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BY THE COMPTROLLER GENERAL

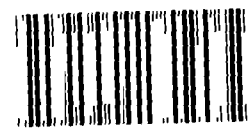
# Report To The Congress

OF THE UNITED STATES

## States Fund An Expanded Range Of Activities Under Low-Income Home Energy Assistance Block Grant

The low-income home energy assistance (LIHEA) block grant expanded states' flexibility and authority and permitted funds to be used for a broader range of activities not previously permitted. Unlike other block grants created under the Omnibus Budget Reconciliation Act of 1981, LIHEA received increased appropriations over the level established for the prior program to assist eligible households in meeting the costs of home energy. While heating assistance continued to account for the bulk of expenditures in most states, the majority of the 13 states GAO visited used their new authority to provide weatherization, transfer energy assistance funds to other block grants, and carry over funds to the following year. In addition, states gave increased emphasis to energy crisis assistance. Few changes were made to program management procedures.

Overall, state executive and legislative branch officials found the block grant less burdensome and more desirable than the prior program. However, about half the interest groups viewed the block grant as a less desirable method of funding energy assistance programs.



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COMPTROLLER GENERAL OF THE UNITED STATES  
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To the President of the Senate and the  
Speaker of the House of Representatives

Various committees of the Congress requested that the General Accounting Office review the implementation of the block grants created by the Omnibus Budget Reconciliation Act of 1981. The enclosed report provides comprehensive information concerning the progress states are making in implementing the low-income home energy assistance block grant. It is one of several reports we are issuing on block grant implementation.

Copies of this report are being sent to the appropriate House and Senate Committees; the Secretary of Health and Human Services; the Director, Office of Management and Budget; and the Governors and legislatures of the states we visited.

A handwritten signature in cursive script that reads "Milton J. Fowler".

Acting Comptroller General  
of the United States



D I G E S T

The Omnibus Budget Reconciliation Act of 1981 substantially changed the administration of various federal domestic assistance programs by consolidating numerous federal categorical programs into several block grants and shifting primary administrative responsibility to states. This report focuses on one of those block grants--low-income home energy assistance (LIHEA)--and is one of a series GAO will issue to give the Congress a status report on block grant implementation.

GAO did its work in 13 states: California, Colorado, Florida, Iowa, Kentucky, Massachusetts, Michigan, Mississippi, New York, Pennsylvania, Texas, Vermont, and Washington. Together these states receive about 46 percent of the national LIHEA block grant appropriations and account for an equivalent portion of the nation's population. While these states represent a diverse cross-section, the results of GAO's work cannot be projected nationally.

BLOCK GRANT BRINGS  
EXPANDED AUTHORITY TO  
USE INCREASED FUNDING

Federal energy assistance programs have changed dramatically since 1977. The initial programs focused on emergency needs, and until 1980, about \$200 million annually was awarded to help states assist low-income households with large unmet utility bills. Prompted in part by the rising cost of home heating oil, federal funding rose to \$1.6 billion in 1980 and \$1.8 billion in 1981.

Effective October 1, 1981, the LIHEA block grant replaced the prior program, expanded states' administrative authority, and allowed funds to be used for a broader range of activities to assist eligible households in meeting home energy costs.

Under the block grant, federal funding continued to grow in 1982 and 1983 to \$1.9 and \$2.0 billion, respectively. (See pp. 1 to 4.) Federal funding is important because low-income home energy assistance activities in states generally are separate programs supported with federal funds. In 1983, only 3 of the 13 states contributed state funds to the energy assistance programs. In none of these states did the state funds account for more than 25 percent of total awards. (See p. 9.)

STATES MAKE GREAT USE OF  
THEIR EXPANDED PROGRAM AUTHORITY

Aided in part by increased federal funding, states have altered how low-income energy funds are spent. As shown below, heating assistance in the 13 states continued to be the largest program component, but such expenditures in 1982 and 1983 were below 1981 levels. In contrast, crisis assistance and weatherization funding were up sharply. The cooling program component remained relatively stable, while program funds were carried over into the next year or transferred to other block grants. (See pp. 9 and 10.)

LIHEA Expenditures for  
the 13 States

<u>Activities funded</u>	<u>FY 1981</u>	<u>FY 1982</u>	<u>FY 1983</u>
	----- (millions) -----		
Heating	\$661	\$503	\$630
Crisis	35	79	91
Cooling	17	15	16
Weatheri- zation	not authorized	56	77
Carryover	not authorized	78	67
Transfer	not authorized	55	61

Most states exercised their new authority to transfer up to 10 percent of their low-income energy funds to other block grants. In 1982 and 1983, 10 of the 13 states transferred a total of \$116 million. With few exceptions, states transferred close to the maximum amount

allowed, and about \$112 million, or 97 percent of transferred funds, went to the social services block grant to help offset federal funding reductions for that block grant. (See pp. 11 and 12.)

Similarly, by 1983 all 13 states had exercised their new authority to use up to 15 percent of their funds for weatherization services. As a result, weatherization expenditures were about \$56 million in 1982 and rose to \$77 million in 1983. Moreover, eight states used at least 10 percent of their funds for weatherization.

States also gave increased emphasis to crisis assistance in the absence of the prior cap on such spending. Crisis assistance expenditures in the 13 states rose sharply--from \$35 million in 1981 to \$91 million in 1983. By 1983, spending for crisis assistance in nine states exceeded the previous limit of 3 percent of a state's total award.

As the 13 states used their new options, heating assistance expenditures declined, although they still accounted for about 70 percent of their 1983 awards. Also, although the block grant removed the requirement that cooling assistance be medically necessary, there was little change in this program component. (See pp. 13 to 16.)

Most states also used their new authority to carry over LIHEA funds. Ten states carried over more than \$78 million into 1983, and nine states an estimated \$67 million into 1984. Program officials said that the wish to start next year's program earlier and the expectation of reduced federal funding were the primary reasons. (See pp. 16 to 18.)

#### BLOCK GRANT BRINGS LIMITED ADMINISTRATIVE CHANGE

Few changes were made to the organizations responsible for energy assistance activities or to program management procedures. Typically, agencies that administered the prior program were designated lead agencies for the block grant. Also, states generally retained already existing structures for delivering

services. States' involvement in administering the prior program also continued, and all 13 states were monitoring their block grant programs, providing technical assistance, collecting data, and auditing funds. Several audit reports were completed, and some of those reports contained recommendations for improving state program management. State officials indicated that corrective action would be taken. (See pp. 29 to 35.)

The block grant continued the flexibility provided states under the prior program to define eligibility, determine benefits, and distribute assistance. Accordingly, the various approaches previously adopted generally continued under the block grant.

States employed a wide range of eligibility considerations. All 13 states used an applicant's income, and 10 of them used a household's eligibility for other public assistance programs, such as Supplemental Security Income. In addition, states considered various other eligibility factors, such as availability of assets or the inclusion of an elderly or handicapped person in the household. (See pp. 22 to 25.)

Similarly, states considered a variety of factors in determining benefit levels, including household size and income, type of fuel used, and the household's geographic location.

States used several methods to provide heating, cooling, and crisis benefits. The most common were checks to households, two-party checks, and direct payments to vendors. In contrast, weatherization benefits were in the form of services and materials, such as caulking, weather-stripping, and insulation. (See pp. 26 to 28.)

Although few administrative changes were made, there were several indications of administrative simplification. According to state officials, the block grant enabled 10 of the 13 states to reduce the time and effort related to preparing applications and 9 for reporting



to the federal government, 8 states to improve planning and budgeting activities, and 7 to change or standardize administrative procedures. However, specific state-level cost savings could not be quantified, and officials offered varying perceptions of changes in administrative costs under the block grant. (See pp. 35 to 39.)

Overall, state officials found the block grant was more flexible and less burdensome. They also viewed the block grant approach to be more desirable than the prior program. (See pp. 51 and 52.)

PUBLIC INVOLVEMENT ACHIEVED  
THROUGH VARIOUS MECHANISMS

As required, all 13 states made their draft LIHEA plans available for public comment and reported holding public hearings on their 1983 LIHEA proposals. Also, 10 states used advisory committees. Program officials in eight states said that these advisory groups, along with statistical measures of program performance and service needs, and informal consultations were the most important sources of information in making decisions.

State officials generally believed that levels of public participation and interest group activity were greater under the block grant than the prior program. However, program officials reported that the involvement of governors and legislatures has not changed since the prior program in 10 and 8 states, respectively. (See pp. 44 to 48.)

Interest group respondents were most satisfied with their access to state officials, the time and location of hearings, and the time allotted to block grants at those hearings. The primary areas of dissatisfaction were the opportunity to comment on revised plans, the timing of hearings, and the comment period on draft plans. Interest groups that testified, attended hearings, or submitted comments on state plans were more satisfied with state processes than those not as actively involved.

Forty-three percent of the interest group respondents believed that changes made by the state adversely affected individuals or groups they represented. Thirty-seven percent viewed state changes favorably, and the remainder said there was no impact. Also, about half the interest groups tended to view the block grant as a less desirable method of funding LIHEA programs, while 25 percent said the block grant approach was more desirable. (See pp. 48 to 52.)

#### AGENCY COMMENTS

Department of Health and Human Services officials in oral comments noted that this report accurately captured the essence of what had transpired under the early years of the LIHEA block grant. Other comments were limited to technical matters which, where appropriate, were incorporated into the report.

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ABBREVIATIONS

AFDC	Aid to Families With Dependent Children
GAO	General Accounting Office
HHS	Department of Health and Human Services
LIHEA	low-income home energy assistance
OMB	Office of Management and Budget
SSI	Supplemental Security Income
VA	Veterans Administration



## CHAPTER 1

### INTRODUCTION

The Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35) substantially changed the administration of various federal domestic assistance programs by consolidating numerous federal categorical programs into block grants and shifting primary administrative responsibility to the states. Of the nine block grants enacted, four relate to health services, one to social services, one to low-income energy assistance, one to education, one to community development, and one to community services.

The 1981 act gave states greater discretion, within certain legislated limitations, to determine programmatic needs, set priorities, allocate funds, and establish oversight mechanisms. Since the act was passed, the Congress, as well as the public and private sectors, has been greatly interested in how states have exercised their additional discretion and what changes the block grant approach has held for services provided to the people. In August 1982, we provided the Congress an initial assessment of the 1981 legislation in our report entitled Early Observations on Block Grant Implementation (GAO/GGD-82-79, Aug. 24, 1982).

Subsequently, we embarked on an effort designed to provide the Congress with a series of comprehensive, updated reports on states' implementation of block grant programs.<sup>1</sup> This report addresses the implementation of the low-income home energy assistance (LIHEA) block grant.

#### FEDERAL ENERGY ASSISTANCE PROGRAMS HAVE CHANGED DRAMATICALLY

Federal programs for providing energy assistance to low-income families have evolved from a \$200 million crisis-oriented program under the Community Services Administration in 1977 to

<sup>1</sup>Other reports issued include (1) States Are Making Good Progress in Implementing the Small Cities Community Development Block Grant Program, September 8, 1983 (GAO/RCED-83-186), (2) Maternal and Child Health Block Grant: Program Changes Emerging Under State Administration, May 7, 1984 (GAO/HRD-84-35), (3) States Use Added Flexibility Offered By the Preventive Health and Health Services Block Grant, May 8, 1984 (GAO/HRD-84-41), and (4) States Have Made Few Changes in Implementing the Alcohol, Drug Abuse, and Mental Health Block Grant, June 6, 1984 (GAO/HRD-84-52).

the current \$2 billion block grant program under the Department of Health and Human Services (HHS). Within HHS, the LIHEA program is administered by the Office of Energy Assistance in the Office of Family Assistance, which is part of the Social Security Administration.

Although the Community Services Administration had provided emergency loans, grants, and other assistance to help low-income households deal with energy crises since 1974, \$200 million was appropriated for the Special Crisis Intervention Program in 1977. This 1-year program gave states grants to assist households with unpaid utility or fuel bills or those that had paid their winter energy bills at great sacrifice. Under this emergency program, over 1 million households received benefits averaging about \$140.

In 1978, the Congress appropriated \$200 million for another crisis intervention program--the Emergency Energy Assistance Program. It permitted payments to households with large unmet home energy bills. Payments averaged about \$165 and were made to about 900,000 households.

In 1979, another new program--the Crisis Intervention Program--was funded at \$200 million. It consisted of three components: the Regular Crisis Intervention Program, the Special Crisis Intervention Program, and the Winter-Related Disaster Relief Program. Funds under the first component were awarded to all but a few of the warmest states. To qualify for the second or third components, states must have experienced winter-related energy emergencies.

Federal funding for energy assistance increased dramatically in 1980. Prompted, in part, by a significant increase in the cost of home heating oil prices, federal funding for low-income energy assistance rose to \$1.6 billion and was provided in three ways.

- An Energy Crisis Assistance Program, administered by the Community Services Administration, was funded at \$400 million. It provided vendor payments, cash, and consumer goods to households headed by an individual receiving Supplemental Security Income (SSI) benefits or households that had incomes below 125 percent of the Office of Management and Budget (OMB) poverty level.
- An SSI-energy allowance program, administered by HHS, was funded at \$400 million to provide cash payments to SSI recipients.



- The Energy Allowance Program, also administered by HHS, provided \$800 million in grants to states. Also, states were given wide latitude in designing their own energy allowance programs.

The Home Energy Assistance Act of 1980 established the fiscal year 1981 program to help states assist eligible low-income households in offsetting the rising costs of home energy. This program was funded at \$1.85 billion.

#### THE LIHEA BLOCK GRANT

Effective October 1, 1981, the Omnibus Budget Reconciliation Act established the LIHEA block grant. The broad purpose of the block grant is to assist eligible households in meeting the costs of home energy. States can provide payments to help low-income households meet their home heating and cooling costs and help avert an energy crisis. Also, funds can be used to weatherize the homes of low-income persons. The block grant gave states more program options and flexibility to achieve this broad purpose than did the prior program. The major changes brought by the block grant were:

- States could transfer up to 10 percent of their LIHEA allotment to six other block grants. Also, states could transfer funds from other block grants to LIHEA. Under the prior program, there were no provisions for transferring funds.
- States could use a maximum of 15 percent of their LIHEA allotment or available LIHEA funds for weatherization services and energy-related home repairs. Previously, although low-income energy assistance funds were not authorized for these purposes in 1981, most states received funds from the Department of Energy's weatherization program.
- States had to reserve a reasonable amount of their allotment for energy crisis intervention (based on prior years' experience). Under the prior program, there was a 3-percent ceiling on funds for energy crisis intervention.
- Under the prior program, states could provide cooling assistance only if it was a medical necessity. The block grant removed this federal restriction.
- States could spend a maximum of 10 percent of LIHEA funds on administrative costs. Previously, only 7.5 percent could be used for this purpose.

--States could carry over a maximum of 25 percent of their allotment each fiscal year. Before the block grant, unexpended funds had to be returned to HHS.

Funding for the LIHEA block grant has increased each year, as shown below. Funding for the block grant in 1982 and 1983 was several million dollars above the levels established under the 1981 program. In 1984 the program continued to grow and exceeded \$2 billion for the first time.

Total LIHEA Block Grant Funding

<u>Fiscal year</u>	<u>Appropriations</u>	<u>Distributed to states<sup>a</sup></u>	<u>Year-to-year changes in funds distributed</u>	
			<u>Dollars</u>	<u>Percent</u>
----- (millions) -----				
1981	\$1,850.0 <sup>b</sup>	\$1,744.2	\$ -	-
1982	1,875.0 <sup>c</sup>	1,855.3 <sup>c</sup>	111.1	6.4
1983	1,975.0	1,954.4	99.1	5.3
1984	2,075.0 <sup>d</sup>	2,052.4 <sup>d</sup>	98.0	5.0

<sup>a</sup>In addition to distributing funds to states, energy assistance grants are also provided to Indian tribes and organizations and territories. For example, in 1982, grants to Indian tribes and organizations totaled \$14.2 million and grants to territories totaled \$2.5 million.

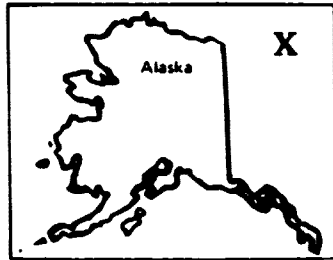
<sup>b</sup>Includes \$89.4 million which was transferred to Community Services Administration for an Energy Crisis Intervention Program that was carried out under section 222(a)(5) of the Economic Opportunity Act of 1964.

<sup>c</sup>Includes a \$123 million supplemental appropriation.

<sup>d</sup>Includes a \$200 million supplemental appropriation.

