



Low Income Home Energy Assistance Program
(LIHEAP) 2026 Policy Manual for
Regular and Crisis Assistance

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.

The most current version of the LIHEAP Program Manual, including revision notices and program-related memos, is posted on the THDA website:

<https://thda.org/government-nonprofit-partners/energy-assistance-programs/low-income-home-energy-assistance-program-liheap-for-administrators>

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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.

The program is intended to provide one-time assistance to offset heating and cooling costs, especially for those with high energy expenses relative to their income. LIHEAP is not meant to pay for all of the energy costs for the year, the season, or even the month.

An applicant can get help only with the main heating source. For example, if the applicant heats the home with gas, they might get help with the gas bill but not the electric bill.

The program prioritizes services for households that:

- Have the highest energy burden (the percentage of income spent on energy),
- 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 lowest household income with the highest energy burden.

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 within 48 hours, and life-threatening energy-related emergencies within 18 hours.
- **Weatherization Assistance (LIHEAP Wx)** – THDA may allocate a portion of LIHEAP funds for home energy conservation measures. These services are covered under a separate weatherization policy manual and contract.
- **Assurance 16 Services** – Assurance 16 is intended to develop information and energy education materials to LIHEAP clients over an extended period of time. 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 obtain energy efficiency services, and working with clients to improve financial management skills that help clients proactively manage energy bills.

This policy manual addresses only the **Regular** and **Crisis Energy Assistance** components. Policies and procedures specific to LIHEAP Wx are covered in the Weatherization Policy Manual.

Program Administration

THDA contracts with local governmental entities, and **Local Contract Agencies**, (referred to **Subgrantees**) to deliver services across the state. These agencies are responsible for:

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

All LIHEAP activities must comply with federal regulations, Tennessee's State LIHEAP Plan and 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.

Annual 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. This includes the right to manage their own property and earnings, enter into contracts, and sue or be sued. However, some age restrictions, like those for voting and alcohol consumption, still apply even 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 an opportunity for individuals to apply or learn more.

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

Disability - A condition that substantially limits one or more major life activities. Documentation must include either SSI or SSDI Social Security document, or a signed Verification of Disability Form from a licensed medical professional.

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 depletion 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.

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

Home Energy - The primary energy source 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 amounts listed in the LIHEAP State Plan.

LIHEAP - The Low Income Home Energy Assistance Program, created under Public Law 97-35, LIHEAP is a federal program that provides financial assistance to low-income households to help them afford heating and cooling costs.

Local Contract Agency – Agencies and governmental entities contracted by THDA to administer LIHEAP services locally.

Natural Disaster - An event such as a tornado or flood, officially declared by the Governor or President, that disrupts housing or energy access.

Mixed-Status Family – A mixed household within the context of the Low Income Home Energy Assistance Program (LIHEAP), generally 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 - Is 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 elderly individuals or disabled individuals, or both, and households with high home energy burdens, are made aware of the assistance available" under the program.

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 service order.

Poverty Level - Income eligibility standards based on 60% of State Median Income or 150% of Federal Poverty Guidelines, as updated annually.

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

Subgrantee - An organization contracted by THDA to provide direct LIHEAP services.

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, disabled, a child 5 years old and under, or a 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
- 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 one program does not prevent participation in weatherization during the same program year, provided all requirements are met.

1.4 – Distribution of Funds and Designation of Service Areas

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) honors these boundaries when determining the areas each agency will serve.

Subgrantee Responsibilities

The Role of the Subgrantee: Each subgrantee is responsible for ensuring the effective delivery of LIHEAP services in their service area. The primary functions the sub-grantees will be responsible for eligibility determination and verification, client education, outreach, referrals, and local coordination of the LIHEAP program. Responsibilities include:

- Conducting outreach and energy conservation education
- Accepting and reviewing applications
- Determining household eligibility
- Maintaining fiscal records and client case files
- Processing appeals and provide customer service
- Ensuring timely payment of benefits
- Entering all program components for timely submission of required reports

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, staff is 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 the Sub-grantee's monitor.

Allocation Formula

LIHEAP funds are distributed to subgrantees using a **data-driven allocation formula** based on need. The formula incorporates:

- County- and agency-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 program 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>

Agencies will be able to determine allocation amounts for their specific counties.

Eligibility Policies and Procedures

Application Overview

THDA requires a single application to determine eligibility for all components of LIHEAP. Households may receive:

- One **LIHEAP benefit** per program year

- Referral to **Weatherization (WAP)** services

Agencies may maintain "waitlists" when funding is limited. 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 **November 1 through September 30**. Applications must be submitted by **September 30** to be considered for assistance within the program year.

Agencies may maintain "waitlists" when funding is limited. Applicants placed on a waitlist will be prioritized according to the state's LIHEAP Prioritization Strategy.

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 receiving Social Security (SSA) benefits
2. SSI/SSDI recipients and individuals with a verified disability
3. Households with children aged 5 and under
4. 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.

Chapter 2 – Application Processing and Eligibility

2.1 Application Intake and Review Process

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 so intake workers can reference the required documentation when processing the application. While anyone may apply, approval is not guaranteed.

All Household Member Requirements:

Each household member must provide at least one valid government-issued identification annually. Acceptable forms of identification include, but are not limited to:

- U.S. Birth Certificate for Children 1 year old or younger
- U.S. Birth Certificate, Passport, or State ID 15 ½ or younger
- Safe At Home Program verification (visually verified, not copied)
- State or Federal Identification Card (These are examples but not limited to: U.S. Passport, Green Card, Tribal ID, Valid Driver's License)
- Military Identification

SSN Exceptions:

Children under 1 are exempt from providing an SSN, but a birth certificate or mother's copy is required.

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

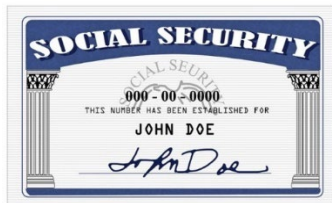
Required Documentation for Energy Assistance Qualification:

- A completed, signed, and dated paper or online application.
- A valid email address for all applicants (applications without an email are considered incomplete and denied).
- Acceptable government-issued ID for the applicant (see above).
- Energy usage history for the past 12 months (or, if less than 12 months, based on the client's duration at their address).
- Gross income for all household members and net income for members receiving Social Security Income (SSI) or Social Security Disability Insurance (SSDI).
- Household members claiming zero income must submit a Verification of Income & Expenses Form. Refusal to submit these results in an incomplete application, which will be denied.
- Unrestricted Social Security number verification (examples listed below) for all household members, or a birth certificate, or mother's copy, for children under 1.

