



Written by [Michael Tennant](#) on July 11, 2010

The LIHEAP of Free Money

Through the Low-Income Home Energy Assistance Program (LIHEAP), the federal government provides grants — currently about \$5 billion of taxpayers' money a year — to states to assist low-income households with their heating and cooling costs.

The U.S. General Accounting Office (GAO) recently completed a study ([PDF](#)) of LIHEAP fraud and abuse in seven states for fiscal year 2009 and found that “about 9 percent of households receiving benefits — totaling \$116 million — in the selected states contained invalid identity information, such as Social Security numbers, names, or dates of birth.” Though GAO conceded that some of these instances may be simple errors, they concluded that “thousands of other cases show strong indications of fraud and improper benefits.”



Among the obvious cases of fraud were “over 11,000 deceased individuals ... used as applicants or household members for LIHEAP benefits,” hundreds of incarcerated persons used in the same way, and “over a thousand federal employees whose federal salary exceeded the maximum income threshold when they applied.”

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In Ohio, for example, an obviously doctored Social Security Administration letter was used to obtain \$400 in LIHEAP benefits in the name of a dead person.

Illinois provided \$540 in benefits to a woman who listed her mother and brother, both deceased, as members of her household, thus raising the income threshold at which her household could receive benefits.

The identities of people in nursing homes and long-term care facilities were used to collect benefits for ineligible persons in New Jersey, Maryland, and Virginia.

Some states provided duplicate benefits to the same person and/or address.

Most interestingly, about 1,100 federal employees were found to have received benefits for which they were ineligible because of their salaries. The applicants merely stated that their incomes were lower than they really were, and their applications sailed through. One New Jersey woman, for example, claimed that a pay stub representing two weeks' worth of wages actually covered an entire month — fraud so blatant that even a state bureaucrat should have been able to spot it.

Even worse, though, was a postal worker in Illinois who claimed she had zero income when, in fact, her salary was \$80,000 a year. From the report: “The employee admitted to our investigators that she was not entitled to benefits. She stated that ‘Times are tough and I needed the money.’ She saw ‘long lines’



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of applicants and wanted the ‘free money.’”

That, of course, is the problem with the entire program: Some people, merely by dint of earning less money (or claiming to earn less money) than others, get “free money” by taking it by force from those who earn more money. In the world most of us inhabit, such a practice is known as theft; in the world of government, it is known as “paying one’s fair share.”

GAO recommends putting additional fraud-prevention measures in place, including requiring applicants to supply their Social Security numbers and performing simple verification of information supplied by applicants — measures that no private business would have to be told to implement but which seem foreign to government agencies, primarily because those agencies are spending other people’s money.

There has been, and always will be, vast fraud and abuse in government wealth-transfer programs because those programs are designed to encourage as many people as possible to loot their neighbors. Government agencies have little incentive to scrutinize benefits applications because hardly anyone is ever held to account for providing benefits to ineligible persons and because most agencies believe that they have to spend all the money they’ve been budgeted in one year in order to get an increase in their budget for the following year.

Is trying to prevent fraud in LIHEAP a good idea? Yes. But a better idea is to terminate this unconstitutional program of legalized theft, along with all other such programs, and let private organizations help those truly in need. Voluntary provision of charity is infinitely more compassionate toward both the donor and the recipient than government wealth redistribution, which is built on the lie heap of “free money.”



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