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Responding to Winter Utility Needs: Using the Pandemic Emergency Assistance Fund

Unusually high energy costs contribute to a grim winter forecast for low-income families who face impossible choices among essential needs such as food, heat, and medicine.

This brief discusses the potential for the Pandemic Emergency Assistance Fund (PEAF) to support needy families affected by the COVID-19 pandemic and by unusually high heating costs this winter.

Why are energy costs higher than normal?

Several [interrelated factors](#) are responsible for the anticipated high energy costs for the winter of 2021-2022. This includes factors external to the pandemic and others directly tied to pandemic recovery, such as the quicker rebound in the demand for fuel than in the supply. As a result, the U.S. Energy Information Administration expects unusually high heating costs in all regions of the country and for all types of main heating sources.

How has COVID-19 impacted energy security for low-income families?

Energy security – defined as uninterrupted access to reliable, appropriate, and affordable energy sources – is a fundamental element of health and well-being, self-sufficiency, and economic mobility. Families struggling due to hardships caused by COVID-19 are at greater risk for energy insecurity. [Projections show](#) that the 5.5 million families receiving assistance through the Low Income Home Energy Assistance Program (LIHEAP), who generally must have incomes below 150 percent of the federal poverty level, will experience significant increases in energy costs. These increases, modeled with the [LIHEAP Geographic Information System \(GIS\) dashboard](#), are projected to vary, depending on the region of the country and primary heating source.

Last winter, [nearly 1 in 3 families](#) reported foregoing other basic needs to heat their homes. This trend is anticipated to worsen when combined with rising prices for energy and other essentials. Such concern exists around forcing families into untenable choices that the Biden Administration released guidance related to [“preventing families from choosing ‘heat or eat.’”](#)

WHAT IS PEAFF?

The American Rescue Plan Act of 2021 provides critical support to children, families, and communities, including the establishment of the Pandemic Emergency Assistance Fund (PEAF) in section 403(c) of the Social Security Act.

The \$1 billion PEAFF provides funding to states (which includes the District of Columbia), tribes administering a Temporary Assistance for Needy Families (TANF) program, and all five U.S. territories to assist needy families impacted by the Coronavirus Disease 2019 (COVID-19) pandemic. Grantees must use funds to provide certain non-recurrent, short-term (NRST) benefits. Within the parameters established by the legislation, states, tribes, and territories have considerable flexibility regarding how they structure support and to whom they target aid.

How can the Pandemic Emergency Assistance Fund help?

| Grantees may use PEAFF resources to provide relief for energy costs and support a safe, healthy winter.

The \$1 billion PEAFF is available to support states, tribes, and territories as they address the unique challenges presented by the COVID-19 pandemic. PEAFF resources must be used on certain non-recurrent, short-term benefits (NRSTs), which include cash payments and other benefits designed to assist families impacted by the pandemic in dealing with a specific crisis situation or episode of need. The recipients of PEAFF-supported NRSTs must be needy families with children (as defined by the state, tribe, or territory) but they do not necessarily have to be receiving or eligible for Temporary Assistance for Needy Families (TANF) cash assistance. More information on allowable uses of funds and eligible recipients can be found in [previous guidance](#) issued by the Office of Family Assistance.

Since all families will experience increased energy costs from higher heating bills, increased rent, and rising costs of consumer goods, we encourage grantees to consider providing cash payments to support some of the neediest families this winter. Assisting with utility-specific costs is appropriate for PEAFF investment because such payments meet the requirements of NRSTs and because COVID-19 has contributed to increased energy costs.

How can PEAFF be used to help families with energy costs?

Many grantees are using PEAFF to deliver one-time, lump-sum cash payments to eligible households. These payments have provided immediate economic relief to families struggling to meet basic needs, including energy costs. Two approaches for distributing PEAFF-funded cash assistance are:

1. Providing cash payments to families receiving TANF or Supplemental Nutrition Assistance Program benefits, on the basis that everyone on an existing caseload is experiencing the specific crisis situation of the pandemic and its economic consequences. This approach:
 - Targets aid to some of the neediest families and can be delivered quickly to families without placing the burden on families to apply.
 - Eases implementation challenges, since it uses an existing service delivery structure and grantees have already satisfied the Income and Eligibility Verification System (IEVS) requirements for these families.
 - Allows for further targeting, if desired, by providing payments to a subset of the caseload. For example, Tennessee provided cash payments of \$950 to the state's TANF "child-only" households and New Jersey provided payments of \$500 per TANF recipient under age 3 in addition to the one-time payments of \$1,700 to all TANF families.
2. Creating a process for families to apply for PEAFF-supported NRSTs on an individual basis if they can identify an episode of need related to the pandemic. Under PEAFF guidelines, utility payments can qualify. This approach:
 - Allows grantees to provide funds to families who may not already be receiving benefits through TANF. Income eligibility can also be set higher than for the state or tribal TANF program.

For example, the Southern California Tribal Chairmen's Association is using PEAFF to provide assistance for qualifying American Indian families, including one-time emergency cash assistance, emergency housing assistance, emergency food aid, past due utility payments, quarantine assistance, burial assistance, or assistance with other COVID-19-related needs.

- Requires localities to promote the opportunity effectively so that there is uptake and families in need are aware of and receive services.

Even if a grantee already provided one-time cash payments to families with PEAFF funds, it could issue a new payment with remaining PEAFF dollars to address the recent rise in energy costs this winter, because the second payment would be addressing a different specific need. When planning cash payments to address winter utility needs, grantees should consider the appropriate timing and target population for this assistance.

How can grantees strategically use remaining PEAFF allocations along with other federal funds?

The COVID-19 pandemic has inflicted great economic hardship and loss of life. As states, tribes, and territories consider how to respond to the directive to “[use all available tools to help working and middle-class families](#)” stay warm and healthy this winter, it is important to consider both strategic investment of PEAFF and thoughtful coordination with other programs including LIHEAP, the Emergency Rental Assistance (ERA) program, the State and Local Fiscal Recovery Fund, the augmented Weatherization Assistance Program, and the Homeowner’s Assistance Fund. More information about LIHEAP and ERA coordination can be found [in recent guidance](#) from the Office of Community Services. Grantees should direct any further questions on PEAFF implementation to their Office of Family Assistance Regional Program Manager.