Completed Verification of Disability Form, signed by a medical professional, if applicable.

Valid Social Security Card

Invalid Social Security Card



Additional Documentation:

Certain cases may require further documentation to confirm eligibility, especially for households with the highest energy burdens. Any agency form requiring a signature must be signed, or verbal verification can be used by the intake worker. Any unlisted documentation must be specified in the Agency-Specific Operational Plan.

Application Processing:

Physical applications must be date-stamped upon receipt (via mail, fax, email, drop box when provided by subgrantee, or hand delivery). When entering the application into SmartSimple, the time/date stamp must be changed to when the application was received. Client applications, submitted directly through SmartSimple, a time/date stamp will be automatically applied.

The Grantee shall use SmartSimple's online application. THDA will provide a "paper version" of the online application in the event a household needs to complete their request on paper. While paper copies of the SmartSimple application may be accepted, the Grantee is required to enter all information from the paper application into SmartSimple to ensure proper prioritization, review, and processing of assistance. Additional questions and fields may be added that are unique to the Grantee, but all components of the SmartSimple application must remain intact and a copy of the edited application must be submitted in the agency's Operational Plan. THDA must approve it at a minimum 15 business days before the start of the new program year.

Digital Applications:

Scanned, electronic, or photographed signatures are acceptable. Agencies will be required to establish a dedicated email address for receiving client applications. Verbal verification is allowed for signatures and forms, with agency staff initialing the application and for date verification. Online client applications are time-stamped automatically by SmartSimple.

Applications for regular assistance are processed year-round. Intake staff must enter all relevant documents into SmartSimple, whether the application is approved, pending, or denied.

2.1.1 Pre-Application Intake for Priority Enrollment Applicants

An optional pre-application intake for Priority Enrollment (PE) applicants seeking Regular or Crisis benefits may begin no more than 60 days before the general application period unless otherwise authorized.

Priority Enrollment Applicants include:

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

During the PE period, only eligible applicants meeting the vulnerability criteria above may apply. All others must wait for the regular program opening. Any application submitted before the PE period opens must be denied and returned to the applicant, with a notice encouraging reapplication after the official opening.

Applications submitted during the PE period will be assigned a date of November 1, 2025.

2.2 Accommodations

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

Application Availability and Mailing:

Applications must be accessible at all subgrantee offices, outreach locations, and mailed free of charge to clients upon request. Mailed applications must be date-stamped upon receipt and include a copy of the applicant's government-issued ID. The 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.

2.3 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. A state-issued ID or driver's license with "VETERAN" listed, or VA benefits records, are also valid. 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.

2.4 Citizenship/Qualified Alien Verification

Federal Requirements

Alien 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 either of these criteria 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 each individual 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 U.S. citizens, documentation from Section 2.1 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.a.1 – 2**.

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. However, ineligible household members must be excluded from the total household count when determining the benefit.

If an applicant or household member does not have an SSN, their eligibility is **not** automatically impacted. If other eligible members exist, benefits may be provided to the household (with restrictions). The income of the undocumented individual is included in the total household income, but they are not counted in the total household size.

If a household has an SSN but **refuses to provide it**, the entire household is ineligible. This includes refusal to provide other documentation required to determine eligibility. Agencies must clearly document whether the SSN is unavailable or simply being withheld. This determination must be included in the written notice to the applicant.

Program Oversight

THDA will monitor SSN and citizenship verification policies to ensure consistent application across all local agencies.

2.5 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 all forms (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).

Applicants Claiming United States Citizenship MUST provide a copy of two (2) or more of the following:

1. Tennessee Driver's License, or photo ID issued by Department of Homeland Security.
2. A valid driver 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 valid, unexpired 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 #'s 4-9 above.
11. SSN that the entity may verify with the Social Security Administration in accordance with Federal Law.

Applicants 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 (Reentry 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. Driver's License
 2. 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 age 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).
-

LIHEAP Eligibility for Citizens of Countries Governed by the Compacts of Free Association (COFA):

The **Consolidated Appropriations Act of 2024** (Pub. L. 118-42) restored eligibility for citizens of COFA countries (Federated States of Micronesia, Republic of the Marshall Islands, and Republic of Palau) to receive LIHEAP benefits. COFA citizens are now considered "qualified immigrants" for benefit eligibility starting March 9, 2024, without a waiting period.

COFA Citizens Administration Policy:

- COFA citizens, who were historically excluded from receiving benefits under the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), are now fully eligible for LIHEAP benefits effective March 9, 2024, under the Compact Impact Fairness Act.
- COFA citizens are legally present non-citizens, previously excluded from many federal benefit programs, but now eligible for LIHEAP benefits.

This provision clarifies that COFA citizens are now eligible for federal benefits, reversing prior exclusions, and aligning eligibility with other qualified immigrants.

2.6 Timeframes for Determining Eligibility

Crisis and Regular Assistance applications must be continuously accepted throughout the contract period. Agencies are required to offer Crisis funding to all qualified applicants up to March 15, as long as there are remaining funds available. Applicants who do not qualify for Crisis assistance must be given the option to apply for Regular LIHEAP assistance, regardless of the availability of funds.

Applications for Regular LIHEAP assistance must be processed “In a timely manner” generally meaning as quickly as it is reasonable and appropriate for the situation, without undue delay. Emphasis on completing a task or fulfilling an obligation as promptly as possible, given the specific context and circumstances. Subgrantees are required to approve, deny, or add applicants to the waitlist, and notify customers of their status through a digital correspondence generated by the SmartSimple system within **thirty (30) business days** from the intake month. For more details, see **Section 2.11** regarding the early application process for vulnerable populations.

Benefit payments must be made to the vendor within **90 calendar days** from the date of vendor verification. 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. The subgrantee will pull an approved applicants report and send out Approval/**Denial** correspondence generated within the SmartSimple system. Pending application correspondence will also be generated by SmartSimple. The household will be notified by email or log into SmartSimple to check on the status of their application.

