
EXECUTIVE SUMMARY:
Energy and
Weatherization
Assistance Programs
SFY 2010 Evaluation

Prepared for the State of Nevada by

H Gil Peach & Associates

and

Smith&Lehmann
CONSULTING

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EXECUTIVE SUMMARY

The Weatherization Assistance Program (WAP) and Energy Assistance Program (EAP) are funded jointly by Nevada’s Universal Energy Charge (UEC) to address a crucial problem common to low-income households: the inability to pay for the energy necessary to meet basic needs. In the northern Nevada winter or the southern Nevada summer, secure heating and cooling can be a matter of life and death. EAP helps qualified applicants pay their utility bills, while WAP weatherizes homes of low-income clients to help lower those bills. As shown in Figure 1, these programs work independently, but sometimes together to maintain energy utilities for all Nevada residents within the UEC service territory. WAP has the additional desired impact of reducing energy consumption. EAP is administered by Nevada’s Department of Welfare and Supportive Services (DWSS) and WAP is administered by the Nevada Housing Division (NHD).

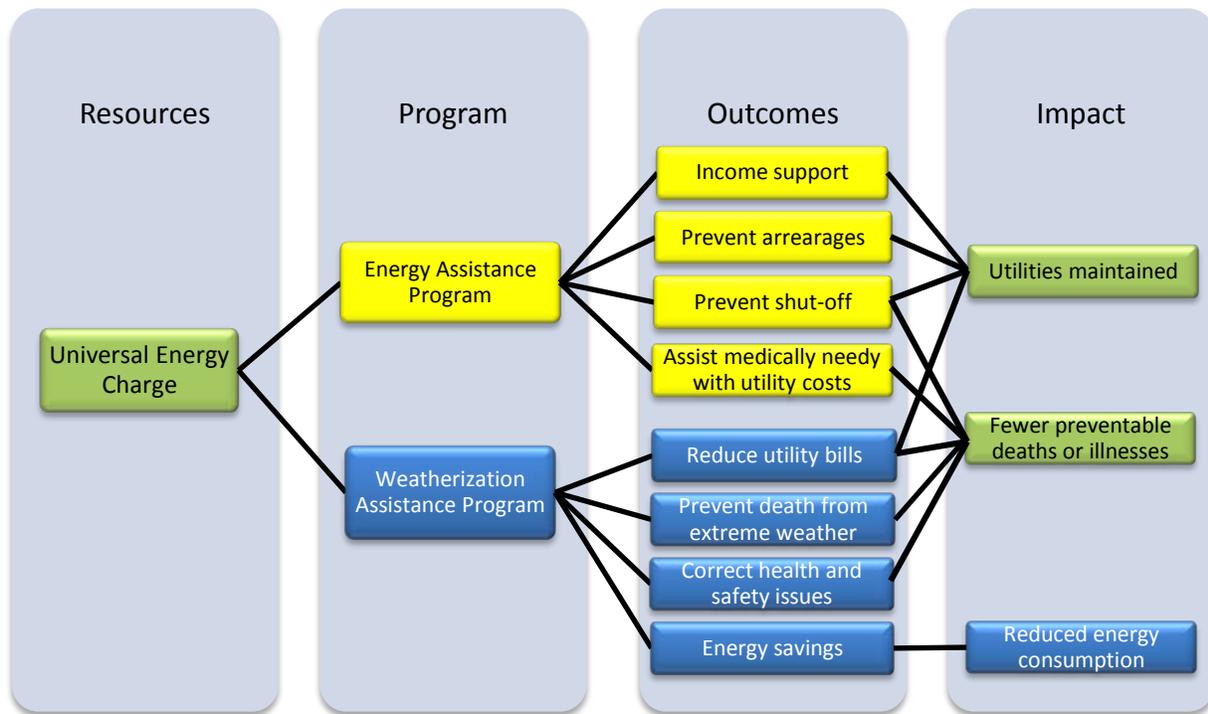


Figure 1. Coordinated impact of WAP and EAP on Nevada households.