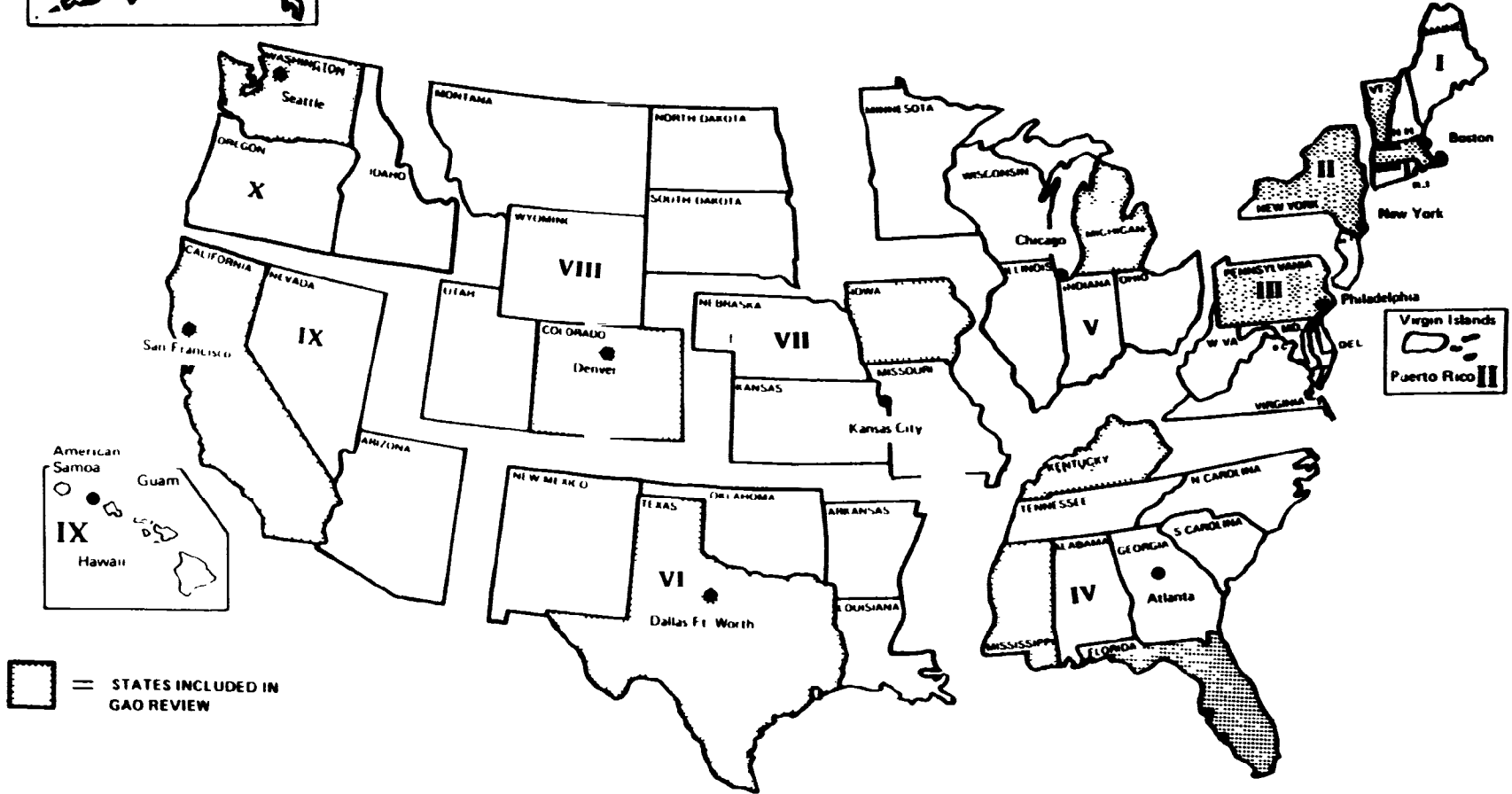
OBJECTIVES, SCOPE, AND METHODOLOGY

Our primary objective in work on all block grants is to provide the Congress with comprehensive reports on the states' progress in implementing them. To do that, as shown in the map on the following page, we performed our work in 13 states: California, Colorado, Florida, Iowa, Kentucky, Massachusetts, Michigan, Mississippi, New York, Pennsylvania, Texas, Vermont, and Washington. These states were selected to attain geographic balance and to include states with (1) differing fiscal conditions and varying ranges of per capita incomes, (2) varying



**STATES VISITED IN  
STANDARD FEDERAL REGIONS**

5



degrees of involvement by state executive and legislative branches in overseeing and appropriating federal funds, and (3) varying service delivery systems. At least one state was selected in every standard federal region, and in total, the 13 states accounted for about 46 percent of the 1982 LIHEA block grant funds and an equivalent portion of the nation's population. However, our sample of 13 states was a judgmental selection and not intended for projection purposes.

Our review focused on how states are implementing the LIHEA block grant and what changes, particularly those related to the block grant, have occurred since the change from the prior program. Information was obtained at two management levels: HHS headquarters and state governments. Unlike our work on the other block grants, we did not do any audit work below the state level because most states distribute program funds directly to households or energy vendors based on eligibility and benefit criteria established by the states. Only limited funds were allocated to organizations specifically for the purpose of providing services, and this was predominately in the weatherization program component.

At the federal level, we obtained LIHEA fund allocations and program information from HHS in Washington, D.C. Also, we discussed with headquarters officials HHS policies for implementing and monitoring the program.

At the state level we used a wide variety of data collection instruments and approaches to obtain information from individuals or organizations responsible for or having an interest in (1) a single block grant and (2) multiple block grants. These instruments were designed to gather consistent information across states and across block grants where reasonable and practical.

Our primary state-level information source was program officials responsible for administering the LIHEA block grant. The instruments we used to obtain information from them were a state program officials questionnaire, financial information schedules, a state audit guide, and an administrative cost guide.

Almost identical versions of the program officials questionnaire and administrative cost guide were used for all block grants. The other two instruments had to be tailored to each block grant because of differences in the types of programs and services provided under each block grant and the manner in which financial information had to be collected.

The second set of information sources included representatives from the governors' offices, various officials from the state legislature, and public interest groups. To obtain information from these sources, we used questionnaires which generally asked about the respondent's specific experience with the block grants and obtained perceptions concerning the block grant concept.

The questionnaire sent to public interest groups solicited their views concerning how the state in which the group is located had implemented and administered block grants. We identified interest groups through several sources, such as about 200 national level organizations, staff from HHS, a private organization with extensive knowledge about block grants, and officials in the 13 states. Although not a representative sample of all concerned public interest groups, we mailed out 1,662 questionnaires and received 786 responses, of which 223 indicated having at least some knowledge of their state's implementation of the LIHEA block grant. These 223 respondents became the basis for our analysis of public interest groups for the LIHEA block grant; however, not all 223 responded to each question.

A detailed discussion of the content, source of information, and method of administration for each data collection instrument is included in appendix I. Our work was conducted in accordance with generally accepted government auditing standards.

All questionnaires were pretested and subjected to external review prior to their use. The extent of pretest and review varied, but in each case one or more knowledgeable state officials or other organizations provided their comments concerning the questionnaire or completed the questionnaire and discussed their observations with us. The design of the financial information schedule was developed in close consultation with the Urban Institute and HHS.

Our fieldwork on the LIHEA block grant was done primarily between January and September 1983. At the conclusion of our work, individual state summaries were prepared containing the data developed using the financial information schedules and the state audit guide. We briefed state officials on the information contained in the summary and gave them an opportunity to comment on its accuracy and completeness. Particular attention was given to the financial information, and state officials were asked to review the data to ensure that the data accurately represented trends in the use of prior program and block grant funds over the 1981-83 period. Our summaries were modified, where appropriate, based on the comments provided by state

officials. The final summaries, together with information received directly from questionnaire respondents, were used to prepare this report.

The information presented in this report was developed for the purpose of assessing the status of LIHEA block grant implementation and not intended to evaluate states' effectiveness in devising or managing programs. The following chapters focus on the funding patterns that have emerged under the LIHEA block grant and how they differed from the prior program, the policies that exist at the state level regarding who may receive LIHEA services and how they are delivered, state organization and management changes that have been made, as well as the extent to which citizens, state elected officials, and interest groups have been involved in processes which led to decisions on how block grant funds would be used.

## CHAPTER 2

### STATES ARE USING THE ADDITIONAL PROGRAM

#### FLEXIBILITY PROVIDED UNDER THE BLOCK GRANT

A major objective of block grants was to give states more authority to determine their needs and establish funding priorities. States had some flexibility under the prior energy assistance program, but the LIHEA block grant expanded their authority and permitted funds to be used for a broader range of activities. Additionally, unlike the other block grants created in 1981, LIHEA received increased appropriations over the levels established for the prior program.

Aided in part by increased funding, states have exercised their expanded program flexibility. While heating assistance continued to account for the bulk of expenditures in most states, by 1983 each of the 13 states was providing weatherization services with LIHEA funds. Also, nine states had increased funding for crisis assistance beyond the previously imposed limit on such expenditures. Moreover, 10 states used their authority to transfer funds to other block grant programs in either 1982 or 1983, and 10 states carried over funds to the next program year. In contrast, although the block grant relaxed restrictions on using funds for cooling assistance, there was little change in funding this program component.

#### BLOCK GRANT BRINGS NEW OPPORTUNITIES TO USE INCREASED FUNDING

Low-income home energy assistance activities in most states are separate programs supported solely with federal funds. As a result, planning for the use of LIHEA block grant funds tends to be done separately by states, rather than as part of planning for state-funded energy activities. Only 3 of the 13 states contributed their own funds to these programs. In one case, state funds accounted for about 12 percent of its 1983 program award, and in the remaining two states the contributions were about 23 percent of their program awards.

As states assumed their new block grant planning responsibilities, they received both increased federal funding and new opportunities to use LIHEA funds. All 13 states received more LIHEA funds in 1983 than in 1981, and in total, federal awards to the 13 states rose from \$812 million in 1981, to \$853 million

in 1982, and finally to \$899 million in 1983.<sup>1</sup> Additionally, the block grant permitted states to use up to 15 percent of their awards for weatherization services for the first time, and they were no longer limited to using just 3 percent of their award for crisis assistance. Similarly, states were given new authority to transfer up to 10 percent of their LIHEA award to certain other block grant programs and to carry over up to 25 percent of their awards to the following program year.

This new authority has altered how LIHEA funds are spent. As shown in table 2.1, heating assistance in the 13 states continued to be the largest single program component, but such expenditures in 1982 and 1983 were below 1981 levels. In contrast, funding for crisis assistance and weatherization was up sharply. The only program component for which funding remained relatively stable was cooling. Moreover, several million dollars was transferred to other block grant programs or carried over into the next year.

Table 2.1

LIHEA Expenditures for  
the 13 States<sup>a</sup>

<u>Activities</u> <u>funded</u>	<u>FY</u> <u>1981</u>	<u>FY</u> <u>1982</u>	<u>Percent</u> <u>of</u> <u>change</u> <u>1981-82</u>	<u>FY</u> <u>1983</u>	<u>Percent</u> <u>of</u> <u>change</u> <u>1982-83</u>	<u>Percent</u> <u>of</u> <u>change</u> <u>1981-83</u>
	(thousands)			(thousands)		
Heating	\$661,277	\$503,270	(23.9)	\$630,140	25.2	(4.7)
Crisis	35,251	78,776	123.5	91,449	16.1	159.4
Cooling	17,084	14,755	(13.6)	15,575	5.6	(8.8)
Weather- ization	b	56,027	100.0	77,312	38.0	100.0
Carryover	b	78,122	100.0	66,910	(14.4)	100.0
Transfer	b	54,776	100.0	61,130	11.6	100.0

<sup>a</sup>Does not include funds for planning and administration.

<sup>b</sup>Not authorized

<sup>1</sup>A table detailing the awards to the 13 states for FY 1981-83 is shown in appendix II.



LIHEA FUNDS OFTEN TRANSFERRED  
TO HELP OFFSET FUNDING REDUCTIONS  
IN SOCIAL SERVICES BLOCK GRANT

States can transfer LIHEA funds to any of six other block grants--social services, community services, maternal and child health services, preventive health and health services, primary care, and alcohol, drug abuse, and mental health services. Unlike the LIHEA program, these six block grants generally received less federal appropriations in 1982 and 1983 than the prior categorical programs in 1981. For example, decreases from 1981 to 1982 ranged from 12 percent in the preventive health block grant to 34 percent in the community services block grant, with the largest dollar decrease (about \$600 million) occurring in the social services block grant.

Ten of the 13 states transferred LIHEA funds in either 1982 or 1983, and 7 transferred funds in both years. Only Massachusetts, Pennsylvania, and Vermont chose not to transfer LIHEA funds. The predominant trend was to transfer LIHEA funds to the social services block grant. Nine states made such transfers in 1982 or 1983, whereas only one state transferred LIHEA funds into each of the community services (Washington), maternal and child health (Mississippi), and preventive health (Kentucky) block grants during this period. No state transferred LIHEA funds into the primary care or alcohol, drug abuse, and mental health block grants. Additionally, although the social services and community services block grant legislation permits transfers into the LIHEA block grant, no state exercised this option in 1982 or 1983.

When transferring LIHEA funds, states almost always opted to shift close to the maximum amount allowed. Of the 17 transfers that occurred in the 10 states during 1982 and 1983, 16 involved moving between 9 and 10 percent of the state's LIHEA award. In total, for 1982 and 1983, the 10 states transferred approximately \$116 million. As shown in table 2.2, slightly over \$112 million, or about 97 percent, went to the social services block grant.<sup>2</sup>

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<sup>2</sup>A table detailing the transfers for 1982 and 1983 for each state is shown in appendix III.

Table 2.2

LIHEA Funds Transferred to  
Other Block Grants in 13 States

<u>Receiving block grant</u>	<u>Amount transferred in 1982 and 1983</u>	<u>Percent transferred</u>
	(thousands)	
Social services	\$112,115	96.7
Community services	2,557	2.2
Maternal and child health	700	.6
Preventive health services	534	.5
Alcohol, drug abuse, and mental health	0	0
Primary care	<u>0</u>	<u>0</u>
Total	<u>\$115,906</u>	<u>100.0</u>

The reason social services received the vast majority of transfers is explained primarily by two funding dynamics that occurred during block grant implementation. First, social services experienced the largest dollar reduction of all the block grants created in 1981. Second, the need to transfer funds to the three health block grants and the community services program was lessened because many project grant awards under the prior categorical programs were made late in 1981 and these funds were available during 1982--the first year of block grant implementation. This helped mitigate the 1982 funding reductions in these four block grants and enabled states to carry over 1982 block grant funds into 1983. As a general rule, the social services block grant did not have overlapping funding because the prior program was a formula grant with funds awarded at the beginning of 1981 and all spent in that year.

As a result, federal funding reductions had a more immediate impact in the social services program and were the most frequently cited reason by state officials for transferring LIHEA funds. For example, according to State officials, New York transferred \$22.2 million in 1982 and \$25 million in 1983 from the LIHEA program to the social services block grant to help avoid cutting program benefits because of reduced federal funding.

HEATING ASSISTANCE REMAINS THE MAJOR  
PROGRAM ACTIVITY, BUT FUNDING  
FOR CRISIS ASSISTANCE AND  
WEATHERIZATION UP SHARPLY

Since block grant implementation, funding for heating assistance generally has been reduced and its share of total program expenditures has declined. Nevertheless, it remains, by far, the largest single program component. Heating assistance expenditures in the 13 states decreased from about \$661 million in 1981 to \$503 million in 1982 as states exercised their options to use LIHEA funds for other purposes. Although total heating assistance spending rose to \$630 million in 1983, such expenditures were still \$31 million below the 1981 levels. Considering each state individually, heating assistance expenditures decreased between 1981 and 1983 in 8 of the 13 states while increasing in 5 states.<sup>3</sup> Comparing heating assistance expenditures to the total LIHEA awards over the 1981-83 period shows that the 13 states expended about 81 percent of their awards for heating assistance in 1981 compared to 59 percent in 1982 and 70 percent in 1983. This trend held true for 12 of the 13 states, as shown in appendix IV.

Heating assistance was comprising a smaller share of total LIHEA expenditures in part because states were increasing spending for crisis assistance and the newly authorized activities. The amount expended for crisis assistance in the 13 states grew from \$35.2 million in 1981 to \$91.4 million in 1983. More funds were spent on crisis assistance in 1983 than in 1981 in 11 of the 13 states, and by 1983 crisis assistance expenditures in 9 states exceeded the previous limit of 3 percent of the total award.