Applicants submitting an incomplete application will receive a pending verification correspondence and will have **15 business days** to provide the missing information. All LIHEAP application data, including incomplete or denied applications, must be entered into the SmartSimple system with the date received. If the applicant does not submit the required information within 15 business days, the case status will be changed to "denied," and the applicant will need to reapply for assistance. At the agency's discretion, a denied applicant's status can be changed to “**pending and add notes in the file why the status was changed to pending**” within the SmartSimple system, provided the application can still be completed.

Both subgrantees and THDA LIHEAP staff will generate and utilize reports to track compliance with timeframes and ensure consistency in the application process.

THDA Compliance and Asset Management department will monitor all local agencies for compliance to ensure that Crisis and Regular assistance policies are being correctly implemented.

2.7 LIHEAP Online Applications

Applicants may apply for LIHEAP services using SmartSimple's online portal. Subgrantees must ensure all online documentation is uploaded to the clients record in the system.

2.8 Pre-Paid Accounts

Clients with pre-paid accounts must provide documentation showing energy usage and associated costs to calculate their energy burden. Applicants can have \$50.00 or less of a previous LIHEAP benefit on their account.

2.9 Crisis Funding

Crisis assistance is a component of LIHEAP that addresses urgent situations where households are facing disconnection of their energy services or are out of home delivered fuel at 20%. 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**, such as 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.

Crisis Eligibility Requirements

Crisis Assistance is available to households facing uncontrollable circumstances that include one of the following:

- A shut-off notice for utilities
- Disconnected utilities
- Eviction notice for tenants who are responsible only for overages
- A lack of home-delivered fuel, particularly when the tank is 20% or lower and delivery is refused
- A non-functioning heat/air unit or equipment not working properly

To qualify for a Crisis, benefit, a household must meet two critical requirements, one (1) from each of the lists below:

1. Request Assistance with an Energy Emergency:

The household must submit an application, providing one of the following to verify the energy emergency:

- A **bill, disconnect notice**, or other **disconnect documentation** verifying the energy emergency.
- An **eviction notice** due to utility overage, past due rent, or unpaid rent.
- A **fuel depletion notice** indicates fuel is at 20% or less in the tank and delivery was refused.
- A **non-functioning heat/air unit** or equipment not working properly.

2. Additional Criteria (Respond “Yes” to One of the Following):

- **Recent, within the last three (3) months, an unanticipated Medical or Household Expenses:** The household must have an unanticipated medical or major household expense that exceeds 100% of their utility bill. Documentation could include **receipts** for medical payments or other major expenses.
- **Recent Job Loss or Death of Wage Earner:** The household wage earner lost their job or died within the last 12 months. Documentation could include **termination or lay-off notice, unemployment insurance (UI) claims or eligibility notifications, obituary, death certificate, or funeral program.**
- **Loss of Significant Work Hours:** The household wage earners experienced a significant loss of work hours in the past thirty (30) days. Documentation could include a **letter from the employer** outlining details of lost hours or **pay stubs.**
- **Household Member Leaving the Home:** A household wage earner left the home within the past forty-five (45) days. Documentation could include a **recent application for family assistance** (e.g., Families First, SNAP), **order of protection, police report, revised lease, or other legal documentation.**
- **Vulnerable Household Members:** Households with children 5 years old or younger, or with individuals 60 years or older.
- **Active Military or Veterans:** Households with a member who is active military or a veteran. Verification of military service is required.
- **Disabled Household Members:** Household members who are disabled. Verification could include **SSI or SSDI letters** or a **Verification of Disability form** signed by a medical professional.
- **Non-Functioning Heating System:** Households with a **non-functioning or malfunctioning heating system.** Examples can be found in the **Appendix.**

3. Notification within 18 Hours for Life-Support Equipment Needs:

- If a household has a member who requires life support equipment sustained by utility services, documentation from a **medical equipment company** or a **medical professional's letter** indicating the required equipment must be provided.

These eligibility criteria questions are integrated into the SmartSimple beneficiary application section. If paper applications or forms are used by the subgrantee, they must include these eligibility questions and be approved by **THDA** 15 days prior to each program year.

Crisis Funding Allocation

Crisis Assistance is allocated as a **minimum of 10%** of the subgrantee's Direct Assistance award to individuals. Subgrantees may allocate more than 10% to Crisis Assistance, transferring funds from Regular Assistance as needed. Crisis assistance must remain available to approved applicants who meet the eligibility requirements, as long as funding is not exhausted.

Crisis funds are managed in a separate budget category within **SmartSimple** to ensure availability of crisis intervention through **March 15** of each program year.

A **copy of the notification correspondence** sent to the household must be kept in the applicant's record. If the subgrantee communicates with a utility provider via email, this documentation must also be maintained in the applicant's record and available for review. The notification serves the purpose of preventing disconnection of services until payment is received.

Crisis Assistance will be determined provided by THDA's benefit matrix.

2.10 Family Size and Percentage of Poverty Eligibility

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

Households with income at or below 60% of the State Median Income (SMI) are eligible to receive assistance under the LIHEAP program.

Prioritization of Households for Assistance

The determination of which households receive assistance is based on a prioritization system that considers the presence of vulnerable household members. Households are ranked according to the following vulnerability categories:

1. **Individuals aged 60 or older who are receiving Social Security benefits**

2. **Individuals who are disabled**, as identified by receiving SSI, SSDI, or by submitting a Verification of Disability form completed and signed by a licensed medical professional.
3. **Households with children aged five (5) or younger**
4. **Veterans**

Within each vulnerability category, applicants will be further prioritized based on factors such as **lowest income, highest energy burden, and greatest overall vulnerability**. Households with the highest energy burden within each vulnerability rank will be served first.

Utility Selection for LIHEAP Benefits

Each approved household must choose one (1) utility to receive the LIHEAP benefit. In cases where an approved applicant receives a benefit under \$500, but the home uses propane as a deliverable fuel, the applicant will have the option to apply their benefit to propane. However, due to utility company payment requirements, the minimum payment for propane assistance will be \$500.

