

Low Income Home Energy Assistance Program

Guidance LI-017-01

Subject: Use of CSBG to Administer LIHEAP

Effective Date: June 15, 2017

Release Date: May 19, 2017

Background: During the recent Health and Human Services (HHS) monitoring visit, monitors noticed that Local Service Providers (LSPs) were using Community Services Block Grant (CSBG) funds to cover excess Low Income Home Energy Assistance Program (LIHEAP) Administrative costs. The LIHEAP statute is codified the United States Code at: 42 U.S.C. § 8621-8630 (2008). Section 2605(b) (9) of the LIHEAP statute requires grantees to assure that they will follow these requirements:

(A) the State may use for planning and administering the use of funds under this title an amount not to exceed 10 percent of the funds payable to such State under this title for a fiscal year, and

(B) the State will pay from non-Federal sources the remaining costs of planning and administering the program assisted under this title and will not use Federal funds for such remaining cost.

In 1991, the Government Accounting Office issued a report, "Low Income Home Energy Assistance: HHS Has Not Assured State Compliance with Administrative Cost Restrictions" (GAO/HRD-91-15). The issue raised in the report involved a state's use of Community Services Block Grant funds to supplement the 10% of LIHEAP funds that the state was using for LIHEAP administrative costs. As a result, this office issued FSA-IM- 91-19, in which we reminded grantees that any Federal funds used for LIHEAP administration and planning must be applied to the 10% limit on federal funds. The only exception to this restriction is for costs associated with administering Assurance 16 activities.

This means CSBG funds may not be used to administer LIHEAP if that will put total Federal funds used for LIHEAP administration costs over the 10% limit. This is a requirement unique to the LIHEAP federal funds.

Policy Change: HHS allows for 10% of LIHEAP funds to be used for administration. In Indiana the State retains 1.5% and the LSPs receive 8.5% of this total. Effective on June 15, 2017, all federal funds used for LIHEAP administration must be counted toward this 8.5% administrative total. Therefore, LSPs must use nonfederal funds to supplement any expenses necessary to administer the LIHEAP program beyond the 8.5% allowable LIHEAP administration. Although allowable by the CSBG federal regulations, the LIHEAP federal regulations restricts the supplanting of CSBG to the LIHEAP administration expenses.