

EXECUTIVE SUMMARY

SFY 2022 EVALUATION

Energy and Weatherization Assistance Programs

February 1, 2023

Vision Statement

To be a world leader in Developing truthful measurement and useful results; to support development of efficient, ethical, and effective practices, sustained economically; to advance human development. To improve the quality of life during the era of rapid climate change.

Goals Statement

- To build inclusion, diversity, and social justice in pursuit of technical excellence.
- Excellence in the integration of knowledge, method, and practice.
- Improvement and learning at all levels.
- Contextually sound measurement, analysis, and reporting.
- Anticipate and meet the needs of our clients.
- Awareness of human relevance and of the ethical core of research.
- To go further, to find better ways.

Mission Statement

With extensive experience in North America, we can provide the full range of evaluation, verification, policy, management, planning, regulatory and adaptation services – wherever and whenever there is a need. Let's improve the quality of life during the era of climate change.

H. Gil Peach & Associates, LLC

www.peachandassociates.net

16232 NW Oak Hills Drive Beaverton, Oregon 97006-5242, USA

Telephone: (503) 645-0716

EIN: 11-3783390

Fax: (503) 946-3064

E-mail: hgp@adapt.global

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Nevada's Home Energy Assistance Program (EAP) and Weatherization Assistance Program (WAP) are both funded by the state's Universal Energy Charge (UEC), which was established by the 2001 State Legislature and became effective during State Fiscal Year (SFY) 2002. The first full program year was SFY 2003. EAP provides payment assistance to help with home energy bills and WAP implements home weatherization to lower future energy bills and to increase household health and safety.¹

For both DWSS and NHD, SFY 2022, like SFY 2021 was a difficult year due to the continuing effects of the Covid pandemic. Both, however, performed well.

ENERGY ASSISTANCE PROGRAM (EAP)

The evaluation of the Energy Assistance Program had two parts. The first part was to determine the degree to which DWSS complied with the statutory requirements of the legislation establishing the EAP payment assistance program (NRS 702) while planning and implementing the program. The second was to evaluate the impact, or efficacy, of the EAP as implemented.

EAP Compliance with NRS 702

The evaluation found that the EAP was implemented in compliance with NRS 702.

DWSS developed eligibility tables based on household income and household size to accommodate the balance between available fiscal year funding and number of qualified applicant households (combining state UEC and federal LIHEA funds). DWSS, in accord with NRS 702, had first instituted benefit caps in 2009 during the Great Recession² to meet Nevada's need for low-income energy assistance. While the use of caps reduces the amount of assistance available to each household, it

¹ The legislation establishing these programs requires an annual evaluation of program efficacy and compliance with legislative requirements. Nevada's Division of Welfare and Supportive Service (DWSS) and the Nevada Housing Division (NHD) selected H. Gil Peach & Associates to conduct the evaluation for the 2022 fiscal year.

² The National Bureau of Economic Research defines the Great Recession (caused by the subprime housing or "derivatives" bubble) as running from December 2007 through June 2009. The lived experience of the Great Recession began before the official start date and lasted beyond the official end date.

enables the EAP program to serve a greater number of households. This was crucial during the economic conditions of the Great Recession when revenues declined as the need for services increased. Since then, although the economy has been improving until the Covid years (beginning March 2020), the caps have been used to continue to adjust services to yearly budgets. The benefit caps enable EAP to serve as many needy households as possible.

The evaluation steps through compliance assessment for DWSS and for DWSS contributions to joint compliance with NHD. For each compliance step, for SY 2022, DWSS is in compliance with NRS 702.

EAP Program Effectiveness

Through EAP, DWSS provided 18,923 households assistance with their heating and cooling costs during SFY 2022.³ For SFY 2022, the program target was set to match a calculation that showed for 2021 that a median family of four in Nevada spent 1.96% of their income on energy. This percentage is called the Nevada median household energy burden. Benefits include direct payment assistance of the amount of the household energy bill above the median energy burden, plus for certain qualifying households, payment of accrued arrearage.

Since SFY 2012, in accord with flexibility established in NRS 702, DWSS has increased the benefit cap for households below 75% FPL to reduce their energy burden to more equitable levels.

For participant household, energy burden⁴ was successfully reduced (Table 1). The results shown in Table 1 demonstrate the effectiveness of EAP in meeting the energy burden program objective.⁵ This is an effective program.

³ Of 29,790 applications processed, 10,866 (36.5%) were found to be ineligible and 18,923 (63.5%) were found to be eligible for EAP.

⁴ Energy burden is the percentage of household income spent on energy for the home.

⁵ The additional support shown in Table 1 is temporary additional federal funding associated with the Covid emergency.