Also, by 1983 all 13 states began to use up to 15 percent of their LIHEA award for weatherization services. Total expenditures were \$56 million in 1982 and \$77.3 million in 1983, and between 1982 and 1983, 11 of the 13 states increased their weatherization expenditures. Although states differed in the amount of funds allocated to weatherization services, 8 of the 13 states used at least 10 percent of their LIHEA award for this purpose in 1983.

The following examples illustrate how states used their new authority under the LIHEA block grant to expand the crisis assistance program component and to initiate weatherization services.

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<sup>3</sup>Appendixes IV through VI show the specific changes in heating, crisis, and weatherization assistance for each state.

### Kentucky moves to a crisis-oriented program

Using its new authority, Kentucky substantially changed the character of its program. The heating component now serves the elderly and the handicapped exclusively, whereas it was formerly available to a wider range of individuals. The crisis component now assists all other low-income households experiencing an energy crisis.

As a result, heating assistance expenditures decreased from \$20.7 million in 1981 (87 percent of the state's award) to \$8.9 million in 1983 (33 percent). On the other hand, crisis expenditures increased from \$0.7 million (3 percent of Kentucky's award) to \$15.1 million (56 percent). During this period the number of Kentucky households receiving heating assistance declined from 95,900 in 1981 to 40,000 in 1983, while the number of households receiving crisis benefits rose from 4,300 to 78,700. Overall, the total number of households receiving heating and/or crisis assistance increased by about 18 percent between 1981 and 1983.

### California increases crisis and weatherization spending as heating expenditures decline

California officials used the block grant flexibility to increase weatherization and crisis spending and reduce heating expenditures. As a result, heating expenditures decreased from \$68.9 million (85 percent of the state's LIHEA award) in 1981 to \$59.1 million (65 percent) in 1983. During 1983 about \$9 million (or 10 percent of the state's award) was used for weatherization, while crisis expenditures grew from \$0.9 million in 1981 (1.2 percent of the state's LIHEA award) to \$6.8 million (7.5 percent) in 1983. Although the block grant legislation eliminated the 3-percent ceiling on crisis assistance spending, California's legislature established a 7.5-percent limit in 1982.

### Mississippi increases weatherization spending to help reduce long-term program costs

Mississippi officials placed increased emphasis on weatherization because they believe it offers a long-term approach for helping low-income households meet energy costs whereas heating and cooling assistance are only stop-gap measures. As a result, weatherization expenditures were \$1 million in 1982 and doubled in 1983 to \$2.2 million--the 15-percent maximum of the state's LIHEA award.

Iowa moves to bolster weatherization  
but reduces level of crisis assistance

Because Iowa officials believe that weatherization services hold down home heating costs, they have given this program component high priority. By 1983, the state was spending about \$5 million, or about 14 percent of its award, for weatherization services. Conversely, expenditures for crisis assistance decreased from \$2.7 million in 1982 to \$0.9 million in 1983 because the Iowa Energy Policy Council believed that community action agencies and households were using crisis benefits as supplemental heating assistance payments rather than to alleviate life- or health-threatening situations. While changes have occurred in the weatherization and crisis components, heating assistance remains the primary focus of the state's program, increasing from \$23.9 million in 1981 (84.7 percent of the state's award) to \$28.5 million in 1983 (77.6 percent).

LITTLE CHANGE IN COOLING ASSISTANCE  
ALTHOUGH FEDERAL REQUIREMENTS EASED

Before the LIHEA block grant, cooling assistance could be provided only if it was medically necessary. This requirement was eliminated by the block grant, thereby making it easier for states to provide cooling assistance. Nevertheless, between 1981 and 1983 there was little change in states' cooling assistance activities.

Eight of the 13 states did not provide cooling assistance in 1981 and chose not to initiate such activities in 1982 and 1983. Of the five states that offered cooling assistance between 1981 and 1983, three provided it as a separate activity while the other two provided it in conjunction with heating assistance. Texas and Kentucky had a separate cooling program from 1981 to 1983, as did Mississippi in 1982 and 1983. Conversely, California and Florida provided cooling assistance with their heating program.

Because cooling was incorporated into another activity in these latter two states, expenditures for cooling were not maintained separately. In the two states that provided cooling as a separate activity for the 3 years, cooling expenditures averaged 4 percent of the award in Kentucky and 31 percent in Texas between 1981 and 1983. For the 13 states, the aggregate identifiable cooling expenditures accounted for less than 2 percent of their awards between 1981 and 1983. Moreover, cooling expenditures in Texas increased from \$13.8 million in 1981 to \$14.7 million in 1983, while declining in both Kentucky and Mississippi. (See app. VII.)

Mississippi's cooling expenditures decreased from \$1.8 million in 1982 to \$0.7 million in 1983. This was due primarily to the state emphasizing weatherization assistance over cooling. Program officials said there was strong public opinion against providing cooling assistance when it was not medically necessary, and they did not believe that high summer temperatures were as dangerous as the winter cold.

Kentucky's cooling expenditures fluctuated widely--from \$0.9 million in 1981 to \$1.8 million in 1982 and \$0.2 million in 1983. The state did not initially plan to provide cooling assistance in 1982 or 1983, but decided during the summer months to implement a program. Because substantial funds were available at the end of the 1982 program year, the state initiated a summer energy program, and conditions during July and August of 1983 prompted Kentucky to develop the Emergency Summer Aid Program, which provided fans to eligible households. Kentucky does not plan to have a cooling component in 1984 unless funds are available or unusually warm weather prevails.

#### MOST STATES CARRY OVER SOME PROGRAM FUNDS

The block grant legislation authorizes states to carry over up to 25 percent of their award into the following fiscal year. Before the block grant, states were required to return unexpended program funds to HHS. For example, New York returned \$4.8 million and Mississippi returned \$230,000 of their 1981 program funds. Since block grant implementation, most states included in our review have exercised the option to carry over unexpended funds.

Ten states carried over more than \$78 million from 1982 into the next fiscal year, as shown in table 2.3. The portion of a state's total award carried over varied considerably, ranging from 0.7 percent to 21.5 percent. Five states carried over less than 10 percent, and no state carried over the maximum amount allowed.

Table 2.3

Carryover of LIHEA Funds  
Into Next Program Year

<u>States</u>	<u>1982 carryover</u> (thousands)	<u>Percent of 1982 award</u>	<u>Estimated 1983 carryover<sup>a</sup></u> (thousands)	<u>Percent of 1983 award</u>
California	\$8,502	9.9	\$15,511	17.1
Colorado	211	.7	1,892	6.0
Florida	1,511	5.9	1,977	7.4
Iowa	4,700	13.5	4,200	11.4
Kentucky	5,400	21.5	1,519	5.6
Massachusetts	0	-	0	-
Michigan	0	-	0	-
Mississippi	447	3.2	0	-
New York	17,800	7.5	8,800	3.5
Pennsylvania	24,000	18.8	20,000	14.9
Texas	9,008	21.3	11,011	24.7
Vermont	0	-	0	-
Washington	<u>6,543</u>	17.5	<u>2,000<sup>b</sup></u>	5.1
<b>Total</b>	<b><u>\$78,122</u></b>	<b>9.2<sup>c</sup></b>	<b><u>\$66,910</u></b>	<b>7.4<sup>c</sup></b>

<sup>a</sup>Estimated as of September 30, 1983.

<sup>b</sup>State officials have indicated that the amount that is finally carried over may be less than \$2 million.

<sup>c</sup>This percentage is based on states' total carryovers in relation to the awards to all 13 states.

As of September 30, 1983, nine states estimated that they would carry over about \$67 million from 1983 into fiscal year 1984. Information obtained by HHS in January 1984 showed that eight of these nine states had reduced their estimates, and two states that did not anticipate carrying over funds estimated that they would have funds available to spend in the next fiscal year. Based on HHS' information, 11 of the 13 states estimated carrying over about \$60 million into fiscal year 1984. (See app. VIII.)

State program officials told us that the most frequently cited reasons for carrying over funds were (1) the uncertainty of federal funding levels and (2) uncertainties regarding the timing of federal allocations. Program officials told us that

the desire to have enough funds to begin the next year's program was of great importance in their decision to carry over funds in five states in 1982 and six states in 1983. Also, uncertainty of funding levels was a factor of great importance in four states in both years.

For example, New York program officials said that they developed their payment schedule for LIHEA benefits based on the administration's proposed fiscal year 1982 budget. The final LIHEA allotment was about 42 percent higher than anticipated, but it was too late to change the payments and, consequently, substantial funds were carried over to the next program year. Similarly, Kentucky officials stated that 1982 carryover funds resulted from designing their program around the earlier budget figure because they did not plan to spend funds until they were "in hand."

Iowa carried over 1982 and 1983 LIHEA funds to begin providing heating assistance benefits earlier than could be done previously. State officials said that before the block grant, it would take several months for Iowa to receive its allocation after federal funds were appropriated. Consequently, benefits frequently were not provided until January or February. Using the carryover funds, benefit payments can now be made earlier.

In addition to carryovers related to the timing and amount of federal allocations, states cited other reasons for having year-end balances. For example, Florida officials said that the state had allocated all of the LIHEA funds in its 1982 and 1983 budgets but some items were underspent, thus leaving a balance to carry forward to the next year. Also, in 1982, Pennsylvania carried over \$24 million, in part, because the state began its weatherization program later in the year than anticipated.

#### SEVERAL FACTORS INFLUENCE PROGRAM PRIORITIES AND OBJECTIVES

As shown in chart 2.1, states placed great importance on several factors in determining program priorities and objectives for their low-income home energy assistance programs. The three factors most frequently cited were use of existing state service delivery systems, changes in the level of block grant funding, and the need to provide services to other target populations. Additionally, promoting services to protected groups, maintaining program continuity, and meeting federal legislative requirements were considered to be of great importance in several states.




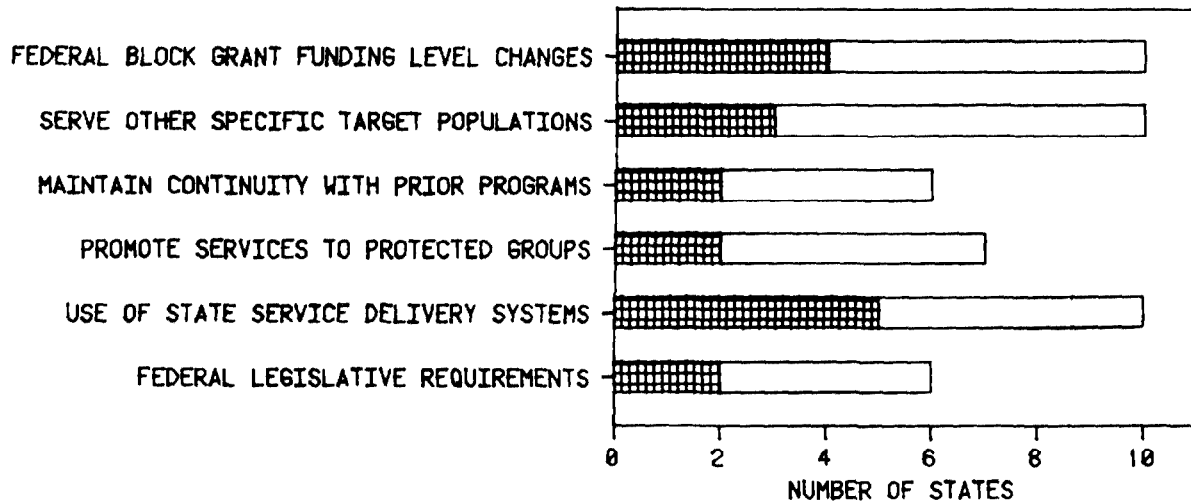

 GREAT IMPORTANCE  
 VERY GREAT IMPORTANCE

CHART 2.1  
 PROGRAM OFFICIALS' OPINIONS ABOUT THE  
 FACTORS THAT WERE OF GREAT IMPORTANCE IN  
 SETTING LIHEA BLOCK GRANT FUNDING PRIORITIES



The desire to continue using existing state service delivery systems was of great importance in 10 states. For example, Michigan officials maintained the existing system because it already provided households with access to a network of local offices across the state. Also, Mississippi, Colorado, and Pennsylvania officials said that using the existing system eliminated start-up problems with new contractors and was less disruptive for individuals.

Changes in the level of federal funding were also an important factor influencing program priorities and objectives. Because such funding is the sole source of support for most states' programs, the amount of federal funds influences what program goals and objectives can be accomplished. Additionally, the various proposals to substantially reduce federal funding for this program during 1982 and 1983 created uncertainties and complicated states' planning efforts.

Ten states indicated that the wish to serve certain target populations was also an important factor in setting program priorities. In Mississippi, program officials provided an additional 3-week application period for the elderly. Michigan's program officials said that their goal to provide heating assistance to certain low-income households not receiving Aid to Families with Dependent Children (AFDC) or General Assistance caused the states to establish the Home Heating Credit Program. This program operates as a separate component of its heating program and provides benefits in the form of a tax credit to eligible households. For households with no state tax liability, benefits are provided by check.

## CONCLUSIONS

The block grant provided states with several additional options for using low-income home energy funds. Assisted in part by increased federal funding, states used their new program authority to expand the range of activities funded. Although heating assistance payments continue to be the mainstay of most states' programs, low-income home energy block grant funds have been increasingly used to support a broader range of activities.

This trend is clearly evidenced by states' decisions to transfer low-income home energy funds to other block grant programs and to expand weatherization services. In 1982 and 1983, 10 of the 13 states transferred a total of \$116 million to other block grant programs. With few exceptions, states transferred close to the maximum amount allowed, and about 97 percent of transferred funds went to the social services block grant to help offset federal funding reductions in that program.

Similarly, by 1983 all 13 states exercised their new authority to use up to 15 percent of their block grant funds for weatherization services. Although not authorized in 1981, weatherization expenditures for these states were about \$56 million in 1982 and rose to over \$77 million in 1983. Moreover, eight states were using between 10 and 15 percent of their award for weatherization activities.

States also gave increased emphasis to crisis assistance in the absence of the prior cap on such spending. Consequently, crisis assistance expenditures in the 13 states rose sharply--from \$35.2 million in 1981 to \$91.4 million in 1983. By 1983 spending for crisis assistance in nine states exceeded the previous limit of 3 percent of a state's total award.

As states took advantage of their new options, expenditures for heating assistance generally declined, although heating

still accounted for the majority of total spending. Expenditures for heating assistance decreased from \$661.3 million, or 81.4 percent of states' awards, in 1981 to \$630.1 million, or 70.1 percent, in 1983. Additionally, although the block grant made it easier to provide cooling assistance by removing the requirement that such assistance be medically necessary, there was little change in this program activity.

Most states did, however, make use of their new authority to carry over funds into the following program year. States carried over more than \$78 million of LIHEA funds into 1983 and an estimated \$67 million into 1984. Program officials reported that the wish to start the following year's program earlier and the expectation of reduced block grant funding in the future were the primary reasons for carrying over funds.

## CHAPTER 3

### STATES USE A VARIETY OF APPROACHES IN

#### PROVIDING LOW-INCOME HOME ENERGY ASSISTANCE

The 1981 program gave states considerable discretion to determine who was eligible to receive low-income energy assistance and how such assistance would be provided. As a result, states already had established a wide variety of approaches for delivering energy assistance. This diversity continued under the block grant because states generally did not change the basic characteristics of their programs. They continued to define eligibility, determine benefit levels, and distribute assistance in much the same manner, although weatherization services were added and other program components were modified as states gained experience with the program.

#### WIDE RANGE OF ELIGIBILITY FACTORS CONSIDERED

Within certain legislative parameters, states have considerable authority to establish their own eligibility criteria. The block grant legislation permits assistance to be provided to households that (1) have incomes not to exceed the greater of 150 percent of the poverty level set by OMB or 60 percent of the state's median income or (2) contain one or more persons receiving needs-based benefits from the Veterans Administration (VA) or the following other federal programs: AFDC, SSI, and Food Stamps. In addition to these legislative factors, the 13 states considered several other factors in establishing their eligibility criteria, as shown in table 3.1.

Table 3.1

Factors Considered by the 13  
States in Determining Eligibility  
for Low-Income Home Energy Assistance<sup>a</sup>

<u>Eligibility factors</u>	<u>Number of states considering each eligibility factor for:</u>			
	<u>Heating</u>	<u>Cooling</u>	<u>Crisis</u>	<u>Weatherization</u>
Income	13	3	13	13
Eligibility for other federal programs:				
AFDC	7	1	5	6
SSI	7	1	5	6
Food Stamps	4	1	3	1
VA needs tested	3	1	1	0
Eligibility for state benefit programs	3	-	3	2
Housing status <sup>b</sup>	6	2	3	5
Inclusion of elderly person(s) in house- hold	5	2	4	5
Inclusion of handi- capped person(s) in household	4	2	4	5
Recipient of other LIHEA program serv- ices within program year	4	1	3	5
Assets	6	3	6	5
Other <sup>c</sup>	8	2	8	7

<sup>a</sup>This table includes information on heating, weatherization, and crisis assistance for all 13 states and the 3 states that offer cooling as a separate component. As discussed earlier, two other states offer cooling in conjunction with their heating program.

