

# EXECUTIVE SUMMARY

SFY 2020 EVALUATION

## Energy and Weatherization Assistance Programs

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Prepared for the State of Nevada

by H. Gil Peach & Associates

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H. Gil Peach & Associates, LLC

[www.peachandassociates.net](http://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](mailto:hgp@adapt.global)

## **EXECUTIVE SUMMARY**

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 weatherization to lower future energy bills and to increase household health and safety.

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 2020 fiscal year.

### **Evaluating the 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 Recession<sup>1</sup> 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 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 and need for services increased. Since then, although the economy has been improving until the Covid Recession (beginning in February 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 at the maximum amount possible.

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<sup>1</sup> The National Bureau of Economic Research defines the Great Recession 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.

## EAP Program Effectiveness

Through the EAP, DWSS provided 21,576 households assistance with their heating and cooling costs during SFY 2020. For SFY 2020, the program calculation showed a median family of four in Nevada spent 1.94% 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.

The energy burden was successfully reduced in 2020 for both targeted and non-targeted households. In SFY 2020, EAP helped participant energy burden to approach the statewide median (see Table 1).

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, before and after Assistance, by Poverty Group for SFY 2020		
Poverty Group	Average % FAC Income spent on Household Energy	
	Prior to EAP	Regular EAP
0-75%	26.75%	1.88%
76-100%	8.31%	2.13%
101-125%	6.79%	2.26%
126-150%	5.08%	2.25%
150%+	17.16%	4.92%
All	13.97%	2.09%
<b>Statewide Median for 2020</b>		1.94%
Note: Income is FAC income.		

As part of the effort to assist households, in SFY 2020 an additional payment of

\$160 per household was authorized to offset the basic service charge. With the goal of reaching the median energy burden level for each household the regular EAP payment established prior to this change put about 50% of program households within the median energy burden target. With the additional \$160 payment, approximately 92% of households were brought within target. For SFY 2020, there was also a Covid payment, designed to help households with additional energy costs due to the need to stay-at-home to reduce the rate of spread of the virus. This is an effective program, as demonstrated by these results.

### **Evaluating the Weatherization Assistance Program (WAP)**

Contracting with subgrantees, the WAP weatherizes homes to provide long-term reduction in energy costs. In SFY 2020, 256 homes received this assistance in Nevada.

### **Weatherization Assistance Program Compliance with NRS 702**

The evaluation found that the WAP was implemented in a manner consistent with NRS to the extent possible given the disparity between need and availability of funds, and program constraints due to the Covid emergency. From March 2020 into the beginning of June 2020, almost all fieldwork was shut down due to requirements designed to reduce the spread of the Covid virus.

During SFY 2020, the Nevada Housing Division (NHD) provided eligible households with services of basic home energy efficiency which assisted households in reducing energy consumption over time. Performance was confirmed during NHD WAP staff Monitoring Reviews of sample projects and by evaluation review of the program database. In several cases, assistance was provided to health/safety threatened households that experienced an emergency because of a failure of a component or system of their occupied dwelling.

### **Evaluation of Program Effectiveness**

In SFY 2020, NHD Subgrantees weatherized 256 homes (Table 2). This is an effective program for the homes served, with energy savings stretching many years into the future. Service to special needs and high energy use households is shown in Table 3. For households served, this is an effective program.

Table 2: Work Completed by each WAP Subgrantee Agency.

Fund for Energy Assistance and Conservation Work Completed by each Subgrantee Agency (SFY 2020)		
Agency	Number of Homes	Percentage of Homes
HELP	137	53.5%
NRHA-Las Vegas	61	23.8%
CSA	28	10.9%
NRHA	23	9.0%
RNDC	7	2.7%
<b>Total</b>	<b>256</b>	<b>100.0</b>

\*Percentage total not exact due to rounding.

Table 3: Services to Special Needs and High Energy Use Households.

Fund for Energy Assistance and Conservation Services to Special Needs and High Energy Use Households (SFY 2020)		
Category	Number of Homes	Percentage
<b>Elderly over 60</b>	152	59.4%
<b>Persons with Disabilities</b>	148	57.8%
<b>Children under 6</b>	18	7.0%
<b>Native American</b>	7	2.7%
<b>High Energy Users</b>	96	37.5%
Note: This table contains category overlaps, so percentages do not add to 100%. The base for the percentages is two-hundred and fifty-six (256) homes.		

## **SUMMARY AND CONCLUSIONS**

The EAP and WAP programs provided financial and physical assistance to reduce energy burden for qualifying low-income households in SFY 2020. DWSS staff continued working diligently to implement the EAP, maintaining the prior year's eligibility criteria and benefit caps to provide a meaningful benefit to over 21,000 households. WAP subgrantees and contractors provided both emergency and sustainable improvements to reduce the need for energy use for 256 homes. Findings and recommendations are provided below.