This process ensures that assistance is distributed effectively while addressing the specific needs of vulnerable households.

2.11 Depletion of Funding

When funding for LIHEAP is depleted, it is necessary to inform the applicant that their application will be placed on the waitlist due to a lack of available funds. The agency must notify the client when funding becomes available and/or provide details about the next open application period. A waiting list must be maintained within **SmartSimple** until the close of the program year, in case additional funding is allocated by the state.

Participation in other programs, such as the **Community Services Block Grant (CSBG)**, within the same program year, does not affect an applicant's eligibility for LIHEAP. However, the agency must ensure that any relevant updates regarding funding status are communicated to **THDA** as requested during the contract period. These updates may include whether funding will be fully expended or if the agency anticipates having remaining funds at the end of the contract period.

Maintaining effective communication and accurate records regarding funding status helps ensure that applicants receive timely support and that the program operates within its budget.

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 within the LIHEAP program. 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** or authorized external review staff.

Documentation of each supervisory review is mandatory. The documentation must include the following details:

- 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 X number of applications into a manager review section. Example:

☰ Applications



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

Additionally, local agencies may choose to include the reviewer's signature and the date of the review directly on the client paper application for added accountability.

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. For a more detailed breakdown of what constitutes income, refer to the “Cash Receipts Include” and “Exclusions” lists below.

Income will be automatically calculated within the THDA mandated, **SmartSimple Software System**. THDA Compliance Asset Management team will conduct ongoing monitoring of the SmartSimple system to ensure compliance and accurate income calculation.

Cash Receipts Include:

- **Wages, commissions, salaries, and tips**, before any deductions
- **Net receipts from self-employment**: This includes 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, regular adoption assistance, military family allotments, or money regularly received from an absent family member or someone not living in the household
- **Irregular income**: 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
- **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**: A letter from a corporation listing the amount, or a bank statement. Interest is only counted if it exceeds \$200 annually and is withdrawn
- **Net rental income** and net royalties
- **Periodic receipts** from estates or trusts
- **Net gambling or lottery winnings**
- **Black Lung benefits**: Considered income, except for 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 car
- **One-time payments** from a welfare agency to a family or person experiencing temporary financial difficulty
- **Tax refunds**
- **Gifts, loans, or lump-sum inheritances**
- **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**: This includes expenses like 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 (in school) living with a parent or guardian. Proof of school 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**: This is not counted as income

Note

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

This detailed breakdown helps ensure consistency and fairness in evaluating household income for the purpose of **LIHEAP** eligibility determination.

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. The **SmartSimple Software Current Income Detail** must be included in the applicant record to support accurate income verification.

In the event that the **SmartSimple Software** is unavailable, the following alternative methods will be used to calculate income:

- **Weekly payments:** Multiply the weekly average by 4.33 and round to the nearest cent.
- **Bi-weekly payments:** Multiply the bi-weekly average by 2.16 and round to the nearest cent.
- **Semi-monthly payments:** Multiply the semi-monthly average by 2.
- **Year-to-Date (YTD):** If the income is not typical, year-to-date (YTD) figures are encouraged, especially if they better reflect the applicant's ongoing income. To determine income:
 - Step 1. Count the number of days from the beginning of the year to the last day of the pay period on the paystub.
 - Step 2. Divide that amount by 7 to get your total weeks.
 - Step 3. Divide YTD amount by the total weeks, which equals your average weekly income.
 - Step 4. Multiply that number by 4.33 this equals your average monthly income.

Income Calculation Example

1. Determine Weeks of Employment

- Last day of pay period on paystub = **157 days**.
- Convert days to weeks:

$$157 \div 7 = 22.48 \text{ weeks}$$

2. Calculate Average Weekly Income

- YTD earnings = **\$12,456.49**.
- Divide by total weeks worked:

$$12,456.49 \div 22.48 = 554.11$$

- **Average weekly income = \$554.11.**
- 3. **Convert to Monthly Income**
 - Multiply average weekly income by 4.33 (average weeks per month):

$$554.11 \times 4.33 = 2,399.30$$

Average monthly income = \$2,399.30.

= These methods ensure that the most accurate income calculation is available even when the software system is temporarily offline.

2.15 Calculation of Unemployment Income

For individual's s receiving **unemployment income**, subgrantees must document the weekly benefit amount and multiply it by 4.33 to determine the monthly income.

If any week shows "0" unemployment amount, subgrantees should first average the weekly amounts over the review period, then multiply the average by 4.33, and round to the nearest cent to determine the monthly income.

Proper documentation verifying unemployment income must be placed in the applicant record to ensure transparency and accuracy in the eligibility process.

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

This method ensures that **unemployment benefits** are accurately reflected when determining eligibility for **LIHEAP** assistance.

2.16 Acceptable Forms of Verification

Income verification is required to prove the current and representative 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.

- **Current paycheck stubs:** These must show the period covered by the check and verify that the income is representative 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 must 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). Subgrantees must print all applicable EBMS screens, clearly indicating both unearned and earned income.
- **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 Administration (SSA) documentation:** Award letters or other official **proof of income** from SSA, as well as bank statements with redacted account information.
- **Employer separation letter:** A letter from the employer dated within the past 30 days, and a copy your last paycheck stub is acceptable.
- **Zero income verification:** When all other methods of verifying zero income have been exhausted, a **Verification of Income and Expenses 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 essential needs. If no reasonable explanation is provided, the application must be denied.
- **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).

2.17 Calculation of Energy Burden

Here are examples of how to calculate energy burden:

- **Example 1:**
A household has a combined countable 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 countable 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 current cost of energy. Only the energy costs from the past 12 months will be considered in the energy burden.

Client energy bill data includes all required customer payments, such as monthly service charge, usage charge, delivery charge, and 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.

- 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.

- The **benefit amount** can be applied to a different energy vendor upon the applicant's request, even if the applicant provided energy usage data for a different utility. For example, if an applicant provides a 12-month printout for their electricity but prefers the benefit applied to propane, this is allowed, provided the account is active.

2.18 Public Housing and Section 8 Applicants: if an applicant receives public subsidies for a specific utility allowance or reimbursement. The applicant who exceeds their allotted utility allowance or reimbursement 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 program indicating any "**overages**" or "**excess**. **Tenants with a bill in their name** are fully responsible for energy costs and are not subject to the

overage processing procedures. Applications from these tenants will be processed without any adjustment to energy usage.