<sup>b</sup>Includes such housing factors as own or rent, and subsidized or unsubsidized.

<sup>c</sup>Includes such factors as state residency, U.S. citizenship, and size of household.

The one eligibility factor considered by all 13 states was an applicant's income. Although the specific income criteria varied among the states, most states established it below 150 percent of the OMB poverty level.

As shown in table 3.2, in 1983 eight states had income criteria below 150 percent of the OMB poverty level for heating assistance as did 10 states for weatherization, five for crisis assistance, and two of the three states administering cooling as a separate activity. Usually, the income criteria were in the 120- to 129-percent range. Additionally, income criteria have remained relatively constant between 1981 and 1983, with only California and Pennsylvania raising their limits from 125 to 130 and 150 percent, respectively, to broaden the eligible population.

Table 3.2

Income Eligibility Criteria  
Used by States in 1983

<u>Percent of OMB</u> <u>poverty level</u>	<u>Number of states using</u> <u>percent criteria for:</u>			
	<u>Heating</u>	<u>Weatherization</u>	<u>Crisis</u>	<u>Cooling</u>
150	5	3	7	1
140 to 149	0	0	0	0
130 to 139	1	1	1	0
120 to 129	5	9	2	1
110 to 119	1	0	1	1
100 to 109	1	0	1	0
Below 100	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>
	<u>13</u>	<u>13</u>	<u>13</u>	<u>3</u>

Ten of the 13 states also used a household's eligibility for other needs-based programs in determining eligibility for low-income energy assistance. In addition to the AFDC, SSI, Food Stamp, and VA programs mentioned in the block grant legislation, three states considered eligibility for state-funded assistance programs. As illustrated by the following examples, eligibility for other public assistance programs was a critical factor in determining eligibility in certain states.

--Texas provided benefits for heating and cooling assistance only to households meeting the income criteria and receiving benefits from AFDC, Food Stamps, SSI, or specified VA programs. Non-public assistance households cannot qualify for heating and cooling assistance even if they meet the income requirements but can qualify for crisis assistance.

--In California, heating and cooling assistance is available solely to AFDC and SSI recipients meeting the

income criteria, while crisis and weatherization assistance is available only to those recipients plus households eligible to receive food stamps. The state legislature in 1983 eliminated other low-income households from eligibility.

--New York considers certain recipients of AFDC, SSI, and the State Home Relief Program who meet the state's income criteria automatically eligible for energy assistance. Checks are mailed to these recipients without application unless they reside in certain living arrangement categories, such as nursing homes or institutions.

States also consider other eligibility factors not specifically noted in the block grant legislation. For example, six states specify a ceiling on the amount of combined liquid assets (i.e., checking and savings account balances, bonds, etc.) that a household may have and still qualify for heating assistance as did six states for crisis assistance and four for weatherization services. Additionally, six states gave priority to households with elderly or handicapped members for at least one program activity. To illustrate, in Kentucky, heating and cooling assistance goes only to households with an elderly or handicapped member, and in New York households with elderly individuals that spend at least 30 percent of their annual income on energy costs may receive double heating benefits.

In eight states the receipt of energy benefits under at least one program component is based on eligibility for, or receipt of, other LIHEA benefits. For example, in Pennsylvania a household must be referred for weatherization services from either the heating or crisis assistance programs. Similarly, a Colorado household must be eligible for heating or crisis assistance to receive weatherization services. In contrast, in Mississippi a household is generally not eligible to receive both heating and cooling payments within the same program year.

#### ELIGIBILITY DETERMINATION DIFFERS PRIMARILY IN APPLICATION PERIODS

In making eligibility determinations, states in 1983 required that applications be submitted during specified time periods. Generally, a separate application had to be submitted for each LIHEA program component, and eligibility for benefits from one component did not insure eligibility for another.

However, certain households in New York receiving AFDC, SSI, and state assistance are mailed a check for heating assistance without needing to apply for it. Other low-income households could submit applications, and applicants over the age of

60 could complete the process by mail through their local Office for Aging.

Two states formerly made automatic benefit payments but began requiring applications in 1983. California previously offered an automatic payment, plus an application for additional benefits, to all households receiving AFDC and SSI benefits. However, it began requiring applications for assistance because the state comptroller's office would not pay checks without proof of application. In 1982, Colorado determined that all households receiving public assistance in October 1981 were automatically eligible for heating assistance. However, in 1983, the state began requiring applications to provide greater assurance that it was assisting those households most vulnerable to increasing energy costs.

Although all states required applications in 1983 for at least one program component, the application period differed among the program components and varied widely among states. For example, heating assistance application periods ranged from less than 50 days in California, Kentucky, and Florida to 10 months in New York. Additionally, while seven states had year-round application periods for weatherization services, application periods for crisis assistance ranged from 5 months in Iowa and Vermont to year-round in five other states. There was little variation, however, in cooling assistance application periods. Applications were accepted during a 43-day period in Mississippi and during a 60-day period in Texas.

The timing of eligibility determination also differed among the states and among program components. Crisis assistance eligibility was most often determined at the time of application, while heating and cooling eligibility generally was determined during a 45-day period after application. Eligibility for weatherization services was usually determined during an inspection of the home, and delivery of services was as long as 1 year after application.

#### BENEFITS PAID VARY WIDELY AMONG STATES

States considered many factors in determining benefit levels. The most common were the number of household members, income ranges, utility costs, type of fuel used, inclusion of elderly or handicapped individuals in the household, geographic location,<sup>1</sup> and type of housing.

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<sup>1</sup>Geographic location is a factor generally giving additional consideration to weather variations in different parts of the state.



Average benefits paid differed widely among states, with the greatest variation occurring in the weatherization component. The average 1983 weatherization benefit ranged from \$400 in Pennsylvania to about \$1,500 in Michigan. The average heating and crisis benefits both ranged from about \$70 in Texas to about \$500 in Massachusetts.

While benefit levels varied among the 13 states, the aggregate average benefits paid for heating, crisis, and weatherization did not change dramatically over the 1981-83 period for these states where information was available, as shown in table 3.3. Appendix IX lists average benefits paid by individual states over this period.

Table 3.3

Aggregate Average Benefits Paid 1981-83

<u>Program component<sup>a</sup></u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Heating	\$261	\$217	\$248
Crisis	176	193	172
Weatherization	N/A	898	872

<sup>a</sup>Information on cooling benefits paid during this period was not available in all states offering such assistance because such benefits are often part of states' heating or crisis programs.

STATES USE A VARIETY OF METHODS TO PROVIDE BENEFITS

States used several methods to provide heating, cooling, and crisis benefits. The most common were checks to households, two-party checks, and direct payments to vendors. Also, crisis assistance can be in the form of other services. For example, Washington's crisis program offers a one-time energy service reconnection, heating system repairs, blankets and space heaters, money management training, instruction on hypothermia first aid, and aid in assessing the availability of other community resources.

In contrast to the program components that primarily provide direct payments to households, weatherization benefits are in the form of services and materials provided. They include caulking, weather-stripping, and insulation as well as other heat loss prevention and energy conservation measures. For example, Massachusetts provides eligible households with caulking for self-installation in addition to a wide range of services delivered by local contractors, such as attic insulation, storm windows, and heating system repairs. Washington provides

home repairs and modifications to reduce heat loss according to a priority listing of services until all funds for the home are exhausted or all weatherization measures are completed.

States also use different approaches to determine which households are weatherized first. For example, Texas established a point system in an effort to serve the lowest income applicants first. Kentucky also prioritizes applications on a monthly basis. In contrast, Iowa provides weatherization on a first-come-first-served basis.

## CONCLUSIONS

The block grant reinforced the flexibility provided states under the prior program to help them meet their differing weather-related situations. Accordingly, the variety of approaches adopted under the prior program generally continued under the block grant. As a result, determining which households were eligible to receive assistance, when they could apply, how much they could receive, and in what form varied by state and by program component.

To reach their targeted populations, states employed a wide range of eligibility considerations. The one factor used by all 13 states was applicants' income, and most states adopted an income ceiling more restrictive than the 150 percent of OMB poverty level established in the block grant legislation. Another factor used by 10 states was eligibility for other federal or state public assistance programs, such as AFDC and SSI. Other common eligibility factors were the combined assets of household members, the inclusion of an elderly or handicapped person in the household, and the type of housing.

To determine eligibility, states generally required that applications be submitted during prescribed time frames. Application periods, however, varied widely among states. Similarly, the size of benefits paid fluctuated widely. Average weatherization benefits in 1983 ranged from \$400 in Pennsylvania to about \$1,500 in Michigan, while average heating and crisis payments varied from \$70 in Texas to \$500 in Massachusetts. In distributing these benefits, states used a combination of methods. Checks to households, two-party checks, and energy vendor credits were most often used for heating, cooling, and crisis assistance. Conversely, weatherization benefits were distributed as services and materials.

## CHAPTER 4

### BLOCK GRANT BRINGS LIMITED CHANGES TO STATES' ADMINISTRATION OF LIHEA PROGRAM

Before the LIHEA block grant, states had administered the federally funded low-income energy assistance program and accordingly had already developed policies and procedures for making payments and funding other services to eligible households. Because states were heavily involved in administering the prior program, few changes were needed in state organizations or program management activities. While block grant implementation had little impact on organizations or management practices, there were numerous indications of simplification related to administrative procedures, planning and budgeting, preparing applications, and reporting to the federal government. However, specific administrative cost savings could not be quantified in a comprehensive manner.

#### LIMITED ORGANIZATIONAL CHANGES REQUIRED

States have assigned administrative responsibility for one or more program components of the block grant to agencies that administered energy assistance services under similar federal or state programs. In 12 of the 13 states, agencies involved in administering the prior low-income energy assistance program were designated the lead administering agency for the block grant. Generally, these agencies are state public welfare or social service departments responsible for a wide range of administrative activities, including planning, outreach, technical assistance, and monitoring.

In 5 of the 13 states, one state agency, such as the Energy Policy Council in Iowa, administers all program components. For the other eight states, responsibility is divided between one agency that administers the weatherization component and another that administers all other program components. For example, the weatherization component is administered in Colorado by the Department of Local Affairs and in Michigan by the Department of Labor. In both states, the heating and crisis components are administered by the Department of Social Services.

The block grant legislation encouraged states to coordinate the weatherization program component with other similar federal programs. Ten of the 13 states have assigned this component to agencies that have experience in administering other federal and state weatherization programs. Also, in 9 of these 10 states, the same eligibility criteria are used for the block grant as

well as Department of Energy supported weatherization activities. For example, Massachusetts has combined the Department of Energy and LIHEA weatherization activities under one state agency and uses the same eligibility criteria. Also, Florida has assigned these two programs to the Department of Community Affairs and also uses the same eligibility criteria.

For the most part, the 13 states have retained the service delivery structure used for providing heating assistance, crisis intervention, and weatherization services before the block grant. State agencies have the greatest involvement in providing heating assistance and crisis intervention. For example, in 8 of the 13 states, heating payments are provided directly to households or vendors by the states. In contrast, all 13 states contract with local-level service providers to deliver services for all or part of their weatherization program. These providers tended to be community action agencies, local governments, and other entities, many of which also provide other federally funded weatherization services.

Officials in six states reported some organizational changes since block grant implementation. For example, New York changed the LIHEA program from a state-administered to a state-supervised/locally administered program when it became a block grant in 1982. State officials believed that local districts should have the flexibility to make decisions to better meet their needs. Also, in Iowa organizational changes were made to consolidate the delivery of all energy assistance services.

#### STATES ARE CARRYING OUT GRANT MANAGEMENT RESPONSIBILITIES

The states were heavily involved in managing various aspects of the prior energy assistance program. Under the block grant, states continued to be involved in program management by monitoring fund recipients, providing technical assistance, collecting data, and auditing.

#### Block grant has had little impact on state monitoring efforts

Generally, the block grant has had little effect on the extent of states' monitoring activities. All the states reported that they monitor service provider compliance with federal and state requirements, although they were emphasizing different issues and using various monitoring techniques.

In 10 of the 13 states, officials reported that block grant implementation had no effect on the extent of monitoring. For

example, a Florida program official said that they were satisfied with the monitoring under the prior program and, accordingly, continued to maintain the same level of monitoring under the block grant. Each of the remaining three states experienced at least some increase in its monitoring efforts. For example, a Washington official said the state slightly expanded the scope of monitoring efforts as a result of its increased responsibilities.

Program officials in 9 of the 13 states reviewed service providers by monitoring all or some of the LIHEA program components in conjunction with other federal or state-funded programs. For example, California's Office of Economic Opportunity administers LIHEA program components along with the community services block grant. The weatherization component is monitored in conjunction with the community services block grant and the Department of Energy weatherization program. The remaining four states monitor the LIHEA block grant separately.

State program officials told us that they emphasized various issues when monitoring service providers. All states said they placed great emphasis on monitoring to assure that funds are used for the purposes specified in the law, payments are made only to or for eligible households, and benefits are targeted to households with the greatest need. Also, most states placed great emphasis on monitoring various other areas, including coordination with related programs, assuring equitable treatment of owners and renters, assuring that sound fiscal and accounting procedures are being used, and compliance with certain state requirements. In addition, program officials in nine states reported placing at least great emphasis on monitoring the prevention of discrimination in service delivery and, in six states, at least great emphasis on the prevention of discrimination in hiring practices. All but one state said they used standard procedures in carrying out their monitoring responsibilities, and officials from five states said that the LIHEA block grant resulted in monitoring improvements.

Program officials in all 13 states relied heavily on the review of data and reports from service providers and site visits to monitor service providers. Program officials said that the frequency of site visits varied among the states. Also in six states, the extent to which site visits were used for monitoring varied by type of service provider or program component, and in two states, the use of site visits varied with both the type of service provider and the program component. For example, Pennsylvania vendors participating in the heating component of the LIHEA program are sampled yearly to determine where site visits will be made. Conversely, the state tries to visit

grantees in the state's crisis program and contractors participating in the weatherization program on an annual basis.

Information on the type and frequency of reports from service providers was provided by 7 of the 13 states. This information showed that reports were usually required on a biweekly or monthly basis and covered a variety of programmatic, administrative, and fiscal matters.

#### States provide technical assistance

In 1983, 11 of the 13 states provided technical assistance to local fund recipients. Community action agencies, utilities, fuel suppliers, local governments, recipient households, and Indian tribes were the primary recipients. The methods usually used to provide technical assistance were state written guidance (eight states), telephone calls (seven states), and site visits by state officials (six states).

The states usually provided recipients, primarily community action agencies, with assistance pertaining to restrictions on the use of funds. For example, 11 states reported providing information on state restrictions, while 10 states reported providing assistance on federal restrictions and grant application requirements. However, 9 of the 13 states reported providing technical assistance in each of the following areas: audit requirements, program management techniques, and financial management procedures.

#### Block grant has little impact on data collection

All states collect data on activities funded by the LIHEA block grant. The types of information most frequently collected on households served include geographic location, income level, age, and information concerning handicapped, disabled, or minority status of client populations served. Over half of the states reported that the amount of information collected has not changed since block grant implementation. Also, eight states said that their funding of data collection efforts had not changed since block grant implementation, two states reported funding increases, and three reported funding declines.

State officials said that state planning and management requirements had the greatest influence on state data collection efforts. In contrast, federal regulations and a desire to promote cross-state data comparability were not important factors in influencing state data collection efforts.

State program officials reported that certain types of additional data would be useful but there were barriers to collecting them. State officials differed on what types of additional information would be most useful; however, many desired data on the service needs of the eligible population, quality of services delivered, and program effectiveness. Officials from nine states said that the burden data collection would impose on local grantees and measurement difficulties are barriers, and officials from seven states also identified financial resources as a barrier. Officials from all 13 states said they plan to collect the same amount of data, or a moderate amount more, in 1984.

States now arrange for audits  
of block grant funds

A key oversight feature of the block grant legislation is state audits of LIHEA block grant expenditures. States are required by the law and HHS regulations to provide for independent audits of the LIHEA block grant on an annual basis. Generally, state auditors have conducted, or plan to conduct, state-level LIHEA block grant audits as part of single department-wide audits of state agencies. State officials told us that GAO's "Standards for Audit of Governmental Organizations" will be used for most of these audits, and most states plan annual audits covering their state fiscal year.

