



BOLSTER LIHEAP TO HELP STRUGGLING IOWANS

Home energy assistance is a key piece of putting economy on track

By David Osterberg and Nathan Shepherd

The Low-Income Home Energy Assistance Program (LIHEAP) is a federally funded program that helps Iowans with their home heating bills. Those who qualify for the program are assisted with an annual payment to their utility. The application period for LIHEAP has been extended until June 30 of this year in response to the coronavirus pandemic. (The annual application period is normally November 1 through April 30.)

The 17 Community Action Agencies in the state help to administer the program and are already set up to accept more applicants for this year following federal guidelines that can be found here: <https://humanrights.iowa.gov/dcaa/liheap/eligibility>.

The Iowa Legislature does not contribute any funds to the LIHEAP program, while other state governments do. Enhancing LIHEAP at this time when many new families have lost income and need energy assistance is one potential use of the \$1.25 billion in federal money the state has received from the Coronavirus Relief Fund (CRF) in the federal Coronavirus Aid Relief and Economic Security Act, or CARES Act. A recent Iowa Fiscal Partnership publication discusses the allowable uses of that funding, broadly defined as expenditures necessitated by the emergency, including measures to support those affected by the economic downturn.¹ The state of Iowa has so far used CRF money to finance small business assistance and a program to prevent evictions and foreclosures. Enhanced LIHEAP would appear to be a similarly allowable use.

Keeping the Iowa economy going by using every penny available should be a high priority when the Iowa General Assembly resumes its 2020 session beginning June 3. Federal CARES money is available through the end of 2020. The burden that families face in keeping current on utility payments and to pay past-due bills in the wake of the coronavirus pandemic can be partially addressed by quick state action to utilize CARES funds to expand LIHEAP.

Data gathered by the Center for Appropriate Technology and available at the website of the U.S. Department of Health and Human Services [<https://liheapch.acf.hhs.gov/state-funding>] identifies four states in the Midwest with programs that supplement/bolster federal LIHEAP. Individual states have enacted several approaches.

The **Michigan** Energy Assistance Program is a separate program of utility assistance for low-income citizens. The program is administered through the state Department of Human Services and uses some federal LIHEAP funds along with funding from participating electric and gas utilities.

Minnesota has two programs. The first is a type of Lifeline rate system where low-income customers of the state's largest utility, Xcel, can receive a discount on the first 300 kilowatt hours

each month. The amount per customers is rather limited to about \$100 per year per qualifying household.

A second program is a percentage of income payment plan (PIPP). The Gas Affordability Program reduces a participant's natural gas bill to no more than 6 percent of family income. The rest of the bill is forgiven. Eligibility for LIHEAP is required.

Ohio and Illinois also have PIPP programs. In Ohio current and past utility expenses can be covered by the plan:

Low-income customers who heat with natural gas pay 6 percent of their monthly income or \$10 (whichever is greater) to their gas or electric company. ... When PIPP Plus payments are made on time and in full, customers earn an incentive credit and an arrearage credit. Each time they pay their required monthly payment on time and in full, they no longer owe the rest of that month's billed amount. They also receive a one-twenty-fourth credit toward any old debt. If they make full, on-time payments for 24 months straight, all of the arrearages would be eliminated.

The Ohio Department of Development's HEAP (or LIHEAP) office administers the program.²

Illinois also has a PIPP program, which also sets the required utility payment at 6 percent of income. The funds for the program are not allocated from state government funds but are collected through a monthly surcharge on all customer bills.

While each of these approaches to bolstering LIHEAP has merit, they would take thoughtful program design and input to enact for Iowa. In the short term, by simply adding to federal LIHEAP funds, using the same federal guidelines and administering through the state's community action agencies, Iowans who are struggling to meet their home energy bills could be served. It should be an eligible way to utilize CARES funding for the remainder of this year. Administrative costs including any new staff required to administer the expanded program should be eligible for CARES funds. Front line service providers and the citizens they help will be putting federal spending into the local economy.

In the short term, simply adding to federal LIHEAP funds could serve Iowans who are struggling to meet their home energy bills.

¹ Iowa Fiscal Partnership, "Back to business at Statehouse," May 27, 2020. <http://www.iowafiscal.org/back-to-business-at-statehouse>.

² National Center for Appropriate Technology. The LIHEAP Clearinghouse. <https://liheapch.acf.hhs.gov/state-funding>

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