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 still has any LIHEAP credit on their account, 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.

2.19 Annual Energy Usage Documentation

Applicants must provide documentation of their **annual energy usage** from all active heating and cooling accounts. Acceptable documentation includes correspondence from **electric and natural gas utility companies**, and/or written statements from **home-delivered energy suppliers**. The documentation must identify:

- The **household member** responsible for the energy costs
- The **applicant's household address**
- 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** and included in **THDA** records. All current energy usage must be accurately reflected in the documentation.
- It is best practice for subgrantees to collect 12 months of energy billing for all LIHEAP approved utilities.

This practice is common to assess a household's annual energy burden and eligibility for assistance.

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.
 - Remaining fields in **SmartSimple** should remain blank to accurately show the **energy burden** cost for the current address.
-

2.20 Prioritization of Households for Assistance

The prioritization for assistance is based on a system that considers the presence of vulnerable household members. Households are ranked according to the following vulnerability categories:

1. **Individuals aged 60 or older** who are receiving **Social Security** benefits
2. **Individuals with disabilities**, identified by receiving **SSI**, **SSDI**, or by submitting a **Verification of Disability** form completed and signed by a licensed medical professional
3. **Households with children aged five (5) or younger**
4. **Veterans**

Within each vulnerability category, applicants will be further prioritized based on households with **lowest income**, **highest energy burden**, and **greatest overall vulnerability**. Households with the **highest energy burden** within each vulnerability category will receive assistance first.

Example: The following applicants apply

- A family of three includes a four-year-old child
- A family with one person who is disabled
- A single veteran
- A woman who is 60 years old receiving social security

*The woman who is 60 years old will receive benefits before all other applicants listed above.

Benefit Levels

Benefit levels are established by **THDA** and used uniformly by all **LIHEAP** agencies in the State of Tennessee. These benefit levels are outlined in the **Benefit Matrix** and must be adhered to by all agencies.

- **Heating Assistance** is applied from **October through May**.
- **Cooling Assistance** is applied from **June through September**.

When funds are unavailable to serve all households, applicants will remain on a waitlist until September 30th or until additional funding is available.

2-21 Natural Disasters and Emergencies

Natural disasters and emergencies may impact the delivery and administration of the **LIHEAP** program. Both at the state and local levels, the program must be able to adjust and respond to catastrophic events. Proactive planning is essential to ensure the needs of affected households and local agencies are met.

The **Housing Program Manager - Energy** will guide subgrantees in the use of **LIHEAP** resources during a natural disaster or emergency. The **Housing Program Manager - Energy** 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, the **Housing Program Manager - Energy** has the authority to temporarily modify or waive any state **LIHEAP** procedures to mitigate hardship and protect health and safety. The **Housing Program Manager - Energy** may modify the Tennessee State Model Plan for **LIHEAP** and notify the **U.S. Department of Health and Human Services**.

Disaster and Emergency Notification Requirements

Subgrantees must notify the **Housing Energy 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 **federal** or **state** 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 the **Department of Health and Human Services** for use during a natural disaster:

- **Extend eligibility** for affected households to a maximum income of 60% of the **State Median Income (SMI)**.
- **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

If the household has already been approved for **LIHEAP** assistance in the current program year, the original application will not be used. The applicant will need to reapply. If the household has not yet been served by **LIHEAP**, they will need to submit a new application for **Disaster Assistance**.

THDA LIHEAP Disaster Assistance module in SmartSimple is identified by a disaster declaration checkbox and 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 Hearing Process

Individuals whose claims for **LIHEAP** assistance are denied, or whose applications are not processed within a reasonable timeframe, may request a hearing with the local contracting agency. Subgrantees must detail and obtain approval for their **fair hearing process** in the annual **LIHEAP Agency specific Operational Plan**. A hearing is not required if **LIHEAP** funds are no longer available to the local agency.

Reasonable Promptness for Regular Assistance

Agencies must take action on regular assistance applications within **30 business days**. Agencies may choose to calculate the 30-day period either from the application date or from the end of the intake month, whichever is more suitable for the process.

Reasonable Promptness for Crisis Assistance

Crisis assistance must be provided within **48 hours** to resolve the client's energy crisis. If the client is in a **life-threatening situation**, the agency must take action to resolve the crisis within **18 hours**. (See details on 2.9 on Page 20-22).

Subgrantees must establish clear processes and procedures for hearings at the local level. At a minimum, these processes should include:

1. A statement regarding the **Administrative Fair Hearing** process, provided to all applicants.
2. Requests for hearings must be made in writing by the applicant, using a specific **Administrative Fair Hearing form** provided by the local agency. The form should detail information made by the agency in denying or failing to act with reasonable promptness on the applicant's claim for assistance.
3. A copy of the completed form must be provided to the agency, **THDA** at LIHEAP@THDA.org, and another kept in the applicant's permanent record.
4. Requests for hearings 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 hold the hearing within 15 business days after receiving a valid request and must provide written notice of the outcome to both the applicant and **THDA**.

Applicants denied **LIHEAP** assistance must be informed of:

1. Their right to request a hearing.
2. The procedures for requesting a hearing.
3. A completed Administrative Fair Hearing Form

4. The option to be represented by an authorized representative (e.g., legal counsel, relative, or friend).

The local agency should also provide information on legal services available to the applicant and make referrals as needed.

THDA Review Process

If the applicant's claim for **LIHEAP** assistance is denied, and the denial is upheld by the local agency, they may request a **review by THDA**. The request must be made within **30 calendar days** of the hearing results. **THDA** will respond to appeals within **15 calendar days** from the date the request is received.

Requests for a review by **THDA** must include all relevant documentation submitted by the individual, along with all communications between the applicant and the local agency. These materials must be sent to:

Housing Program Manager – Energy

Tennessee Housing and Development Agency
502 Deaderick Street, 5th Floor
Nashville, TN 37243-0900
LIHEAP@thda.org

2-23 Safe at Home Program

Effective **March 1, 2019**, Tennessee launched the **Safe at Home (SAH)** program, which provides eligible individuals with an address confidentiality program to help protect victims of domestic abuse, stalking, human trafficking, sexual assault, or other related offenses. **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.