As of October 31, 1983, six states had completed LIHEA state-level audits, six states had LIHEA state-level audits in process, and an audit was planned but not yet started in the remaining state. As of January 1984, HHS Inspector General data for 44 states showed that 26 LIHEA audits had been completed, 11 were in process, and 7 were planned. These audits covered fiscal year 1982 funds.

The types of completed audits varied. Some were essentially financial, while others focused more on program operations. Also, there was considerable variation in the results. For example, in Pennsylvania the Comptroller for Public Welfare conducted a separate audit of LIHEA block grant funds for October 1, 1981, through September 30, 1982. The report, issued on January 21, 1983, stated that the financial statements fairly represented the financial condition of the LIHEA program. It further stated that the examination of the system of internal controls disclosed no major weaknesses in program administration or any material matters that would adversely affect reliance on the financial statements. The report did, however, contain

observations of certain deficiencies that could not be quantified. These included (1) certain benefit payments sent to the wrong vendors, (2) computer problems resulting in some duplicate payments, and (3) a lack of a method to determine whether a household exceeds the \$400 benefit limit for emergencies.<sup>1</sup>

On August 30, 1983, the Auditor General of California issued a report on the State's Office of Economic Opportunity's administration of the LIHEA block grant during the period July 1, 1981, to June 30, 1983. The report questioned certain of that office's practices regarding application procedures, eligibility determination, and the distribution of program funds. Office of Economic Opportunity officials concurred with the report's conclusions and recommendations and indicated that they were developing a plan to implement the recommendations.

A public accounting firm examined the financial activities of the Mississippi Governor's Office of Federal State Programs as of September 30, 1982. The examination included an audit of the LIHEA block grant funds. The report did not identify any major difficulties.

In Massachusetts the State Auditor reported on the LIHEA program for the period September 1, 1981, to June 30, 1982. The report indicated certain programmatic deficiencies and made recommendations to strengthen the (1) income verification procedures, (2) oil vendor payment system, (3) collection of outstanding fuel assistance funds, (4) monitoring of bulk oil deliveries, and (5) cash management and financial controls. The Executive Office of Communities and Development, which administers the state program, responded that it found the report helpful in strengthening its program procedures. The office noted that many items were cited before full implementation of the 1983 program and, where possible, recommendations were incorporated into program procedures. The office indicated that considerable management progress had been made and that it would continue to pursue recommendations for cost effectiveness and control.

State agencies generally plan LIHEA subrecipient audits, but certified public accountants and internal auditors usually conduct the audits on an entity-wide basis that covers all the subrecipient's funds, including LIHEA funds. Most states plan to audit all their LIHEA service providers annually. Information on the status of substate service provider audits was

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<sup>1</sup>The Pennsylvania Department of the Auditor General also plans to cover the LIHEA block grant funds as part of a state-wide single audit.



available for 8 of the 13 states. State officials said that as of October 31, 1983, 62 LIHEA subrecipient audits were complete, 3 were in process, and 174 were planned.

BLOCK GRANT IMPLEMENTATION  
ACCOMPANIED BY  
ADMINISTRATIVE SIMPLIFICATION

Under the block grant, federal reporting and application requirements were simplified to reduce states' administrative burden. State program officials said that less time and effort is now required to fulfill these requirements, and in most states, these changes reportedly had a positive impact on program management. State program officials also indicated that they are changing or standardizing administrative procedures and making improvements in planning and budgeting as a result of the block grant.

Reporting requirements  
reduced under the block grant

The information states must report to the federal government has decreased substantially since block grant implementation. Previously, states had to send HHS detailed quarterly reports on the characteristics and numbers of the households served by the energy assistance program in a manner prescribed by HHS. In addition, states also had to submit quarterly estimates of expenditures and allotment need and a financial status report. In the expenditures and allotment report the state had to estimate its need for federal funds for the coming quarter and for the entire fiscal year. In the financial status report, the states accounted for the use of federal funds for past quarters, which provided the basis for adjusting the state's estimates if necessary.

Under the block grant program, states must submit two reports to HHS. On August 1 of each year, a reallocation report is due which shows (a) the portion of the original allotment that the state plans to carry over to subsequent fiscal years and (b) the amount of funds, if any, subject to reallocation. In addition, by October 31 of each year, states have to report on the number and income levels of households assisted by block grant funds. The reports required under the block grant call for less data, they are less frequent, and the states have more discretion concerning the format for reporting the data.

Although most states reported collecting as much data in 1983 as they had under the prior program, nine states reported that they now spend less time and effort reporting to the federal government. Four of the nine states also said they were

able to make management improvements in reporting as a result of the block grant. For example, Michigan officials reported that resources previously used for reporting can be directed to improve other areas of the program's operation.

Despite the reduction in federal reporting requirements, four states said they now spend the same amount of time and effort reporting as they had under the prior program. For example, officials from Iowa's Energy Policy Council said they produce the same amount and type of reports for the state legislature as had been prepared previously. Also, even though Washington officials said they were spending the same amount of time and effort on reporting, they believed the requirement changes were having a positive effect. They reported that the block grant enabled them to develop a reporting system to better meet the state's needs, rather than in response to federal requirements.

#### Application requirements simplified by the block grant

Under the block grant as well as the prior program, states had to submit an application for funding. Under the prior program, HHS could approve or disapprove a state's application, but HHS now reviews the block grant applications only to determine whether they are complete and meet the statutory requirements. Also, under both the block grant and the prior program, states' applications had to contain specific assurances called for in the legislation. Under the prior program, HHS prescribed how the states would comply with the assurances, whereas the block grant gives the states the discretion to fulfill the assurances in the manner that best suits their needs.

Officials in 10 of the 13 states reported that they spent less time and effort preparing their LIHEA block grant application than the applications for the prior program. Six of the 10 states said the reduced application requirements had a positive impact on program management. Although application requirements were reduced, officials in three other states reported that they spent about the same amount of time preparing applications for the block grant as they did for the prior program. Generally, this occurred because the states have continued to use the plan for other purposes. In two of the three states, state officials said that the effect of spending the same amount of time and effort has been positive. For example, Washington officials believed that they now have a better application. A state official noted that under the prior program, the application was a list of questions answered with single sentences. Now, the application is in narrative format and better explains the state's plans, according to the program official.

Block grant facilitates changes to  
or standardization of  
administrative procedures

Since block grant implementation, program officials in 7 of the 13 states reported efforts to standardize or change administrative procedures, such as data processing and reporting requirements. In four of the seven states, program officials said that the block grant was a factor in these changes. According to California program officials, the work of a legislatively created Block Grant Advisory Task Force should lead to standardized state-wide definitions and requirements for administrative costs. Also, a Massachusetts program official said that the state was moving toward standardizing administrative procedures, but the block grant provided added incentive to make such improvements. Massachusetts has also developed a subgrantee manual which describes administrative procedures and standardized reporting and data processing requirements. Also, a Washington official said that they developed a procedures manual to standardize procedures for all block grants, including LIHEA.

Block grant facilitates improvements  
in planning and budgeting

Officials in 8 of the 13 states attributed improvements in planning and budgeting for their energy assistance programs to the LIHEA block grant. Generally, officials said the improvements related to the added flexibility states now have to determine clients to be targeted and the mix of services to be offered. For example, Kentucky and Massachusetts officials said they were better able to define and target assistance benefits according to need. Colorado officials explained that the block grant enabled them to better concentrate on planning and budgeting for the LIHEA program without having to respond to numerous federal requirements.

QUANTIFICATION AND COMPARISON OF  
ADMINISTRATIVE COSTS NOT POSSIBLE

As discussed in the two previous sections, states have experienced a mixture of increased grant management responsibilities and administrative simplifications since implementing the block grant. In 1981 the block grant debate focused, in part, on the issue of administrative costs. Some believed that the administrative savings associated with the block grant approach could offset some federal funding reductions. Others were less optimistic, but many believed that fewer layers of administration, better state and local coordination of services, fewer federal regulations and requirements, and better targeting of services could lead to cost savings.

While much was said about the potential administrative cost savings, little attention was focused on the difficulties associated with quantifying and measuring such savings. Essentially, two conditions must exist for determining specific administrative cost savings:

--Uniform administrative cost data at the state level based on uniform definitions of administrative costs.

--Comprehensive baseline data on prior programs.

#### State approaches to defining administrative costs differ

Six of the 13 states have written definitions of administrative costs for state offices administering the LIHEA block grant. Officials in two other states provided unwritten definitions, and the other five states have no definition. Although the eight states that defined administrative costs did so in a manner essentially consistent with federal guidance, these specific definitions range from very vague and general to precise and detailed. Also, only six states had a definition that identified costs for subgrantees.

In addition to the different approaches to defining administrative costs, states also used varying procedures for computing and documenting administrative costs, and a few states had no such procedures. Also, only two states provided subrecipients with instructions for computing administrative costs. However, 10 states required subgrantees to report administrative costs, and most of these states required verification of these costs through audits.

At the time of our fieldwork, 8 of the 13 states could provide information on their 1982 administrative costs. None of these states exceeded the 10-percent limit on the use of block grant funds for administration, and some states used considerably less.

#### Some data available on administrative cost at federal and state levels

The LIHEA block grant is the sole program administered by HHS' Office of Energy Assistance. Program officials at that office were able to identify direct costs incurred in administering the block grant. However, they noted that it would be difficult to verify indirect costs because the block grant is charged with a percentage of the overhead expenses of the Office of Family Assistance and central HHS office costs. Also, the Office of Energy Assistance has less staff and incurs less

direct administrative cost than it did when assistance was provided under the prior program. That office reported that its administrative costs in fiscal years 1981-83 were \$3,387,000, \$2,634,000, and about \$2,289,000, respectively. In addition, during these years, the authorized number of full-time equivalent positions declined from 75 in 1981 to 51 in 1982 and to 40 in 1983.

Although information on the cost to administer the prior program was available in 12 of the 13 states, it was not comparable. In some states it included both state and subgrantee costs, and in other states it included both federal and state funds.

#### State officials provide varying perceptions about administrative costs

While there are numerous indications of administrative simplification, quantifying any overall administrative cost savings appears impractical. Therefore, the best indicators of administrative cost savings are probably the perceptions of state officials, who have had the greatest contact with administering both the block grant and the prior programs. These perceptions tend to support the notion that although the block grants have simplified some areas of administration, they have brought added responsibilities in others, and the specific impact cannot be quantified. For example:

- Michigan officials believed that the administrative burden has decreased, but not greatly, and that some reporting and program flexibility has been achieved.
- Florida officials indicated that administrative costs were reduced as a result of combining the cooling and heating applications. These savings, however, could not be verified.
- Colorado officials believed that the block grant did not reduce administrative costs.

#### CONCLUSIONS

Because of their involvement in the prior program, states made few changes to their LIHEA service delivery systems. In many states, the agencies with preblock experience in providing similar services for related federal and state programs are now administering the various components of the LIHEA program.

States also had considerable involvement in administering the prior energy assistance programs. States continued their involvement in program management under the block grant and were monitoring fund recipients, providing technical assistance, collecting data, and auditing funds.

The reduced federal requirements and the management flexibility associated with the block grant produced indications of administrative simplification. Most states spent less time preparing grant applications and reporting to the federal government, and many reported specific management improvements related to planning and budgeting and standardizing administrative procedures. However, specific administrative cost savings in the states could not be quantified in a comprehensive manner. Accordingly, the perceptions of state officials remain the best indicators of changes in administrative costs emanating from the block grant.

## CHAPTER 5

### PUBLIC INVOLVEMENT ACHIEVED THROUGH STATE ELECTED OFFICIALS AND VARIOUS CITIZEN PARTICIPATION MECHANISMS

The involvement of governors and legislatures in the LIHEA block grant decisionmaking process has remained the same in most states since many of these activities were funded under the prior program. However, legislative involvement has increased slightly in four states. Also, gubernatorial involvement equaled or exceeded legislative involvement in 11 of 13 states.

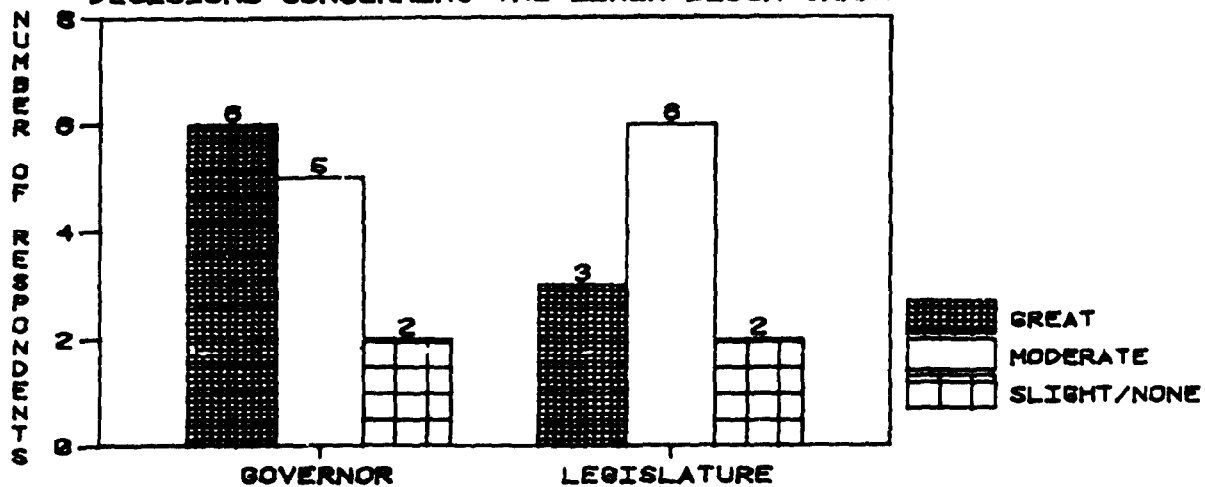
Federal requirements do not specify which branch of the state government must hold LIHEA block grant hearings, and the 13 states reported holding a mixture of legislative and executive branch hearings. Each state also circulated copies of its draft plan for public comment, and 10 states reported using input from advisory groups in the decisionmaking process. According to state program officials, the input obtained from informal consultations and statistical measures of program performance also often influenced LIHEA program decisions.

While most interest groups we surveyed participated in public hearings, their satisfaction with state efforts to facilitate formal public input was mixed. Also, while state officials generally believed the block grant approach was a more desirable way to fund LIHEA services, many interest groups preferred the prior approach.

#### GUBERNATORIAL INVOLVEMENT GREATER THAN LEGISLATURES

While the involvement of governors and legislatures in the LIHEA block grant has generally remained the same as their prior involvement, governors seemed to be more involved in these decisions than the legislatures. Chart 5.1 shows that governors' offices in 6 of the 13 states reported that they were greatly involved in LIHEA funding decisions. State legislatures in only 3 of the 11 states for which we were able to obtain data indicated a similar level of involvement.

**CHART 5.1  
GOVERNOR AND LEGISLATURE INVOLVEMENT IN  
DECISIONS CONCERNING THE LIHEA BLOCK GRANT**



This trend was confirmed by program officials, who told us that governors in 11 of the 13 states were equally or more involved in LIHEA funding decisions than legislatures. Program officials reported that gubernatorial involvement had remained the same in 10 states since the prior program and that legislative involvement had remained the same in 8 states. They also said that gubernatorial and legislative involvement in LIHEA programs equaled or exceeded involvement in similar state programs in 5 of the 13 states.

Gubernatorial involvement reportedly increased in only two states. For example, the Colorado governor's office reported more involvement than in the past because there were a number of concerns and disputes among vendors providing services. Officials from the Massachusetts governor's office said that with the block grant flexibility, they have become more involved in setting priorities and providing overall policy guidance.

Governors used several mechanisms to obtain information on, or to exercise control over, block grants. However, most relied on their opportunities to review and revise budget submissions. Fewer governors relied on public hearings, advisory committees, and the review and approval of federal grant applications. While these latter mechanisms were used infrequently in some states, others made great use of them. For example, in Mississippi, the governor's office directly administers the LIHEA block grant.



While reliance on oversight mechanisms varied among the states, governor's office representatives in 7 of the 13 states said the block grants generally encouraged them to change their use of these information and control mechanisms. The types of changes included redirecting and rethinking program priorities, becoming more involved in planning and reviewing programs, and increasing interagency cooperation.

Like the governors, the legislatures strongly relied on the budget and appropriation processes as an oversight mechanism for block grants. Legislatures in all 13 states appropriate LIHEA block grant funds, and 9 of them earmark funds for specific program areas. Eleven legislatures also require the executive branch to report on operations of federal grants, including the LIHEA block grant.

