotments. For transfers and carryovers, the statutory percentage is computed on the state's net allotment after deducting funds provided to Indian tribes. For administration, the statutory limit is also based on the net allotment, but after deducting any transfers to other block grants.

For weatherization, the statutory percentage limit is based on the greater of the state's gross allotment or the total funds available to the state in that fiscal year from all sources. Therefore, the percentages for weatherization do not reflect the statutory limit.

Table IV.1: Allotments to the 13 States From 1984 Through 1986[a]

(Dollars in thousands)

	FY 1984		FY 1985		FY 1986 Pre-G-R-H[b]		FY 1986 Post -G-R-H[b]	
State	Allotment	Percent of total allotment	Allotment	Percent of total allotment	Allotment	Percent of total allotment	Allotment	Percent of total allotment
California	$ 95,503	4.6	$ 98,240	4.7	$107,590	5.1	$ 95,051	4.7
Colorado	33,299	1.6	33,299	1.6	31,692	1.5	31,692	1.6
Florida	28,168	1.4	28,976	1.4	31,733	1.5	28,035	1.4
Iowa	38,581	1.9	38,581	1.8	36,720	1.8	36,720	1.8
Kentucky	28,329	1.4	29,141	1.4	30,886	1.5	28,187	1.4
Massachusetts	86,893	4.2	86,893	4.1	82,701	3.9	82,701	4.1
Michigan	114,151	5.5	114,151	5.4	114,998	5.5	110,067	5.5
Mississippi	15,262	0.7	15,700	0.7	17,194	0.8	15,190	0.8
New York	263,390	12.7	263,390	12.6	250,683	12.0	250,683	12.5
Pennsylvania	141,479	6.8	141,479	6.8	134,653	6.4	134,653	6.7
Texas	46,862	2.3	48,206	2.3	52,793	2.5	46,641	2.3
Vermont	12,328	0.6	12,328	0.6	11,733	0.6	11,733	0.6
Washington	42,451	2.1	42,451	2.0	40,403	1.9	40,403	2.0
Total 13-state allotment	**$946,697**	**45.7**	**$952,835**	**45.5**	**$943,779**	**45.1**	**$911,755**	**45.5**
Total allotment to all states[c]	**$2,069,897**		**$2,094,863**		**$2,094,924**		**$2,005,093**	

[a]Some states received less then the amount shown due to Indian tribe set-asides.

[b]G-R-H refers to Gramm-Rudman-Hollings.

[c]Does not include funds for federal administration and territories.

Table IV.2: Heating Assistance Expenditures of LIHEA Funds for FY 1984-86

(Dollars in thousands)

State	Expenditure in FY 1984	Percent of FY 1984 allotment	Expenditure in FY 1985	Percent of FY 1985 allotment	Percent expenditure change 1984-85	Estimated expenditure in FY 1986	Percent of FY 1986 allotment	Percent expenditure change 1985-86
California	$ 47,381	49.6	$ 59,346	60.4	25.3	$67,563	62.8	13.8
Colorado	18,000	54.1	19,639	59.0	9.1	23,800	75.1	21.2
Florida	17,293[a]	61.4	21,843	75.4	26.3	20,722	65.3	−5.1
Iowa	29,526	76.5	29,716	77.0	0.6	31,000	84.4	4.3
Kentucky	6,965	24.6	15,308	52.5	119.8	15,365	49.7	0.4
Massachusetts[b]	87,277[a]	100.4	83,863	96.5	−3.9	82,366	99.6	−1.8
Michigan	45,727	40.1	39,500	34.6	−13.6	40,100	34.9	1.5
Mississippi	11,871[a]	77.8	11,827	75.3	−0.4	11,993	69.8	1.4
New York	189,400	71.9	188,700	71.6	−0.4	204,150	81.4	8.2
Pennsylvania	114,068	80.6	111,590	78.9	−2.2	100,902	74.9	−9.6
Texas	23,300	49.7	19,810	41.1	−15.0	21,485	40.7	8.5
Vermont	8,815	71.5	8,826	71.6	0.1	8,800	75.0	−0.3
Washington	19,975	47.1	20,530	48.4	2.8	19,331	47.8	−5.8
Total	**$619,597**	65.4	**$630,499**	66.2	1.8	**$647,577**	68.6	2.7

[a]Includes nonfederal funds.

