



Draft: Low Income Home Energy Assistance Program
(LIHEAP) 2027 Policy Manual for
Regular and Crisis Assistance

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Disclaimer

The Low Income Home Energy Assistance Program (LIHEAP) Manual is developed by the Tennessee Housing Development Agency (THDA) in collaboration with community partners. It is intended as a guiding document for contracting LIHEAP agencies, including counties, local governments, and municipalities administering the LIHEAP program throughout the State of Tennessee.

THDA retains the right to amend policies and procedures outlined in this manual at any time during the fiscal year (FY). Any guidance, policy update, or clarification issued through broadcast emails or official transmittals after the publication of the current Fiscal Year manual will supersede the relevant provisions contained herein.

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Chapter 1 General Program Requirements

1.1 – Program Overview

The Low-Income Home Energy Assistance Program (LIHEAP) is a federally funded program administered by the Tennessee Housing Development Agency (THDA). Funding is provided by the U.S. Department of Health and Human Services (HHS) under the LIHEAP statute: Title XXVI of the Omnibus Budget Reconciliation Act of 1981, as amended (Public Law 97-35).

LIHEAP is designed to assist qualified low-income households with their immediate home energy needs, including heating and cooling costs; and HVAC repair or replacement when authorized under the Tennessee LIHEAP program.

The program is intended to provide assistance that addresses a household's home energy needs through utility payment assistance and other eligible energy related services. While most households receive a one-time energy assistance benefit during the program year, additional services may be available in accordance with federal LIHEAP requirements, state policy, and available funding.

An eligible household may receive assistance for its primary home heating or cooling source through utility payment assistance and may also qualify for other LIHEAP services, including HVAC Repair and Replacement or Weatherization, when eligibility requirements are met and funding is available.

Program Components

Tennessee's LIHEAP program includes the following components:

- **Regular Energy Assistance** – Helps eligible households with a supplement to their annual energy costs.
- **Crisis Energy Assistance** – Provides expedited assistance to households facing energy-related emergencies.
- **HVAC Repair and Replacement Assistance** – Provides eligible households with assistance to repair or replace inoperable or unsafe heating and cooling systems when such services are determined to be cost effective, necessary to resolve an energy related need, and provided in accordance with THDA policy, and available LIHEAP funding. HVAC Repair and Replacement services are administered through participating Subgrantees in accordance with the HVAC Repair and Replacement Policy Manual.

- **Weatherization Assistance (LIHEAP Wx)** –Provides resources for home energy conservation measures. These services are covered under a separate weatherization policy manual and contract.
- **Assurance 16 Services** – Delivers information and energy education materials to LIHEAP clients. Energy education can include, but is not limited to, providing resources to clients to aid them in communicating more effectively with energy vendors in order to maintain service, providing information on reducing energy usage and obtaining energy efficiency services, and working with clients to improve financial management skills that help clients proactively manage energy bills.

Program Administration

THDA contracts with local governmental entities, and nonprofit agencies, (“Subgrantees”) to deliver services across the state.

Subgrantees are responsible for energy assistance:

- Outreach and public awareness,
- Application intake and processing,
- Eligibility determination and benefit calculation,
- Customer service and appeals,
- Recordkeeping and data reporting.

THDA, at its discretion, may visit the Subgrantee at any time to review records or the LIHEAP program.

THDA is responsible for the:

- Outreach and referral of the HVAC Repair and Replacement (HVAC R&R) Program.

HVAC Repair and Replacement services shall be administered only by participating Subgrantees in accordance with the HVAC Repair and Replacement Policy Manual.

All LIHEAP activities must comply with federal regulations, Tennessee LIHEAP Model Plan, State Legislation (i.e., Public Chapter No. 852), and guidance issued by THDA through this manual and subsequent transmittals.

1.2 – Key Definitions

Active Account - A current utility account that reflects billing and usage, preferably with 12 months of history, if available.

Active Duty - Full-time service in any branch of the U.S. Armed Forces, including Reserve or National Guard members on Active Guard Reserve (AGR) status.

Administrative Fair Hearing - A formal appeal process available to any applicant whose application is denied or delayed (excluding delays caused by exhausted funds), or any client dissatisfied with the service provided.

Advocacy – Efforts made by Subgrantees to support LIHEAP applicants, including collaborating with service providers and vendors for utility needs.

Air Conditioner – An appliance or system used to control the humidity, ventilation, and temperature in a dwelling, typically to maintain a cool atmosphere in warm conditions.

Air Conditioning – Abbreviated as “A/C,” is the process of removing heat from an enclosed space to achieve a more comfortable interior temperature and, in some cases, controlling the humidity of internal air. Air conditioning can be achieved using a mechanical “air conditioner” or through other methods, such as passive cooling and ventilative cooling.

Annual Energy Average - The average of all energy usage (electric, gas, propane, etc.) preferably over a 12-month period or the number of months available, used to calculate the household's energy burden.

Applicant - The individual who submits and certifies the LIHEAP application on behalf of the household.

Child - Any household member or person under the age of 18.

Child Emancipated - In Tennessee, a child can be legally emancipated either through marriage or by court order. “Emancipation” means a minor is freed from parental control and granted certain adult rights and responsibilities, including the right to manage their own property and earnings, enter into contracts, and sue or be sued. Some age restrictions, like those for voting and alcohol consumption, still apply after emancipation. (Tennessee Legal Ages Law).

Community Education - An outreach activity conducted by agency staff to inform community members about LIHEAP services and eligibility requirements.

Community Outreach Event – A public event where LIHEAP is promoted, such as booths or mobile units, providing opportunity for individuals to apply for or learn more about the program.

Debarment or Suspension - A status excluding individuals or entities from participating in federal assistance programs due to previous misconduct or noncompliance.

Disability – The law defines disability as the inability to do any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months (404.1505).

Elderly - A person aged 60 years or older.

Energy Burden - The percentage of household income spent on energy costs.

Energy Conservation Education - Educational services aimed at reducing energy consumption and promoting efficient energy use.

Energy Crisis - An emergency caused by a disconnected utility or fuel depleted utility service, and an uncontrollable circumstance.

Energy Crisis Component - Provides expedited assistance to households facing energy-related emergencies within 48 hours, and life-threatening energy-related emergencies within 18 hours.

Heat – The quality of being hot, high temperature.

Heater – A heater is a piece of equipment, machine or apparatus which is used to raise the temperature of a room, water, stove, furnace, radiator, etc.

Home Delivered Energy - Energy sources delivered to the home, such as propane, kerosene, wood, or heating oil.

Home Energy - The energy sources used for heating or cooling a residence.

Household - All individuals living together as one economic unit who purchase or pay for residential energy together or as part of rent.

Household Income - Total annual gross cash receipts from all household members, before taxes, excluding income listed in the LIHEAP State Plan.

Excluding the following:

- Loans that need to be repaid
- Cash gifts
- Savings account balance
- Jury duty compensation
- Legal settlements; Insurance payments made directly to the insured
- Insurance payments made specifically for the repayment of a bill, debt, or estimate
- Earned income of a child under the age of 18
- Balance of retirement, pension, or annuity accounts where funds cannot be withdrawn without penalty
- Income tax refunds
- Stipends from senior companion programs, such as VISTA
- Funds received by household for the care of a foster child
- Relative caregivers receiving financial assistance from DCS
- Ameri-Corp Program payments for living allowances, earnings, and in-kind aid
- Reimbursements.

HVAC – Stands for Heating, Ventilation, and Air Conditioning and refers to the mechanical systems that control and maintain indoor air quality, temperature, and humidity for residential, commercial, and industrial buildings. These systems use equipment such as furnaces, air conditioners, heat pumps, ductwork, and thermostats to provide thermal comfort, exchange air with the outdoors for ventilation, and improve indoor air quality.

HVAC Repair and Replacement (HVAC R&R) – A LIHEAP Service that provides eligible households with assistance to repair or replace a home's primary heating or cooling system when the existing system is inoperable, unsafe, or no longer capable of providing adequate heating or cooling.

LIHEAP - The Low Income Home Energy Assistance Program, created under Public Law 97-35.

Natural Disaster - An event officially declared as a federal disaster for individual assistance by the Governor or President, that disrupts housing or energy access. Examples may include but are not limited to ice storms, tornados, or floods, etc.

Mixed-Status Family – A mixed household within the context of the Low Income Home Energy Assistance Program (LIHEAP), refers to a household that includes both members who are eligible for LIHEAP benefits (e.g. US citizens or qualified non-citizens who meet income guidelines) and those who are not.

Outreach - The process of informing the public about LIHEAP. According to the LIHEAP statute, Assurance 3, such information should be: designed to assure that eligible households, especially households with individuals who are elderly or have a disability, or both, and households with high home energy burdens, are made aware of the assistance available through LIHEAP.

Owner - A household that owns or is buying their home and pays directly for energy costs.

Prioritization - The process of ranking applications based on vulnerability, income, and energy burden to determine order of providing benefit assistance.

Prudent Person Principle – The policies and procedures included in the LIHEAP Manual are rules for determining eligibility, delivering benefits, and administering the program. It is impossible to foresee and give examples for all situations; therefore, Subgrantee staff are encouraged to use reason and apply good judgement in making decisions when addressing the specific needs and requests of a household or an unusual situation. Decision-making by staff based on the best information available, program knowledge, experience and expertise in a particular situation is referred to as the Prudent Person Principle. Prudence may also include discussing specific policy interpretation with THDA.

Public Awareness - General promotional efforts to inform the public about LIHEAP services and program availability.

Relative Caregiver – The relative caregiver program assists where children are abandoned, both parents have died, a parent is incarcerated, or a child is being abused/neglected. Custody order by the court is required.

Subgrantee – Agencies and governmental entities contracted by THDA to administer LIHEAP services locally.

Supplies - Operational materials and equipment related to program delivery, such as computers, software, or printed forms.

Tenant - A resident of public or subsidized housing responsible for some portion of their energy bill, or a household that rents and is responsible for paying home energy costs, either directly or as part of rent.

Veteran - An individual with active U.S. military service who was discharged under conditions other than dishonorable.

Vulnerable Household - A household including at least one member who is elderly (aged 60 and over), has a disability, a child 5 years old and under, or an active military member or veteran.

1.3 – Weatherization

LIHEAP Weatherization (LIHEAP Wx) provides energy conservation measures and minor home repairs designed to reduce heat loss, improve energy efficiency, and lower household energy costs.

Typical services include:

- Sealing air leaks and stopping heat loss through infiltration,
- Installing insulation in attics, floors, walls, and pipes,
- Repairing or replacing inefficient HVAC systems, and
- Installing energy-saving improvements such as electric water heater insulation or refrigerator replacements.

These services are delivered in accordance with the Weatherization Assistance Program Policy and Procedures Manual, which governs in coordination with the Department of Energy's Weatherization Assistance Program (WAP).

Households eligible for LIHEAP may also qualify for weatherization. Participation in LIHEAP does not prevent participation in weatherization during the same program year, provided all requirements are met.

1.4 – Distribution of Funds

Allocation Formula

LIHEAP funds are distributed to Subgrantees using data-driven allocation formula based on need.

The formula incorporates:

- County level data from the U.S. Census Bureau's Small Area Income and Poverty Estimates (SAIPE)
- A rolling three-year average of the most recent SAIPE data to ensure consistency and minimize fluctuations

The SAIPE provides updated income and poverty estimates for counties and school districts nationwide and is used to allocate federal program resources equitably.

More information: <https://www.census.gov/programs-surveys/saipe/data/tools.html>

Although the formula will yield county specific data, agencies will have flexibility and be expected to allocate funds based on demonstrated need of applicants and prioritization of applications.

Subgrantees

Tennessee's LIHEAP services are delivered by a statewide network of local administering agencies.