EVALUATING THE ENERGY ASSISTANCE PROGRAM

EAP operations experienced a high level of change during SFY 2010 as management developed strategies to increase productivity in the face of increasing demand for services and decreasing state resources. Application processing was successfully modified to be responsive to staff turnover challenges in the Las Vegas office. EAP has made enormous efforts to maintain improvements in application processing that were established during SFY 2009.

As a result of these changes, application processing time was maintained at the goal level of less than 60 days during every month in 2010 (Figure 2), despite dramatic increases in EAP applications. The most viable option to further increase application processing efficiency is automated processing¹. However, there is no budget currently available for automation development.

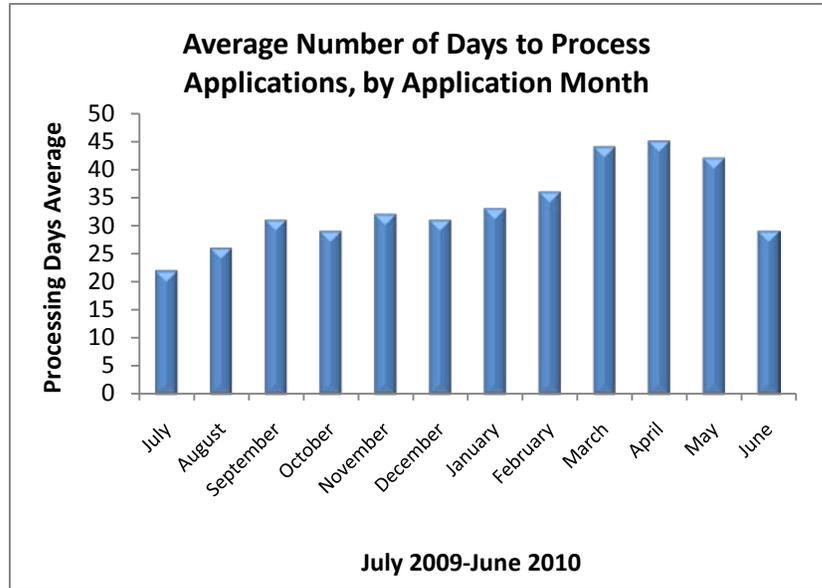


Figure 2. Average number of days EAP took to process applications by month of application.

Meeting Needs: EAP Progress

As shown in the demographic data table below, EAP provided support to 27,984 households in SFY 2010. This represents a 35% increase in EAP recipients above the levels in SFY 2009. To maximize funding available to assist needy Nevada households, EAP coordinates funds between the UEC Fund for Energy Assistance and Conservation, LIHEAP, community assistance grants, Project REACH (Relief through Energy Assistance to Prevent Customer Hardships), and utility programs. Nevada EAP’s leveraging activities have resulted in an additional LIHEAP Leveraging Incentive Grant of \$678,751 from the federal Department of Health and Human Services for 2010.

Demographic Data for EAP Households					
	Households with children under 6	Households with disabled member	Households with elderly member	Households with no vulnerable members	All Households
Number of Households	7,693	11,000	9,339	5,991	27,976
Average Benefit	\$1,187	\$892	\$763	\$1,060	\$964
Total Awarded	\$9,113,965	\$9,814,676	\$7,127,946	\$6,351,520	\$26,976,576

Table 1. Demographic data for EAP households. Note that subcategory numbers do not add to totals since the subcategories are not mutually exclusive, i.e. some of the households may include both elderly and disabled, or other combinations.

¹ Moreover, automation would permit EAP to implement several additional fraud prevention procedures recommended generally to state LIHEAP programs by the General Accounting Office (GAO). See: Low-Income Home Energy Assistance Program: Greater Fraud Prevention Controls are Needed. United States Government Accountability Office Report to Congressional Requesters: June 2010. Note that Nevada EAP implements fraud prevention and was not among the state programs cited in the GAO report.