Legislative committees in five states made changes to the 1983 block grant plans or proposals submitted by executive agencies. The types of changes involved maintaining or increasing funds for specific services, decreasing funds for specific services, as well as changing methods of service delivery, the amount of funds transferred among blocks, and the distribution of funds to grantees. In California and Massachusetts, for example, the legislatures believed that the need for funds for emergency crises was more important than weatherization and changed the executive proposal to reflect this priority. A legislative staff member in Massachusetts noted that the governor had wanted to use 10 percent of LIHEA funds for weatherization, but a legislative committee put a 5-percent cap on weatherization spending and shifted the funds to crisis intervention.

Governor's office representatives and legislative officials identified certain block grant characteristics which encouraged their involvement. The most commonly cited were the ability to transfer funds between blocks and greater state authority to set program priorities. Governors and legislatures have played key roles in transfer decisions. Program officials in six states reported that the governor's office was greatly involved in LIHEA transfer decisions, and in California, Iowa, and Florida they were more involved in these decisions than in other LIHEA program decisions. Also, program officials in four states noted that state legislative officials had great involvement in transfer decisions. In all but one of these states, legislatures were more involved in these decisions than in other LIHEA program decisions.

## STATE EFFORTS TO OBTAIN CITIZEN INPUT VARY

All states reported holding public hearings, and most of the 13 states held both legislative and executive hearings on their 1983 LIHEA block grant funding proposals. Additionally, 10 of the 13 states made use of advisory committees in the LIHEA decisionmaking process, and all 13 states made their draft plans available for public comment.

### States prepared required reports

Each state must prepare a draft plan describing how the state will carry out the assurances contained in the statute. These plans must be made available in such a manner as to facilitate public comment. Twelve of the 13 states provided their draft plans to various public and state organizations for comment, and Kentucky provided a summary of its plan to the public. Nine of the 13 states distributed the plans on their own initiative rather than on request. In most instances, they were sent to state legislators, service providers, private citizens, and organizations representing minorities and the handicapped. Eight states revised their draft plans, and seven of these states also made the revised plans available for public comment.

Most interest groups were generally satisfied with the availability of the draft plans and the length of the comment period. However, most also tended to be dissatisfied with the opportunity to comment on revisions to the plan and the timing of the comment period relative to the states' decisionmaking processes on the use of funds.

Six states plan to make changes to encourage more citizen input on draft plans. The changes include soliciting comments from more groups and soliciting comments earlier in the decisionmaking process.

### All states conducted public hearings

Although each state is required to hold at least one public hearing on its 1983 LIHEA block grant, the legislation, unlike other block grants, does not specify whether the legislative or the executive branch must hold the hearings. Legislative committees in 9 of the 13 states reported holding at least one public hearing, while executive branch hearings were held in 12 of 13 states.

Overall, 14 legislative committees in nine states reported holding 34 hearings on the 1983 LIHEA block grant, whereas only four states held hearings on the prior program. Twenty-three

hearings were held in state capitals, while 11 were held in other locations. Most hearings were conducted by a budget or appropriations committee. Two hearings were held separately for the LIHEA block grant, 15 were part of separate appropriations hearings which included other block grants, and the remaining 17 were held during the state's normal appropriation hearing process. Legislative officials in six states reported that the concerns expressed during legislative public hearings led to changes in the state's budget proposal.

The most widely used method to notify the public of legislative hearings was state mailing lists. In nearly all states, advance notification ranged from 1 to 4 weeks. Average attendance at those legislative public hearings for which we were able to obtain data ranged from 162 in Massachusetts to 15 in Pennsylvania.

While 8 of the 13 states reported holding executive hearings for the prior program in 1981, 12 reported holding a total of 64 executive hearings for the block grant in 1983. Only Kentucky did not hold such hearings. The number of hearings ranged from 12 in Florida to 1 in Massachusetts. Twenty-seven hearings were held to address LIHEA alone, while the remaining hearings addressed LIHEA, other block grants, and in some instances, related state programs. The amount of advance notification was 2 to 4 weeks in eight states, and the remaining states either gave less than 2 weeks' notice or did not have the information available. Nine of the 13 states reported having information on their state plan available before all executive hearings, and 8 states reported having budgetary information available before such hearings. The average attendance at these hearings ranged from 14 persons in Iowa to 191 in Mississippi. Unlike the legislature, most executive hearings were held outside the state capital. Also, most states made special efforts to encourage participation by local governments, service providers, and members of protected groups by contacting organizations representing that group and arranging hearing times and locations convenient for them.

With regard to hearings, more interest groups were satisfied than dissatisfied with the advance notice, the number of hearings held, their location, and the amount of time allotted to block grants. Conversely, more were dissatisfied than satisfied with the availability of information before hearings and the timing of hearings in relation to the decisionmaking process on the use of funds.

Legislative committees in three states plan to make changes in the public hearing process. These include holding more hearings outside the state capital, holding more hearings, and

scheduling hearings earlier. Eight states plan to make changes in the executive branch hearings. These changes include scheduling hearings earlier in the decisionmaking process and holding more hearings outside the state capital. Mississippi, Washington, Pennsylvania, and Iowa plan to hold fewer hearings.

Considerable use of advisory committees and task forces

Ten of the 13 states reported using a total of 24 advisory committees or task forces as part of their decisionmaking process. Five committees focused on the LIHEA block grant alone, while the other 19 focused on the LIHEA block grant in conjunction with other block grants and/or state-funded programs.

These groups were generally composed of state program officials, private citizens, service providers, technical experts, and organizations representing minorities. The governor's office appointed members to these groups in six states and was directly represented in three states. State legislatures appointed members to advisory groups in four states and were directly represented in seven states.

According to program officials in eight states, advisory groups made recommendations that led to decisions on the allocation of LIHEA funds. Also, most of the interest group respondents were generally satisfied with both the role and composition of LIHEA advisory groups.

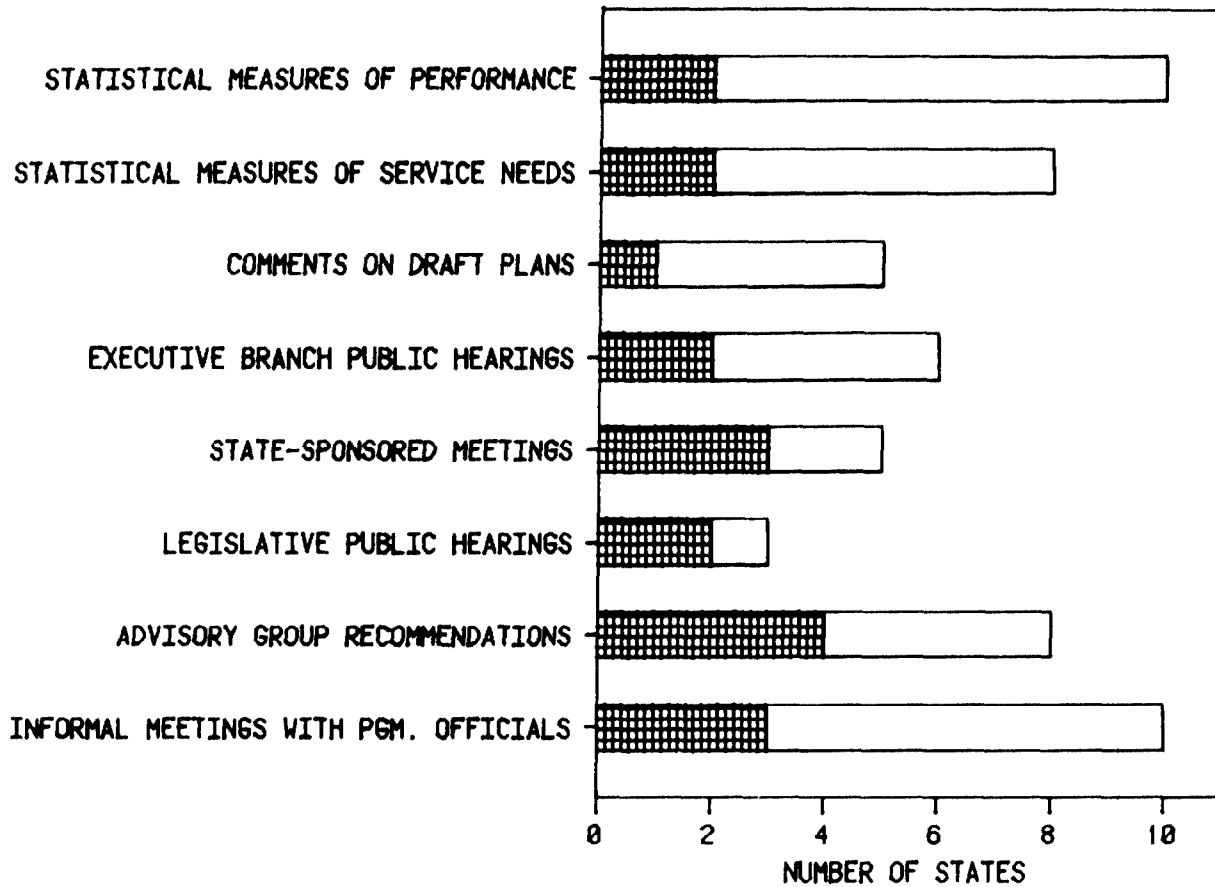
Role of citizen input in LIHEA decisionmaking

As shown in chart 5.2, program officials said that statistical measures of program performance and service needs, informal consultations, and advisory groups were the most important sources of information in making decisions on priorities or objectives for LIHEA funds. Legislative public hearings had the least impact.

CHART 5.2

PROGRAM OFFICIALS' OPINIONS ABOUT THE SOURCES OF INFORMATION THAT WERE OF GREAT IMPORTANCE IN LIHEA BLOCK GRANT DECISIONS

□ GREAT IMPORTANCE  
 ■ VERY GREAT IMPORTANCE



In 12 of the 13 states, information received from one or more of the citizen input mechanisms led to decisions on the use of LIHEA funds. For example:

--Michigan's Department of Social Services initially did not propose to use funds for weatherization; however, after legislative hearings, \$4 million was allocated for that purpose. Also, the state provided additional funds for crisis assistance based on comments on its draft plan.

--In Kentucky, recommendations made during legislative hearings led the Department of Social Insurance to expand its use of the two-party check.

--Massachusetts officials found that information obtained during executive branch hearings supported the state's policy to use LIHEA funds for conservation and weatherization. Also, a fuel assistance task force recommendation helped form the basis for the state's allocation formula.

PERCEPTIONS OF INTEREST GROUPS  
AND STATE OFFICIALS OF BLOCK GRANTS

While many interest groups increased their activity with state officials under block grants, their satisfaction with state efforts to facilitate input into LIHEA program decisions was generally mixed. Also, they were divided regarding their satisfaction with state responses to their concerns, but generally they believed that state decisions adversely affected groups they represented. State officials were generally pleased with the block grant approach, while many interest groups perceived block grants to be a less desirable way of funding LIHEA services.

Interest groups give mixed  
reaction on state input  
processes and decisions

About 46 percent of the LIHEA interest groups responding said that they increased their levels of activity with state legislatures and/or executive agencies since block grant implementation. Most of these were state-wide organizations involved in a wide range of activities to learn about or influence LIHEA programs. As shown in chart 5.3, interest groups participated in various aspects of the state citizen input process. Attending or providing testimony at hearings was the means most widely used, with 56 percent of the 223 interest groups responding to our survey participating.<sup>1</sup>

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<sup>1</sup>223 of the 786 respondents to our survey of interest groups in the 13 states indicated they had some knowledge of LIHEA-funded programs. Not all 223, however, answered every question in our survey, and percentages are based on the total number of respondents to each question. The number of respondents to our questions ranged from 46 to 223. The actual numbers of respondents, on a question-by-question basis, are detailed in appendix X.

CHART 5.3  
 LINEA INTEREST GROUP PARTICIPATION  
 IN THE BLOCK GRANT INPUT PROCESS

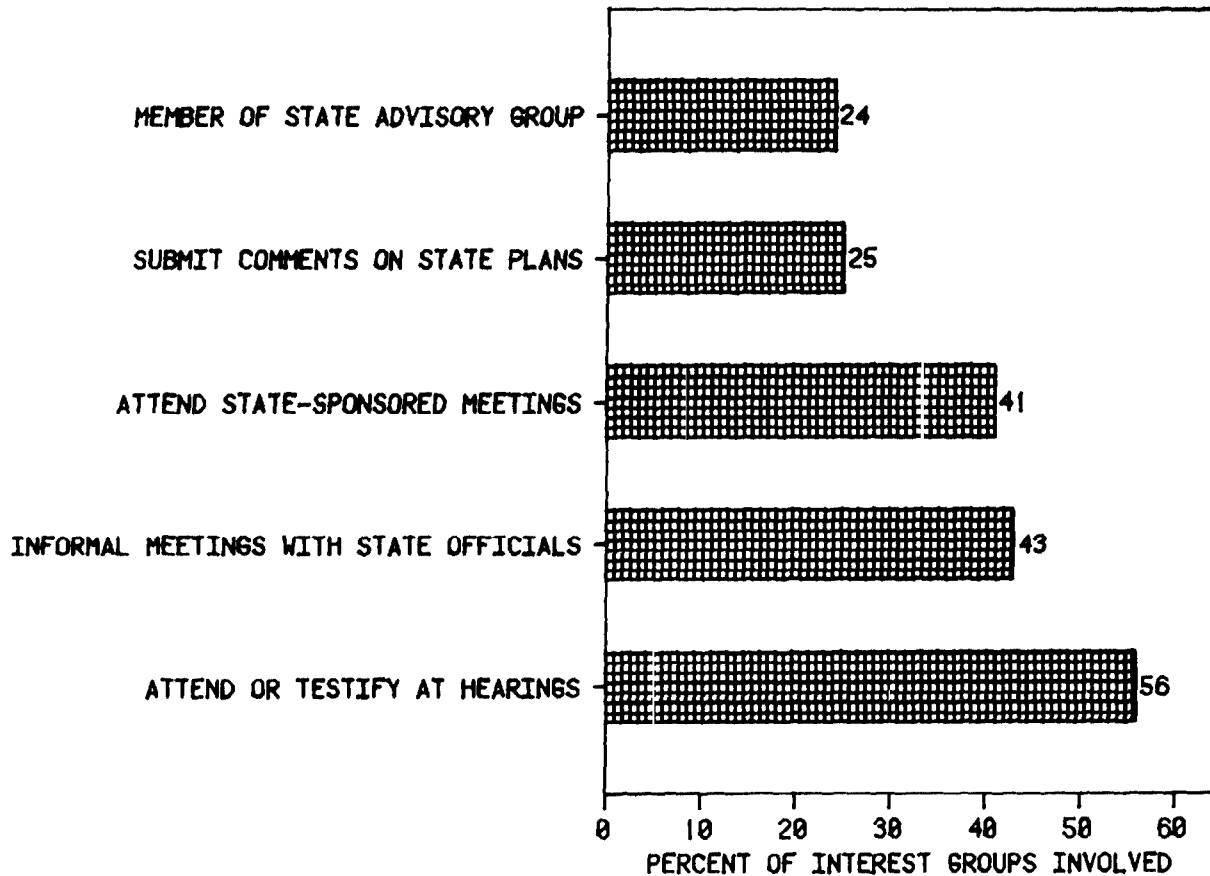


Table 5.1 shows that more interest groups attended or testified at executive hearings than legislative hearings.

Table 5.1

Percent of Interest Group Participation  
in Different Aspects of Hearing Process  
in 13 States

<u>Aspect of process</u>	<u>Percent</u>
Attendance at executive hearings	46
Attendance at legislative hearings	35
Testimony at executive hearings	24
Testimony at legislative hearings	17



There were no clear trends in satisfaction or dissatisfaction with state methods for facilitating citizen input. The major areas of satisfaction were with the accessibility of state officials for informal consultation (66 percent), the time and location of hearings (52 percent), and the time allotted to block grants at hearings (52 percent). The major areas of dissatisfaction related to the opportunity to comment on revised plans (52 percent), the timing of hearings relative to the state decisionmaking process (50 percent), and the timing of the comment period relative to the state allocation decisionmaking process (50 percent). Interest groups that actively participated by testifying, attending hearings, or submitting comments on state plans were more satisfied with state processes than those not actively involved.