These include:

- Nine (9) Community Action Agencies (CAAs)
- Four (4) local government entities
- Six (6) Human Resource Agencies (HRAs), whose service areas are defined by the Tennessee General Assembly under the Human Resource Agency Act of 1973

Service areas are formally designated by appropriate public officials, and the Tennessee Housing Development Agency (THDA) aligns these boundaries when determining the areas each agency will serve. If an agency is unable to serve a given area, or is in breach of contract, THDA will assess the capacity of other agencies in neighboring areas to redefine the LIHEAP boundaries.

Subgrantee Responsibilities

Each Subgrantee is responsible for ensuring the effective delivery of LIHEAP services in their service area.

Responsibilities include:

- Utilizing SmartSimple in the administration of LIHEAP
- Conducting outreach and energy conservation education
- Providing individuals requesting LIHEAP services with a link to the online application
- Accepting and reviewing applications
- Assist applicants, as needed, with the completion of their applications
- Determining household eligibility
- Maintaining fiscal and client case records online in the SmartSimple software
- Processing appeals
- Providing outstanding customer service
- Ensuring timely payment of benefits
- Entering all program documentation for timely submission of required reports
- Exercising the principle of a prudent person (Prudent Person Principle)

Chapter 2 – Application Processing and Eligibility

2.1 – LIHEAP Online Applications

Applicants must apply for LIHEAP services using SmartSimple’s online portal. Subgrantees must ensure all online documentation is uploaded to the clients record in the system. A paper application should only be accepted if an accommodation was requested and warranted.

Application Overview

THDA requires a single application to determine eligibility for all components of LIHEAP.

Households may receive per program year and while funds are available:

- One (1) Regular or Crisis LIHEAP energy assistance benefit.
- One (1) or more Disaster benefits, when applicable.
- Referral to Weatherization Assistance Program (WAP) services.
- One (1) HVAC Repair and/or Replacement (HVAC R&R) service, if eligible.

Agencies may maintain “waitlists” when funding is limited or to budget funding throughout the year. Applicants placed on a waitlist will be prioritized according to the state’s LIHEAP Prioritization Strategy.

Once approved, waitlist eligibility applications remain valid through September 30. If a household moves during the year, their benefit can be transferred to the new address. The benefit amount remains unchanged after approval is established. (Refer to Vendor Agreement, Section B. Number 6)

Application Deadlines

The LIHEAP program runs from October 1 through September 30. Subgrantees may prioritize an application due date to ensure applications submitted can be processed before September 30th.

Prioritization Framework

Applicants on the waitlist will be served in the following order of priority:

1. Households with an individual who is 60 years and older,
2. SSI with disability coding by SSA and/or Verification of Disability form, SSDI recipients, and individuals with a verified disability

3. Households with children aged 5 and under
4. Active Military or Veterans
5. Households with the highest energy burden

Applicants who remain on the waitlist as of September 30 must reapply beginning October 1 of the next fiscal year.

The program prioritizes services for households that:

- Include vulnerable individuals such as older adults (60+), individuals with disabilities, young children (5 years old and under), active-duty military members, or veterans,
- Have the highest energy burden (the percentage of income spent on energy),
- Have the lowest household income with the highest energy burden.

2.2 – Pre-Application (PE) Intake for Enrollment Applicants

An optional pre-application intake for early enrollment applicants seeking Regular or Crisis benefits may begin no more than 60 days before the general application period unless otherwise authorized by THDA.

Priority Enrollment Applicants include:

- Elderly (age 60 or older), receiving Social Security benefits
- Disabled, receiving SSI with a disability code or SSDI benefits, or
- Applicants with a completed Verification of Disability Form.

During the early enrollment period, only eligible applicants meeting the vulnerability criteria above may apply. Energy bills used for early enrollment can be for twelve-month period beginning August 1 and ending September 30.

Applications submitted during the early enrollment period will be assigned by October 1.

To determine a household's eligibility for energy assistance, it is essential to verify the information provided by the applicant. This includes entering or updating details in the SmartSimple software so intake workers can reference the required documentation when processing the application. While anyone may apply, approval is not guaranteed.

All Household Member Requirements:

Only the applicant must provide at least one valid form of government-issued identification, annually.

Acceptable forms of identification include, but are not limited to:

- Safe At Home Program verification (visually verified, not copied)
- State or Federal Government Issued Identification Card (U.S. Passport, Green Card, Tribal ID, Driver's License)
- Military Identification

Additional Household Members:

Social security number verification for all members of the household is required to include an individual in the household count.

Social Security Card Exceptions:

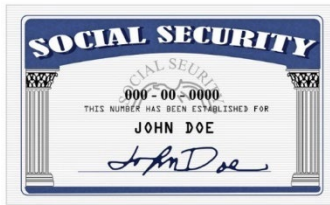
Children under 1 are exempt from providing a SSN. U.S. birth certificate or mother's copy is required.

If no listed identification is available, the Subgrantee must contact THDA for further guidance.

Required Documentation for Energy Assistance Qualification:

- A completed application.
- A valid email address for all applicants (applications without an email are considered incomplete and denied).
- Acceptable government-issued ID for the applicant.
- Annual energy usage history for the past 12 months for all LIHEAP supported utilities.
- Gross income for all household members.
- Net income for members receiving Social Security, Social Security Income (SSI) or Social Security Disability Insurance (SSDI).
- Household members claiming zero income: The applicant must submit one Verification of Income & Expenses Form for all family members who are age 18 or older and no longer attending high school. Refusal to submit a verification form will require removal of the household member(s).
- Unrestricted Social Security number verification (examples listed below) for all household members, or a birth certificate or mother's copy for children under 1.
- Proof of Disability from SSI or SSDI or completed Verification of Disability Form, signed by a medical professional, if applicable.

Valid Social Security Card



Invalid Social Security Card



Additional Documentation:

Any form requiring a signature must be signed, or verbal verification can be used by the intake worker, when necessary. Any unlisted documentation must be specified in the Agency-Specific Operational Plan.

Utility Selection for LIHEAP Benefits

Each approved household must apply their energy assistance benefit to one (1) utility, (primary source of heating or cooling).

To qualify for a deliverable fuel(s) benefit, the applicant must demonstrate that propane, wood, kerosene, or other approved deliverable fuel is the household's primary heating source. The applicant must provide vendor receipts, or a vendor account record verifying a twelve (12) month history of deliverable fuel purchases for the residence. Applicants must also provide a twelve (12) month history of all other household energy sources, when applicable, to support the calculation of the household's annual energy burden (for example, electric).

If the applicant has not lived at their current address for 12 months, and the residence uses propane, wood, kerosene, or other approved deliverable fuel as the primary heating source, the applicant must provide proof of delivery of at least one (1) month's supply of the delivered fuel. The applicant must also provide billing information of all other household energy sources consistent with the number of months at the current address.

Benefit amounts are determined in accordance with THDA's Benefit Matrix.

Application Processing:

The Subgrantee shall use SmartSimple's online application as the primary means to accept LIHEAP applications. THDA will provide a "paper version" of the online application in the event a household needs an accommodation. Paper applications received by the Subgrantee should be date-stamped at the time of receipt, a scan of the paper application should be uploaded into

SmartSimple by the end of business, by the following business day, after receipt (via mail, fax, email, drop box, USPS or hand delivery), to ensure proper prioritization, review and processing. Client applications, submitted directly through SmartSimple, will automatically be time/date stamped once the application is submitted.

The Subgrantee shall not add additional questions or fields to any application for LIHEAP.

2.3 – Accommodations

Special accommodations will be made available for homebound clients, individuals with disabilities, and Limited English Proficiency (LEP) clients.

Applications Received Outside of SmartSimple:

Scanned, electronic, or photographed applications are acceptable. Agencies are encouraged to establish a dedicated email address for receiving client applications. Intake staff must enter all application information into SmartSimple upon receipt, whether the application is complete or incomplete.

Once entered, if the application is incomplete, it should be “sent back” to the applicant with a request for revision. The Subgrantee shall assist applicants, as needed, with the completion of their applications.

Since the SmartSimple software requires each applicant to have a unique email address, Subgrantees may assist applicants in obtaining an email address for program use. Subgrantees must include in their Agency Specific Operational Plan a detailed description of how the Subgrantee will support an applicant in the creation of an email address. The Subgrantee when assisting with email establishment should ensure the applicant has a record of the email and password.

Application Availability and Mailing:

A paper application, available as of the date of the application request, must be accessible at all Subgrantee offices, outreach locations, and mailed free of charge to clients needing an accommodation. The copy of the application and envelope must also be uploaded to SmartSimple for verification under “Other” uploads tab of the software.

Subgrantees are responsible for ensuring that the THDA LIHEAP Application and forms are translated for applicants with LEP. Requests for translation assistance can be made by emailing LIHEAP@thda.org.

2.4 – Acceptable Forms of Verification for Veterans or Active Military

For Veterans:

The Department of Defense issues DD-214 or DD-256 forms to verify a Veteran's discharge status. Additional forms are acceptable depending on the discharge date, such as WD AGO forms, NAVPERS, and more. Applicants dishonorably discharged cannot claim veteran status.

For Active Military:

Active duty, retiree, or reservist IDs are acceptable, as well as military dependent IDs. If none of the required forms are available, contact THDA for verification assistance.

2.5 – Citizenship/Qualified Alien Verification

Federal Alien Requirements status must be verified for all household members who are not U.S. citizens.

Federal law requires that every household member receiving Energy Assistance must be either:

1. A United States citizen; or
2. An alien in a qualified immigration status.
3. Certificate of Naturalization (DHS Forms N-550 or N-570).
4. Certification of U.S. Citizenship (DHS Forms N-560 or N-561).
5. Certification of Birth Abroad of a U.S. Citizen (Form FS-240 or FS-545).
6. U.S. Citizen Identification Card (Form I-197)
7. Alien Registration Receipt Card (Form I-551)
8. Arrival-Departure Record (Form I-94)
9. Temporary Resident Card (Form I-688)
10. Or other proof of Qualified Alien status as provided by the Department of Homeland Security.

Note: Some of the above forms (e.g., Arrival- Departure Record (Form I-94) may prove lawful entry but do not prove intent to establish permanent residency. See the US Citizenship and Immigration Services website at <http://www.uscis.gov/portal/site/uscis>

Any household member who does not meet the criteria noted above is not counted toward household size for Energy Assistance purposes; however, their income must still be included when calculating total household income. This creates what is commonly known as a mixed-status household.

Social Security Number (SSN) Policy:

THDA policy mandates that everyone served with LIHEAP funds, except children under the age of 1, must provide documentation of their Social Security Number (SSN). An Individual Tax Identification Number (ITIN) is **not** acceptable for SSN verification.

For children under 1 year of age, claimed as a U.S. citizen, documentation from Section 2.2 of this Manual must be provided.

Acceptable SSN verification includes:

- Original Social Security card;
- Verification from the state's case management and eligibility system (if SSN is listed for the applicant);
- Form SSA-1099 (Social Security Benefit Statement); or
- Other documentation issued directly by the Social Security Administration (SSA).

Not acceptable for SSN verification:

- Secondary documentation that merely lists an SSN;
- Social Security cards marked "Valid for Work Only with DHS Authorization" or "Not Valid for Employment."

These restricted SSN cards are also not acceptable for determining qualified alien status. In such cases, **two forms of documentation**—one for identity and one for immigration status—will be required. Acceptable immigration documents are listed in Section 2.5 1-10.

Mixed-Status Households and SSN Refusal:

When providing LIHEAP benefits such as energy bill reductions which can reasonably be prorated, LIHEAP grant recipients must prorate such benefits when they are being provided to eligible individuals residing in a household with ineligible members, based on the number of eligible household members.

The income of all household members, regardless of eligibility, must be documented, verified, and included in the calculation of the LIHEAP benefit amount.

Ineligible household members must be excluded from the total household count when determining the benefit.

2.6 – Documentation Required for U.S. Citizens and Qualified Aliens

Written or Verbal Requirement:

Every state government entity or local health department must include a written or verbal statement on the application (including electronic forms) and automated phone systems. This statement requires all applicants for federal, state, or local public benefits to attest, under penalty of perjury, that the applicant is either a United States citizen or a qualified alien as defined by 8 U.S.C. § 1641(b).