EAP Plans to Address Increasing Need

In its earliest form, the program was set to provide a payment assistance benefit to keep the household percentage of income to pay for energy at the level of the median percentage of household income paid for energy in Nevada. In more recent years, the benefit has been “capped” to provide assistance to more households (with a smaller amount of payment assistance per household). During SFY 2010, the benefit cap (which had been lowered) was increased. However, as national economic problems have continued, increasing levels of need for payment assistance make the higher benefit level unsustainable. In the face of dramatic increases in applications coupled with shrinking UEC collections as utility customers cut back energy use and with highly unstable federal LIHEAP funds, DWSS is faced with a funding shortfall. EAP does not know whether the LIHEA grant for SFY 2011 will be sufficient to serve eligible clients at the current level. Options under consideration include changing eligibility criteria so that fewer households would be eligible, eliminating or restricting the arrearage component of the program, reducing the benefit level and other policy changes. Each option has substantial disadvantages, whether it be reducing the number of households who receive assistance and leaving others at risk for disconnection, or reducing the benefit amount to serve more households with the consequence that some households will not be able to maintain utilities even with energy assistance. **In the absence of more funding for energy assistance, there are no simple solutions to ensure that all Nevada households will be able to maintain utility service in the current economy.**

The evaluation team finds the Division of Welfare and Supportive Services’ Energy Assistance Program fully compliant with the provisions of NRS 704.

EVALUATING THE WEATHERIZATION ASSISTANCE PROGRAM

WAP performed very well in SFY 2010 (Figure 3), exceeding production goals by 47%. The greatest energy savings were evident from weatherization of mobile homes and single family homes.

These achievements were attained during a year of major changes in requirements owing to Nevada SB152 and American Recovery and Reinvestment (ARRA) requirements. NHD hired staff to manage the complex Davis-Bacon wage reporting requirements associated with ARRA funds, but found that ARRA wage determinations and SB152 training waivers held up progress from August through November 2009. Furthermore,

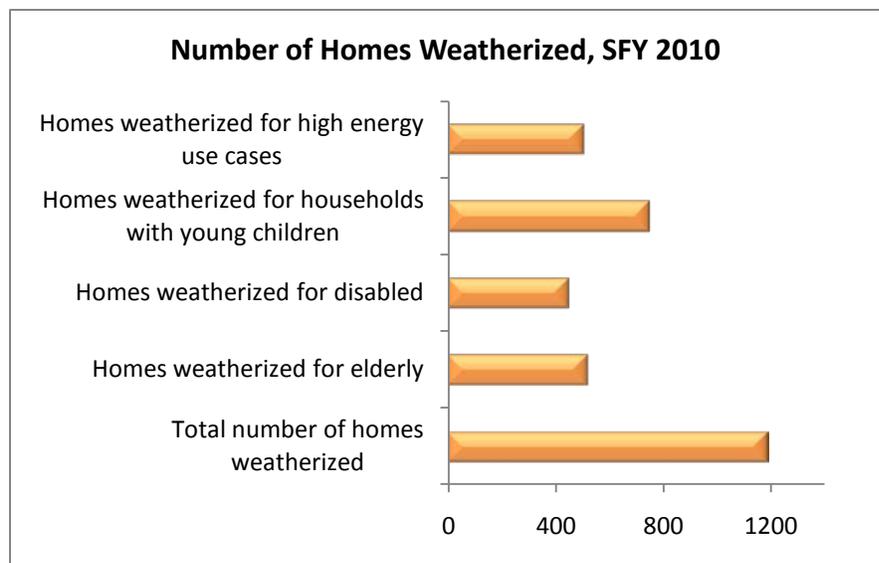


Figure 3. Number of homes weatherized by WAP, by vulnerable status, SFY 2010. Categories not mutually exclusive: a household could include both disabled and elderly.