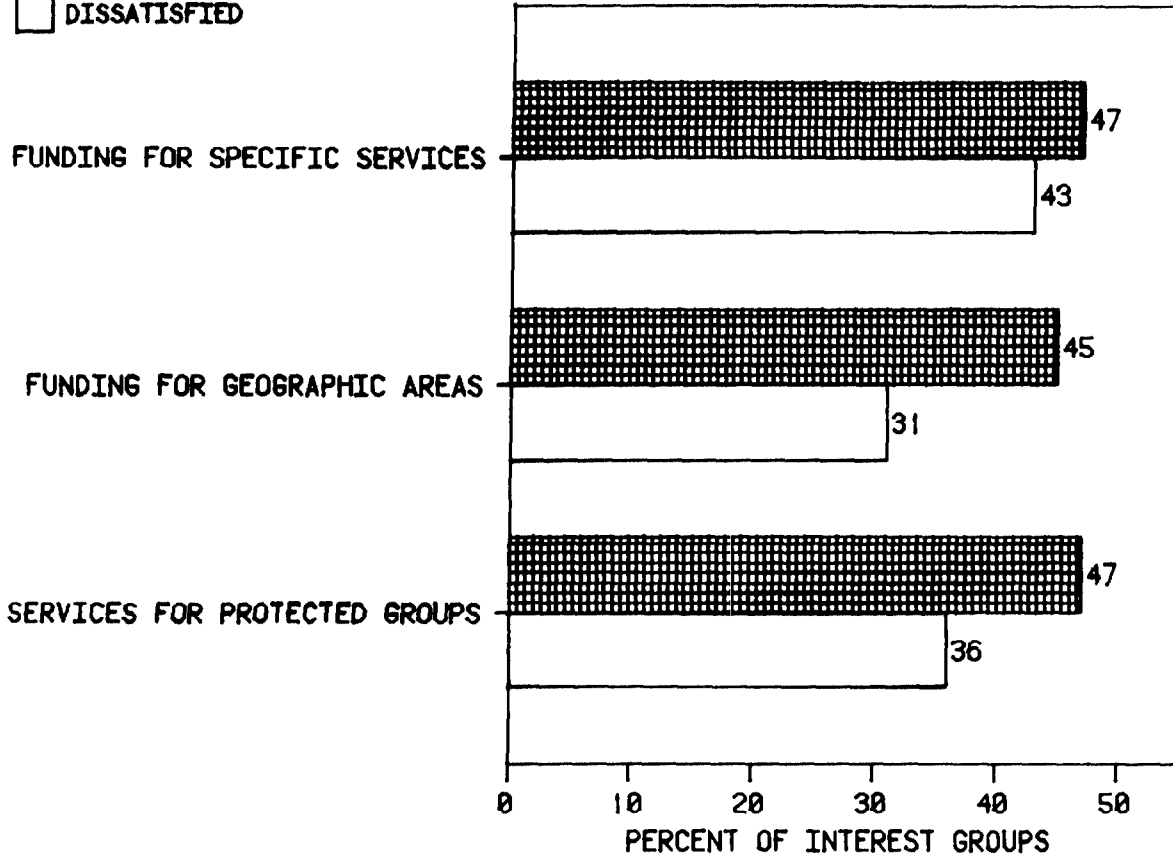
Three issues most often cited as being of great or very great concern to interest groups were the need to maintain or increase funding for specific services (65 percent), for geographic areas within the state (40 percent), and for services for protected groups, such as minorities and the handicapped (53 percent). Program officials told us that they also perceived a considerable concern about maintaining or increasing funds for specific services during the executive branch hearings.

As shown in chart 5.4, interest groups were divided concerning states' responses to their major concerns; however, with regard to all three issues, more interest groups were satisfied than dissatisfied. In addition, 43 percent of the respondents believed that changes made by the state have had an adverse effect on the individuals or groups they represented. Thirty-seven percent viewed the state changes favorably, and the remainder said there was no impact.



CHART 5.4  
 DEGREE OF SATISFACTION WITH STATE RESPONSES  
 TO ISSUES OF GREAT CONCERN TO INTEREST GROUPS

 SATISFIED  
 DISSATISFIED



State officials and interest groups have different perceptions of block grant approach

Program officials in 12 of the 13 states said the block grant provided them more flexibility than the prior program, and governors in nine states agreed with that assessment. Most legislative leaders in 10 of the 13 states also believed that block grants provided more flexibility. In addition, LIHEA program officials in 12 of the 13 states believed that federal block grant requirements are less burdensome than the requirements of the prior program.

State officials generally believed the block grant approach was a more desirable funding mechanism than the categorical approach. Twenty-nine of 36 legislative leaders in 12 of the 13 states and 11 of the 13 governors said block grants were more desirable than the categorical approach. In addition, 12 of the 13 LIHEA program officials responding to our questionnaire also consider this approach more desirable to fund LIHEA services. Three legislative leaders in three states believed the block grants were a less desirable approach. All others saw little or no difference between the approaches.

Interest groups, on the other hand, did not generally perceive the block grant approach to be a desirable method of funding LIHEA programs. Only 25 percent said the block grant approach was more desirable, while 47 percent saw the approach as less desirable. The remaining 28 percent saw little or no difference.

### CONCLUSIONS

The increased flexibility of the block grant, particularly the authority to transfer LIHEA funds to other block grants, has contributed to limited increases in the role of the legislatures in programs previously dominated by federal and state executive officials. While the involvement of state governors' offices has generally remained the same, their involvement exceeds the involvement of legislatures. Most states held both legislative and executive public hearings and made the greatest use of information obtained from informal consultations and statistical measures of program performance when making program decisions.

Interest groups had mixed reactions to states' citizen input processes. They were satisfied with their access to state officials; however, many were dissatisfied with the timing of hearings relative to the states' decisionmaking processes and the opportunity to comment on revised plans. Also, interest groups were generally satisfied with the adequacy of state responses to their concerns.

In general, state officials found the block grant to be more flexible and less burdensome and viewed it as a more desirable method of funding LIHEA services. On the other hand, 47 percent of the interest groups viewed it to be less desirable, and 43 percent believed that state changes to programs supported with block grant funds negatively affected groups they represented.

DESCRIPTION OF GAO'SDATA COLLECTION METHODOLOGY

To obtain information concerning the implementation and administration of block grants in 13 states, we collected data from two sets of sources:

1. Individuals or organizations having an interest in a single block grant, such as the state office that administers the block grant.
2. Individuals or organizations potentially having an interest in more than one block grant, such as groups within the state legislature.

In some instances we obtained data directly from records available at organizations we visited; however, most of the data were provided to us by individuals or organizations. Most data were collected between January and September 1983.

We developed three data collection instruments to obtain information from the first set of sources referred to above and five to obtain information from the second set of sources. The instruments we used to obtain information from sources having an interest in a single block grant were:

- Program Officials Questionnaire.
- Financial Information Schedules.
- State Audit Guide.

Almost identical versions of the Program Officials Questionnaire were used for all block grants reviewed. The other two instruments were more tailored to the specific block grant.

Questionnaires were used to obtain information from sources with potential interest in more than one block grant. The five respondent groups for these questionnaires were

- governors' offices,
- state legislative leadership,
- state legislative committees,

- state legislative fiscal officer(s), and
- public interest groups.

The approach generally taken with these questionnaires was to ask about the respondent's specific experience with each block grant and then ask some questions about general impressions and views concerning the block grant concept.

The primary focus of our study was at the state level; thus, most of our data collection took place there. Even when collecting data from other than the state level, state implementation and administration remained our major interests. The questions in the Public Interest Groups Questionnaire concerned the group's views on how the state implemented and administered each block grant.

The questionnaires were pretested and externally reviewed prior to their use. The extent of pretest and review varied with the questionnaire, but in each case one or more state officials or organizations knowledgeable about block grants provided comments about the questionnaire.

The Financial Information Schedules were discussed with other organizations that had obtained similar information at the state level in the past.

The following sections describe each data collection instrument, including information on the source of the data and the method used to administer the instrument.

#### PROGRAM OFFICIALS QUESTIONNAIRE

##### Content

This questionnaire was designed to elicit information about the administration of the block grant. It asked state program officials about

- the ways in which the state established priorities and program objectives,
- the procedures used to obtain the views of citizens and other interested groups,
- the scope of the state's data collection efforts,
- the extent to which technical assistance is provided to state and local providers,

--the state procedures and practices for monitoring service providers, and

--the state's general impressions concerning block grants.

#### Source of information

The questionnaires were completed by senior level program office officials who had responsibility for administering the block grant in the 13 states included in our study. We specified in the questionnaire that the responses should represent the official position of the program office.

#### Method of administration

We identified the senior program official in each state and delivered the questionnaire to the office of that official. The state program official was asked to complete the questionnaire with help, if necessary, from other staff and return the questionnaire to our representative. When certain responses were given, follow-up questions were asked to obtain additional information.

### FINANCIAL INFORMATION SCHEDULES

#### Content

The purpose of these schedules was to obtain the best available data on how states were spending block grant funds in addition to other sources of funds for LIHEA program areas. These schedules show, for federal fiscal years 1981-83, the expenditures for each program component (heating, cooling, crisis assistance, and weatherization).

These schedules also provided information on the amount of 1982 and 1983 funds transferred to other block grants and carried over to the following program year. We also sought to obtain data on the number of households served as well as certain characteristics of these households. However, states did not collect these data in a consistent manner, and we were not able to assure ourselves that the data we obtained were an accurate indication of the number of households served or certain other household characteristics. Therefore, this information was not included in the report.

Source of information

The expenditure data were obtained from program and budget information available at the state level.

When actual expenditure figures were not available, estimated figures were provided. In these cases, however, state officials agreed that the figures provided accurately reflected funding changes within the program areas. We consulted with officials from the Urban Institute and HHS when designing the financial information schedules because of their knowledge and ongoing work in these areas.

Method of administration

Our staff worked with state program and budget officials to complete the expenditure schedules.

STATE AUDIT GUIDEContent

We used this audit guide to collect information on the state's administrative organization and the LIHEA program's service delivery system. The areas covered included

- identifying the administrative structure the state used to deliver LIHEA services,
- reviewing program areas supported with LIHEA funds to determine and analyze expenditure trends by programs and sources of funding,
- obtaining types of assistance provided by each state and identifying changes made to services provided since the state adopted the block grant,
- identifying changes made to the types of providers eligible to provide services and beneficiaries of services since the state adopted the block grant, and
- obtaining changes made to the methods for distributing program funds.

Source of information

The information was obtained from state officials through interviews and state documents.

Method of administration

A detailed audit guide was used by our field staff to obtain this information. Follow-up meetings were held with state officials for further information or clarification of data.

GOVERNOR'S OFFICE QUESTIONNAIREContent

This questionnaire focused on the role played by the governor and his or her office in implementing and administering the block grants. Questions asked included

- the extent of the governor's involvement in the decision-making process regarding block grant funding and administration,
- what the governor did to obtain information or exercise control over the setting of state program priorities,
- whether there are any changes anticipated in the way in which the governor will exercise control in the future,
- if additional federal technical assistance would have been useful, and
- what the governor's general impression was about block grants.

Source of information

The questionnaire was completed by the governor or designated representative.

Method of administration

The questionnaire was mailed directly to the governor, and all governors or their designated representative responded. When completed, the questionnaire was returned to one of our representatives.

STATE LEGISLATIVE LEADERSHIP QUESTIONNAIREContent

This questionnaire was used to obtain information about the perceptions of state legislative leaders concerning block grants. The questions asked included

- how block grants affected the way the state legislature set program and funding priorities,
- what the major benefits were of funding programs through block grants,
- how block grants could be improved, and
- what were their general impressions about block grants.

#### Source of information

We compiled a list of legislative leaders based on a publication by the Council of State Governments, State Legislative Leadership; Committees and Staff, 1983-84. Generally there were four per state: the presiding officer of the senate, the senate minority leader, the speaker of the house, and the house minority leader. A total of 48 questionnaires were administered and 40 were returned, for an 83-percent response rate.

#### Method of administration

We delivered the questionnaire to the offices of each state's legislative leaders. We asked that they complete the questionnaire and return it to our representative.

#### STATE LEGISLATIVE COMMITTEES QUESTIONNAIRE

##### Content

The questionnaire requested information about public hearings concerning block grants held by state legislative committees in the 13 states. Questions included were

- how many hearings were held and where,
- who sponsored the public hearings,
- what mechanisms were used to inform citizens that hearings were being held,
- who testified at the hearings, and
- what concerns were expressed.



Source of information

We attempted to identify those committees in each state that held public hearings for the 1983 block grants. The questionnaires were completed by senior committee staff responsible for organizing public hearings on block grants. Twenty-eight committees received, completed, and returned the questionnaires.

Method of administration

We delivered the questionnaire to each legislative committee that held public hearings for the 1983 block grants. A senior committee staff member was requested to complete the questionnaire and return it to our representative. We followed up on selected questions for additional information.

STATE LEGISLATIVE FISCAL OFFICER QUESTIONNAIREContent

The purpose of this questionnaire was to obtain information about the procedures used by the state legislatures to control and monitor block grant programs. Specifically, we asked

- what control or monitoring mechanisms the state legislature has and whether they have changed since block grants were implemented by the state,
- how block grant funds are appropriated,
- whether public hearings led to changes in the use of block grant funds,
- what role the legislature played in changing executive agencies' block grant plans or proposals, and
- what were the fiscal officer's general impressions about block grants.

Source of information

Legislative fiscal officers are generally the directors of the permanent, professional staffs of state legislatures. The National Conference on State Legislatures, the National Association of State Fiscal Officers, and the Council of State Governments provided assistance in identifying the appropriate staff persons to complete our questionnaire.

### Method of administration

We delivered 19 questionnaires to fiscal officers in our 13 states. Seventeen were returned, for an 89-percent response rate. We followed up on selected questions for additional information.

### PUBLIC INTEREST GROUP QUESTIONNAIRE

#### Content

This questionnaire asked various public interest groups about

- their involvement with and perceptions of block grants,
- their perceptions about the state's efforts to solicit and incorporate citizen input into state program decisions made on block grants,
- their views on the impact of changes made by the state on those persons they represented, and
- their perceptions of changes in civil rights enforcement as a result of block grants.

#### Source of information

The names and addresses of interest groups were obtained from several sources. Initially we contacted about 200 national-level organizations and asked if they had state affiliates that might have dealt with the implementation of the block grants. If so, we requested the names and addresses of those affiliates. The list of 200 national-level organizations was compiled from lists developed by GAO staff from mailing lists of organizations interested in specific block grants compiled by HHS and from the staff of a private organization with extensive knowledge about block grants.

This list was supplemented, where possible, by lists of interest groups compiled from public hearing attendance rosters kept by state agencies. The availability of these lists varied by state.

Once an initial list was compiled, we sent it to our staff in the 13 states. They, in turn, showed these lists to state officials involved with the block grants and to a small, diverse

group of respondents on the lists. These groups provided corrections and recommended additions of groups that they felt were active in block grant implementation but were not on the list we had initially compiled.

The results of the selection process were not intended to be viewed as either the universe of public interest groups knowledgeable about block grants or a representative sample of public interest groups for any state or block grant. We believe, however, the interest groups we contacted provided a diverse cross-section of organizations knowledgeable about LIHEA block grant implementation.

#### Method of administration

Questionnaires were mailed to the identified public interest groups with an enclosed, stamped, preaddressed envelope. A follow-up letter and questionnaire were sent to those who failed to respond within 3 weeks after the initial mailing.

Of the 1,662 groups on our final list, 786 returned completed questionnaires, for a 47-percent response rate. Of the completed questionnaires, 223 indicated they had at least some knowledge of the implementation of the LIHEA block grant in the state in which their organization was located.

