

The Low Income Home Energy Assistance Program:

Four Decades of Efficient, Targeted Energy-Aid

LIHEAP is a Reagan-era social safety net program that works. Due to its low overhead and high efficiency, the program sets the gold standard for Federal impact at the local level. It has successfully delivered emergency energy assistance in every state and territory for more than 40 years with bipartisan backing. The program should be preserved, improved, and used as a model for future assistance programs.

Advocates and program experts recognize the significant budget pressures facing Congress. At current funding levels, LIHEAP can only support a small percentage of eligible households. While the program could maximize impact with more funding, a baseline appropriation of \$5.1 billion in program funds is the target goal for FY2026.



Overview & Historical Impact

- LIHEAP has delivered energy assistance for over 40 years with high efficiency, low overhead, and bipartisan support.
- It serves as a crucial short-term lifeline for households in crisis unable to pay energy bills or in need of emergency support
- Funds are appropriated by Congress and delivered to States by HHS on the basis of a formula.
- LIHEAP is also a useful tool in Emergency Appropriations in response to natural disasters or other calamities.
- Grants are administered through a partnership between the federal government, states, local agencies, and nonprofits.
- Because many State agencies need to disseminate funding during the winter, OMB typically releases 90% of anticipated program funds in the event of a September 30 short-term Continuing Resolution.

Key Components of LIHEAP

- Basic and Crisis Assistance: For heating/cooling emergencies and prevention of disconnection.
- Weatherization: Improves energy efficiency and safety of homes.
- Emergency Contingency Funds: Authorized but inconsistently appropriated.

Program Efficiency and Delivery

- States receive formula-based grants and manage their own program delivery through local agencies.
- A typical LIHEAP grant (~\$225) is often sufficient to prevent utility shutoffs.
- Only 10% of funds can be used for administrative costs; up to 25% may be used for weatherization (with waiver).
- LIHEAP is not an entitlement—it targets households facing true financial emergencies.



SCOPE AND REACH...IN FY2023

\$6.2 billion disbursed
5.9 million households served
2.1 million included individuals with disabilities
2.4 million included seniors
996,000 included young children

Challenges and Policy Climate

- LIHEAP implementation faces uncertainty due to reorganization at the U.S. Department of Health and Human Services (HHS), including the Spring 2025 elimination of its program implementation team.
- Eliminating LIHEAP would have a dramatic impact on eligible recipients and all households because of additional drain on health and public safety resources.
- Stakeholders like the National Energy Assistance Directors Association and National Energy and Utility Affordability Coalition are poised to answer questions about program design and work together with Congress and the Administration to modernize and strengthen the program.

Recommendations for the Future

Funding

- Recommended baseline Appropriation: \$5.1 billion annually.
- Long-term increase funding to meet expanded eligibility and need.

Service Delivery

- Improve state-level strategies and outreach to ensure funds reach those in need.

Administrative Flexibility

- Allow increased admin spending for staffing and community engagement.

Advanced Funding

- Reinstitute advanced funding model for better planning and stability.

For more information, read the **2025 White Paper** or visit www.neuac.org or www.neada.org.

