

Eligibility

The unit of eligibility for energy assistance is the household, defined as any individual or group of individuals who are living as one economic unit, for whom residential energy is customarily purchased in common either directly or through rent. Payment is limited to households with income under 150% of the poverty income guidelines or 60% of the State's median income, whichever is greater, or to those households with members receiving AFDC, SSI, Food Stamps, or means-tested veterans' benefits. States are permitted to set more restrictive criteria as well.

No household may be excluded from eligibility on the basis of income if its income is less than 110% of the poverty guidelines, but States may give priority to those households with the highest home energy costs or needs in relation to income. Owners and renters are treated equitably.

The States must provide a program plan to HHS that describes eligibility requirements, benefit levels, and estimated amount of funds to be used for each type of LIHEAP assistance. Timely and meaningful public participation in the development of the plan is required. The States must also conduct outreach activities to assure that eligible households, especially those with elderly or disabled individuals or young children, and households with high home energy burdens, are made aware of this assistance.

Administration

LIHEAP is a block grant program. The States have broad discretion in administering the programs. However, they submit program plans to the Department of Health and Human Services, which provides technical assistance and ensures that States follow Federal requirements.

States make payments directly to eligible households or to home energy suppliers on behalf of the households. Payments may be provided in cash, vouchers, or payments to third parties, such as utility companies or fuel dealers.

General Assistance

General assistance is a term used to describe aid provided by State and local governments to needy individuals or families who do not qualify for major assistance programs and to those whose benefits from other assistance programs are insufficient to meet basic needs. In fact, general assistance is not usually known by that name, although both Maryland and Rhode Island call it "General Public Assistance". More common is the term "General Relief", but very different names are used in some jurisdictions. Thus New Jersey calls the program "State Aid", Indiana uses "Township Poor Relief", and Tennessee has three equivalent terms: "Poor Relief", "Emergency Relief", and "Paupers Relief".

General assistance is often the only resource for individuals who cannot qualify for unemployment insurance, or whose ben-

efits are inadequate or exhausted. Help may either be in cash or in kind, including such assistance as groceries and rent.

The eligibility requirements and payment levels for general assistance vary from State to State, and often within a State. Payments are usually at lower levels and of shorter duration than those provided by federally financed programs. General assistance is administered and financed by State and local governments under their own guidelines.

General assistance*

| Year | Average number (in thousands) | Total payment (in thousands) | Average amount of payments |
|------|-------------------------------|------------------------------|----------------------------|
| 1940 | 3,618 | \$404,963 | \$8.30 |
| 1950 | 866 | 298,262 | 22.25 |
| 1960 | 1,071 | 322,465 | 25.10 |
| 1970 | 957 | 618,319 | 53.82 |
| 1980 | 945 | 1,442,278 | 127.18 |
| 1990 | 1,220 | NA | NA |
| 1994 | 1,125 | NA | NA |

* Data partly estimated. Number of States reporting: 1960, 53; 1970, 45; 1980, 41; 1990, 37; 1994, 32.

In fiscal year 1994, 32 States, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands reported general assistance data to the Federal Government. About 1.1 million persons received general assistance.

In almost a fourth of the States, assistance was financed from local funds only.

Earned Income Tax Credit

The Earned Income Tax Credit (EITC) is a special Federal income tax credit for low-income workers. The credit reduces the amount of tax they owe (if any) and is intended to offset some of the increases in living expenses and Social Security taxes. Eligible persons who owe no taxes, or whose tax liability is smaller than their tax credit, receive all or part of the EITC as a direct payment. Some workers are prepaid their credits through their employers as “negative withholding” from paychecks. EITC is administered by the Internal Revenue Service as part of its responsibility for collection of Federal income taxes. For tax returns filed through April 1995, 18.3 million of a total of 109.3 million returns (16.7%) claimed earned income tax credits totaling \$24.8 billion.

The EITC was initially enacted as a temporary measure in the Tax Reduction Act of 1975 and made permanent in the Revenue Act of 1978. The intent was to aid the working poor—families with