



## Issue Brief

### LIHEAP Administrative Cost Savings

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When administering LIHEAP, grantees must be aware of LIHEAP statutory limitations on administrative expenditures. Briefly, state grantees are limited to spending 10 percent of their LIHEAP allocations on planning and administering their programs. Tribal and territorial grantees may spend more depending upon their size. (For more on statutes and regulations relating to LIHEAP administration, click [here](#).)

This issue brief will detail ways that grantees can save on administrative costs and thereby allow more of their funding to be used to assist clients with their home energy needs.

These include:

- ◆ Having flexibility in the definition of LIHEAP planning and administration
- ◆ Forming partnerships with other entities to help with outreach and intake costs
- ◆ Implementing information technology (IT) upgrades
- ◆ Streamlining activities through partnerships, IT upgrades, and other actions

#### Definitions

Neither the LIHEAP statute nor the regulations define administrative activities, thus, grantees have considerable flexibility in setting such definitions. Grantees should familiarize themselves with [LIHEAP Information Memorandum 2000-12: Costs for Planning and Administration](#), which details statutory and regulatory restrictions on administration, along with areas on which HHS has issued guidance.

The IM also explains that grantees can choose to administer their programs under guidelines from the Temporary Assistance for Needy Families

(TANF) program, stating that: “Grantees should consider whether the new TANF regulations affect their interpretation of what constitutes administrative costs for the LIHEAP program.”

Under TANF, the following are considered administrative costs:

- ◆ Salaries and benefits for administrative staff
- ◆ Activities related to eligibility determination
- ◆ Preparation of plans and budgets
- ◆ Monitoring
- ◆ Fraud and abuse prevention
- ◆ Procurement
- ◆ Public relations
- ◆ Audits, accounting, litigation, management of property, payroll, and personnel
- ◆ Goods and services used in the course of other administrative functions
- ◆ IT systems not related to tracking and monitoring statutory requirements

Under TANF, the following are considered program costs, NOT administrative costs:

- ◆ Providing program information to clients
- ◆ Providing benefits and services
- ◆ Screening and assessments (not eligibility determination)
- ◆ Case management
- ◆ Salaries and benefits for staff providing direct services and the direct administrative costs associated with providing

the services, such as the costs for supplies, equipment, travel, postage, utilities, rental and maintenance of office space.

- ◆ IT needed for tracking and monitoring statutory requirements

Given the flexibility of TANF and LIHEAP regulations, states vary as to how they classify the costs of providing energy assistance benefits and services such as the following:

- ◆ Program intake functions (providing and completing applications)
- ◆ Eligibility functions (determining eligibility)
- ◆ Benefit functions (determining and processing benefits)
- ◆ Outreach and referral: Conducting local outreach to ensure residents are aware of LIHEAP and providing referrals to other organizations that provide essential human services

Some may put most of these activities under program costs, also called client services or program support. Under this category, they may include any costs related to providing direct client services, ranging from intake, outreach, eligibility and benefits, to case management and energy education, for example, see [Oregon](#). Under administrative activities, Oregon lists management, personnel and human resources tasks, budgeting and planning, and fiscal and program reporting.

Other grantees such as [Indiana](#), [Illinois](#), and [Washington](#) include costs of intake and eligibility under administration, while including under program support such activities as outreach, case management, budget counseling, energy education, negotiations with vendors, etc. For activities under program support, other federal funds can be used without regard to the 10 percent limit, as [Indiana](#) points out in its manual.

### Streamlining Administrative Activities

If grantees consider tasks such as providing and

completing applications and determining eligibility and benefits as administrative, they can streamline these processes in many ways, including:

- ◆ Coordinating with other social service agencies or private entities to provide outreach activities, e.g., other agencies, utilities or charities may post LIHEAP flyers or distribute program materials
- ◆ Partnering with utilities and other entities for intake assistance. For example, in Maryland and the District of Columbia, utilities help conduct special enrollment events, providing staff to take applications or utilities have provided staff at local intake agencies in Maryland during busy periods.
- ◆ Having alternatives to face-to-face client intake interviews, including:
  - ◆ Pre-populated mail-in applications for certain households. A number of states issue pre-populated application forms to prior recipient households allowing them to recertify through the mail or online. Some states allow this for households that are already certified in other program databases such as SNAP. These households must report any changes to the pre-printed data. (See LIHEAP Clearinghouse [“Categorical/ Automatic Eligibility Table”](#)). Additionally, some states will allow prior recipient households to apply by mail, while only new applicants are required to have a face-to-face interview.
  - ◆ Telephone intake and re-certification can be available to certain households; the application is completed on the phone and sent to the client for review and signature. New York has allowed some elderly clients to apply or re-certify by phone.
  - ◆ Online applications. A number of states utilize online applications.

- ◆ Automating various intake functions through Interactive Voice Response (IVR) systems. Some agencies in Ohio utilize IVR, allowing clients to schedule intake appointments and check application status.

Likewise, functions related to benefit determination and processing can be streamlined. For example:

- ◆ Access to utility data systems or data exchange with utilities can verify a client's account, address, energy costs and consumption, etc. This can reduce staff workload and ease the process for clients. For example, Wisconsin has developed a web-based centralized database combining energy assistance and weatherization service delivery. This tool is used by nearly 1,000 people from grantees, sub-grantees, nonprofit organizations and utilities to determine program eligibility, process benefits, track program-related data elements, and reimburse program operational expenses.
- ◆ Automated applications and payments: Agencies don't have to issue applications to certain categories of households and payments may be made automatically to them. (See LIHEAP Clearinghouse [“Categorical/ Automatic Eligibility Table”](#)).
- ◆ Have a centralized database that local agencies can use for application entry and calculation of poverty level and ben-

efits, and/or a grantee can use for monitoring and reporting. For example, Maine's MERAC (Maine Energy Assistance and Conservation System) is the database used in the administration of LIHEAP bill payment and crisis assistance. Among other things, applications are entered into the system, which then calculates the benefit amount.

This brief has outlined only a few of the many ways grantees can reduce administrative costs. It should be noted that while automated systems, statewide databases, and other information technology (IT) upgrades mentioned herein may reduce grantees administrative and program support costs, they will entail considerable upfront costs. Whether the costs of IT upgrades are administrative or program depends on the grantee's definitions. Grantees should consult their OCS liaisons for guidance. The extent to which IT upgrades reduce administrative costs is difficult to determine, because upgrades allow grantees to perform new tasks they hadn't done before.

Finally, some states have been able to use funding sources other than LIHEAP for technology upgrades. These sources have included utility funds, CSBG and state funds, especially if the department housing LIHEAP is expanding IT for other social service programs. In states that have ratepayer-funded public benefit funds (PBF) that are coordinated with LIHEAP and income eligibility is the same, PBF funds have been allocated for administrative and other activities that benefit both programs.

*This is the fourth of six Issue Briefs that the LIHEAP Clearinghouse will prepare under its contract with the U.S. Department of Health and Human Services, Division of Energy Assistance. The content of this publication does not necessarily reflect the views or policies of the Department of Health and Human Services, nor does mention of trade names, commercial products, organizations or program activities imply endorsement by the U.S. Government or compliance with HHS regulations.*