## AWARDS TO THE 13 STATES

FROM 1981 THROUGH 1983

	FY 1981		FY 1982		FY 1983	
	Allocation	Percent of total allocation	Allocation	Percent of total allocation	Allocation	Percent of total allocation
California	\$ 80,882,545	4.6	\$ 85,885,365	4.6	\$ 90,438,502	4.6
Colorado	28,201,219	1.6	30,074,454	1.6	31,692,417	1.6
Florida	24,975,977	1.4	25,436,045	1.4	26,804,147	1.4
Iowa	28,174,799	1.6	34,845,178	1.9	36,719,800	1.9
Kentucky	23,992,570	1.4	25,586,242	1.4	26,962,747	1.4
Massachusetts	79,791,153	4.6	78,460,451	4.2	82,670,102	4.2
Michigan	107,767,358	6.2	103,003,313	5.6	108,577,679	5.6
Mississippi	13,417,719	.8	13,764,396	.7	14,510,419	.7
New York	223,068,441	12.8	237,758,713	12.8	250,589,233	12.8
Pennsylvania	119,820,643	6.9	127,779,600	6.9	134,653,965	6.9
Texas	39,688,375	2.3	42,324,626	2.3	44,601,632	2.3
Vermont	10,440,512	.6	11,134,008	.6	11,733,003	.6
Washington	31,679,544	1.8	37,325,107	2.0	38,963,537	2.0
Total awards to the 13 states	<u>\$811,900,855</u>	46.5	<u>\$853,377,998</u>	46.0	<u>\$898,916,983</u>	46.0
Total allocation to all states	\$1,744,214,806		\$1,855,265,165		\$1,954,410,081	

TRANSFER OF LIHEA BLOCK GRANT FUNDSTO OTHER BLOCK GRANT PROGRAMS IN FY 1982 AND 1983

<u>States</u>	<u>Social services</u>		<u>Community services</u>		<u>Maternal and child health</u>		<u>Preventive health services</u>		<u>Total transfer</u>		<u>Percent of award</u>	
	<u>1982</u>	<u>1983</u>	<u>1982</u>	<u>1983</u>	<u>1982</u>	<u>1983</u>	<u>1982</u>	<u>1983</u>	<u>1982</u>	<u>1983</u>	<u>1982</u>	<u>1983</u>
	----- (thousands) -----											
California	\$ 8,022	\$ 9,044	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,022	\$ 9,044	9.34	10.00
Colorado	2,750	3,100	-	-	-	-	-	-	2,750	3,100	9.14	9.78
Florida	2,376	2,681	-	-	-	-	-	-	2,376	2,681	9.34	10.00
Iowa	3,250	-	-	-	-	-	-	-	3,250	-	9.33	-
Kentucky	2,151	2,658	-	-	-	-	239	295	2,390	2,953 <sup>a</sup>	9.34	10.00
Massachusetts	-	-	-	-	-	-	-	-	-	-	-	-
Michigan	9,600	10,300	-	-	-	-	-	-	9,600	10,300	9.32	9.49
Mississippi	-	-	-	-	700	-	-	-	700	-	5.09	-
New York	22,200	25,000	-	-	-	-	-	-	22,200	25,000	9.34	9.98
Pennsylvania	-	-	-	-	-	-	-	-	-	-	-	-
Texas	-	4,150	-	-	-	-	-	-	-	4,150	-	9.30
Vermont	-	-	-	-	-	-	-	-	-	-	-	-
Washington	<u>2,281</u>	<u>2,552</u>	<u>1,207</u>	<u>1,350</u>	-	-	-	-	<u>3,488</u>	<u>3,902</u>	9.34	10.01
Total	<u>\$52,630</u>	<u>\$59,485</u>	<u>\$1,207</u>	<u>\$1,350</u>	<u>\$700</u>	<u>-</u>	<u>\$239</u>	<u>\$295</u>	<u>\$54,776</u>	<u>\$61,130</u>	6.42 <sup>b</sup>	6.80 <sup>b</sup>

<sup>a</sup>The amount of funds transferred by Kentucky was based on the LIHEA grant award (\$26,963,000) plus the Petroleum Violation Escrow funds (\$2,570,000) received by the state.

<sup>b</sup>This percentage is based on the states' total transfer in relation to the awards to all 13 states.

HEATING ASSISTANCE EXPENDITURESOF LIHEA FUNDS FOR FY 1981-83

(in thousands)

	Expenditures in <u>FY 1981</u>	Percent of <u>award</u>	Expenditures in <u>FY 1982</u>	Percent of <u>award</u>	Percent expenditure change between <u>1981-82</u>	Expenditures in <u>FY 1983</u>	Percent of <u>award</u>	Percent expenditure change between	
								<u>1982-83</u>	<u>1981-83</u>
California	\$ 68,862 <sup>a</sup>	85.1	\$ 52,794 <sup>a</sup>	61.5	-23.3	\$ 59,149 <sup>a</sup>	65.4	+12.0	-14.1
Colorado	24,848	88.1	21,809	72.5	-12.2	18,000	56.8	-17.5	-27.6
Florida	22,435 <sup>a</sup>	89.8	15,901 <sup>a</sup>	62.5	-29.1	17,890 <sup>a</sup>	66.7	+12.5	-20.3
Iowa	23,878	84.7	20,611	59.2	-13.7	28,479	77.6	+38.2	+19.3
Kentucky	20,776	86.6	5,048	19.7	-75.3	8,892	33.0	+76.1	-57.2
Massachusetts	73,807 <sup>b</sup>	92.5	63,783 <sup>b</sup>	81.3	-13.6	70,269 <sup>b</sup>	84.9	+10.2	-4.8
Michigan	73,219	67.9	42,425	41.2	-42.1	54,900	50.6	+29.4	-25.0
Mississippi	9,944 <sup>c</sup>	74.1	8,525	61.9	-14.3	10,826	74.6	+27.0	+8.9
New York	176,000	78.9	144,500	60.8	-17.9	183,000	73.0	+26.6	+4.0
Pennsylvania	106,600	89.0	78,359	61.3	-26.5	118,000	87.6	+50.6	+10.7
Texas	23,225	58.5	21,435	50.6	- 7.7	20,856	46.8	-2.7	-10.2
Vermont	9,278	88.9	7,221	64.9	-22.2	9,274	79.0	+28.4	0
Washington	<u>28,405</u>	89.7	<u>20,859</u>	55.9	-26.6	<u>30,605</u>	78.5	+46.7	+7.8
Total	<u>\$661,277</u>	81.4 <sup>d</sup>	<u>\$503,270</u>	58.9 <sup>d</sup>	-23.9 <sup>e</sup>	<u>\$630,140</u>	70.1 <sup>d</sup>	+25.2 <sup>e</sup>	-4.7 <sup>e</sup>

<sup>a</sup>Includes both heating and cooling.<sup>b</sup>Emergencies are dealt with as part of the heating program.<sup>c</sup>Includes emergencies for FY 1981 only.<sup>d</sup>This percentage is based on total heating assistance expenditures in relation to the awards to the 13 states.<sup>e</sup>This percentage is based on the difference between total heating assistance expenditures between the years indicated.

CRISIS ASSISTANCE EXPENDITURES

OF LIHEA FUNDS FOR FY 1981-83

(in thousands)

	Expenditures in <u>FY 1981</u>	Percent of <u>award</u>	Expenditures in <u>FY 1982</u>	Percent of <u>award</u>	Percent expenditure change between <u>1981-82</u>	Expenditures in <u>FY 1983</u>	Percent of <u>award</u>	Percent expenditure change between <u>1982-83</u>	<u>1981-83</u>
California	\$ 962	1.2	\$10,444	12.2	+985.7	\$ 6,783	7.5	-35.1	+605.5
Colorado	769	2.7	1,951	6.5	+153.7	4,100	12.9	+110.2	+433.2
Florida	0	-	575	2.3	+100.0	0	0	-100.0	0
Iowa	0	-	2,716	7.8	+100.0	928	2.5	-65.8	+100.0
Kentucky	686	2.9	6,192	24.2	+802.6	15,054	55.8	+143.1	+2,094.5
Massachusetts	0 <sup>a</sup>	-	0 <sup>a</sup>	-	-	0 <sup>a</sup>	-	-	-
Michigan	26,466 <sup>b</sup>	24.6 <sup>b</sup>	36,981	35.9	+39.7	28,300	26.1	-23.5	+6.9
Mississippi	0 <sup>c</sup>	-	227	1.6	+100.0	275	1.9	+21.5	+100.0
New York	2,500	1.1	8,300	3.5	+232.0	18,500	7.4	+122.9	+640.0
Pennsylvania	3,500	2.9	8,800	6.9	+151.4	8,000	5.9	-9.1	+128.6
Texas	0	-	0	-	-	4,336	9.7	+100.0	+100.0
Vermont	368	3.5	597	5.4	+62.2	560	4.8	-6.2	+52.2
Washington	0	-	1,993	5.3	+100.0	4,613	11.8	+131.5	+100.0
Total	<u>\$35,251</u>	4.3 <sup>d</sup>	<u>\$78,776</u>	9.2 <sup>d</sup>	+123.5 <sup>e</sup>	<u>\$91,449</u>	10.2 <sup>d</sup>	+16.1 <sup>e</sup>	+159.4 <sup>e</sup>

<sup>a</sup>Emergencies are dealt with as part of the heating program.

<sup>b</sup>In FY 1981, Michigan requested to expend more than the 3 percent of funds permitted for energy crisis assistance. After reviewing the request, HHS concluded that the proposed use of funds was consistent with the provisions all states followed in designing their heating assistance programs. Accordingly, the proposal was approved without a waiver. HHS officials believe that Michigan included heating expenditures in this figure.

<sup>c</sup>No formal crisis component until 1982. Before 1982, emergency assistance was part of the cooling and heating components.

<sup>d</sup>This percentage is based on total crisis assistance expenditures in relation to the awards to the 13 states.

<sup>e</sup>This percentage is based on the difference between total crisis assistance expenditures between the years indicated.

WEATHERIZATION ASSISTANCE EXPENDITURES  
OF LIHEA FUNDS FOR FY 1982-83

	Expend- itures in <u>FY 1982</u>	Percent of <u>award</u>	Expend- itures in <u>FY 1983</u>	Percent of <u>award</u>	Percent expend- iture change between <u>1982-83</u>
	(thousands)		(thousands)		
California	\$ 3,158	3.7	\$ 9,044	10.0	+186.4
Colorado	1,298	4.3	2,000	6.3	+54.2
Florida	3,436	13.5	4,022	15.0	+17.1
Iowa	1,132	3.3	5,177	14.1	+357.3
Kentucky	2,725	10.7	3,320	12.3	+21.8
Massachusetts	3,445	4.4	4,134	5.0	+20.0
Michigan	5,372	5.2	4,000	3.7	-25.5
Mississippi	1,026	7.5	2,177	15.0	+112.2
New York	29,900	12.6	21,900	8.7	-26.8
Pennsylvania	1,394	1.1	14,325	10.6	+927.6
Texas	0	-	1,141	2.6	+100.0
Vermont	1,003	9.0	1,218	10.4	+21.4
Washington	<u>2,138</u>	5.7	<u>4,854</u>	12.5	+127.0
Total	<u>\$56,027</u>	6.6 <sup>a</sup>	<u>\$77,312</u>	8.6 <sup>a</sup>	+38.0 <sup>b</sup>

<sup>a</sup>This percentage is based on total weatherization assistance expenditures in relation to the awards to the 13 states.

<sup>b</sup>This percentage is based on the difference between total weatherization assistance expenditures between the years indicated.



COOLING ASSISTANCE EXPENDITURESOF LIHEA FUNDS FOR FY 1981-83

	<u>FY 1981</u>	<u>FY 1982</u>	<u>FY 1983</u>
	----- (thousands) -----		
California	(a)	(a)	(a)
Florida	(b)	(b)	(b)
Kentucky	\$ 913	\$ 1,836	\$ 242
Mississippi	2,417 <sup>c</sup>	1,750	650
Texas	13,754	11,169	14,683

<sup>a</sup>Included in heating.

<sup>b</sup>In FY 1982 and 1983, Florida combined payments for heating and cooling benefits in order to reduce administrative costs. No figures are available on cooling expenditures alone for these years. Cooling expenditures for FY 1981 were \$6,216,000.

<sup>c</sup>In FY 1981, Mississippi's cooling component included crisis assistance because there was no formal crisis component until FY 1982.

1983 CARRYOVER OF LIHEA FUNDS TO 1984IN THE 13 STATES AS REPORTED TO HHS

(in thousands)

California	\$15,000
Colorado	1,500
Florida	2,300
Iowa	1,300
Kentucky	1,518
Massachusetts	0
Michigan	3,203
Mississippi	1,552
New York	7,000
Pennsylvania	18,000
Texas	7,100
Vermont	0
Washington	<u>1,561</u>
Total	<u>\$60,034</u>

LIHEA BENEFITSHeating Assistance

	Average benefit paid		
	<u>1981</u>	<u>1982</u>	<u>1983</u>
California	\$160	\$111	\$183
Colorado	296	280	293
Florida	165	152	136
Iowa	341	267	299
Kentucky	233	159	223
Massachusetts	490	505	510
Michigan <sup>a</sup>	-	-	-
Mississippi	154	155	141
New York	177	153	190
Pennsylvania	328 <sup>b</sup>	131	293
Texas	49	81	72
Vermont	455	384	383
Washington	287	222	(c)

<sup>a</sup>Michigan has seven components to its heating program during the the 3-year period. Michigan state officials only reported data for all 3 years for the Home Heating Credit component. The average benefit paid was \$129 in 1981, \$111 in 1982, and \$122 in 1983. For Targeted Fuel Assistance, the average benefit paid was \$181 in 1982 and 1983. This component was not available in 1981.

<sup>b</sup>Combined average for heating and crisis.

<sup>c</sup>Not available from the state when we collected the data.

Crisis Assistance

	Average benefit paid		
	<u>1981</u>	<u>1982</u>	<u>1983</u>
California	\$100	\$107	\$142
Colorado	170	170	160
Florida	(a)	92	(a)
Iowa	(b)	209	136
Kentucky	159	148	244
Massachusetts	(c)	(c)	(c)
Michigan <sup>d</sup>	154	370	301
Mississippi	154	(b)	116
New York	150	300	230
Pennsylvania	328 <sup>e</sup>	132	143
Texas	n/a	74	74
Vermont	192	199	173
Washington	(a)	133	(b)

<sup>a</sup>Program not in operation.

<sup>b</sup>Information not available.

<sup>c</sup>Emergencies are dealt with as part of the heating program.

<sup>d</sup>In Michigan, the Emergency Energy Assistance Program was operational in 1981 and the Emergency Needs Program in 1982 and 1983.

<sup>e</sup>Combined average for heating and crisis assistance.

Cooling Assistance

	Average benefit paid		
	<u>1981</u>	<u>1982</u>	<u>1983</u>
Kentucky	\$116	\$190	(a)
Mississippi	154	146	\$140
Texas	134	40	50

<sup>a</sup>The program provided fans (maximum of two per household).

Weatherization

	Average benefit paid	
	<u>1982</u>	<u>1983</u>
California	\$ 688	\$ 664
Colorado	78 <sup>a</sup>	540 <sup>a</sup>
Florida	700	700
Iowa	560	700
Kentucky	1,221	1,120
Massachusetts	1,150	1,150
Michigan	1,481	1,550
Mississippi	900	(b)
New York	(b)	(b)
Pennsylvania	400	400
Texas	(c)	755
Vermont	1,125	1,142
Washington	1,576	(b)

<sup>a</sup>In 1982, benefits noted were provided solely by the Office of Energy Conservation. In 1983, benefits noted were provided by the Division of Housing. Also, in 1983, the Office of Energy Conservation average benefits were \$120.

<sup>b</sup>No information available.

<sup>c</sup>No program in operation in 1982.

INTEREST GROUP OPINIONS ON THE LIHEA BLOCK GRANTTable 1LIHEA Interest Group Satisfaction  
With State Methods of Facilitating  
Citizen Input Into LIHEA Decisions

<u>Hearings</u>	<u>Percent satis- fied</u>	<u>Percent dissat- isfied</u>	<u>Total number of respondents</u>
Time and location of hearings	52	29	137
Time allotted to block grants	52	21	127
Number of hearings	43	38	137
Degree of advance notice	45	41	141
Timing of hearings relative to state's decisionmaking process	27	50	123
Availability of information before hearings	33	46	138
<u>Comments on state plans</u>			
Length of comment period on draft state plan	41	37	123
Timing of comment period relative to state's decision- making process	31	50	123
Availability of draft state plan	46	32	136
Opportunity to comment on revised plans	26	52	122
<u>Advisory committees</u>			
Composition of advisory groups	47	28	111
Role of advisory groups	49	30	114
<u>Informal contact</u>			
Accessibility of state officials for informal contact on block grants	66	17	133

Table 2Desirability of Block Grants  
Versus Categorical Grants

<u>Block grants are more desirable</u>	<u>Block grants and categoricals are equally desirable</u>	<u>Block grants are less desirable</u>	<u>Total number of respondents</u>
25%	28%	47%	149

Table 3Level of Activity With State  
Program Officials and State Legislatures

	<u>Percent increased</u>	<u>Percent remained the same</u>	<u>Percent decreased</u>	<u>Total number of respondents</u>
State program officials	48	42	10	157
State legislatures	46	45	9	140

Table 4Effects of Program  
Funding Changes

<u>Percent favorable effect</u>	<u>Percent no effect</u>	<u>Percent adverse effect</u>	<u>Total number of respondents</u>
37	20	43	142

Table 5Satisfaction With State  
Responses to Concerns

<u>Concerns</u>	<u>Percent satisfied</u>	<u>Percent neutral</u>	<u>Percent disat- isfied</u>	<u>Total number of respondents</u>
Increase funds for specific services	50	13	37	115
Decrease funds for specific services	41	26	33	49
Increase funds for geographic areas	41	33	26	80
Decrease funds for geographic areas	26	44	30	46
Increase funds for protected groups	44	20	36	86
Need to change beneficiary eligibility	41	26	33	84
Need to change fund distribution	33	34	33	78
Need to change method of service delivery	35	25	40	81
Need to change pro- gram administra- tion procedure	30	25	45	83

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