How SAH Works

Participants are assigned a unique **Participant ID** and can use the **substitute address** for all official government purposes. Mail is sent to the substitute address and forwarded to the

participant's designated address by the Secretary of State's office. This service protects the privacy and safety of individuals and their children by preventing the disclosure of their actual residential address. The program is available for victims and their children, with strict limitations on how and when the address is used.

SAH provides an essential service for those at risk of harm, enabling them to continue their lives while maintaining a secure and confidential address.

The address provided by SAH participants is:

Participant's
Name 3041
Sidco Drive
SAH ID
Number
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 creates a rebuttable presumption that enrollment is valid. In other words: if someone shows the card, it provides participation documentation. SAH can be contacted to confirm program participation if you give them the potential participant's name and Participant ID #.

Participant Identification Card

SAFE AT HOME
ADDRESS CONFIDENTIALITY PROGRAM
TENNESSEE SECRETARY OF STATE

Pursuant to T.C.A. § 40-38-602, this person is authorized to use the following substitute address for all legal purposes:

[Participant Name]	County of Residence:
3041 Sidco Drive	[County]
[SAH ID Number]	Participant ID:
Nashville, TN 37203	[ID Number]
Expiration Date: [Date]	SAH Contact No: 615-253-3043

The SAH office may be contacted at 615-253-3043 with questions or to confirm a SAH applicant's participation in SAH.

3.1 Documentation and Record-Keeping Processes

Each client must have an individual client file, and all documentation that supports client eligibility and services provided must be retained in that file. Failure to provide or locate required documentation is considered **non-compliance**.

Client records will be retained for a minimum of **five (5) years** after the final invoice for the program year has been submitted. These records must be stored in a **secure location** accessible only to authorized personnel. For digital files that are not uploaded into SmartSimple, a **secured system** must be in place, with access controlled and monitored by management. The process for uploading and securing scanned program records into a secure database must be outlined in the **Agency Specific Operational Plan**.

Digital applicant files must contain all the same information required in **hard copy files**. Additionally, **Continuity of Operations Plans** should include protocols for the preservation of **electronic records** following any **emergency** or **disaster**.

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. Refer to the current **LIHEAP** grant contract for specific language regarding confidentiality.

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 ethics and conduct, 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

Contract agencies must ensure that all employees involved with **LIHEAP** programs 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.

3.4 Preventing Fraud, Waste, and Abuse

In the event that **fraud, waste, or abuse** of government funds is detected, the subgrantee must immediately report the issue to the **Tennessee Comptroller's Office**. Additionally, local agencies must notify **THDA** of any suspected fraud, waste, or abuse. 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.

Agency Specific Operational Plan

Each subgrantee must maintain an **Operational Agency Specific 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**
 - **Agency 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**, the outreach effort should be designed to ensure that eligible households, particularly those with elderly or disabled individuals, or both, as well as households with high home energy burdens, are informed about the assistance available under the program.

In practice, **outreach** refers to the various activities that **LIHEAP** state and local providers engage in to promote program awareness and increase enrollment. These activities aim to reach and enroll households that are eligible for **LIHEAP** assistance. Outreach efforts can also include targeted activities designed to reach specific populations. For instance, a **LIHEAP** office may choose to prioritize outreach to elderly households, lower-income households, or recipients of public assistance, ensuring that these groups are effectively informed about the available services. Outreach may also assist clients in completing their applications for assistance.

Effective outreach not only ensures that the neediest households—including the elderly and disabled—are aware of the **LIHEAP** program but also informs them about other energy-related programs they may be eligible for, such as the **Weatherization Assistance Program** or utility-funded rate assistance. Well-executed outreach can streamline both the application and enrollment processes, ultimately increasing program accessibility and efficiency.

4.2 Outreach Categories and Definitions

- **Community Education**
 - **What is LIHEAP?**

The **Low Income Home Energy Assistance Program (LIHEAP)** is a federally funded grant program that helps supplement eligible households home energy needs. The program helps households maintain a safe and comfortable living environment by reducing the risk of health and safety issues caused by unsafe heating and cooling practices, especially during the winter and summer months.
 - **What type of assistance is available?**
 - **Regular Assistance:** This benefit helps families supplement their heating or cooling bills. The one-time payment is sent directly to the utility company or fuel provider and is credited to the household's

account. Assistance is based on household size, income, and energy burden.

- **Crisis Assistance:** Similar to **Regular Assistance**, but this component addresses **uncontrollable circumstances** such as disconnections or emergency situations. Eligibility for crisis assistance should be confirmed with the local **LIHEAP** agency.
- **What does LIHEAP help pay?**
LIHEAP can help supplement the costs of **primary heating or cooling bills**, which include utilities such as electric, gas, propane, coal, oil, kerosene, and wood. The goal is to ensure eligible households stay safe and healthy year-round.

4.3 Subgrantee Outreach

Each **LIHEAP Subgrantee** is required to detail their outreach activities in the **annual 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)
- **Department of Human Services** (e.g., local county offices and health fairs)
- **Senior Citizen Centers** (e.g., county office meetings)
- **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)
-

4.4 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 Pages 55-55** 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 support households in reducing their home energy needs, thereby decreasing their reliance on energy assistance. These services may include **needs assessments, counseling**, and assistance with **energy vendors**. In Tennessee, **Assurance 16 activities** can account for up to **2%** of an agency's **LIHEAP budget**.

Assurance 16 also requires states to report to the **Department of Health and Human Services (DHHS)** on the impact of such activities. This includes reporting on:

- The number of households served
- The level of direct benefits provided to those households
- The number of households that remain unserved

Subgrantees participating in **Assurance 16** must submit a detailed description of their **Assurance 16 plan**, outlining the energy conservation activities they will deliver and track in their service delivery area. Subgrantees may receive funding for designing and implementing activities that assist in transitioning **LIHEAP** recipients from dependency to **self-sufficiency**.

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 and instructing **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 a **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 while gaining long-term energy security.