Table 1. Energy Burden Prior to and After EAP, by Poverty Group.

| Percentage of Income that EAP Participants are expected to spend on Household Energy, by Poverty Group for SFY 2022 | | | |
|---|---------------------------------------|-------------|-----------------------------|
| Poverty Group | Energy Burden (Percent of FAC Income) | | |
| | Col. 1 | Col. 2 | Col. 3 |
| | Without EAP (No Program) | EAP Program | EAP plus Additional Support |
| 0-75% | 32.65% | 2.87% | 0.00% |
| 76-100% | 9.02% | 2.26% | 0.00% |
| 101-125% | 7.15% | 2.30% | 0.00% |
| 126-150% | 6.08% | 2.24% | 0.05% |
| Over 150% | Not Calculated | | |
| Statewide Median for 2022 | | | 1.96% |

WEATHERIZATION ASSISTANCE PROGRAM (WAP)

Contracting with subgrantees, the WAP weatherizes homes to provide long-term reduction in energy costs and to improve health and safety. In SFY 2022, 208 homes received this assistance in Nevada.

WAP Compliance with NRS 702

The evaluation found that WAP was implemented in a manner consistent with NRS 702.

During SFY 2022, the Nevada Housing Division (NHD) provided eligible households with services of basic home energy efficiency which assisted households in reducing energy consumption over time. In several cases, this work has enabled household to stay in their homes, for example through replacement of heating systems and cooling systems.

WAP Program Effectiveness

In SFY 2022, NHD Subgrantees weatherized 208 homes (Table 2). This is an effective program for homes weatherized, with energy savings stretching many years into the future. Weatherization by type of home and heating fuel is shown in Table 3. Service to special needs and high energy use households is shown in Table 2. This is an effective program.

Table 2: Work Completed by each WAP Subgrantee Agency, SFY 2022.

| Fund for Energy Assistance and Conservation Work Completed by each Subgrantee Agency (SFY 2022) | | |
|--|------------------------|----------------------------|
| Agency | Number of Homes | Percentage of Homes |
| HELP of Southern Nevada (Las Vegas) | 84 | 40.4% |
| Community Service Agency Development Corporation (Reno) | 62 | 29.8% |
| Nevada Rural Housing Authority (Las Vegas) | 38 | 18.3% |
| Nevada Rural Housing Authority (Carson City) | 21 | 10.1% |
| Rural Nevada Development Corporation (Ely) | 3 | 1.4% |
| Total | 208 | 100.0% |

Table 3: Housing Type & Primary Source of Heating, SFY 2022.

| Fund for Energy Assistance and Conservation Dwelling Type and Heating Fuel (SFY 2022) | | | | | |
|--|---------------------|--------------------|-------------|---------------------|--------------|
| House Type | Heating Fuel | | | | Total |
| | Electric | Natural Gas | Wood | Not Reported | |
| 2-4 Family | 8 | 5 | 0 | 1 | 14 |
| 5+ Family | 13 | 42 | 0 | 0 | 55 |
| Mobile Home | 7 | 33 | 3 | 10 | 51 |
| Single Family | 22 | 56 | 3 | 10 | 88 |
| Total | 50 | 136 | 6 | 21 | 208 |

Table 4: Work Completed for Special Needs Households, SFY 2022.

| Fund for Energy Assistance & Conservation: Special Needs, High Energy Use, and High Energy Burden Households - SFY 2022 | | |
|--|----------------------------|----------|
| Type | Number of Homes | % |
| Elderly over sixty | 114 | 54.8% |
| Persons with disabilities | 81 | 38.9% |
| Children under six | 40 | 19.2% |
| Native American | 6 | 2.9% |
| High Energy Users | 72 | 34.6% |
| High Energy Burden | 38 | 18.3% |
| Total | 208 | |
| Note: Households may meet more than one special needs category, so percentages do not total to 100%. | | |

RECOMMENDATIONS

There are six recommendations.

Recommendation No. 1: In the absence of more unusual events (such as a new, stronger, form of Covid), for SFY 2023 DWSS should operate normally while continuing to monitor the operation of the caps. No new changes to processes, management or organization are recommended for DWSS based on the SFY 2022 evaluation. For SFY 2023, the goal should be to continue operate well with the current processes and management, while continuing to adapt to evolving conditions.

Recommendation No. 2: In the absence of more unusual events, for SFY 2022 NHD should continue to work to optimize the Weatherization Assistance Program.

