

700 Series

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REFERENCES:

Federal Register, Department of Health and Human Services Annual Update of the HHS Poverty Guidelines, U. S. Department of Energy, Weatherization Program Notice

BACKGROUND:

Grantees are required to administer the LIHEAP grant following U.S. Department of Health and Human Services regulations pertaining to weatherization activities and U.S. Department of Energy Weatherization Assistance Program regulations.

POLICY:

The Grantee is required to use 200 percent of poverty income guidelines or 60% of state median income, whichever is higher, to determine income eligibility for weatherization assistance under the Low Income Home Energy Assistance Program, with priority given to households at or below 125 percent of the poverty level.

Income refers to total cash receipts before taxes from all sources, for all household members, for the preceding 3 months. Exceptions are noted below.

If a household member received Family Independence Program (FIP), Supplemental Security Income (SSI) or State Disability Assistance (SDA) benefits at any time during the twelve-month period previous to the application date, the household is automatically income eligible. **NOTE:** The receipt of these benefits in the previous twelve months must be documented in the case file.

Income Guidelines

Refer to CSPM Item 208, Poverty Income Guidelines, for the current poverty income guidelines.

Income includes:

1. Money, wages and salaries before any deductions. This includes wages from assistantships, work-study and stipends.
2. Net receipts from non-farm or farm self-employment (receipts from a person's own business or from an owned or rented farm after deductions for business or farm expenses).
3. Regular payments from Social Security (gross benefit, including any Medicare premiums), railroad retirement, unemployment compensation, strike benefits from union funds, workers compensation, veteran's payments, public assistance (including Family Independence Program-FIP, Supplemental Security Income-SSI and State Disability Assistance-SDA), training stipends, alimony, and military family allotments.

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4. Private pensions, government employee pensions (including military retirement pay), and regular insurance or annuity payments.
5. Dividends, interest, net rental income, net royalties, periodic receipts from estates or trusts, and net gambling or lottery winnings.
6. Any lump sum payments received by Native Americans, such as from Casino income or other tribal income.

Income excludes:

1. Combat zone pay.
2. Capital gains.
3. Any assets drawn down as withdrawals from a bank, the sale of property, a house, or a car.
4. One time payments from a welfare agency to a family or a person who is in temporary financial difficulty.
5. Tax refunds, gifts, loans, lump sum inheritances, one-time insurance payments, or compensation for injury.
6. Non-cash benefits such as the employer paid or union paid portion of health insurance or other employee fringe benefits, food or housing received in lieu of wages, the value of food and fuel produced and consumed on farms, the imputed value of rent from owner-occupied non-farm or farm housing, and such federal non-cash benefit programs such as Medicare, (Medicare premiums are **not** excluded) Medicaid, food stamps (or cash received in lieu of food stamps), school lunches, and housing assistance.
7. College scholarships.
8. Foster care payments, child support and adoption subsidies.
9. Income earned through employment by a child who is age 18 and under, **and** attends school. **NOTE:** "Earnings" do not include program benefits such as Social Security, Supplemental Security Income, etc.; these **are** included in the total household income.
10. 2008 Economic Stimulus Payment rebate checks.

Income Computations

Determine the household's **ACTUAL INCOME** for the preceding 3-month period including the date of application. For example: This process should include working from year-to-date wage income documentation, current and prior monthly benefit documentation, W-2s or income tax returns for prior year income, and, when necessary, self declarations.

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See the attached SAMPLE form (**ATTACHMENT A**) for documenting income for 3 months.

Note: Documented ongoing benefits, such as Social Security, Supplemental Security Income (SSI), Family Independence Program (FIP), State Disability Assistance (SDA), etc., or pension/retirement benefits, **may be multiplied by the relevant number of months received.**

W-2s and income tax returns may be used as **sole** income documentation only for applications taken from **January 1 through January 31** of the following year. For applications taken after January 31, W-2s and tax returns may only be used in combination with other current year income documentation to determine eligibility. In this instance, the W-2s and tax returns can provide a basis for determining/computing income for the relevant months in the prior calendar year. See the attached examples (**ATTACHMENT B**) for how to compute income using these source documents.

