EXECUTIVE SUMMARY: Energy and Weatherization Assistance Programs SFY 2011 Evaluation

Prepared for the State of Nevada by

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and

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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 application processing operations experienced dramatic increases in productivity during SFY 2011 as management instituted new business processes. An influx of applicants in the face of Nevada's continued poor economy resulted in gradually increasing application times at the end of SFY 2010. These increased application times continued into SFY 2011, as seen in Figure 2. In response to these increases, EAP implemented new application processing procedures, which resulted in dramatic decreases in application processing time. Implementation of the new processes in February of 2011 enabled EAP to markedly reduce application processing time and eliminate the backlog of cases. Most
cases are now processed in well under 30 days, with many cases being processed within 12 business days. This improvement represents a great achievement of EAP management and staff under difficult conditions.

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 33,050 households in SFY 2011. This represents a 10.8% increase from SFY 2010 and a 37.3% 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.

<table>
<thead>
<tr>
<th>Demographic Data for EAP Households</th>
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<tbody>
<tr>
<td>Households with children under 6</td>
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<tr>
<td>Households with disabled member</td>
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<tr>
<td>Households with elderly member</td>
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<tr>
<td>Other Households</td>
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<tr>
<td>All Households</td>
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<table>
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<tr>
<th>Average Benefit</th>
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<tr>
<td>$1,103.07</td>
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<td>$796.42</td>
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<tr>
<td>$673.13</td>
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<td>$872.22</td>
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<td>$893.52</td>
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<table>
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<th>Total Awarded</th>
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<tr>
<td>$9,357,336.72</td>
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<tr>
<td>$9,382,624.44</td>
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<tr>
<td>$6,839,664.03</td>
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<td>$6,482,341.58</td>
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<td>$29,604,930.75</td>
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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.
EAP Plans to Address Severe Federal Funding Reduction

Early in 2011, DWSS became aware of a potential 75% reduction in federal LIHEAP dollars for Nevada EAP. DWSS began soliciting advice/recommendations from the EAP Advisory Board members on how best to serve low-income Nevadans with such a drastic reduction in funds. For SFY 2012, several programmatic changes have been instituted to ensure that limited funds be directed to the poorest of the poor:

- Income eligibility was reduced from 150% to 110% of FPL for SFY 2012.
- Arrearage assistance component has been suspended for SFY 2012.
- The benefit caps will be set to target an average payment of $505 per household, a benefit reduction of 42% from SFY 2011.

_EAP program changes cannot compensate for reduced funding: Nevada's energy assistance needs will not be met in SFY 2012_

Even with these changes, EAP anticipates the possibility of having to turn down eligible applicants due to depleted funds. Nevada's program design, with the amount of support figured to make the customer cost of the median Nevada household energy burden, cannot be followed this year due to the shortage of federal funding. Already at the end of SFY 2011, EAP funds were exhausted, and eligible cases prior to the end of SFY 2011 waited for the next UEC deposit in the first quarter of SFY 2012 to receive an award notice and benefit. EAP anticipates that this cycle will continue throughout SFY 2012, with available funds being distributed before all eligible applicants are served. **Unless the Nevada State Legislature or the federal government acts to increase state funding for energy assistance, EAP will be unable to meet the needs of low-income Nevadans. Under this current funding scenario, utility terminations in needy households are expected to increase in SFY 2012.**

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

During SFY 2011, 700 homes were weatherized. Most of the households had vulnerable populations: elderly (42.9%), disabled (37.1%), high-energy users (37.3%), and young children (24.5%). Weatherization measures installed in SFY 2011 yielded greater average energy savings compared with SFY 2010.

Figure 3 illustrates the average kWh savings resulting from weatherization. Measures installed in single-family homes with electric heat saved more kWh than in other homes. Measures in multifamily homes with electric heat resulted in unusually high savings compared with prior years. Measures to reduce gas or fuel consumption had a high impact in both mobile and single-family homes, as seen in Figure 4. This also represents greater average savings from weatherization in SFY 2011 compared with SFY 2010. This may be due to a much higher rate of furnace repair in 2011 versus 2010. WAP will save utilities and
clients an estimated total of 147,099 therms and 3,295,913 kilowatt hours (kWh) per year over the life of these improvements.