The Primary applicant, claiming United States Citizenship, MUST provide a copy of one (1) or more of the following:

1. Tennessee Driver's License, or photo ID issued by Department of Homeland Security.
2. A driver's license or ID issued by another state provided its issuance requirements meet Department of Homeland Security criteria.
3. An official birth certificate issued by a U.S. state, territory, or other jurisdiction. Puerto Rican birth Certificates issued before July 1, 2010 do not count.
4. A federally issued birth certificate.
5. A U.S. passport.
6. A report of birth abroad of a U.S. citizen.
7. A certificate of citizenship.
8. A certificate of naturalization.
9. A U.S. citizen ID card.
10. Any successor document to number's 4-9 above, and, SSN that the entity may verify with the Social Security Administration in accordance with Federal Law.

The Primary Applicant, claiming qualified alien status must submit two (2) or more copies of the following forms, one of which MUST be a U.S. government issued photo ID, as determined by U.S. Homeland Security to be acceptable for verification through the SAVE program.

Common types of documents used to verify immigration status are:

1. I-551 (Permanent Resident Card or "Green Card").
2. I-766 (Employment Authorization Card).
3. I-327 (Re-entry Permit).
4. I-571 (Refugee Travel Document).
5. Machine Readable Immigrant Visa (with Temporary I-551 language).
6. DS-2019 (Certificate of Eligibility for Exchange Visitor (J-1) Status).
7. I-94 (Arrival/Departure Record).

8. Unexpired Foreign Passport.

Unacceptable forms of Identification for Non-Citizen:

1. Restricted Driver's License
2. Restricted Social Security Cards
3. Consulate Cards

Other Requirements of the Tennessee Act:

1. The verification process must be enforced without regard to race, religion, gender, ethnicity, or national origin.
2. Any individual aged eighteen (18) or older who knowingly makes a false, fictitious, or fraudulent statement under this chapter is liable under either:
 - (a) The **Tennessee Medicaid False Claims Act** (T.C.A. §§ 71-5-181 through 185); or
 - (b) The **False Claims Act** (Title 4, Chapter 18).

2.7 – LIHEAP Timing Expectations

Crisis and Regular Energy Assistance applications must be continuously accepted throughout the period of performance.

Within fifteen (15) days of the end of the month in which the application determination is made, the Subgrantee shall verify an active account with the energy supplier (Vendor). The Subgrantee shall issue benefit payments to the vendor within 45 calendar days of the end of the month in which application determination was made. If the vendor hasn't verified the payment list within 5 business days the agency must follow up with the vendor, so benefits are not delayed. Once a response is received from the vendor, the Subgrantee will attach funding to the approved, verified applicants report and send out Approval/Denial correspondence generated within the SmartSimple system. Correspondence will be generated by SmartSimple. The household will be notified by email unless "paper correspondence" is indicated.

Applicants submitting an incomplete application will receive a revision requested correspondence and will have 14 calendar days to provide the missing information. Any LIHEAP application data received by the Subgrantee, including an incomplete application, must be entered into the SmartSimple system with the date received. If the applicant does not submit the required information within the 14-day revision period, the application will be denied on the 15th calendar day and the applicant will need to reapply for assistance. At the agency's

discretion, a denied applicant's status can be changed to pending agency review and returned to the applicant for revisions. The Subgrantee will need to add a note in SmartSimple why the status was changed. The only time the application cannot be returned to pending agency review after a denial is when the applicant marked “no” to the question, “I certify that the above account is for the use of my household.” If an applicant is denied for this reason and it is marked by mistake, the applicant will need to complete a new application.

2.8 – LIHEAP Regular Applications

Any application that does not meet the requirements to be deemed a crisis application will populate in the Regular LIHEAP queue. If a crisis application is reviewed and the eligibility cannot be verified, the crisis application should be re-classified as a regular LIHEAP application and reviewed.

2.8.1 – LIHEAP Regular Application Timing

The Subgrantee shall evaluate each application for Regular LIHEAP assistance, determine eligibility status (approved, denied, wait-listed) and notify the applicant within forty-five (45) calendar days from the end of the month in which the application was received. The applicant must be notified of their application determination in writing, or through a digital correspondence generated by the SmartSimple system. If the applicant file is marked “paper correspondence,” then a letter must be mailed via USPS.

When an application is approved and funded, and not waitlisted, the communication must include the benefit level and anticipated date of the utility payment.

2.8.2 – Crisis Funding

Crisis assistance is a component of LIHEAP that addresses urgent situations where households are facing disconnection of their energy services, are out of home delivered fuel, or are at only 20% capacity of home delivered fuel. Applications for Crisis Assistance must be processed year-round, ensuring that assistance is available, as needed. Crisis assistance must be provided, and notification must be sent to eligible households no later than forty-eight (48) hours (excluding weekends or holidays) after a household applies.

In situations where a household member is in a life-threatening situation, requiring utility services to sustain medical equipment that depends on continuous power, crisis assistance must be provided, and notification must be given no later than eighteen (18) hours after the household applies.

For the approved crisis applicant, the benefits amount of Crisis Assistance will be determined by THDA's benefit matrix and once approved, notification will be automatically sent to the household. If the Subgrantee communicates with the utility provider via email, this documentation must be uploaded to the applicant's record. The notification serves the purpose of preventing disconnection of services until payment is received.

Crisis Eligibility Requirements

Through the SmartSimple software, a crisis applicant will be identified through the following screening questions:

Section I

- Do you have a disconnect notice?
- Is your utility currently disconnected?
- Do you have an eviction notice due to an unpaid utility bill?
- Are you out of fuel?
- Are you running out of fuel?

Section II

- Is there a household member that is 60 years or older in the home?
- Is there a household member who is disabled in the home?
- Is there a household member that is a child age 5 years or under in the home?
- Is there a household member who is a veteran or active military in the home?
- Is there a household member that requires life support?
- Has a household wage earner lost his/her job or died in the last 12 months?

If one question from each section is answered "Yes," (one in each section) the application will automatically be categorized as Crisis in SmartSimple.

2.8.3 – Crisis Funding Allocation

Prior to executing the Grant Contract, while the Subgrantee is developing their budget in SmartSimple, THDA will provide the Subgrantee with the total dollar amount the Subgrantee expended the prior funding year for crisis assistance. The Subgrantee shall reserve at least 50% of that amount or such other amount as designated by THDA, until March 15.

Crisis funds are reserved in a separate budget category within SmartSimple to ensure availability of crisis funding through the end of each program year.

- In SmartSimple, the Subgrantees will deduct 50% of last year's Crisis Assistance expenditures from the Direct Assistance line item and allocate those funds to the Crisis Reserve line item where it will be held until March 15.
- If 50% of the previous year's crisis expenditure does not equal 10% of the current award, the Subgrantee will be required to allocate a minimum of 10% of its Direct Assistance toward Crisis Reserve.
- After March 15 the Crisis Reserve funds will be transferred back to the Direct Assistance line item in SmartSimple and remain available to assist eligible regular and crisis applicants, until funding is exhausted.

If 50% of the previous year's crisis expenditure does not equal 10% of the award, the Subgrantee will be required to allocate a minimum of 10% of its Direct Assistance toward Crisis Reserve.

2.9 – Pre-Paid Accounts

Clients with pre-paid utility accounts must provide documentation showing energy usage and associated costs to calculate their energy burden.

Applicants remain eligible for LIHEAP assistance when the unused balance of a prior LIHEAP benefit remaining on the utility account does not exceed one hundred dollars (\$100.00). The determining factor under this policy is the remaining balance of a prior LIHEAP benefit, not customer payments, deposits, budget billing payments, or other non-LIHEAP credits.

If the remaining balance of a prior LIHEAP benefit exceeds one hundred dollars (\$100.00), the household is not eligible for an additional LIHEAP benefit until the balance has been reduced to one hundred dollars (\$100.00) or less.

2.10 – Family Size and Percentage of Poverty Eligibility

THDA determines LIHEAP income eligibility using two different federally authorized income standards based on household size:

- Households with one (1) through eight (8) members: Eligible if the total household income does not exceed 60% of the State Median Income (SMI) for the applicable household size.
- Households with nine (9) through sixteen (16) members: Eligible if the total household income does not exceed 150% of the Federal Poverty Level (FPL) for the applicable household size. The FPL standard is applied because it provides a higher allowable income threshold for larger households than the State Median Income (SMI) standard, thereby ensuring that income eligibility more appropriately reflects the financial needs of larger families and are eligible to receive assistance under the LIHEAP program.

Refer to the Benefit Matrix in the Appendix for detailed Income Guidelines.

2.11 – Depletion of Funding

When funding for LIHEAP is depleted, it is necessary to move all applications to the waitlist. Applicants will be automatically notified of their waitlist status. The agency must notify the applicant when funding becomes available. A waiting list must be maintained within SmartSimple until the close of the program year, in case additional funding is allocated to the state.

2.12 – Supervisory Review of Client Applications

Subgrantees are required to conduct a thorough review of a sample of 10% of client applications and case files to ensure the accuracy and completeness of the information provided. All agency staff working with the LIHEAP program must undergo regular training in processes to accurately determine eligibility and maintain compliance with program requirements. This training ensures that staff are equipped with the knowledge necessary to evaluate applications effectively and consistently.

The supervisory review process serves as a critical component of internal monitoring, designed to prevent fraud, waste, and abuse of LIHEAP funds. It ensures that all procedures are followed correctly and that the program operates with integrity and accountability. Each agency is required to develop and maintain a written process for conducting supervisory reviews. This process must be made available to auditors and LIHEAP staff and should be kept on file at the agency for review upon request by THDA, HHS, or authorized parties.

Documentation of each supervisory review is mandatory. SmartSimple will document:

Tennessee Housing Development Agency
2027 LIHEAP Policy Manual for Regular and Crisis Assistance

- SmartSimple will attach a unique number to the record
- Applicant name
- Name of agency staff member delegated to review records
- Date of the review

The SmartSimple client database will ensure reviews are properly recorded and tracked. SmartSimple will move applications into a manager review section based on the percentage established in the system.

☰ Applications



< CRISIS APPLICANT (1)		REGULAR APPLICANT (2)	REVISIONS REQUESTED (0)	PENDING APPLICANT (3)	PRE - QUALIFIED (0)	MANAGER REVIEW (0)	APPROVED (8) >
Assign Contact							1-1 of 1 < >
☐	Application ID	Primary Contact	Status	Agency Contact	Award Amount	Priority Level	Submission Date
☐ Open	2025-1146 Beneficiary	Kathy Norkus	Pending Review			Crisis	07/28/2025 10:08 AM

This thorough and systematic review process is essential to maintain the integrity of the LIHEAP program and to ensure that all applications are processed accurately and efficiently.

2.13 – Income

Income refers to cash receipts earned and/or, in some cases, unearned by the applicant household before taxes.

Cash Receipts Include:

- Wages, commissions, salaries, and tips, before any deductions,
- Net receipts from self-employment, including receipts from a person’s own business or from an owned or rented farm, after deducting business or farm-related expenses,
- Regular payments such as Social Security, TANF, railroad retirement, unemployment compensation, strike benefits from union funds, workers compensation, Veterans' payments, training or any other stipends, severance pay, child support (including child support received as a “relative caregiver”), regular adoption assistance, military family allotments, or money regularly received from an absent family member or someone not living in the household,
- Irregular income, including income derived from occasional work such as mowing lawns, childcare, donating plasma, collecting cans/bottles, informal child support agreements, or cash gifts received in the past 30 days that are provided on a recurring basis and used

for ongoing household expenses, (Example: a relative providing financial assistance to another family member).

- Regular insurance or annuity payments,
- Net income from Social Security, pensions (private and government, including military retirement pay), and VA benefits (excluding Medicare premiums, overpayment recovery, or garnishment payments),
- Dividends and/or interest that \$200 annually and is withdrawn,
- Net rental income and net royalties,
- Periodic receipts from estates or trusts,
- Net gambling or lottery winnings, and
- Black Lung benefits with the exception of the first \$20 of each monthly benefit.