Documentation of Income

Income must be thoroughly documented. The following items are acceptable documentation:

- Copies of paychecks or pay stubs;
- Written statements from employers;
- Letters, benefit statements, or other documents from income sources, e.g., DHS, Social Security, VA;
- Unemployment Benefit determination letter or online benefits information;
- If self-employed, accounting and other business records showing net income;
- W-2 statements and tax forms; They will seldom be adequate by themselves, since they usually report a period ending well in advance of the date of application. An exception may be made for the self-employed, since tax records are a convenient source of information about their income. However, they should be used in conjunction with a self-declaration.
- Other documents the program operator has reason to believe will **fully verify** the household income of the applicant.
- Self-declaration of applicant, but only if pre-approved by DHS BCAEO program staff. A copy of the approval must be kept in the client file.

Note: Self declarations only need to be pre-approved if this is the **ONLY** source of household income documentation available.

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Client File

Agencies must maintain a client file for all recipients of weatherization services. At a minimum, the file must include:

- A copy of the agency's client services application. The application must identify each member of the household as well as income sources and amounts for each member of the household being served. The client and the intake worker must sign the application.
- A copy of all documents used to determine income eligibility; including self declarations with appropriate DHS staff approval, and documented phone conversations with public case workers.
- **All** calculations for each income source in the household for the prior 3 months as well as the total income for the client household.
- The annualized total household income for the household. (The 3 month income multiplied by 4.)
- The type, and dollar value, of the benefits provided.

REFERENCE: CSPM Item 701
Income Computations – Using W-2s and Tax Returns

W-2s and income tax returns may be used as **sole** income documentation only for applications taken from **January 1 through January 31** of the following year. For applications taken after January 31, W-2s and tax returns may only be used in combination with other current year income documentation to determine eligibility. In these instances, the W-2s and tax returns can provide a basis for determining/computing income for the relevant months in the prior calendar year.

EXAMPLE: Using W-2s or Income Tax Returns to Compute Income for the Relevant Months in the Prior Calendar Year

Situation: A client applies for services during the 1st week of February and provides a prior year tax return or W-2 to document receiving income in the prior calendar year.

Following are 2 examples showing how to compute the relevant prior year's income using information from these source documents.

Example 1. The client indicates that the household received income regularly throughout the prior calendar year.

The intake worker would use the following method for computing income for the months of November and December: Divide the total income reported by 12 to determine an average monthly amount. Multiply this amount by 2 to represent income for November and December. **If the client agreed that the resulting amount fairly represented their income for the prior year income period**, this amount can be used. **Note:** Current year income documentation must be used to determine the income earned/received for January—February.

Example 2. The client indicates that they had income for the months of Jan—October and December, but had no income for the month of November. Received income for 11 out of 12 months. **Note:** This information must be included in the client file as it is relevant to the income computations.

The intake worker would use the following method for computing income for the month of December: Divide the total income reported by 11 to determine an average monthly amount. Use the amount to represent the income for December. **If the client agreed that the resulting amount fairly represented their income for the prior year income period**, this amount can be used. **Note:** Current year income documentation must be used to determine the income earned/received for January—February.

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ISSUANCES AFFECTED:

References: LIHEAP Agreement and Item 602 - Monthly Programmatic Reports

BACKGROUND:

Grantees are required to administer the LIHEAP grant following U.S. Department of Energy Weatherization Assistance Program Regulations and the State of Michigan Annual LIHEAP State Plan.

POLICY:

The Grantee is required to prepare a Weatherization Assistance Program Monthly Programmatic Report, DHS-1071, in accordance with the instructions in Item 602 of this policy manual.