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 civilian, 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 **client** cannot be the same individual. Additionally, the **vendor** and the **client** cannot reside in the same household due to a **conflict of interest**.
- If the client and vendor are close relatives, the client must seek a different vendor.
- In instances where vendors are limited, it is permissible for the **client** 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 new benefit matrix is anticipated to eliminate the occurrence of vendor refunds.

Vendors must apply the same rules and procedures to LIHEAP clients as they do other customers when a utility service is inactive or closed.

If a refund is received by the subgrantee please reach out to THDA LIHEAP staff for guidance.

Vendor Responsibilities

- **Inactive or Closed Accounts**

If a customer's account is inactive at the time payment is received, the vendor should follow its existing refund customer policy.

- **Overages**

- If an overage remains after applying funds to the outstanding balance, the vendor should apply the overage to the household's new account.
- If no new account exists, or one is not opened within 90 days, the vendor must follow the guidance outlined in the signed Vendor Agreement.

Subgrantee Responsibilities for Refunds

If a refund is received by the subgrantee please reach out to THDA LIHEAP staff for guidance

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 allows local agencies to allocate up to **9%** of their **LIHEAP** formula allocation for administrative costs, while **THDA** retains **1%** of the state's **LIHEAP** allotment for administration. **THDA** will not reimburse any local agency for more than **9%** of its total actual expenditure for administration or **10%** of the allocation for **direct program support** over the course of the contract period. All subgrantees must ensure that they operate within these limits, in alignment with the amount drawn for each period.

7.2 Spend Down Requirements

Subgrantees are required to meet the programmatic Spend Down Requirements set forth for FY 2026.

1. Funding Disbursement Schedule

- Subgrantees will no longer receive their full allocation upon THDA's receipt of the federal award letter.
- Instead, funds will be disbursed in scheduled increments during the first program year:

One-Third Distribution

- **November 1, 2025** – 40% of allocation released
- **March 1, 2026** – 35% of allocation released
- **June 15, 2026** – 25% of allocation released (Year 1 balance)
 - **Dates are subject to change based on the timing of the federal allocation**

2. Spend Down Requirements

- **90% of funds must be obligated in Year 1.**
- **10% may carry over to Year 2**, but all Direct Assistance must be fully expended by **September 30, 2027**.
- In **Year 3 (if needed)**, only Administrative, DPS, and Education/Outreach costs tied to previously obligated funds may be incurred.

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** that results in a **benefit being certified and payment initiated** (e.g., a vendor payment authorization in SmartSimple or a check request submitted).
- Once the benefit is committed to a household (or for approved admin/Assurance 16 costs), the funds are considered **obligated** — even if the vendor has not yet cashed the payment or the utility has not yet posted it.

Examples of Obligated Funds

- ✓ An application is processed, eligibility is confirmed, and a \$500 benefit is authorized to the electric company. (Obligated)
- ✓ An agency encumbers \$2,000 for salaries in their approved budget and has payroll documentation tying the cost to LIHEAP administration. (Obligated)
- ✓ A fuel vendor invoice for crisis delivery is approved and entered in SmartSimple. (Obligated)

Examples of Funds NOT Yet Obligated

- ✗ Funds sitting in the agency’s account with no client assignment.
- ✗ Budget lines for Assurance 16 or Outreach that have not been tied to an invoice or expenditure.
- ✗ Estimated benefits not yet approved in an application system.

3. FY 2026 Start Date

- The official program start date for FY 2026 is **November 1, 2025** (instead of the traditional October 1 start date).
- Spend-down benchmarks are tied to the staged disbursement schedule described above.

4. Sample Spend Down Calendar

One-Third Distribution Example (33/33/24):

- **By February 28, 2026** – At least 30% obligated
- **By May 31, 2026** – At least 60% obligated
- **By August 31, 2026** – At least 85% obligated
- **By September 30, 2026** – 90% obligated (Year 1 requirement)

5. 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 may be subject to **fund recapture, or additional allocations will be suspended.**
 - Recaptured 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 reallocations.
 - A final, detailed funding release and 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 current **contract**, as well as any subsequent amendments. All submitted expenditures will be reviewed in accordance with the **approved budget**.

Subgrantees that do not meet their **spend down** timelines will face the risk of having their funds withdrawn and **reallocated** to subgrantees who are meeting or exceeding these benchmarks.

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 and the **Authorized Signature Form**. **Budgets must be approved** prior to any expenditure of funds.

- **Budget revisions** must be submitted if expenditures for any one-line item exceed the allocated amount.
- 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**. If the authorized signatory changes (e.g., staff turnover or updated authorization), an **updated Authorized Signature Form** must be submitted.

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.

7.5 Expenditure Caps and Minimums

The following **expenditure caps** and **minimums** apply to the **LIHEAP** funds:

- **Administrative Costs:** 9% maximum of the total awarded allocation
- **Direct Program Support:** 10% maximum of the total awarded allocation
- **Crisis to Individuals:** 10% minimum of the total awarded allocation, more is encouraged
- **Energy Conservation:** 2% maximum of the total allocation
- **Outreach:** 2% maximum of the total allocation

Administrative costs must comply with guidance provided in the appropriate **OMB circular(s)** and other program-specific guidance and must adhere to the subgrantee's submitted and approved **annual budget**. Subgrantees should define their **administrative costs** in accordance with generally accepted accounting principles and procedures.

Indirect costs can be considered part of **Grantee Administration** and are allowable if the **indirect rate** or amount is approved by the cognizant agency for the subgrantee. Your Indirect Cost Rate verification form should be updated yearly and submitted to THDA.

Subgrantees may spend more than **10%** on **Crisis Benefits**, which is encouraged, as long as it aligns with the needs of the community. Agencies should assess the crisis needs each year and adjust accordingly to ensure crisis funds are available through **March 15** of each year. Agencies should not deny a client based on exceeding the 10% Crisis Benefit cap. Instead agencies must amend their budget to cover the cost of any amounts over 10%, if regular funding is available.

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 **9%** of the total amount 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**

Note: 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.

Indirect costs must be supported by an **approved Cost Allocation Plan**. Subgrantees must submit their **approved Cost Allocation Plan** along with the **Operational Plan** at the beginning of each contract year. Supporting documentation showing compliance with the cost allocation plan must accompany each invoice that requests reimbursement for indirect costs.