After the turmoil in SFY 2010 owing to new ARRA regulations and SB 152, subgrantees were unified in their belief that SFY 2011 went much more smoothly. The biggest challenge seen by subgrantees is the reduction in funding anticipated in SFY 2012.
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”.

As this evaluation is finished, Sentier Research has released a study showing that that median household income in the United State has fallen more since June 2009 than it fell during the recession (from December 2007 to June 2009). The combined total is 9.8% -- *a nearly 10% decrease in U.S. median income* with a drop of 3.2% during the official recession and a drop of 6.7% since June 2009 (the recovery).

The Division of Welfare and Supportive Services has struggled to find ways to stretch inadequate total funding to meet radically increased need by lowering eligibility and by instituting special caps to payment assistance since federal assistance funding (LIHEAP) has been sharply decreased. While state funding through the Universal Energy Charge (UEC) has been reliable in comparison with federal support, need for payment assistance is growing tremendously in relation to all resources.

❖ As documented in this report, the Division of Welfare and Supportive Services has accomplished significant improvement in case processing times.

❖ At the same time, the Nevada Housing Division is applying the last of the (ARRA) weatherization stimulus funds as well as UEC weatherization funding to assist in weatherizing low-income homes. But, here too, need has substantially increased.

In summary, this year both the Division of Welfare and Supportive Services and the Nevada Housing Division have diligently delivered mandated services as efficiently and as effectively as possible in this time of increasing public need.

This year the critical problem is sharply diminishing resources in the context of radically increasing need. There was a serious effort in the Nevada Legislature to increase Universal Energy Charge funding in 2011. However, though unopposed it did not reach a final vote.

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1 Green, Gordon & John Coder, Household Income Trends During the Recession and the Economic Recovery. Sentier Research (www.sentierresearch.com), September 2011. Sentier is a private analytic firm lead by two former federal statistical officials.
While the Division of Welfare and Social Services and the Nevada Housing Division will continue to work to increase efficiency, the constraint on state funding is a problem outside the authority or technical scope of state agencies. The problem of increased state funding and the wider problem of the failure of the federal government to meet its responsibilities for the common welfare can be worked with by concerned parties through the political process but cannot be addressed within the scope of the programs. The obvious other avenue of approach is in the development of low-income rates. This pathway toward a solution that can serve the extent of the need is within the scope of the utilities and subject to the regulatory authority of the Public Utilities Commission of Nevada (PUCN).

**Recommendations**

Accordingly five actions are recommended; the first two are to increase awareness:

1. 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, to explain what other help to customers is available, and outstanding issues that need resolution. This will help increase awareness of how payment assistance plays into procedures on utility collections and termination of service. This awareness is important as the programs are continually optimized within the current economic emergency. For example, if assistance to a household is too low, it will not prevent termination of service.

2. DWSS, Nevada Housing Division, and the Advisory Group should request a presentation of the Tetra Tech study to gain awareness of the new low-income situation in Nevada.

3. Nevada Housing Division should continue to work with the Low-Income Subcommittee of the DSM Collaborative and the utilities to maintain current coordinated funding (from Southwest Gas) and to explore opportunities for coordinated funding from Nevada Energy.

4. DWSS or the Advisory Group should ask the PUCN and the utilities to propose low-income rate designs so that reduced federal funding can be compensated for and more of the households in need can be served.

5. As funding is restored, the eligibility level for households should be raised to the levels indicated by the Ford Foundation/Wider Opportunities for Women family budget methodology.\(^2\) It is important that we not lose sight of where we need to be due to the severe needs of the economic emergency. Households are in need of payment assistance and weatherization at 250% and 350% of the Federal Poverty Level, not simply at 110% or 150%.

\(^2\) This method has been presented in several prior Nevada UEC evaluations. For a comparison of the results of the Ford Foundation/Wider Opportunities for Women family budget methodology to the federal poverty method, please see the Appendix of the full evaluation report, in particular, Table E.