### **DWSS Energy Assistance Program**

**Finding No. EAP 1:** DWSS is fully compliant with the provisions of NRS 702.280 for SFY 2020.

**Finding No. EAP 2:** DWSS has optimized the Energy Assistance Program by adjustment of allocation for targeted groups (homes with at least one person who is age 60 or over, homes with at least one child age 6 or less, and homes with at least one disabled person) and by type of energy used (electricity and natural gas vs. propane). DWSS also optimized the program using systematic caps which provide a higher allocation to the lowest income households, using poverty ranges. The program is highly optimized for SFY 2020 and going into SFY 2021.

**Finding No. EAP 3:** The Energy Assistance Program is effective. It provides meaningful support to clients to assist with payment of household energy costs for qualifying households.

**Finding No. EAP 4:** In responding to the Covid-19 emergency, DWSS performed responsibly and quickly to follow guidance from the governor to adjust procedures; and were able to serve clients at about the normal level of participation for the year.

**Recommendation No. EAP 1:** In the absence of any unusual events, for SFY 2021 DWSS should operate normally within this optimized structure while monitoring the operation of the caps. No new changes to processes, management or organization are recommended for DWSS based on the SFY 2020 evaluation. For SFY 2021, the goal should be to operate well with the current processes, management, and organization.

**Recommendation No. EAP 2:** The next time there is work on the computer system supporting energy assistance, consider adding fields to the database to isolate all

benefits by type. For example, the basic benefit amount, then separately any fuel type adder, and any targeted group adder, then perhaps three variables to accommodate any adders used in a given year (such as the 2020 \$160 adder and the 2020 Covid adder).

## **NHD Weatherization Assistance Program**

**Finding No. WAP 1:** NHD has was fully compliant with the specific provisions of NRS 702.270 for SFY 2020.

**Finding No. WAP 2:** NHD has continually optimized the Weatherization Assistance Program by adjusting measures to be installed in homes, management, and allocations of jobs across the agencies, adjusting cost limits for jobs, and moving to a new database reporting system. The program is highly optimized for SFY 2020 and going into SFY 2021.

**Finding No. WAP 3:** The Weatherization Assistance Program is effective. It provides meaningful support to clients to assist with improving the energy efficiency and resilience of qualifying homes. Demonstrated energy savings provide households lower energy bills and, in combination with health and safety measures also allow some households to stay in their homes. WAP is a meaningful program.

**Finding No. WAP 4:** In responding to the Covid-19 emergency, NHD performed responsibly and quickly to follow guidance from the governor to adjust procedure,

**Recommendation No. WAP 1:** In the absence of any unusual events, for SFY 2020 NHD should operate normally, continuing to optimize. No new changes to processes, management or organization are recommended for NHD based on the SFY 2020 evaluation. For SFY 2021, the goal should be to operate well with the current processes, management, and organization.

**Recommendation No. WAP 2:** NHD has been moving to fully implement its new database system. In 2021, a goal should be to complete migration to the new system.



## **DWSS & NHD Joint Requirements**

**Finding No. JR 1:** DWSS and NHD are fully compliant with the specific Joint Requirements provision of NRS 702.

**Recommendation No. JR1:** For SFY 2021, continue to complete the Joint Requirements provisions of NRS 702, as in SFY 2020. There is no recommendation for a change for Joint Requirements.

## **Overall Evaluation Conclusion**

NHD WAP and DWSS EAP were fully compliant with all provisions of NRS 702 for SFY 2020.

## **ADDITIONAL NOTES**

There are a number of contextual factors that affect the programs. One is the federal poverty metric, which is generally understood to be not a good measure of poverty; another is the consumer price index, used to adjust the poverty levels each year – it can be shown that the current index used for adjustment loses part of the price inflation actually experienced; and, for seniors, the index used for adjustment should be based on the needs seniors spend their money on, not the things that urban workers spend money on. Social security is, on its face inadequate, especially with the loss of the complimentary defined benefit pension; and it is also adjusted by the consumer price index which is flawed. Climate change is accelerating and the realities of this need to be built into social programs for adaptive management. Income inequality in the US is extreme and changes both the ability of voluntary efforts to meet needs and the kinds and qualities of goods and services available. Sharp socioeconomic differences make it hard for people to understand or cooperate with each other and tend to generate fear. Since the beginning of the Covid Recession, prices for materials and equipment used in weatherization work have been increasing.

EAP and WAP have made it through the “Dot-com” Recession, the Great Recession, and the first year of the Covid Recession. DWSS and NHD have used the authorized flexibility designed by the legislature (NRS 702) to continually adapt to changing conditions. The programs are much stronger now, as a result; and better adapted to engage whatever the future may bring.

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