Exclusions

The following cash receipts are not considered income for determining applicant eligibility:

- Utility allowances provided to public housing and Section 8 tenants
- Capital gains
- Withdrawals from a bank account
- Money received from the sale of a property, house, or a car
- One-time payments from a welfare agency to a family or person experiencing temporary financial difficulty
- Tax refunds
- **Cash Receipts** listed below:
 - **Gifts:** Occasional monetary gifts, such as holiday or birthday presents, are not counted as income.
 - **Loans:** Funds received as loans intended for the purchase of tangible items (e.g., a vehicle, washing machine, or other household goods) are not considered income, provided that the applicant can demonstrate that repayment is expected.
 - **Inheritance:** Lump-sum inheritance is excluded as income for LIHEAP eligibility purposes. However, any interest or dividends earned from the inheritance after it is deposited into an account must be counted as income but only if it exceeds \$200 annually and is withdrawn.
- One-time insurance payments or compensation for injury
- Non-cash benefits, such as employer or union-paid portions of health insurance
- Employee fringe benefits, such as food or housing received in lieu of wages
- Job-related reimbursements including mileage, meals, uniforms, medical expenses, etc.
- The value of food and fuel produced and consumed on farms

- Federal non-cash benefit programs such as Medicare, Medicaid, Supplemental Nutrition Assistance Program (SNAP), school lunches, and housing assistance
- Earned income for a dependent who is 18 years of age and older. Earned income (regardless of amount) of a dependent who is a full-time high school student or college student living with a parent or guardian. Proof of enrollment must be provided with the application.
- Payments to AmeriCorps Vista volunteers
- Income received under Title V of the Older Americans Act - SCSEP
- Direct benefits received by participants in the Foster Grandparents Program
- Funds received by a household for the care of a foster child
- Education benefits received under the GI Bill
- The value of childcare paid by the Department of Human Services and received by client households
- Combat zone pay to military personnel
- Native American per capita payments, unless provided as part of gaming (casino) revenue
- Income exchanged within a household

Please reach out to THDA for case-by-case guidance regarding specific income-related questions.

2.14 Calculation of Income

Current income is defined as the total income received by the household within the past thirty (30) days from the date of the LIHEAP application. SmartSimple will collect income information from the applicant. The Subgrantee will review the submitted documentation and verify the income for each household member. The system will automatically generate the verified monthly income and annual income.

2.15 – Calculation of Unemployment Income

For individual's receiving unemployment income, Subgrantees must document the weekly benefit amount and multiply it by the number of eligible weeks, then divide by 12 months to determine the monthly income.

If **Labor and Workforce Development** documentation is not available, please contact THDA for additional guidance or clarification regarding unemployment income verification.

2.16 – Acceptable Forms of Income Verification

Income verification is required to prove the current income of the applicant household. Current income is defined as the total income received within the past thirty (30) days from the date of the LIHEAP application.

Acceptable documentation includes:

- **Current paycheck stubs:** These must show the period covered by the check and verify that the income is reflective of usual pay.
- **Court orders or legal documents** related to income.
- **Eligibility Benefit Management System (EBMS)** documentation: EBMS can verify income for household members and can be used to confirm both earned and unearned income. If household members are not listed in the EBMS, other acceptable forms of verification must be provided. All EBMS verification should fall within the current income timeframe (verified within the last twelve months). If permitted by DHS the Subgrantees can print all applicable EBMS screens, clearly indicating both unearned and earned income. As an alternative the applicant can provide the necessary printouts from EBMS. Due to unqualified LIHEAP applicants receiving non-federal services; EBMS verification of a valid Social Security number will not be allowed and may only be used for reference purposes.
- **Child support or alimony records:** Documentation must be provided **including child support printout** or **monthly notice**. Contact THDA for additional guidance if necessary.
- **Employer statements:** Written, signed, and dated statements from employers on official company letterhead. Subgrantees cannot contact employers directly for verification of income.
- **Self-employed income verification:** Copies of income tax returns or adjusted gross income after the cost of doing business. Tax returns from the previous year will be accepted until the April cutoff period, after which current returns are required unless an extension has been granted.
- **Self-employed documents:** Well-maintained documents, such as ledgers or receipts, from self-employed individuals.
- **Social Security, Pension, and VA benefit verification:** The most recent **Social Security, Pension, or Veterans Affairs (VA)** benefit letter, or bank statements showing benefit deposits (with account numbers redacted).
- **Employer separation letter:** A letter from the employer dated within the past 30 days, and a copy of final paycheck stub.
- **Zero income verification:** A Zero Income **Form** must be completed and signed by the applicant and any household members claiming zero income. This form must include a

reasonable explanation of how the household meets its basic needs, such as shelter, heat, utilities, and food. If no reasonable explanation is provided, the application must be denied.

Verification of Income and Expense Form – Zero-Income Households

For applicants claiming zero income, the household must submit one Zero Income Form covering all household members who are 18 years of age or older and not a full-time high school or college student.

The caseworker must review the form carefully to determine whether the household is truly without income or if financial assistance from other sources should be counted as income.

Under the section of the form titled “If someone helped you pay your bills in the month listed above, list their name below,” the monetary amounts of assistance reported must be counted as income for the household. These amounts are to be added to any other income listed under the question, “During the month listed above, did anyone living in your home have these sources of income?”

If a household reporting zero income resides with a friend or relative, that individual (or individuals) is considered part of the household for LIHEAP eligibility purposes. Therefore, the friend or relative must be included on the application and provide proof of income.

If the combined income of the applicant household and the supporting friend or relative exceeds the State Median Income (SMI) threshold, the applicant household is ineligible for LIHEAP benefits.

The caseworker must:

- Ensure that all required forms are completed and signed by applicable household members.
- Review the amounts listed as “help with bills” and treat them as income when calculating household eligibility.
- Request income documentation for any non-relative or relative household member providing housing or support.
- Document the determination clearly in the case file and upload the Verification of Income and Expense Form into SmartSimple if the applicant has not uploaded the form.

2.17 – Annual Energy Usage Documentation

Applicants must provide documentation of their annual energy usage for all active heating and cooling sources. Applicants without an energy burden (i.e., those who do not have an active energy account) are not eligible for assistance. If the applicant has received LIHEAP assistance in the previous program year and has a LIHEAP credit on their account, (refer to 2.9 of this manual) they are not eligible for assistance in the new program year until the credit has been used. If there is a LIHEAP Credit on the account and the applicant provides a current utility bill reflecting that the credit will be completely absorbed, the client can apply.

Acceptable documentation includes billing statements or correspondence from electric and natural gas utility companies, as well as receipts or written statements from home-delivered fuel suppliers (such as propane, wood, kerosene, or heating oil vendors).

Home-delivered fuel vendors are required to provide a copy of each delivery receipt to the Subgrantee. The Subgrantee must upload these receipts into the applicant's record in SmartSimple as verification of the total energy expenditures for the program year.

If the applicant purchases additional home-delivered fuel using their own funds, they must also submit a receipt or written statement for the additional amount and date of the purchase.

The documentation must identify:

- The household member responsible for the energy costs,
- The applicant's household address, and
- The time period for which the energy costs are being reported

If the bill is under a non-household member's name, the name of the account holder must be listed on the LIHEAP Application as the account holder. All current energy usage must be accurately reflected in the documentation.

How Subgrantees can collect previous billing history

The process for obtaining this information is a standard part of the intake and review process for energy assistance, though the exact procedure can vary by local agency.

- **Request from the client:** The primary method is to have the client provide the necessary documentation themselves from their utility company or request the billing statements for the past 12 months.
- **Contacting the utility company:** A Subgrantee may be able to contact a utility company on behalf of a client to confirm billing history, especially if the client is having difficulty. This would require the applicant's consent, and the Subgrantee would need to follow established procedures with the energy supplier.

If the applicant has not lived at their current address for 12 months, the billing information entered should reflect only the number of months the applicant has resided at the current address.

2.18 – Calculation of Energy Burden

Here are examples of how the household energy burden is calculated:

- **Example 1:**

A household has a combined income of \$1,015.45 per month and a monthly energy expense of \$89.24.

$\$89.24 \div \$1,015.45 = 0.0878822197$ which is 8.79%

- **Example 2:**

A household has a combined income of \$1,015.45 per month and a monthly energy expense of \$85.24.

$\$85.24 \div \$1,015.45 = 0.0839430794$ which is 8.39%

Energy burden for metered utilities will be calculated using the actual current cost of energy. Only energy costs from the most recent 12 months (at time of application creation) will be included in the calculation of the energy burden.

The (HHS) bases national energy profiles and burden analysis on household energy costs from the past 12 months, as reflected in the LIHEAP Clearinghouse. To ensure consistency with the federal reporting standards and to support accurate statewide performance data, Subgrantees must request that all applicants submit copies of all household utility bills. THDA requires applicants to include all utility bills, even those bills that will not receive a benefit. Collecting complete utility information allows for comprehensive assessment of the household's total energy burden and ensures Tennessee's data aligns with HHS reporting requirements.

Client energy bill data includes all required customer payments, monthly service charges, usage charges, delivery charges, taxes, and any other costs associated with energy that the client cannot opt out of. In addition, to get the best estimate of the client's total energy burden, it is appropriate to include any late payment charges and reconnection fees charged by the vendor.

Energy Burden Exclusions:

- Deposits for service should not be included in the energy bill data since those funds still belong to the client.

- Expenditures should exclude optional charges such as appliance repair contracts, equipment purchases, and other special services.
- Non-energy services, such as water, cable, or trash collection, are not to be included in the energy burden calculation.

Mass-Metered Utilities

If an applicant's energy cost is included in their rent, they are still eligible to receive assistance. In this case, both the landlord and tenant must complete the LIHEAP landlord/tenant energy assistance agreement, found in the Appendix, which outlines specific stipulations.

2.19 – Public Housing and Section 8 Applicants

Public Housing and Section 8 applicants who receive public subsidies for utilities can receive assistance if their utility costs exceed their allotted utility allowance and are required to pay any "overages" or excess consumption charges. Energy bills directly from public housing agencies must be accompanied by documentation from the housing authority indicating any "overages" or "excess charges." Tenants with a bill in their name are fully responsible for energy costs.

2.20 – Prioritization of Households for Assistance

Applications will be processed in the order they are received, prioritizing crisis over regular application, while sufficient program funds remain available. When approximately ten percent (10%) of a Subgrantee's Direct Assistance allocation remains available for obligation, applications shall be prioritized using THDA's vulnerability sort order described below.

Prioritization for assistance is based on the presence of vulnerable household members and energy burden. Households are ranked according to the following vulnerability categories:

1. **Individuals aged 60 or older**
2. **Individuals with disabilities,**
3. **Households with children aged five (5) or younger**
4. **Active Military and Veterans**

Households will be prioritized using a sort order, with 4 being the first order sorted.

A household with one or more persons age 60 years old will receive a sort value of 4.

A household with one or more persons who is disabled will receive a sort value of 3.

A household with one or more children aged 5 and younger will receive a sort value of 2.

A household with at least one active military member or veteran will receive a sort value of 1.

A household that doesn't include a vulnerable member listed above will receive a sort value of 0.

Sort values are not cumulative and cannot be added together to increase an application's position in the sort order. SmartSimple provides list views by sort order. Within each sort order, households with the highest energy burden will receive priority for assistance.

Benefit Levels

Benefit levels are established by THDA and used uniformly by all LIHEAP agencies. These benefit levels are outlined in the Benefit Matrix and built into the SmartSimple system. Eligibility for assistance is determined based on applicable federal income guidelines established by THDA.

When Subgrantee funds are exhausted, applicants will be placed on a waitlist until additional funding becomes available or through September 30th. After September 30, any waitlisted applications will be automatically denied, and the applicant must reapply for the next program year.