The Grantee will submit one DHS-1071, via email, within 30 days from the end of the billing period, to the following email address:

holleyd@michigan.gov

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REFERENCES:

LIHEAP Program Agreement, CSPM Item 305- LIHEAP Allocations and Plan Instructions and Technical Weatherization Policy (TWP)

BACKGROUND:

Grantees are required to administer the LIHEAP grant following U.S. Department of Energy Weatherization Assistance Program Regulations and the State of Michigan Annual LIHEAP State Plan.

POLICY:

LWOs are required to administer this grant following HHS LIHEAP regulations and U.S. Department of Energy (DOE) Weatherization Assistance Program (WAP) regulations. The Community Services Policy Manual (CSPM) will prevail when the manual has policy that contains requirements different from LIHEAP and/or WAP regulations.

The Grantee will determine which weatherization measures will be completed on an eligible dwelling unit in accordance with the Technical Weatherization Policy Manual (TWP)- Inspection/Testing/Energy Audit Requirements.

LIHEAP funds may be used to:

1. Do additional measures on DOE units. NEAT/MHEA or the NEAT/MHEA Weatherization Measures Priority List shall determine the additional measures installed. These homes must be identified as DOE/LIHEAP units on the Monthly Programmatic Report (DHS-1071).
2. Provide energy education to eligible weatherization assistance client households. Energy education expenditures are limited to 20% of the total LIHEAP allocation. Funds may be used for related staffing costs or materials purchased to support client education activities such as videos, pamphlets, energy education kits, energy incentive payments, etc.
3. Provide LIHEAP WAP services to homes that were previously weatherized.
 - If the job start date is within one year of the prior eligibility determination date, the agency can follow the previous inspection and needed measures data on the approved audit data document to provide LIHEAP services. The approved audit data document must be updated to document the additional services and costs.

The agency must complete a post blower door test whenever the additional work is expected to affect the air exchange quality of the home. (Example: When insulating all or a portion of the roof or walls or completing other infiltration

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measures.) The test results must be reflected on the relevant page of the approved audit data document and be included in the file.

- If the job start date is over a year from the prior eligibility determination date, a new application and eligibility determination is required. The agency must complete a full pre-inspection, use NEAT or the priority list to determine the additional measures to be installed and complete all required blower door tests. A new approved audit data document must also be completed.
- If the home has not been previously reported as a DOE/LIHEAP unit in the current program year's monthly programmatic report (DHS-1071), the home must be identified as a LIHEAP Only, Reweatherized "R" unit on the report.

NOTE: Furnace replacements are not an allowable activity in units that were previously weatherized, and the original energy audit did not call for the replacement of the furnace, or the furnace was functioning at the time of the original weatherization activities.

Water Heaters

- Water heaters may only be replaced in owner-occupied units.
- Replacement of water heaters shall be in compliance with TWP Section 3600.
- Funds cannot be used to convert to an electric water heater from another fuel source.

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Roof Repairs or Replacements

- Roof repairs are permitted on owner and rental units. The repairs should be in accordance with (10) CFR 440.18 and the TWP.
- Roof replacements are only permitted on owner-occupied units. Roof replacements may only be done if necessary to make the installation of weatherization materials effective.

Furnace Repairs or Replacements

- Clean, tune and repair of inefficient heating systems are allowed in rental and owner-occupied units. See TWP Section 3705.
- Furnace replacements are allowed only on owner occupied units. Furnace installation and replacement shall be done in compliance with the TWP Section 3000. Landlords are required to replace unsafe combustion appliances in rental units.
- No weatherization work shall be conducted until unsafe combustion appliances have been repaired or replaced.

Maximum Average Cost per Unit

- The maximum allowable average cost per unit for LIHEAP expenditures for material and labor cost is \$6,600.

Note: If the cost of a roof repair or replacement is more than the Grantee can allow in order to stay within the maximum average cost per unit, the Grantee should discuss with the home owner the option of paying the overage and refer them to their local CDBG provider for information on low or no-interest home repair loans.

Income Eligibility:

- Income eligibility will be determined based on 200% of the poverty income guidelines or 60% of state median income, whichever is higher, following the eligibility determination procedures in CSPM Item 701, LIHEAP Income Eligibility Guidelines.