

Report Highlights

The Administration of Pennsylvania's LIHEAP Program

Senate Resolution 2011-165 called for a study of the Department of Public Welfare's (DPW) operation of the Low Income Home Energy Assistance Program's (LIHEAP) cash and crisis program, which helps pay a portion of low income households' home heating needs. Like most states, PA relies solely on federal funds (\$277M in 2011, \$209M in 2012, \$166M anticipated in 2013).

- **States seeking LIHEAP funds must comply with federal requirements.** These include operating a crisis program through March 15th, making payments only to households that meet federal eligibility requirements, and assuring grants issued directly to utility and fuel vendors go to the eligible households.
- **LIHEAP has undergone significant changes in recent years, including moving from manual application processes to use of a new automated system (*eCIS*) for determining eligibility and benefit amounts.** Such changes were in response to program integrity concerns in PA and nationwide. *eCIS* verifies household members' SSNs, checks for criminal and federal and state tax information, prevents improper payments, issues notices, and prepares payment authorizations for the Comptroller and State Treasury. It also permits centralized processing of applications anywhere in the state at designated CAOs and processing centers.
- **LIHEAP applications that are complete when submitted are typically processed within DPW's 45 day completion target.** In 2011, complete LIHEAP applications were typically approved or rejected within 11 to 44 calendar days; while incomplete applications (i.e., missing key information) required 33 to 94 calendar days. In 2012, such times were longer (33 to 51 calendar days for complete applications and 47 to 88 days for those incomplete) due to unanticipated system integration problems.
- **The unpredictability of federal funds complicates administration of this part-time seasonal program.** Efficient LIHEAP management requires exact information on funding to set program operating dates, eligibility levels, and benefit amounts, but such information is often not available until halfway through the heating season. For example, DPW started the 2012 program in September

2011 with only prior year federal carryover funding (about \$35M). PA's 2012 federal allotment only became available the day before the program opened to new applicants (November 2011), and was \$22M less than anticipated in the state budget. Without additional federal funds, DPW would have had to close the heating grant program in late December. A January resolution of the federal budget impasses and a warm winter allowed DPW to extend the heating grant and crisis program into April and to increase grants. While "borrowing" state funds to smooth out the uncertainties of federal funding might help ensure program continuity, it could subject the state to significant costs if the anticipated federal funding did not materialize.

- **DPW administers the LIHEAP efficiently,** using 7% of LIHEAP funds, well below the 10% allowed by the federal government. About 70 percent of these funds are for 530 FTE temporary employees from late September to late March. Additional FTEs might provide more rapid application processing, but would increase administrative costs when funds were not available for faster payments to utilities and fuel vendors.

Recommendations: We recommend DPW:

- Better educate utilities, fuel vendors, and LIHEAP Advisory Committee members about the recent changes and their implications for application processing and payment.
- Plan to reserve the 10 percent of LIHEAP funding permitted by the federal program to start the program in late September.
- Monitor anticipated system changes to assure unforeseen problems are addressed as promptly as possible.
- Continue efforts to improve efficiency of the LIHEAP application process through greater use of internet applications and application processing centers where possible.