2-21 – Natural Disasters and Emergencies

Natural disasters and emergencies may impact the delivery and administration of the LIHEAP funds. Both at the state and local levels, the program must be able to adjust and respond to catastrophic events.

THDA will guide Subgrantees in the use of LIHEAP resources during a natural disaster or emergency. THDA will follow state and federal disaster declarations, including the designation of affected geographic areas. Subgrantees must follow all directives from the state, including coordination with other agencies providing disaster relief or emergency assistance.

State LIHEAP Disaster or Emergency Waiver

In the event of a natural disaster or emergency, THDA has the authority to temporarily modify or waive any state LIHEAP procedures to mitigate hardship and protect health and safety.

Disaster and Emergency Notification Requirements

Subgrantees must notify the THDA Program Manager of any natural disaster or emergency in their jurisdiction that interferes with their ability to operate the program.

Allowable Uses of Disaster Funds

After a federally declared natural disaster, LIHEAP funds may be used to meet the energy-related needs of eligible low-income households. The following items have been deemed allowable by HHS for use following a natural disaster:

- **Determine eligibility** for disaster-affected households using THDA's current LIHEAP income eligibility guidelines.
- **Temporary shelter** costs such as hotels or apartments for households whose homes have been destroyed or damaged.
- **Transportation costs** (e.g., taxis, ride-share, buses) to move individuals away from the crisis area.
- **Utility reconnection costs** if energy costs exceed \$500 (must be approved by THDA).
- **Repair or replacement** of furnaces and air conditioners, and insulation repairs.
- **Tangible benefits**, such as coats and blankets, to provide warmth.
- **Crisis payments** for utility bills and deposits.
- **Purchase and installation** of fans, air conditioners, or generators in life-threatening situations where medical equipment requires continuous power.

Disaster Assistance Eligibility:

These funds are only available to LIHEAP-eligible households affected by the disaster. Documentation is required from local jurisdiction records or energy vendor records to verify the impact of the disaster. If a FEMA number is assigned, it must be provided when available.

Subgrantees must contact THDA for case-by-case approval regarding any situations not listed above related to disaster relief funds.

Applications During Disasters and Emergencies

Regardless of whether a household has already received a LIHEAP benefit in a given year, the household will need to submit an application for Disaster Assistance.

THDA LIHEAP Disaster Assistance module in SmartSimple is identified by a disaster declaration checkbox and a completed application with an upload of the official document. Agencies will be able to enter disaster payment amounts for services provided and there will be an upload field for documents.

2-22 Due Process Requirement

As part of the application, the Subgrantee shall notify all applicants of their right to appeal if their application is denied or is not processed within the timelines outlined herein.

Every notice of denial must include a notice of appeal rights as outlined in the Subgrantee contract. The Subgrantee shall track all appeal requests and provide such to THDA upon request.

If the household appeals, the denial must be reviewed by any person or persons designated by the Subgrantee, other than the person who made or approved the decision under review or a subordinate of this person.

If the Subgrantee upholds the denial, the decision must include an appeal right to THDA.

If the household appeals the Subgrantee's decision and THDA agrees with the Subgrantee's decision to deny, the matter will be heard by one of THDA's independent hearing officers. The hearing officer will either overturn the denial or uphold it.

If the hearing officer upholds the denial, the applicant will be given 14 days to appeal in order to receive a hearing with an administrative law judge for the State of Tennessee.

A hearing is not required if an application was denied due to lack of LIHEAP funds.

Subgrantees must detail their fair hearing process in the annual LIHEAP Agency Specific Operational Plan.

Reasonable Promptness for Crisis Assistance

At a minimum, these processes should include:

1. A statement regarding due process and appeals rights, provided to all applicants.
2. Appeals must be made in writing by the applicant, using a specific Administrative Fair Hearing form provided by the local agency. The form should detail why the denial should be overturned or provide an example of how the Subgrantee failed to act with reasonable promptness on the applicant's claim for assistance.
3. A copy of the completed form must be provided by the agency to THDA at LIHEAP@THDA.org, and another kept in the application record on SmartSimple.
4. Requests for due process must be submitted within 30 calendar days from the denial date of LIHEAP assistance or from the projected date of determination when an application has not been acted upon.

5. The agency must review and provide a decision within fourteen (14) days after receiving an appeal and must provide written notice of the outcome to both the applicant and THDA.
6. If the household appeals the Subgrantee decision, THDA program staff must provide a decision within fourteen (14) days after receiving an appeal.
7. If the household appeals the Subgrantee and THDA, an independent hearing officer will have fourteen (14) days to provide a decision after receiving an appeal.
8. If the household appeals the independent hearing officer, the household will have fourteen (14) days to appeal in order to receive a hearing from an administrative law judge for the State of Tennessee.

Appeals communication from the Subgrantee to THDA must include all appeals communication by the household and must be sent to:

LIHEAP@thda.org and copied to DBrickman@thda.org

2-23 – Safe at Home Program

Effective March 1, 2019, Tennessee launched the Safe at Home (SAH) program, which provides eligible individuals (survivors of domestic violence, stalking, trafficking, and sexual assault) with protection from disclosing their address. LIHEAP follows SAH guidelines, and participants in the SAH program are eligible for LIHEAP assistance.

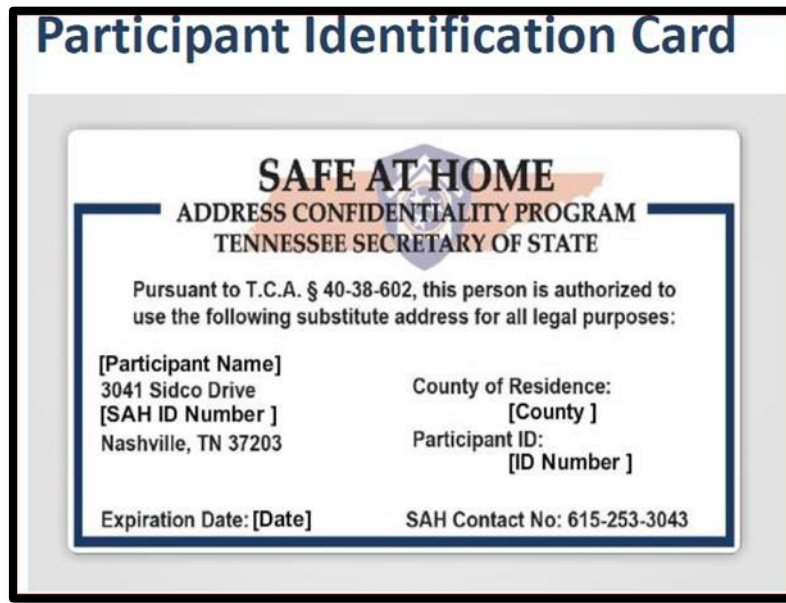
SAH allows participants to use a government-managed substitute address for all official mail, keeping their personal residence confidential to prevent their abuser from locating them. The substitute address is provided by the Tennessee Secretary of State's Office and is used for government purposes.

The address provided by SAH participants is 3041 Sidco Drive, Nashville, TN 37203.

SAH Participants cannot be required to disclose their real physical address. Subgrantees must accept a SAH participant's 'substitute address' without requiring the participant to also provide any address that could be used to physically locate them, including their actual home, work or school address, whether as a substitute or in addition to their assigned SAH address, or as a condition of receiving a service or benefit.

SAH Participation Card

SAH Participants are issued a SAH participation card. The SAH participation card cannot take the place of official identification forms such as a driver's license or State ID card. Presentation of the SAH card provides assurance that enrollment is valid. SAH can be contacted at 615-253-3043 to confirm program participation.



Utility records or other required documentation can be reviewed by program staff and a note included on the file exempting the applicant from uploading documentation that includes an address.

Chapter 3 – Subgrantee Administration Responsibility

3.1 – Documentation and Record-Keeping Processes

Each application must have accompanying documentation that supports client eligibility and services provided.

Client records should be retained for a minimum of five (5) years after the final invoice for the program year has been submitted. For FY 2027, all records must be maintained in the SmartSimple software system. Any applications or documents by the household must be uploaded to the client profile in SmartSimple. If back-up paper information is kept by the agency, it should be stored in a secure location accessible only to authorized personnel. Once uploaded to SmartSimple, the paper application does not have to be retained.

3.2 – Confidentiality of Client Information

Maintaining the confidentiality of client information is essential. The LIHEAP grant contract between each agency and THDA specifically addresses this responsibility, and agencies must adhere to the terms outlined in the contract.

Agencies must comply with all relevant laws and regulations concerning privacy, including the **Health Insurance Portability and Accountability Act of 1996 (HIPAA)**, the **Health Information Technology for Economic and Clinical Health (HITECH) Act**, and other applicable privacy rules (collectively referred to as the “Privacy Rules”).

All employees must undergo training on client confidentiality, code of conduct, ethics, electronic communications, customer relations, and release of information. This training must be documented and included in the Employee Handbook or Agency Policy Manual.

3.3 – Conflict of Interest

Subgrantees must ensure that all employees involved with the LIHEAP program sign a Conflict-of-Interest statement. A blank copy of the agency’s Conflict of Interest Policy must be submitted as part of the Agency Specific Operational Plan— Specific Questions section, signed by all employees and board members involved in the program. A State of Tennessee Conflict of Interest Form is available from THDA and may be used by all Subgrantees to document compliance with conflict-of-interest requirements.

3.4 – Preventing Fraud, Waste, and Abuse

In the event that fraud, waste, or abuse of government funds is suspected, the Subgrantee must notify THDA in the event that fraud, waste, and abuse is detected, the Subgrantee must report the finding to the Tennessee Comptroller's Office. The bulletin provided by the state, including the Comptroller's Office toll-free hotline number, must be prominently posted at both state and local agencies.

THDA will conduct annual training for both state and local agency staff on how to detect and mitigate fraud, waste, and abuse within the program.

3.5 – Agency Specific Operational Plan

Each Subgrantee must maintain an Agency Specific Operational Plan during each grant cycle. The template provided by THDA at the beginning of the grant cycle must be considered a live document that requires periodic updates as changes occur. If any submitted documentation within the Operational Plan conflicts with federal or state regulations or requirements, the applicable federal or state requirement will take precedence.

The Agency Specific Operational Plan must include the following:

- **Agency Provider Information**
- **Primary Contacts & LIHEAP personnel**
- **Signature Authorization Form**
- **Succession Plans**
- **Title VI Compliance**
- **Policies:** Grievance, Waste Management, Appeal, and Emergency Preparedness
- **Liability Insurance**
- **Training Course/Tracking Plan**

Chapter 4 – Outreach

4.1 – Outreach General Information

Outreach is the process by which information about LIHEAP is made accessible to the public. As outlined in the LIHEAP statute under Assurance 3, outreach activities should be designed to ensure that eligible households, particularly households with older adults, individuals with

disabilities, and households with high home energy burdens, are informed of the assistance available through the program.

THDA and its Subgrantees share responsibility for conducting statewide and local outreach activities. THDA will retain between one percent (1) and one and one-half percent (1.5%) of the total LIHEAP award for outreach initiatives. Subgrantees may elect an amount of one-half percent (0.5%) of their allocation or an amount equal to the actual outreach expenditures from the previous fiscal year (not exceeding 2% of the subgrantee allocation). Any outreach funding that is unspent will not be reallocated to Direct Assistance and could be recaptured by THDA for additional outreach efforts.

THDA's outreach efforts will include promoting LIHEAP services statewide, increasing public awareness of available program components, and supporting outreach related to the HVAC Repair and Replacement (HVAC R&R) Program.

Outreach activities conducted by Subgrantees should support local awareness of LIHEAP services and encourage eligible households to apply for assistance.