WAP subgrantees were very dissatisfied with the impact of SB152 on the quality of weatherization training which, although tied to requirements for ARRA WAP, impacted contractors also working on the FEAC funded program. Nevada Housing Division (NHD) subgrantees reported that NHD's training was of much higher quality than the Nevada Department of Employment Training and Rehabilitation (DETR) sponsored trainings, and expressed concerns that the DETR sponsored trainings *were not following* the weatherization program field manual, and that trainers were not sufficiently knowledgeable about the materials and procedures used for weatherization in Nevada.

The evaluation finds the Housing Division's Weatherization Assistance Program fully compliant with the provisions of NRS 704.

SUMMARY AND RECOMMENDATIONS

The best programs, like Nevada's, are well crafted to help a household with low but stable income—for example, a household with two senior citizens both on a moderate Social Security income. The advantages of the Nevada payment assistance program (in years when a lower benefit cap is not applied) are that it is both inherently fair since assistance is set at the median household energy burden and it is self-indexing, since the median household energy burden is calculated each year. Nevada is the first state to introduce this program design.

No state has developed a payment assistance program responsive to the ongoing economic crisis. The payment assistance programs in the United States were not designed for a severely depressed economy with the prospect of a multi-year "jobless recovery".

Energy Assistance Program

DWSS was very successful in managing an increase in applications while still keeping application processing times within program limits. During SFY 2010, EAP made gains in caseworker efficiency by re-engineering application processing. The implementation of the project management program, Crystal Reports was also highly successful, decreasing EAP reliance on an IT system that is currently almost entirely allocated to a department-wide automation project. Several opportunities for increasing the efficiency of application processing were identified in the evaluation, as well as some areas where EAP policies could be made more responsive to current economic conditions.

Key Recommendations:

- (1) Modify application processing procedures to increase responsiveness to growing numbers of newly unemployed and those in medical crisis who are inexperienced in applying for assistance
- (2) Until the Nevada unemployment rate is reduced to pre-recession levels, change benefit calculation procedures to annualize only current income and unemployment benefits when computing the benefit amount, instead of basing the benefit calculation on wages from a job that has been lost.
- (3) Review verification and budgeting procedures for categorically eligible clients to reduce unnecessary Requests For Information

- (4) Investigate additional methods to reduce overall Requests For Information. Obtaining funding to develop and implement automated application processing may be the most expedient way to accomplish this
- (5) Improve the utility interface to obtain usage data (this recommendation is already in process)
- (6) Improve the interface between DWSS and DETR to obtain unemployment data
- (7) Develop interface with other state agencies to verify income and prevent fraud as recommended in the 2010 GAO report. (This recommendation will require budget allocation and data sharing agreements with other state agencies)
- (8) Keep intake site per application payment at \$10/application (this recommendation has been adopted by DWSS)
- (9) In the event that the federal Social Security Administration permits greater ease of data-sharing between agencies, work with WAP to develop process to share Social Security Numbers with WAP subgrantees.
- (10) Provide notice and contact information for the WAP program in each EAP award letter.
- (11) DWSS or the Advisory Group should propose a presentation to the Advisory Group and DWSS by utility collection managers that includes a detailed step-by-step discussion of the collections/termination process at each utility, how UEC payment assistance fits into that process, and where there are issues to discuss and resolve.

Weatherization Assistance Program

In addition to the weatherization program funded by the Universal Energy Charge, the Nevada Housing Division managed a large influx of temporary federal weatherization funding very well in the face of substantial changes to state and federal program requirements, receiving notice from the federal government for program success. WAP's primary difficulties stemmed from being understaffed, but plans are in place to fill open positions.

Key Recommendations:

- (12) Fill open positions at NHD (this recommendation is already in progress by NHD).
- (13) In the event that the Social Security Administration permits greater ease of data-sharing between agencies, work with EAP to facilitate process of sharing full EAP application data with WAP subgrantees.
- (14) Work with state and community partners to improve weatherization training for weatherization contractors.
- (15) Improve communication with/between subgrantees regarding proposed program changes and other administrative issues.
- (16) Pursue the possibility of coordinating contract monitoring inspections with subgrantee inspections.