[b]Includes crisis assistance for all years.

Table IV.3: Cooling Assistance Expenditures of LIHEA Funds for FY 1984-86

(Dollars in thousands)

State	Expenditure in FY 1984	Percent of FY 1984 allotment	Expenditure in FY 1985	Percent of FY 1985 allotment	Percent expenditure change 1984-85	Estimated expenditure in FY 1986	Percent of FY 1986 allotment	Percent expenditure change 1985-86
Kentucky	$ 659	2.3	$ 0	0.0	−100.0	$ 0	0.0	0.0
Texas	15,400	32.9	16,045	33.2	4.2	17,534	33.2	9.3
Total	**$16,059**	1.7	**$16,045**	1.7	0.1	**$17,534**	1.9	9.3

Table IV.4: Crisis Assistance Expenditures of LIHEA Funds for FY 1984-86

(Dollars in thousands)

State	Expenditure in FY 1984	Percent of FY 1984 allotment	Expenditure in FY 1985	Percent of FY 1985 allotment	Percent expenditure change 1984-85	Estimated expenditure in FY 1986	Percent of FY 1986 allotment	Percent expenditure change 1985-86
California	$ 29,000	30.4	$ 16,422	16.7	−43.4	$ 18,137	16.9	10.4
Colorado	882	2.6	3,981	12.0	351.5	1,008	3.2	−74.7
Florida	687	2.4	297	1.0	−56.8	1,713	5.4	476.8
Iowa	1,583	4.1	41	0.1	−97.4	55	0.1	34.9
Kentucky	13,485	47.6	4,600	15.8	−65.9	5,934	19.2	29.0
Massachusetts[a]	•	•	•	•	•	•	•	•
Michigan	40,949	35.9	47,400	41.5	15.8	51,600	44.9	8.9
Mississippi	468	3.1	613	3.9	31.0	516	3.0	−15.8
New York	22,020	8.4	19,400	7.4	−11.9	18,500	7.4	−4.6
Pennsylvania	22,500	15.9	15,514	11.0	−31.1	15,000	11.1	−3.3
Texas	4,891	10.4	3,600	7.5	−26.4	1,800	3.4	−50.0
Vermont	400	3.2	401	3.2	0.2	500	4.3	24.8
Washington	5,000	11.8	7,959	18.7	59.2	8,000	19.8	0.5
Total	**$141,865**	15.0	**$120,227**	12.6	−15.3	**$122,764**	13.0	2.1

[a]State provides crisis assistance as part of heating assistance program.

Table IV.5: Weatherization Assistance Expenditures of LIHEA Funds for FY 1984-86

(Dollars in thousands)

State	Expenditure in FY 1984	Percent of FY 1984 allotment	Expenditure in FY 1985	Percent of FY 1985 allotment	Percent expenditure change 1984-85	Estimated expenditure in FY 1986	Percent of FY 1986 allotment	Percent expenditure change 1985-86
California	$12,000	12.6	$ 8,671	8.8	−27.7	$11,850	11.0	36.7
Colorado	4,644	13.9	5,107	15.3	10.0	4,444	14.0	−13.0
Florida	3,802	13.5	3,911	13.5	2.9	4,283	13.5	9.5
Iowa	4,357	11.3	5,787	15.0	32.8	3,672	10.0	−36.5
Kentucky	3,235	11.4	3,802	13.0	17.5	4,220	13.7	11.0
Massachusetts	7,800	9.0	9,839	11.3	26.1	9,419	11.4	−4.3
Michigan	4,411	3.9	7,000	6.1	58.7	6,100	5.3	−12.9
Mississippi	1,572	10.3	2,554	16.3	62.5	2,577	15.0	0.9
New York	24,600	9.3	31,950	12.1	29.9	13,000	5.2	−59.3
Pennsylvania	11,357	8.0	7,937	5.6	−30.1	8,000	5.9	0.8
Texas	4,326	9.2	6,570	13.6	51.9	4,770	9.0	−27.4
Vermont	1,850	15.0	1,849	15.0	0.0	1,216	10.4	−34.3
Washington	4,626	10.9	5,832	13.7	26.1	4,925	12.2	−15.6
Total	**$88,580**	9.4	**$100,808**	10.6	13.8	**$78,475**	8.3	−22.2