4.2 – Subgrantee Outreach

Each LIHEAP Subgrantee is required to detail their outreach activities in the Agency Specific Operational Plan. One key factor in creating an effective outreach program is identifying and coordinating with other agencies, organizations, and groups that can assist in outreach efforts. Collaboration with these groups can increase reach and effectiveness. Some potential partners for outreach activities include:

- **Libraries** (e.g., librarian staff and potential intake date setup)
- **Health Departments** (e.g., staff meetings) and Healthcare Facilities
- **Senior Citizen Centers** (e.g., county office meetings) and other non-profits serving low-income individuals and families
- **Apartment complexes and Public Housing Authorities** (e.g., presentations at staff meetings)
- **Continuum of Care meetings** (e.g., monthly presentations)
- **Utility Offices** (e.g., vendor contact)
- **Domestic/Sexual Victim Service Agencies** (e.g., local advocates)
- **Courthouses** (e.g., clerk's office interactions)
- **Sheriff's Departments** (e.g., roll-calls and in-service training)

- **City Police** (e.g., roll-call and in-service training)
- **Landlords** (e.g., outreach through rental properties)
- **School Systems** (e.g., in-service, registration events, or open houses)
- **Churches** (e.g., Sunday announcements or Wednesday presentations)
- **Career Fairs** (e.g., booth setup for intake or volunteer recruitment)
- **Employment Temp Offices** (e.g., outreach to job-seekers)
- **Hospitals** (e.g., monthly meetings or collaboration with social workers)
- **Department of Children Services** (e.g., staff meetings and parenting groups)
- **Attorney Offices**
- **Family Justice Centers** (e.g., board meetings)
- **Crisis Pregnancy Centers** (both faith-based and secular)
- **Planned Parenthood**
- **Chamber of Commerce**
- **Media** (e.g., newspapers and radio stations)
- **UT Extension Offices**
- **Clubs and Civic Organizations**
- **Vocational Rehabilitation Agencies**
- **Ambulance Service Workers** (e.g., in-service training)
- **Fire Department Workers** (e.g., in-service training)
- **First Responders**
- **State Departments serving seniors, disabled individuals, families, active-duty military and Veterans.**

4.3 – Allowable Outreach

All outreach materials must include specific LIHEAP information, including how to apply for assistance. The goal is to reach new LIHEAP clients. Any outreach materials or charges that Subgrantees wish to bill to LIHEAP Outreach but are not listed in Section 7.8 must be pre-approved by THDA before purchase or inclusion in the Agency Specific Operational Plan.

This ensures that all outreach efforts are in line with the program's goals and maintain consistency in messaging across agencies.

Chapter 5 – Assurance 16

5.1 – Assurance 16 General Information

Under Assurance 16 of the LIHEAP statute, grantees are permitted to allocate a portion of their funds to provide services that assist households in reducing their home energy needs and increasing their ability to manage future energy costs. These services may include needs assessments, counseling, advocacy, energy education, and other activities designed to promote long-term energy self-sufficiency.

THDA and its Subgrantees share responsibility for providing Assurance 16 services. THDA will retain one-half percent (0.5%) of the total LIHEAP award for Assurance 16 initiatives, while Subgrantees may budget up to one and one-half percent (1.5%) of their total LIHEAP allocation for local Assurance 16 activities. Any Assurance 16 funding that is unspent will not be reallocated to Direct Assistance and could be recaptured by THDA for additional Assurance 16 efforts.

THDA's statewide Assurance 16 activities may include the development and distribution of energy education materials, public awareness campaigns, educational resources supporting the HVAC Repair and Replacement (HVAC R&R) Program, and other statewide initiatives designed to promote energy conservation and reduce future household energy needs.

Assurance 16 also requires states to report to the U.S. Department of Health and Human Services (HHS) on the impact of these activities, including:

- The number of households served.
- The level of direct benefits provided to those households.
- The number of households remaining unserved.

Subgrantees participating in Assurance 16 must submit a detailed description of their Assurance 16 activities in the Agency Specific Operational Plan, outlining the energy conservation services they will provide within their service area.

5.2 – Activities to Support Assurance 16

Examples of activities that support Assurance 16 may include, but are not limited to:

- **Financial Budgeting**
Helping clients increase the regularity of energy bill payments. Clients must agree to participate and work with the agency in collecting all required data. The agency must track whether budgeting sessions lead to clients paying their bills more regularly.

Key activities:

- **Needs Assessment**
- **Referrals**
- **Crisis Management/Client Advocacy**
- **Financial Counseling**

Case Management – both short-term and long-term

- **Energy Conservation Education**

Offering classes where clients can learn practical ways to reduce energy consumption. Clients must sign a participation agreement, and pre/post energy usage data must be shared or collected directly from the vendor.

Examples of Energy Conservation Education:

- Developing energy education exhibits, videos, and hands-on instructional materials.
- Providing incentive benefits to households for attending energy education classes, such as offering gift cards to local hardware stores for energy-efficient products.

- **Energy Saver Kits**

Distributing kits to clients who agree to install the items and track the impact on energy usage. Clients must sign an Agency Client Commitment Form and provide pre/post energy usage data to measure effectiveness.

These activities should be structured in ways that maximize client engagement and program effectiveness, helping households transition to reduced energy consumption.

5.3 – Allowable Energy Conservation Expenditures

Services provided under Assurance 16 are eligible for reimbursement from Assurance 16 funds rather than administrative funds. Documentation of these activities is necessary to demonstrate that clients benefited from services that effectively reduced their energy needs. Allowable expenditure costs under Assurance 16 include services that encourage and enable households to reduce home energy needs, such as:

- **Salaries and Benefits**

Staff time dedicated to conducting and collecting reporting information for Assurance

16 activities is reimbursable. Staff must track actual time spent on these activities, and time billed must reflect actual hours worked, not estimated hours.

- **Travel**

Costs associated with travel for Assurance 16 activities, such as traveling to a homebound client for case management or attending an energy conservation class, are reimbursable under Assurance 16. Travel documentation must clearly indicate that it is for Assurance 16 purposes.

- **Supplies**

The cost of Energy Saver Kits, as well as other materials such as flyers and brochures used for outreach or educational purposes, are eligible for reimbursement under Assurance 16.

- **Offsite Space and Educators**

Costs associated with using offsite space for energy conservation education or the costs of energy education instructors are allowable. This includes any facilities or materials necessary for conducting energy conservation workshops.

5.4 Tracking and Documentation Requirements

Subgrantees must document and track all approved Assurance 16 activities. Documentation should be sufficient to report on the following:

- **Activities Conducted and Timelines:**

Details about the specific activities carried out and the timeline for completion.

- **Changes to Approved Plans:**

Any modifications made to the originally approved Assurance 16 plan.

- **Number of Households Served:**

Track how many households participated in Assurance 16 activities and how many households benefited from energy-saving services.

- **Impact on Energy Needs:**

Describe how the activities contributed to reducing household energy needs and enabling households to achieve energy security.

- **Measurement of Effectiveness:**

Define how the impact of the activities was measured or determined, including pre/post usage data or client surveys.

- **Expenditure Breakdown:**

Provide a detailed breakdown of actual expenditures for approved activities, ensuring it matches the approved budget.

All Subgrantees are required to track Assurance 16 activities thoroughly. If any Subgrantee encounters challenges or issues in tracking or documenting these activities, they should promptly contact THDA for guidance or assistance.

Chapter 6 – Utility Vendors and Vendor Agreement Requirements

6.1 Suspension and Debarment SAM Registration

The **System for Award Management (SAM)** is the U.S. Federal Government’s primary database for collecting, validating, and storing supplier data. This data is then made available to various government agencies, including civilians, military, and some state and local governments.

Subgrantees must implement written controls to ensure that energy providers have not been suspended or debarred under federal regulations. These controls must be available for review during monitoring site visits to ensure compliance.

For additional guidance on SAM registration and debarment, please refer to the following website: <https://sam.gov/content/home>.

6.2 – Vendor Agreements

Subgrantees are required to enter into Vendor Agreements with utility providers to process LIHEAP payments. These agreements can remain effective for up to three (3) years. It is important that:

- The vendor and the applicant cannot be the same individual. Additionally, the vendor and the applicant cannot reside in the same household due to a conflict of interest.
 - If the applicant and vendor are relatives, or if an employee of a vendor is a LIHEAP applicant, those applicants must seek a different vendor to receive a benefit.
 - In instances where vendors are limited, it is permissible for the applicant and vendor to reside in the same household, but this must be documented, and a receipt of fuel delivery must be provided to ensure transparency.
-

6.3 – Performance Measurement

Subgrantees must gather annual household energy usage and client data from vendors. This requirement is embedded in the Vendor Agreement and is essential for tracking energy usage. Agencies will be responsible for entering this data into the SmartSimple system during the application process so that this information can be collected and monitored by THDA.

6.4 – Vendor Refunds

The revised THDA Benefit Matrix is designed to more closely align LIHEAP benefit amounts with current household energy costs and is expected to reduce the occurrence of vendor refunds.

Vendors must apply the same rules and procedures to LIHEAP clients as they do to all other customers when a utility service is inactive or closed, returning any applicable credit balance to the account holder in accordance with the Vendor Agreement.

Subgrantees should not request or encourage a vendor to issue a refund directly to the agency. If a vendor refund related to a LIHEAP payment is received by a Subgrantee, the Subgrantee must contact THDA LIHEAP staff for guidance before taking any action.

6.5 – Credits to Pay

Subgrantees must outline the procedures they follow when LIHEAP benefits are not fully processed for payment to the vendor. They must ensure that the client receives all the benefits they are entitled to. This process must be included in the annual Agency Specific Operational Plan and must be approved by THDA.

Chapter 7 – Fiscal Accountability

7.1 – Allocation Levels

THDA allocates up to eight percent (8%) of each Subgrantee's LIHEAP allocation for administrative costs (direct and/or indirect). Subgrantees must develop and manage their annual LIHEAP budgets based on the eight percent (8%) administrative cost limitation.

Subgrantees may allocate up to ten percent (10%) of their LIHEAP allocation for Direct Program Support activities, in accordance with the approved budget and this Manual.

THDA retains two percent (2%) of the State's LIHEAP award for statewide administration of the program.

THDA will not reimburse any Subgrantee for administration costs that exceed eight percent (8%) of its total actual expenditures.

7.2 – Spending Requirements

Subgrantees are required to meet the programmatic Spend Down Requirements set forth for FY 2027.

1. Spending Requirements

- Subgrantees are required to obligate ninety percent (90%) of funds awarded by September 30 of the first program year. Funds should be administered throughout the program year to ensure eligible households receive timely assistance and to comply with federal obligation requirements. Ten percent (10%) may be carried over into the second program year, as permitted under federal LIHEAP requirements.

Definition of “Obligated”

- Obligated funds are those that the Subgrantee has legally committed to spend within the grant period.
- This commitment is usually documented by an approved LIHEAP application and attaching funds to the application.
- Once the benefit is committed to a vendor, the funds are considered obligated, even if the vendor has not yet cashed the payment or the utility has not yet posted it.
- At the close of year one (1), THDA will reclaim all awarded funds remaining and issue contract amendments that reflect actual funds spent, plus an allocation of year two (2).

2. FY 2027 Start Date

- The LIHEAP program year begins October 1, and ends September 30. The official program start date for FY 2027 is October 1, 2026 pending federal budget approval and award allocation. Subgrantees may begin program operations upon receipt of a fully executed Grant Contract.
- THDA may authorize a pre-application period before October 1 for eligible priority households, as outlined in Section 2.2 of this manual. No LIHEAP benefits shall be approved or paid before the official start of the fiscal year unless otherwise authorized by THDA.

3. Spend Down Expectations

- Subgrantees are required to obligate ninety percent (90%) of their LIHEAP award by September 30 of the first program year. Subgrantee spend down will be evaluated on May 31. If sixty percent (60%) of the total award has not been invoiced, THDA may reallocate funds to Subgrantees with greater spend down capacity.
- THDA will monitor Subgrantee expenditure throughout the program year to ensure compliance with federal obligation requirements and the effective administration of LIHEAP funds.