Recommendation No. 3: NHD should consider adding two more staff (or, if not possible, then one) to the weatherization program staffing. Weatherization will become a more complex area of operations as climate change continues to intensify. Now, weatherization continues as an energy savings and utility bill reduction program

through energy conservation. Weatherization, following federal guidelines, also emphasizes health and safety goals, which are integrated across Nevada's weatherization programs. Federal authorizations in the area of building retrofit, however, are starting to move towards inclusion of climate resilience goals and electrification, as evidenced by the new infrastructure legislation. The new money is primarily through the Environmental Protection Agency (EPA) rather than the Department of Health and Human Services (DHHS) or the Department of Energy (DOE) and new program funds are necessarily stackable with DOE weatherization or DHHS LIHEA funds, but the direction of beginning to address climate effects is clear. Because the new funding is not stackable with current programs there will have to be creative work to make these programs work efficiently and effectively.⁶ Because buildings are key to both energy work and climate resilience work, NHD will necessarily be involved with both kinds of programs. Because climate change will not go away, but continue to intensify, it is important to have more staffing to make both kinds of programs work (the new staff would work on Fund for Energy Assistance and Conservation (FEAC) programs but also across NHD's weatherization work and the new climate related funding. Right now, NHD has good staff for weatherization, but not the critical mass number for staffing to put it all together and reach optimal operating conditions.

Recommendation No. 4: NHD should attempt to restore production to the levels of previous (pre-Covid) years and set higher production goals for FEAC. This may require study of conditions that interfere with production goals at the Subgrantee Agencies.⁷

Recommendation No. 5: Staff at one of the NHD Subgrantee Agencies has brought to attention of the Policy Committee that the point scoring system for priority of weatherization results in holding back weatherization of homes beyond a year and asked for a small modification of the system. This system does not apply to the DWSS Energy Assistance Program (EAP) because EAP is a "first come, first served"

⁶ Canada has similar new climate legislation, including for low-income, but in Canada funds are generally stackable, so that existing energy programs, including low-income weatherization can use new federal climate funding directly. Energy funding is tied only to energy goals, health, and safety; climate funding is tied strictly to climate goals so the funds can be melded to do major work, and results reported separately as progress for federal energy and climate objectives.

⁷ Similar drops in production levels are currently being experienced in other states and provinces. This pattern is likely a cumulative effect of the Covid pandemic and reorientations that occurred during that time. Which continued even as concern for Covid has diminished. There are several factors, including problems in materials supply chains, which delay work competition for access to contactors, and possibly staffing problems at Subgrantee Agencies.

program. The point scoring system helps NHD meet federal priorities to serve certain targeted customers first, so it is required to have some form of point scoring system in line with federal requirements when any federal funding is used. And, generally, it is useful to have consistent rules across program funding sources and similar programs. At the same time, while it is required to implement targeted households priorities in any year, there should be consideration of picking up the homes that are pushed back beyond one year.⁸ The problem is that qualifying homes with low priority that are pushed back beyond one year tend to drop out, even though the household is qualify for the program and interested.

Recommendation No. 6: DWSS continues to experience staffing problems for staff doing intake interviews and analysis for the Energy Assistance Program. These problems are likely linked to impacts of Covid and are not unique to DWSS or to Nevada but occur widely across both public and corporate organizations in the US and in Canada. For SFY 2023, DWSS should continue to consider barriers to full staffing and productivity that are continuing to occur and develop strategies to get back to full staffing and productivity. Energy Assistance is performing well given the context of continuing Covid effects, and in comparison, with other organizations. However, although similar problems occur across the US and Canada, the problem should be a focus for SFY 2023.

Looking at recommendations from last year, the overall recommendation for both DWSS and NHD was to operate normally within current processes, management, and organization. Both DWSS and NHD did that, and had to cope with the continuing federal pandemic emergency and its effects on programs.

In addition, there was a recommendation that NHD add one FTE staff, or, if not possible, then one-half FTE staff. This was not done in SFY 2022, and the recommendation has been increased to recommend the addition of two FTE staff for SFY 2023 (Recommendation 3, above).

OVERALL EVALUATION CONCLUSION

NHD WAP and DWSS EAP were fully compliant with all provisions of NRS 702 for SFY 2022. Both programs were effective in SFY 2022.

⁸ In Oregon, the same problem has sometimes continued across years, resulting in pushing some homes back over five years. Source: discussions with staff at Community Acton Programs serving as Subgrantees.

ADDITIONAL NOTES

We did not consider climate change and the need to think about modifying the programs for more extreme heat, heat domes, cold, drought, water shortage, higher winds, deluge, and the need to prepare for climate migration – all of which have begun, and all of which are expected to increase in intensity over time. These will require substantial modifications to programs and substantial social investment for adaptation. Some initial federal funds are now available for initial steps in this direction. As climate change intensifies, further federal program authorization and funding is likely to become available. Payment assistance for low-income households and work improving housing through weatherization to lower utility bills and to support health and safety can be seen in the current context as helping to prepare a meaningful response to climate change challenges.

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