



Improving the Effectiveness of Federal Energy Assistance for Low-Income Households

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Big-picture discussions of energy issues must not overlook the fact that millions of Americans lack access to reliable, affordable energy for daily use. Some 14 million households face utility payments in arrears and 2.2 million households experience utility shutoffs every year. “Energy poverty” is the term used to describe the inability of households to afford reliable energy for adequate heating, cooling, and basic activities such as cooking. Over the past four decades, the federal government has administered two programs to alleviate energy poverty. But these programs have not been able to substantially reduce “energy burden” (the proportion of household gross incomes spent on energy) disparities between low-income versus higher-income households. Low-income U.S. households continue to deal with an average energy burden twice the national average and more than three times greater than the average for higher-income households.

Existing Federal Energy Assistance Programs

Government action to address energy poverty is spurred by geopolitical or economic crises that affect energy prices. Both the U.S. Department of Energy and the Department of Health and Human Services launched energy assistance programs in response to extreme price hikes following the Middle East oil embargo of the 1970s. In 1976, the Department of Energy began operating the Weatherization Assistance Program – now the largest and longest running national assistance program to increase energy efficiency, reduce energy expenditures, and improve health and safety for vulnerable households such as those with children, persons with disabilities, and the elderly. In 1981, the Department of Health and Human Services started the Low Income Home Energy Assistance Program, commonly known as “LIHEAP,” to assist low-income households in meeting their immediate heating and cooling utility bills. Appropriations for these two programs have fluctuated over time, but both received large boosts during the economic recession of 2009.

Both the Weatherization Assistance and Low Income Home Energy Assistance programs are administered as state block grants and implemented at the local level by government or nonprofit agencies, most often Community Action Agencies. Although 7.4 million households have received Weatherization Assistance retrofits over the last 40 years and \$11.8 billion has been appropriated to the program, this program reaches only a fraction of the approximately 40 million eligible households. Energy poverty is most often viewed as a temporary misfortune to be remedied by some form of debt recovery. Consequently, the Low Income Home Energy Assistance Program has received \$75.2 billion in funding, six times more than Weatherization Assistance appropriation. Those funds nevertheless only cover about 13% of the annual needs. The history of these two federal efforts suggests that energy poverty may need to be addressed in a more holistic and efficient way.

Integrated and Targeted Community-Based Approaches

A restructuring of the processes and procedures of the Low Income Home Energy Assistance and Weatherization Assistance programs could improve their impact and efficiency, in several ways:

- Currently, the separate federal channels through which the two programs are administered limit opportunities for coordination – leading to incompatible eligibility requirements and redundant administrative and reporting duties for states and local agencies. To improve the situation, Low Income Home Energy Assistance could be transferred to the Department of Energy and treated as a bona fide energy assistance program rather than as a social welfare program. **If the two major federal programs were combined under one agency, state and local administrators could be given flexibility to allocate funds to either energy-bill assistance or weatherization as needed.** Program consolidation would improve case management, helping officials to identify households that have repeatedly needed assistance paying bills and could be ideal candidates for weatherization. This could

allow a shift from temporary patchwork approaches to reducing energy poverty toward interventions like weatherization and other energy retrofits that promise longer term reductions in energy costs for low-income households.

- As currently authorized, both programs require individual households to apply for assistance. This is an ineffective approach, because the same households tend to need help again and again. Needy households are concentrated in certain regions and neighborhoods – including in urban residential areas where racial and income segregation are associated with homes that lack energy efficiencies. Homes in areas with lower median incomes, a greater percentage of households below poverty, a greater percentage of racial/ethnic minority households, and larger percentage of population with less than a high school education are on average less energy efficient. **Proactive, area-based targeting of communities where many households repeatedly need help would improve the implementation of federal energy assistance.**
- Lastly, energy assistance can be improved by going beyond single-household approaches to leverage social networks and community ties. Community-based approaches to the implementation of low-income energy efficiency efforts have been shown to be moderately more effective at getting people to participate and adopt innovations. Such efforts can transform the way people consume energy through group interaction, peer support, and communal resolve. In addition, community-based approaches can further equity and social justice by taking account of the unique assets and challenges of disadvantaged groups, including minorities. This is especially critical where underserved and disadvantaged people have previously lacked access to energy programs – and where agencies must take special care to overcome public distrust and fear.

In sum, the challenge of alleviating energy poverty and high household burdens for affordable energy remains to be fully addressed. Policymakers need to expand and rework existing programs and institutional capabilities to deliver assistance more effectively to households in need and use community ties to encourage full participation and innovative solutions.

Read more in Tony G. Reames, “Targeting Energy Justice: Exploring Spatial, Racial/Ethnic and Socioeconomic Disparities in Urban Residential Heating Energy Efficiency.” *Energy Policy* 97 (2016): 549-558; and “A Community-Based Approach to Low-Income Residential Energy Efficiency Participation Barriers.” *Local Environment* 21, no. 12 (2016): 1449-1466.