4. Monitoring and Enforcement

- THDA will monitor expenditure rates monthly and review compliance against the spend down calendar above.
- Subgrantees who fail to meet spend down expectations will be subject to a contract amendment.
- When funds are not spent according to spend down expectations, funds will be redistributed to higher-performing Subgrantees meeting or exceeding benchmarks.
- THDA staff will engage with Subgrantees regularly to review progress, address expenditure challenges, and coordinate any amendments.
- A monitoring schedule will be issued once contracts are executed.

7.3 – Contract and Amendments

Subgrantees must comply with all terms and conditions outlined in their contract, as well as any subsequent amendments.

The Authorized Signature Form should be maintained in SmartSimple at all times in the agency profile. If the authorized signatory changes (e.g., staff turnover or updated authorization), an updated Authorized Signature Form must be submitted and uploaded in the SmartSimple software system.

Note: The individual signing in Block 6 of the Authorized Signature Form cannot be the same person as the individual listed in Block 5 (the person authorized to sign payment requests). In other words, an executive or official cannot certify their own signature.

All submitted expenditures will be reviewed in accordance with the approved budget.

7.4 Budget and Budget Amendments

All LIHEAP budgets and budget amendments must be submitted for review and approval through SmartSimple software system. The initial budget for a new allocation must be submitted prior to the contract execution. Budgets must be approved prior to any expenditure of funds.

- A budget revision is needed when expenditure exceeds a line item in an invoice. THDA through SmartSimple will reject the invoice until the budget is revised.
- All LIHEAP budgets/amendments and invoices must be signed by the individual on the Authorized Signature Form.

7.5 Expenditure Caps and Minimums

The following expenditure limitations apply to LIHEAP funds and are contingent upon the availability and expenditure of funds:

- **Administrative Costs:** Maximum of eight percent (8%) of the Subgrantee award.
- **Direct Program Support:** Maximum of ten percent (10%) of the Subgrantee award.
- **Crisis Reserve:** Fifty percent (50%) of the prior year's Crisis Assistance expenditures or ten percent (10%) of the current Subgrantee award, whichever is greater, or such other amount as designated by THDA, to be reserved until March 15.
- **Assurance 16:** Maximum of one and one-half percent (1.5%) of the Subgrantee award.

- **Outreach:** Maximum of one-half percent (0.5%) of Subgrantee's award or an amount equal to the actual outreach expenditures from the previous fiscal year (not exceeding 2% of the subgrantee award).

Administrative costs must comply with applicable Uniform Guidance (2 CFR Part 200), applicable federal LIHEAP requirements, and the Subgrantee's approved budget. Administrative expenditures must be supported by appropriate documentation and accounted for in accordance with generally accepted accounting principles.

Indirect costs may be charged as an administrative expense if the Subgrantee has a federally negotiated indirect cost rate or elects to use the federally approved de minimis indirect cost rate. Documentation supporting the approved indirect cost rate must be maintained and uploaded annually to the SmartSimple agency profile.

7.6 – Allowable Administrative Expenditures

Administrative costs refer to the necessary expenses required for the proper administration of the LIHEAP program. These costs are capped at eight percent (8%) of the total expenditures drawn down by the Subgrantee. Examples of allowable administrative charges include:

- Salaries for staff not directly providing services (e.g., Executive Director)
- Fringe Benefits
- Professional Fees (e.g., legal services)
- Occupancy Costs (e.g., office/facility lease or rental, including outstations)
- Insurance
- Telephone/Internet
- Utilities
- Equipment rental and maintenance
- Printing and publications
- Receptionist, mail distribution, filing, and clerical services
- Supplies
- Postage and Shipping
- Advertising
- Travel expenditures
- Audits
- Staff training
- Monitoring
- Data processing

- Indirect costs

Direct supervision of staff providing Direct Program Support or Energy Conservation Education should be charged under Direct Program Support, not under Administration. Staff typically classified as administrative may sometimes be more directly related to Direct Program Support or Energy Conservation Education, and in such cases, those costs may be allocated accordingly, provided a cost allocation plan supports it.

7.7 – Allowable Direct Program Support Expenditures

Direct Program Support costs are capped at ten percent (10%) of the Subgrantees award. These costs are not administrative but are essential for providing benefit determination assistance, outreach, crisis determination, case management, and other necessary activities to serve eligible households. Some items may be classified as both administrative and direct services, depending on how the expense is used or delivered. Examples include:

- **Salaries, fringe benefits, and travel expenditures** of staff engaged in **Direct Services**, such as:
 - Benefit determination assistance
 - Information resources and referrals
 - Outreach
 - Crisis determination
 - Case management
 - Other services required for eligible households
- **Printing costs** associated with materials for Direct Program Support activities.
- **Office supplies** (e.g., paper, envelopes, and other expendable items) used for Direct Program Support activities.
- **Office space costs** as a percentage of the area used for Direct Services.
- **Telephone costs** when documented as used for Direct Services.
- **Copying costs** when materials are copied and provided to clients.
- **Postage costs** for mailing materials to prospective or current clients.

7.8 – Allowable Outreach Expenditures (Assurance 3)

Outreach expenditures are charged under a sub-category of Direct Program Support.

These expenditures include:

- **Salaries and Benefits:** Documentation must include timesheets showing hours billed to outreach and a description of outreach activities.
- **Upkeep of outreach offices:** Necessary maintenance and operational costs for offices conducting outreach.
- **Travel:** Gas receipts or travel invoices along with a description of the outreach activities performed based on the travel.
- **Supplies and materials:** For client intake, including forms or resources used during outreach.
- **Printing and placing posters/flyers** in local social service offices, offices of aging, **Social Security offices, VA offices**, etc.
- **Phone charges** for outreach activities, including calls made to potential or current clients.
- **Publishing articles** in local newspapers or broadcasting media announcements about **LIHEAP** services.
- **Including inserts** in energy vendor billings to inform clients about LIHEAP assistance availability.
- **Mass mailings** to past recipients of LIHEAP services.
- **Informing low-income and elderly applicants** of LIHEAP assistance or other low-income programs.
- **Interagency agreements** with other low-income program offices for outreach to target groups.
- Other charges may be considered if submitted to THDA for approval before purchase.

7.9 – Allowable Energy Conservation Expenditures (Assurance 16)

Assurance 16 expenditures are charged under a sub-category of Direct Program Support.

Examples of allowable Energy Conservation expenditures include:

- **Energy conservation education classes**
- **Informational videos**
- **Handouts/flyers** promoting energy conservation
- **Energy conservation kits**
- **Review and education** of household energy usage and costs
- **Budget counseling** related to energy management

These Assurance 16 activities must be approved by THDA in the annual Agency Specific Operational Plan. Please refer to Section 7 of the Operational Plan for additional information on Assurance 16 activities.

7.10 – Reimbursement of Expenses

Expenditures will be reimbursed upon submission of appropriate documentation to support the expense, in accordance with the approved budget for the agency. Any questioned costs will not be reimbursable and will be subject to recovery for subsequent invoices or through other means. THDA will not reimburse Subgrantees for late fees or penalties incurred due to the agency's failure to pay its operational expenses or vendor invoices in a timely manner. Only allowable expenses for federal awards, as defined in 2CFR200.403.

Advance Payment

Advance Payment Policy for Fiscal Year 2027:

Advanced payments will be offered only to Subgrantees in good standing who demonstrate a consistent record of accurate and timely invoice submissions and have no substantiated client or vendor complaints.

In accordance with **2 CFR § 200.305(b)(1)** and other applicable federal LIHEAP requirements, THDA may authorize advance payments to eligible Subgrantees when determined to be necessary for the effective administration of the LIHEAP program.

Any advance payment issued by THDA shall be subject to the terms and conditions of the Grant Contract, applicable federal regulations, and any procedures or guidance established by THDA. Advance payments cannot be used for Administrative or Direct Program Support (DPS) costs.

Subgrantees receiving advance payments must account for and expend all funds in accordance with federal requirements and THDA policy.

THDA reserves the right to establish, modify, or discontinue advance payment procedures, eligibility criteria, and reporting requirements as necessary to ensure the proper stewardship of LIHEAP funds.

Subgrantees must submit all advance payment requests to THDA for approval, subject to funding availability and the Subgrantee's standing in the LIHEAP Risk Assessment. Additionally, an advance must be reconciled within 30 days of distribution. If an advance is not reconciled

withing 30 days of distribution, the Subgrantee will be ineligible for future advances, no exceptions.

7.11 – Equipment Purchases

Equipment purchases can be charged to LIHEAP in accordance with the LIHEAP Grant Contract. Computer equipment may be charged if justified. Subgrantees must obtain approval for non-expendable, tangible personal property with an acquisition cost exceeding \$5,000 per purchase.

A detailed explanation of each item's purpose, the reason for replacement, who will use the equipment, and how it relates to LIHEAP must be provided. If the equipment is shared by multiple programs, the cost must be reasonably allocated.

Subgrantees must submit a minimum of three estimates for computer equipment purchases, and requests must be made prior to purchasing the equipment. All requests, questions, or concerns should be directed to liheap@thda.org.

Subgrantees must maintain an up-to-date inventory list that includes equipment and supplies purchased with LIHEAP funds.

7.12 – Invoice Paperwork Reduction Process

The Invoice Paperwork Reduction Process streamlines the invoicing process and ensures timely reimbursements of invoices. Subgrantees may participate if they demonstrate strong financial practices and regularly submit complete and timely invoices.

Subgrantee Responsibilities

Participation in this process will help improve the turnaround time for processing invoices and reduce the amount of paperwork required for submission. It will contribute to a more efficient payment request process.

Administrative (Direct), Assurance 16 and Outreach Reimbursement Requests must include a general ledger or equivalent documentation. Multiple reimbursements will make up an Invoice. Invoices will be submitted via SmartSimple.

7.13 – Desk Review Audit Submission of Invoices/Pay Request

If an invoice is missing documentation or documentation is illegible, THDA will return the request to the agency via SmartSimple for resubmission with complete documentation. When the request is resubmitted, it may be placed at the end of the queue resulting in delayed payment.

7.14 – Invoicing Frequency

Invoice Submission Guidelines

The Subgrantee shall invoice THDA within sixty (60) days of the end of the month in which determination on applications is made.

Invoices may be submitted weekly, bi-weekly, but at a minimum, monthly. Each invoice must be accompanied by the required supporting documentation. Payment is contingent upon the submission of all documentation, as prescribed by THDA.

- **Direct Assistance Invoices:** One or more Direct Assistance Invoices may be submitted per week.
- **Administrative and Direct Program Support Invoices:** At a minimum one Admin or Direct Program Support invoice must be submitted once per month.

Late Invoice Submissions

Subgrantees are expected to submit reimbursement invoices within the required 60-day submission timeframe. If a Subgrantee is unable to meet this requirement, the Executive Director must submit a formal written notification to THDA explaining:

- The reason for the delayed submission; and
- Any corrective actions or operational adjustments being implemented to address ongoing delays, if applicable.

THDA recognizes that system implementation challenges, operational transitions, staffing limitations, and application processing demands may impact invoice submission timelines. Submission of the Executive Director notification is intended to provide THDA with information regarding invoicing delays and any operational factors impacting timely submission.

If repeated or ongoing late invoice submissions occur, THDA may request additional information or conduct a review of the Subgrantee's invoicing and financial processes to ensure compliance with LIHEAP requirements and timely utilization of program funds.

Please note:

- Additional review time may delay reimbursement processing.
- Continued failure to submit invoices in a timely manner may impact the Subgrantee's ability to fully utilize the funds awarded within the federal obligation period.

7.15 – Documentation

Subgrantees must ensure that documentation for direct program support and administrative costs is clear and well-supported.

This includes:

- General Ledger: Must be submitted with the invoice, matching the invoiced amount.
- Administrative Costs: Capped at 8%; requires documentation such as time breakdowns, receipts, travel documentation, and proof of payment.
- Direct Program Support: Capped at 10%; documentation must include time breakdowns, proof of payment, and receipts.
- Outreach: Capped at .5%; documentation for outreach activities must be submitted with timesheets, receipts, and detailed descriptions of the outreach efforts.
- Energy Education: Capped at 1.5%; documentation for education activities must be submitted with timesheets, receipts, and detailed descriptions of the education efforts, and track outcomes.
- Direct Assistance invoices will be generated in SmartSimple and include the full application with supporting documentation.