7.7 Allowable Direct Program Support Expenditures

Direct Program Support costs are capped at **10%** of the total amount of the subgrantee's awarded **LIHEAP** allocation. 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** and are capped at 2%. 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 capped at **2%** of the total amount drawn down by the subgrantee. 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 **Operational Plan**. Please refer to Section **E** 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 for **late fees**. Only **allowable expenses**, as defined in **2CFR200**.

Advance Payment

Advance Payment Policy for Fiscal Year 2026:

In accordance with **2 CFR § 200.305(b)(1)**, subgrantees may request **advance payments** solely for the purpose of providing **direct assistance** to eligible applicants. **Advance payments** cannot be used for **administrative** or **Direct Program Support (DPS)** costs.

This policy applies to **Fiscal Year 2026**, beginning **November 1, 2025**. 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**.

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 liheapinvoices@thda.org.

Subgrantees must maintain an **up-to-date inventory** list that includes equipment and supplies purchased with **LIHEAP** funds, especially items over **\$500**.

7.12 Invoice Paperwork Reduction Process

The **Invoice Paperwork Reduction Process** streamlines the invoicing process and ensure timely reimbursements of **invoices**. Subgrantees may participate if they demonstrate strong **financial practices** 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 invoices must include:

1. Invoice Payment Request Form
2. Invoice Spreadsheet

3. A **General Ledger** or equivalent documentation. Totals must match across all forms.

Direct Assistance Invoices must include:

1. Invoice Payment Request Form
 2. **Excel Spreadsheet** or **General Ledger** or equivalent
 3. **Current year refund reports**. Totals must match all documents.
-

7.13 Desk Review Audit Submission of Invoices/Pay Request

Admin/DPS Invoice:

If the pay request is missing documentation or is illegible, **THDA** will return the request to the via SmartSimple for resubmission with complete documentation. If the request is resubmitted, it may be placed at the end of the queue.

For **Direct Assistance (DA) Invoices**, similar requirements apply.

7.14 Frequency

Invoice Submission Guidelines

- **Direct Assistance Invoices:** Only **one Direct Assistance Invoice** may be submitted per week.
- **Administrative and Direct Program Support Invoices:** Can be submitted **once per month**.

Late Invoice Submissions

If invoices are submitted outside of the required **60-day timeframe**, the subgrantee will be allowed **one exception per fiscal year**. The subgrantee Executive Director must submit a formal written request to THDA explaining:

- The reason for the delay, and
- The corrective actions being taken to prevent future late submissions.

If a **second request** for additional time is made within the same fiscal year, LIHEAP staff will notify **THDA Compliance** for review. Compliance may conduct an in-depth review of the subgrantee's invoicing and financial processes.

Please note:

- Additional time spent on compliance review may **delay reimbursement payments**.
 - Repeated late invoicing or non-compliance may result in a **reduction of funding**.
-

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 monthly invoice, matching the invoiced amount.
- **Administrative Costs:** Capped at **9%**; 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 **2%**; documentation for outreach activities must be submitted with timesheets, receipts, and detailed descriptions of the outreach efforts.
- **Energy Education:** Capped at **2%**; documentation for education activities must be submitted with timesheets, receipts, and detailed descriptions of the education efforts, and track outcomes.

Direct Assistance invoices require lists of clients, amounts of assistance, energy providers, and evidence of requests for payment.

7.16 Closeout and Reconciliation Reports

Subgrantees must submit **closeout reports** within **60 days** of the contract end date or when the funds are fully expended. The reports include:

- **LIHEAP Disbursement Reconciliation Report:** Shows the cumulative expenditures for the program year.
- **LIHEAP Closeout Report:** Completed with answers to all questions on the form.

For questions or to submit reports, please contact LIHEAPInvoices@thda.org.

Chapter 8 – Monitoring and Technical Assistance

8.1 Training and Technical Assistance

THDA will provide mandatory training at least annually for subgrantees. Attendance is required for all mandatory trainings. **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 – Agency Specific Questions**. This policy must be disseminated to employees, applicants, and beneficiaries, 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** 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

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. Additionally, a **Client Summary List** will be sent **one day before** the monitoring to ensure that the subgrantee pulls the appropriate files (regular, crisis, denied, and pending applications). These files must be uploaded to **THDA's secure Electronic Data Transfer (EDT) system**.

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 document **supervisory review** of client applications.
- Incorrect calculation of benefit matrix.
- Inadequate documentation of **Crisis Assistance Payments**.
- Failure to provide **Crisis Assistance** within the federally required **48-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 each **LIHEAP** invoice for allowable costs and compares expenditures to the agency's approved budget, ensuring compliance with **administrative** and **program expenditure** caps.

Subgrantees are subject to **single audit** requirements, and a copy of the audit report must be submitted to **THDA**. The **Comptroller's Office** may also conduct audits, and it is expected that each subgrantee will monitor the program for 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 partner** 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 Name and 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
 - **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 Selection Criteria

- 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
 - 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

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

9.11 Adoption

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

Chapter 10 – SmartSimple System Requirements and Reporting

10.1 SmartSimple Online Application

The **SmartSimple System** includes an **Online Application module** that can be used by subgrantees and applicants for submitting and processing applications.

Subgrantees are required to enter all **LIHEAP applicant data** into the **SmartSimple Software** system to process applications, whether they are approved, pending, or denied.

10.2 Reporting

Training and reporting requirements in **SmartSimple** will be provided by **THDA** staff.

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>

Tennessee Housing Development Agency
2025 LIHEAP Policy Manual for Regular and Crisis Assistance

- 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 Invoice Email: liheapinvoices@thda.org

LIHEAP General Email: liheap@thda.org

Appendix

- LI-01: LIHEAP Application – updated annually
- LI-02: Verification of Income and Expense Form
- LI-03: Verification of Disability Form
- LI-04: Self Employment Form
- LI-05: Landlord Tenant Energy Assistance Agreement
- LI-06: LIHEAP Vendor Agreement
- LI-07: Assurance 16 Usage and Tracking Spreadsheet
- LI-08: LIHEAP Disbursement Reconciliation Report

- **LI-09:** LIHEAP Closeout Report
- **LI-10:** Administrative Fair Hearing Form
- **LI-11:** LIHEAP Benefit Matrix