



LIHEAP

CLEARINGHOUSE

History of LIHEAP

Federal funding for energy assistance didn't begin when Congress created LIHEAP in 1981. Instead, it dates back to the 1970s and the OPEC Oil Embargo of 1973-1974. In the fall of 1973, numerous Middle East countries stopped exporting oil to the United States, a practice that continued through March 1974. During the embargo, the crude barrel price went from \$21.15 to \$49.18 (adjusted for inflation), and, by the time it ended, the price per barrel quadrupled from the pre-crisis price.

During the embargo in 1973, the Maine Office of Economic Opportunity applied for federal funds to implement a program called "Project Fuel." Because the cost of wood and oil, along with other energy sources, was increasing in Maine, Project Fuel wanted to assist low-income and elderly households in meeting their energy needs. The federal Office of Economic Opportunity approved funding for the program at the end of 1973. Weatherizing homes was the project's main focus, but the money was also used for crisis counseling and purchasing fuel in emergency situations.

Project Fuel led to the first federal program to help low-income households with their energy needs, the Emergency Energy Conservation Program (EECP), passed in 1975. Like Project Fuel, the EECP focused primarily on weatherization and conservation; however, it did allow funds to be used for fuel voucher programs. The program ran from Fiscal Year 1975 through Fiscal Year 1978.

By FY 1979, the Department of Energy's Weatherization Assistance Program had replaced the weatherization conducted under the EECP. As a result, the federal agency running the EECP began administering direct assistance to low-income households to pay their energy bills.

In the late 1970s, the cost of heating oil again dramatically increased. Congress responded in FY 1980 by greatly expanding energy assistance, appropriating \$1.6 billion that was split between the Community Service Administration and the Department of Health and Human Services (HHS). This marked a transition from largely focusing on crisis situations to a broader approach of providing assistance to prevent energy-bill payment emergencies. The concerns about energy costs continued after FY 1980 and resulted in creation of the Low Income Energy Assistance Program (LIEAP) in April 1980 as part of the [Crude Oil Windfall Profits Tax Act](#).

LIEAP expanded the use of HHS energy-assistance funds to include medically-necessary cooling costs, instead of just heating assistance. LIEAP payments could be made to fuel suppliers or utilities, residents, or both, at the discretion of the state.

In 1981, Congress replaced LIEAP with LIHEAP. While the latter had similarities to its predecessor (a block-grant program, the same distribution formula, etc.), it also had some modifications. LIHEAP grantees could run cooling programs not based on medical necessities; they could offer weatherization; and income eligibility levels could be set as high as 150 percent of federal poverty guidelines (FPG) or 60 percent of state median income (SMI), whichever was greater. LIHEAP also allowed grantees more flexibility than LIEAP and had fewer administrative requirements.

The Path to Creating LIHEAP

