



TESTIMONY OF
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BEFORE THE
SUBCOMMITTEE ON
FEDERAL FINANCIAL MANAGEMENT, GOVERNMENT INFORMATION
AND INTERNATIONAL SECURITY

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

UNITED STATES SENATE

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Good afternoon, Mr. Chairman and members of the Committee. I am Josephine Robinson, Director of the Office of Community Services in the Administration for Children and Families within the Department of Health and Human Services. I appreciate the opportunity to appear before you today to talk about the Low Income Home Energy Assistance Program, which provides assistance to millions of low-income Americans in meeting the costs of home energy heating and cooling.

The Low Income Home Energy Assistance Program -- known as LIHEAP -- grew out of a series of emergency programs generated by the energy crises of the late 1970s. Today, it continues to help ensure that low-income families and individuals have adequate home energy through a Federal-State partnership that provides States with the flexibility they need to design the best program approach to meet consumer needs.

As such, LIHEAP continues to fulfill its dual responsibility to provide ongoing assistance where it is most needed and to respond to emergency situations such as extreme weather conditions, supply disruptions, price spikes and relief for crises like Hurricane Katrina. For the past several years, almost 5 million households per year received LIHEAP assistance to help them get through the winter months. The program also provides cooling assistance to about 400,000 households, and weatherization assistance to about 90,000 more.

The receipt of a LIHEAP benefit not only means a warm home (or sometimes a cool one), but also often means the difference between a family staying in their home or having to move, with all the disruption that can entail. Indeed, having to move because there is no heat can mean loss of a job, change in a school for the children, or loss of a child care arrangement. Likewise, a LIHEAP benefit can help make it possible for the elderly to stay in their homes, for families on welfare to continue to move toward self-sufficiency, and for working parents to avoid having to seek other forms of public assistance.

LIHEAP provides critical assistance to low-income households affected by energy emergencies. This year, States received \$1.9 billion in LIHEAP block grant funds. States also received \$250 million in emergency contingency funds because of the much higher fuel prices this past winter. Earlier this month, the Department released \$27.25 million in contingency funds to Alabama, Florida, Louisiana and Mississippi to help with the home energy crisis needs of households impacted by Hurricane Katrina.

LIHEAP funds are allocated to States based on a statutory formula established when the program began. More specifically, funds are distributed based on low-income population, home energy expenditures by low-income households, and weather conditions substantially weighted towards cold weather. In addition, State and federally recognized tribes may request direct funding from the Department of Health and Human Services, and about 140 tribes and tribal organizations do so. Smaller amounts go to the territories.

States and other LIHEAP grantees have great flexibility in applying LIHEAP funds to meet local needs. We are impressed time and again by the resourcefulness of State and local agencies in using LIHEAP funds to provide meaningful help to families facing a home energy crisis. These workers on the front lines generally resolve or avert the crisis by telephoning the energy vendor, who maintains or restores service based on an assurance that a LIHEAP benefit is to be paid.

Under LIHEAP, States are required to have agreements in place with energy vendors to permit payments on behalf of low-income households receiving LIHEAP benefits.

Payments are usually distributed in the form of a credit toward the household's energy bill, with the benefit applied automatically to the client's account. This process ensures that the LIHEAP assistance is provided for the purpose intended. Only under rare circumstances does a State provide a household with a direct check or cash to pay their home energy bills, such as when a client's home energy source is wood or propane. In such cases, the State often issues a two-party check to the vendor.

LIHEAP grantees may set their income eligibility level as low as 110 percent of the poverty level, or as high as the greater of 150 percent of the poverty level or 60 percent of the State median income. In Fiscal Year (FY) 2005, the eligibility levels based on the poverty level equaled income levels for a family of four ranging from \$20,735 to \$28,275. Sixty percent of State median income for a family of four in FY 2005 ranged from \$28,530 in West Virginia, to \$49,444 in New Jersey.

Moreover, legislative changes in 1994 made it possible for grantees to look less at absolute income levels and more at need. In setting eligibility levels, States may, for example, give priority to households that pay a large percentage of their income for home energy or that include members who have the greatest energy need because of age or health. We encourage States to target their programs to these more vulnerable low-income individuals in their communities. In the March 2004 Census Bureau Current Population Survey, data show that 35 percent of households receiving LIHEAP heating assistance had at least one person 60 years old or older; 47 percent had at least one person with a disability; and 22 percent included at least one child 5 years old or younger.

