The Office of Community Services (OCS) is seeking emergency clearance for the Low Income Home Energy Assistance Program (LIHEAP) Quarterly Performance and Management Reports in accordance with [44 U.S.C. 3507](https://api.fdsys.gov/link?collection=uscode&title=44&year=mostrecent&section=3507&type=usc&link-type=html)(subsection j). Below please find the justification as it pertains to each criterion in subjection j:

**(i) public harm is reasonably likely to result if normal clearance procedures are followed**

* As noted in our supporting statement, OCS believes quarterly reports are necessary to ensure that American Rescue Plan funds are not returned to the U.S. Treasury and reach households before the obligation deadline of September 30, 2022. Given the significant increases in energy prices, it is critical that all available LIHEAP funds reach households and that grant recipients do not return unobligated funds as they did with Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law 116-136) funding. In the summer of 2021, OCS noticed that grant recipients were both slowly obligating and drawing down CARES Act funds. The initial unobligated balances among States, Tribes, and Territories were $241,685,025, $5,424,862, and $4,020,237, respectively. OCS responded with an intensive technical assistance and training (T/TA) strategy to help grant recipients reduce the amount of unobligated LIHEAP CARES Act funds at risk of being returned to the Treasury. In order to support all of LIHEAP’s grant recipients, OCS had to institute an “all hands on deck” T/TA strategy and pull in additional contract resources to support the efforts. As a result of these efforts, the total unobligated balance was reduced to $8,832,566 based on grantee reporting (this represents less than 1.00% of the CARES ACT funds). While the intensive T/TA strategy was able to significantly reduce the amount of unobligated CARES Act funds returned to the Treasury, some funding remained unobligated and therefore did not reach low-income households that could have benefited from additional assistance. Given that the American Rescue Plan Act (ARP) of 2021 (Public Law 117-2) appropriation is significantly larger than the CARES appropriation, consistent and proactive spenddown monitoring is critical to ensuring unobligated funds are minimized to the greatest extent possible. However, grant recipients are not required to report on their obligations until the summer. In a normal year, this would be fine, but with the additional funding provided by ARP and the fact that OCS’s staffing resources to support this effort are a fraction of what they were last year (some staff have transitioned, and others are working on other pandemic-related efforts), not having the obligation data until later in the summer will severally impede OCS’ ability to support grant recipients in getting all of their funds obligated and/or spent. While OCS currently does not have the ability to monitor obligation—which is needed to identify states at risk of returning funds before the obligation deadline—we have access to the Payment Management System (PMS) which shows how much funding each grant recipient has drawn down. Currently, 73.55% of ARP LIHEAP funds have not been drawn down, and 88 grant recipients, including 9 states, have currently not drawn down any of their ARP LIHEAP funds. While this does not mean that grant recipients have not obligated a portion of their ARP funds, it is quite alarming to see such a low draw down rate in PMS during the second quarter of the fiscal year. In order to ensure funding is truly reaching those who are in need, OCS needs the ability to be able to track obligations and policy changes (which is another portion of the quarterly reports that will be used to provide T/TA to grant recipients and ensure they are maximizing the flexibilities available to them as they support families in the winter, spring, and summer).
* Historically, LIHEAP has reached ~17% of the eligible population. Given the historic levels of resources, OCS has an opportunity to reach more households than ever before. However, grant recipients need support and T/TA in order to be able to obligate all the resources available to them, and OCS needs more information on what is happening in the field in order to provide targeted, timely, and effective T/TA.
* With the opportunity to reach more eligible households this year, plus the significant increase in home energy costs, returning funds to the Treasury during an ongoing pandemic that could otherwise help households struggling to meet their basic needs including home energy needs constitutes public harm. Instituting quarterly reports now would help us mitigate this harm

**(ii) an unanticipated event has occurred**

* While winter is an anticipated event, the significant price increases across all fuel types this winter is an unanticipated event. [Analysis](https://www.eia.gov/outlooks/steo/report/WinterFuels.php) from the U.S. Energy Information Administration (EIA) indicates that energy costs are projected to increase significantly this winter. Specifically, EIA estimates that nearly half of all U.S. households that primarily rely on natural gas to heat their homes, will spend approximately 30% more for heating this winter than they spent last year, on average. Price increases will be most significant for those who heat with heating oil and propane, those households are estimated to experience a 37% and 39% increase in fuel bills relative to last winter, respectively. Therefore, it is imperative that available LIHEAP funds are fully utilized to meet households’ growing energy needs. Quarterly data reports will help OCS track the reach of LIHEAP to ensure that available resources are being used most effectively in response to projected increased energy burdens during the ongoing public health emergency. Additionally, grant recipients submit their Model Plans on September 1st of each fiscal year. Given that the winter heating increase projections became available after the Model Plan submission, OCS needs the Quarterly Reports to understand all the programmatic changes grant recipients made in light of the significant price increases (e.g., increasing benefit amounts).
* In response to the unanticipated increase in energy prices, OCS has worked diligently with the Executive Office of the President and the U.S. Treasury on a strategy to ensure all available ARP utility assistance funds are leveraged and coordinated this winter to maximize support to households with unmet energy needs. In addition to issuing [joint guidance](https://www.acf.hhs.gov/ocs/policy-guidance/liheap-im-2022-01-liheap-coordination-era-during-winter-fy22), hosting a series of T/TA office hours and webinars, OCS released a new interactive [Geographic Information System (GIS) tool](https://hhs-acf.maps.arcgis.com/apps/dashboards/85516b3abae446b3b104d06e025acd0b) that was created to show how projected fuel price increases this winter are estimated to affect LIHEAP households in different regions. This tool was designed as one part of our strategy to help OCS tailor ongoing T/TA efforts to best support grant recipients and vulnerable households this winter. OCS also created one-pagers that were sent to state grant recipients detailing the amount states would have to increase their LIHEAP benefit amount by in order to reduce a household’s energy burden by the same amount that it did last year given price increases. These tools are part of our T/TA strategy this winter, and the quarterly report data collection is the next key element as it will allow OCS to monitor grant recipients, track what changes have been made in response to energy increases, and tailor training and technical assistance to those areas where vulnerable households may have unmet energy needs this winter and summer. All of these T/TA resources became available after grant recipients submitted their Model Plans, therefore the Quarterly Reports will help OCS understand how grant recipients are responding to and implementing the new guidance.
* The recent surge in COVID-19 cases across the country due to the Omicron variant was also an unanticipated event. Surges in COVID-19 cases impact our grant recipients’ ability to administer these programs and conduct application intake due to reductions in staffing capacity. These challenges are particularly acute for tribal grantees. Tribes experienced significant challenges obligating CARES Act funding due to the slow reopening of their governments and limited staff. Tribal grant recipients often lack many of the resources needed to transition to a virtual intake process during times of significant transmission/quarantine, including lack of laptops for intake staff, lack of high-speed Internet, and lack of the customers’ access to such resources to submit an application virtually. Given this, and the continued impact of the Omicron variant, it is vital that OCS has a way to consistently and proactively collect critical information from grant recipients. This information is key for best supporting the utility assistance needs of low-income families.

**(iii) the use of normal clearance procedures is reasonably likely to prevent or disrupt the collection of information or is reasonably likely to cause a statutory or court ordered deadline to be missed.**

* The normal clearance process would not allow OCS to collect Q1 & Q2 data and give the grantees enough time to submit by April 29, 2022.