Table IV.6: Administration Expenditures of LIHEA Funds for FY 1984-86

(Dollars in thousands)

State	Expenditure in FY 1984	Percent of FY 1984 allotment	Expenditure in FY 1985	Percent of FY 1985 allotment	Percent expenditure change 1984-85	Estimated expenditure in FY 1986	Percent of FY 1986 allotment[a]	Percent expenditure change 1985-86
California	$ 5,035	5.3	$ 5,783	5.9	14.9	$ 6,095	5.7	5.4
Colorado	3,391	10.2	3,248	9.8	−4.2	2,852	9.0	−12.2
Florida	2,591	9.2	2,547	8.8	−1.7	2,855	9.0	12.1
Iowa	2,770	7.2	2,892	7.5	4.4	2,892	7.9	0.0
Kentucky	2,003	7.1	2,281	7.8	13.9	2,780	9.0	21.9
Massachusetts[b]	8,800	10.1	8,973	10.3	2.0	9,052	10.9	0.9
Michigan	9,580	8.4	10,200	8.9[c]	6.5	10,600	9.2	3.9
Mississippi	1,261	8.3	1,532	9.8	21.6	1,718	10.0	12.1
New York	21,900	8.3	20,941	8.0	−4.4	22,500	9.0	7.4
Pennsylvania	12,337[d]	8.7	10,197	7.2	17.3	12,000	8.9	17.7
Texas	1,900	4.1	2,576	5.3	35.6	3,497	6.6	35.7
Vermont	1,233	10.0	1,203	9.8	−2.4	1,168	10.0	−2.9
Washington[e]	3,700	8.7	4,812	11.3	30.0	3,902	9.7	−18.9
Total	**$76,501**	8.1	**$77,185**	8.1	0.9	**$81,913**	8.7	6.1

[a]Figures in this column reflect percentage of gross allotment and thus do not indicate the statutory limit, which is 10 percent of the state's allotment net of Indian tribe funds and after deducting any transfers.

[b]Includes nonfederal funds for all years.

[c]Percent of allocation does not reflect statutory limit.

[d]Includes nonfederal funds.

[e]Percent of allocation does not reflect statutory limit for all years.

Table IV.7: Transfer Expenditures of LIHEA Funds for FY 1984-86

(Dollars in thousands)

State	Expenditure in FY 1984	Percent of FY 1984 allotment	Expenditure in FY 1985	Percent of FY 1985 allotment	Percent expenditure change 1984-85	Estimated expenditure in FY 1986	Percent of FY 1986 allotment	Percent expenditure change 1985-86
California	$ 8,602	9.0	$ 9,792	10.0	13.8	$10,728	10.0	9.6
Colorado	3,330	10.0	3,330	10.0	0.0	3,169	10.0	−4.8
Florida	2,545	9.0	2,897	10.0	13.9	3,173	10.0	9.5
Iowa	0	0.0	0	0.0	0.0	0	0.0	0.0
Kentucky	2,833	10.0	2,914	10.0	2.9	3,089	10.0	6.0
Massachusetts	0	0.0	0	0.0	0.0	0	0.0	0.0
Michigan	10,300	9.0	11,300	9.9	9.7	11,400	9.9	0.9
Mississippi	0	0.0	0	0.0	0.0	0	0.0	0.0
New York	15,350	5.8	15,900	6.0	3.6	2,650	1.1	−83.3
Pennsylvania	0	0.0	0	0.0	0.0	0	0.0	0.0
Texas	4,150	8.9	4,821	10.0	16.2	5,280	10.0	9.5
Vermont	30	0.2	49	0.4	63.3	49	0.4	0.0
Washington[a]	3,697	8.7	4,090	9.6	10.6	3,888	9.6	−4.9
Total	**$50,836**	5.4	**$55,093**	5.8	8.4	**$43,425**	4.6	−21.2