Performance Measures

The Administration is committed to ensuring that all Federal programs achieve their specific program objectives and performance outcomes. As such, the Office of Management and Budget (OMB) has implemented an assessment tool called the Program Assessment Rating Tool, or PART, to evaluate program performance, determine the causes for strong or weak performance, and take action to remedy deficiencies and achieve better results.

A PART assessment of the LIHEAP program was conducted as part of the development of the FY 2005 President's Budget. The assessment showed that the LIHEAP program has a clear mission and addresses a specific problem and need. The assessment also revealed that there was a need to develop both long-term and efficiency measures in the

LIHEAP program. As a result, the President's reauthorization request for LIHEAP included a provision to conduct and fund, at \$500,000, a feasibility study of a nationally representative evaluation of LIHEAP program operations. It is our hope that Congress will soon act on the President's request to reauthorize the LIHEAP program.

To respond to the government-wide reforms identified in the President's Management Agenda (PMA), Assistant Secretary Wade Horn has launched a major initiative at the Administration for Children and Families dedicated to improved financial performance of all agency programs. ACF's PMA plan is structured to ensure that our Federal financial management systems produce accurate, timely, and useful information to support operating, budget, and policy decisions; and address and reduce erroneous payments in agency programs. Similarly, ACF's improper payments initiative focuses on our efforts to identify and reduce improper payments in agency programs.

With the passage of the Improper Payments Information Act of 2002 (IPIA), ACF has been working collaboratively with officials at the Department and OMB to assess whether its programs are at risk of improper payments. This key initiative is central to ensuring that we are good stewards of our taxpayer dollars. ACF takes pride in its early leadership within the Department on identifying and developing strategies to both report and minimize improper payments under its programs determined to be at significant risk.

In the LIHEAP program, enhanced Federal financial management strategies include

- Annual LIHEAP grantee surveys on sources and uses of funds;
- Annual independent audits under the Single Audit Act (A-133s);

- Periodic monitoring (both Federal and State);
- Review of LIHEAP State Plans including, Plan assurances and certifications; and
- Payment Management System internal controls.

As a result of conducting IPIA Risk Assessments of the LIHEAP program for fiscal years 2004 and 2005, ACF determined that the program was at “low” risk for improper payments. This conclusion was based on:

- Existing financial management and programmatic data controls placed upon the grantees by the Low Income Home Energy Assistance Act;
- The effectiveness of other controls in place for program administration and monitoring;
- The lack of Government Accountability Office (GAO) or Office of the Inspector General (OIG) findings of improper payments in recent year studies; and
- The proper identification of questioned costs in A-133 audits for LIHEAP grantees.

Based on our assessments, we believe that LIHEAP administering agencies have satisfactory systems in place to address Federal financial integrity issues. However, the feasibility study requested by the Administration as part of reauthorization will allow the Department to institute a more thorough evaluation of this issue as part of our efforts to

ensure optimum program accountability and operational efficiency. Further, we have asked our Office of Inspector General to review the current risk assessment model.

Conclusion

In conclusion, the Administration believes that LIHEAP is a program that works. During 2006 ACF will closely review the LIHEAP risk assessment model to ensure that LIHEAP is at “low” risk for improper payments. Through normal funding mechanisms, the Low Income Home Energy Assistance Program helps millions of America's most needy families maintain a healthy temperature in their homes. With the flexibility of the emergency contingency process, this program also is able to respond to crisis situations such as the Hurricane Katrina disaster, as well as to supply disruptions, price spikes or extreme weather conditions.

We can all be proud of the way LIHEAP has worked to serve those most in need, including many hard-pressed working families. We, at the Department of Health and Human Services, Administration for Children and Families, are committed to improving performance of Federal programs, and we are committed to maintaining proper stewardship of Federal tax dollars. I look forward to working with the Subcommittee to ensure that best practices are employed in administering this critical program.

Thank you. I would be happy to answer your questions.