7.16 – Closeout and Reconciliation Reports

Subgrantees must complete all closeout reports or a final invoice marked “final invoice” within 60 days of the contract end date or once all LIHEAP funds have been fully expended, whichever occurs first.

Subgrantees are responsible for ensuring all programmatic and fiscal information within SmartSimple is accurate and complete prior to closeout.

As part of the closeout process, Subgrantees must submit THDA-required SmartSimple List View reflecting cumulative fiscal and program activity for the program year. The List Views must include:

- Total number of applications received,
- Total number of households served,
- Total number of Regular Assistance households served,
- Total number of Crisis Assistance households served,
- Verification that the required Crisis Reserve amount was maintained in accordance with THDA policy,
- Percentage of Direct Assistance funds expended toward Crisis Assistance,
- A breakout of all LIHEAP budget lines and the total expenditures associated with each budget category,
- Whether the agency met the minimum 10% Crisis Reserve requirement and, if not, an explanation as to why,
- Whether the agency fully expended all LIHEAP funding categories and, if not, an explanation as to why funds remained unexpended.

THDA may request additional supporting documentation or clarification during the closeout review process.

For questions or to submit reports, please contact LIHEAP@thda.org and include your assigned coordinator's email.

Chapter 8 – Monitoring

8.1 – Training and Technical Assistance

THDA will provide mandatory training at least annually for Subgrantees. Attendance is required for all mandatory training. Technical assistance will be offered upon request or when a need is identified during monitoring visits or other assessments.

8.2 – Title VI-Nondiscrimination Policy and Training

Subgrantees must adopt a nondiscrimination policy that ensures no person will be excluded from participation in, denied benefits of, or subjected to discrimination under any LIHEAP program or activity based on race, color, national origin, sex, age, or disability. A copy of the Subgrantee's nondiscrimination policy must be included in the agency's Operational Plan. This policy must be disseminated to employees, applicants, and beneficiaries upon request, and prominently posted in public areas within the agency.

The Title VI coordinator or designated responsible party for the Subgrantee must complete the THDA-provided Title VI/Nondiscrimination training and survey annually. Additionally, Subgrantees must ensure that all employees complete training on the fundamental requirements of Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1974, and the Age Discrimination Act of 1975 at the onset of their employment.

8.3 – Monitoring

Monitoring Schedule

THDA's Monitoring Team will review invoices, client files, and supporting documentation submitted through SmartSimple.

As THDA transitions to the SmartSimple software system, the monitoring framework will be expanded to incorporate new system functions, automated reporting tools, and data-tracking capabilities. These updates will streamline the review process and enhance real-time compliance oversight.

Programmatic Monitoring will be conducted by the **Compliance and Asset Management** division when 30% of the Subgrantee's contract funds have been expended. The agency will receive contact two (2) weeks before the scheduled review with details regarding the

monitoring process, expectations, and a checklist. A notification email packet, which includes monitoring tools, will be sent to the Subgrantee in advance. Client files will be pulled from SmartSimple as part of the monitoring process.

The **Compliance and Asset Management** division will issue the monitoring report within 30 days of the review's completion. Subgrantees are required to respond to all findings noted in the report within 30 days of its issuance. Subgrantees have the option to respond to concerns or observations noted in the report, though this is not required. A formal response is required for all findings and must be submitted in the form of a Corrective Action Plan (CAP).

- **Finding:** Evidence of a major deficiency in program performance or material noncompliance with statutory, regulatory, or program requirements, including monetary deficiencies that must be reimbursed or refunded to THDA.
- **Concern:** Evidence of a minor deficiency or noncompliance with program requirements. CAPs are not required for concerns.
- **Observation:** A potential deficiency that could arise if not properly addressed. CAPs are not required for observations.

Examples of findings may include:

- Failure to implement a 10% or greater supervisory review of client applications.
- Incorrect verification of energy burden or income.
- Inadequate documentation to verify household eligibility.
- Failure to provide Crisis Assistance within the federally required 48-hour or 18-hour timeframe.

THDA's Internal Audit division is responsible for fiscal monitoring, which is independent of the Compliance and Asset Management division. This division reviews LIHEAP invoices for allowable costs and compares expenditures to the agency's approved budget to ensure compliance with administrative and program expenditure caps.

Subgrantees subject to Single Audit requirements must submit a copy of their completed Single Audit report to THDA within thirty (30) days of receipt or issuance. THDA Internal Audit and LIHEAP staff may review these reports as part of ongoing fiscal oversight and risk assessment activities.

In addition, the Tennessee Comptroller's Office may conduct independent audits or reviews of Subgrantee operations. Subgrantees are expected to maintain appropriate internal controls and monitor program integrity in both fiscal and programmatic areas.

Failure to submit the required Corrective Action Plan, or failure to comply with the approved CAP, may result in:

- Reduction of the Subgrantee's contract
- Reallocation of funds
- Termination of the contract and disqualification from future program participation

If a Subgrantee fails to perform or meet expectations, THDA reserves the right to redefine service areas for delivery. In such cases, THDA may contract with external parties outside of the traditional Community Action Agency (CAA) service areas. This flexibility ensures that LIHEAP services continue to be delivered efficiently and effectively.

Chapter 9 – LIHEAP Policy Advisory Committee (LAC)

9.1 – Purpose

The LIHEAP Advisory Committee (LAC) provides objective policy guidance, recommends program improvements, and ensures compliance with federal and state requirements, with a focus on serving eligible households effectively.

9.2 – Membership

Composition (12 members):

- **6 LIHEAP Agency Representatives**
 - Elected from partnering agencies:
 - 3 large agencies, 3 small agencies
 - One representative of each type per territory: East, Middle, West
 - Nominees must have LIHEAP knowledge
 - Each agency casts one vote per category per region
 - Ties decided by THDA
- **Nomination and voting**
 - Will be conducted in May
- **3 Permanent Members (Non-voting):**
 - THDA LIHEAP Manager (or designee)
 - TACA President (or designee)
 - THRA President (or designee)
- **3 Subject Matter Experts (SMEs):**
 - Appointed based on expertise (e.g., energy, community services)
 - Recommended by THDA or agencies and vetted by LIHEAP staff

9.3 – Member Responsibilities

- Offer unbiased guidance and policy input
- Vote or assign proxies when absent
- Participate in discussions, assignments, and consensus-building
- Attend at least 51% of annual meetings
- Adhere to THDA's nondiscrimination policy
- Members may be removed by 2/3 vote for misconduct or inactivity

9.4 – Terms and Elections

- Small agency reps: 1-year term, renewable for 2 years
- Large agency reps: 2-year term, renewable once
- No member may serve more than 2 consecutive terms
- Vacancies filled within two scheduled meetings
- Elections held electronically (e.g., SurveyMonkey) and verified by TACA and THRA representatives
- Selection of Chair occurs after members are established

9.5 Nomination

- Relevant education, experience, and geographic representation
- Subject expertise
- Commitment to diversity and equity in representation

9.6 Coordination and Oversight

- **Territory Coordinators:** One per region to disseminate information and serve as agency liaisons
- **Lead Coordinator:** Oversees SMEs and brings issues to the LIHEAP Manager

9.7 – Leadership

Committee Chair:

- Elected by Committee for a 2-year term, renewable annually
- Leads meetings, collaborates on agendas, represents the Committee at events, and ensures alignment with mission

9.8 – Meetings

- Held quarterly; special sessions may be called by Chair or Program Manager
- Quorum: Majority of voting members, seven (7)
- Decisions: Majority vote of members present
- Open to the public when required (e.g., model plan review)
- Minutes maintained and available, upon request
- Proxy attendance allowed

9.9 – Recommendations and Reports

- All recommendations must be submitted and responded to in writing
- Subcommittees may be formed as needed to support Committee goals

9.10 – Amendments to the LIHEAP Advisory Committee Structure

- Proposed by any member
- Adopted by majority vote at a meeting with quorum

9.11 – LIHEAP Advisory Committee Adoption

These policies are effective immediately upon approval by the Committee and the LIHEAP Program Manager.

Chapter 10 – Subgrantee Data Quality Responsibilities, Resources and Reporting

10.1 – Reporting and Technical Assistance

THDA LIHEAP staff will provide training, technical assistance, and additional resources to assist Subgrantees in meeting reporting requirements and ensuring the proper use of the SmartSimple system.

10.2 – Data Quality Responsibilities

Subgrantees are responsible for maintaining complete, accurate, and current client records within SmartSimple. Prior to determining eligibility, Subgrantees must review each application and correct any data entry errors or inconsistencies that could affect reporting, program administration, or communication with the applicant. Examples include, but are not limited to:

- Correcting misspelled names, cities, and addresses.
- Removing unnecessary descriptive information entered in name fields (for example, "Jane Doe – sister-in-law of John Doe").
- Updating applicant information to ensure consistency throughout the client record.
- Verifying that required documentation supports the information contained in the application.

If an applicant does not have regular access to the internet or an email account, the Subgrantee shall select "Applicant has no access to internet or email" in the General Information section of the application, even when the Subgrantee assists the applicant by providing temporary access to email or the internet while the applicant is in the agency office.

Accurate client data is essential to ensure effective communication with applicants, reliable federal reporting, and the efficient administration of LIHEAP. THDA LIHEAP staff will provide ongoing training, technical assistance, and additional resources, as needed, to support Subgrantees in maintaining data quality and reporting compliance.

10.3 – Resources

Here are some useful **LIHEAP** resources:

- **U.S. Department of HHS/ACF/OCS/LIHEAP**
Website: <https://www.acf.hhs.gov/ocs/programs/liheap>

- **LIHEAP Clearinghouse:** <https://liheapch.acf.hhs.gov/>
- **LIHEAP Assurances:** <https://liheapch.acf.hhs.gov/Tribes/assurances.htm>
- **LIHEAP Virtual Library:** <https://liheapppm.acf.hhs.gov/assessment>
- **Social Security Administration Cost of Living Adjustments:** <https://www.ssa.gov/oact/solvency/provisions/cola.html>
- **Tennessee Mileage Rates:** <https://www.tn.gov/workforce/injuries-at-work/injured-workers/injured-workers/benefits/medical-benefits/mileage-reimbursement-rates.html>
- **Veteran Status:** <https://www.va.gov/OSDBU/docs/Determining-Veteran-Status.pdf>
- **U.S. Department of Energy:** <http://www.energy.gov/>
- **U.S. Department of Health & Human Services:** <http://www.hhs.gov/>

LIHEAP State Contact Information:

- **Rebecca Carter, Director of Community Services:** RCarter@thda.org, 615-815-3732
- **Dani Brickman, Housing Program Manager – LIHEAP:** DBrickman@thda.org, 615-815-2226
- **Fredina Martin, Lead Coordinator:** FMartin@thda.org, 615-815-2036
- **Stella Williams, Senior Housing Program Coordinator:** SWilliams@thda.org, 615-815-2043
- **Natasha McLaurine, Housing Program Coordinator:** NMclaurine@thda.org, 615-815-2201
- **Sissy Brown, Housing Program Coordinator:** SBrown@thda.org, 615-815-2206

LIHEAP General Email: liheap@thda.org

Appendix

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| <ul style="list-style-type: none">• LI-01: LIHEAP Application• LI-02: Vendor Agreement• LI-03: Zero Income Form• LI-04: Poverty Income Guidelines• LI-05: Landlord Tenant Energy Assistance Agreement• LI-06: LIHEAP Self Employment Form• LI-07: Assurance 16 Usage and Tracking Spreadsheet | <ul style="list-style-type: none">• LI-10: LIHEAP Budget Form SmartSimple• LI-11: LIHEAP Verification of Disability Form• LI-12 LIHEAP Eligible Income Household Size Benefit Matrix• LI-13 THDA Administrative Fair Hearing Form• LI-14 Refund Report |
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