[a]Percent of allocation does not reflect statutory limit for all years.

Table IV.8: Carryover Expenditures of LIHEA Funds for FY 1984-86

(Dollars in thousands)

State	Expenditure in FY 1984	Percent of FY 1984 allotment	Expenditure in FY 1985	Percent of FY 1985 allotment	Percent expenditure change 1984-85	Estimated expenditure in FY 1986	Percent of FY 1986 allotment	Percent expenditure change 1985-86
California	$ 9,424	9.9	$ 7,096	7.2	−24.7	$ 0	0.0	−100.0
Colorado	5,999	18.0	4,495	13.5	−25.1	913	2.9	−79.7
Florida	3,546	12.6	1,020	3.5	−71.2	0	0.0	−100.0
Iowa	1,700	4.4	1,896	4.9	11.5	997	2.7	−47.4
Kentucky	596	2.1	500	1.7	−16.2	0	0.0	−100.0
Massachusetts	0	0.0	0	0.0	0.0	0	0.0	0.0
Michigan	6,317	5.5	5,000	4.4	−20.8	0	0.0	−100.0
Mississippi	1,344	8.8	363	2.3	−73.0	737	4.3	103.1
New York	21,500[a]	8.2	10,300	3.9	−52.1	0	0.0	−100.0
Pennsylvania	3,250	2.3	1,249	0.9	−61.6	0	0.0	−100.0
Texas	3,900[b]	8.3	1,567	3.3	−59.8	0	0.0	−100.0
Vermont	0	0.0	0	0.0	0.0	0	0.0	0.0
Washington[c]	2,865	6.7	1,169	2.8	−59.2	0	0.0	−100.0
Total	**$60,440**	6.4	**$34,655**	3.6	−42.7	**$2,647**	0.3	−92.4

[a]Estimate.

[b]Includes nonfederal funds.

[c]Percent of allocation does not reflect statutory limit for FY 1984 and FY 1985.

Selected Program Characteristics for 13 States

This appendix contains information for the 13 states on selected program characteristics.

Information for fiscal year 1986 LIHEA heating assistance program duration and the criteria used to determine benefit payments was taken from the 1986 HHS report to the Senate Committee on Appropriations (tables V.1 and V.2).

In our telephone survey of the 13 states, we asked state LIHEA program management officials to estimate the percentage of LIHEA benefits distributed through different benefit payment methods for heating and crisis assistance in FY 1985. Table V.3 gives the states' responses to the survey.

Table V.1: FY 1986 LIHEA Heating Assistance Program Duration

State	Application period Begin	End	Duration in days	Date payments begin
California	10/01/85	09/30/86	365	12/01/85
Colorado	11/01/85	04/30/86	181	[a]
Florida	11/01/85	12/16/85	46	02/01/86
Iowa	10/01/85	02/28/86	151	10/01/85
Kentucky	10/01/85	12/01/85	62	10/01/85
Massachusetts	10/15/85	04/30/86	198	10/15/85
Michigan	10/01/85	09/30/86	365	10/01/85
Mississippi	12/01/85	08/01/86	244	12/01/85
New York	11/01/85	[a]	•	[a]
Pennsylvania	10/01/85	03/01/86	152	11/01/85
Texas	01/15/86	02/28/86	45	02/12/86
Vermont	10/01/85	02/01/86	124	10/01/85
Washington	10/01/85	06/01/86	244	10/01/85

[a]Data not provided by state.

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