

Final Report

SFY 2022 EVALUATION: ENERGY ASSISTANCE AND WEATHERIZATION ASSISTANCE PROGRAMS

Prepared for the State of Nevada by
H. GIL PEACH & ASSOCIATES
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H. Gil Peach & Associates, LLC

www.peachandassociates.biz

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

Telephone: (503) 645-0716 EIN: 11-3783390

Fax: (503) 946-3064

Cell: (503) 351-8578

E-mail: hgp@adapt.global

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Acronyms

BPI *Building Performance Institute*

BWR *Building Weatherization Report*

COVID The pandemic virus that attacked humans and some related animals in 2020.

CSA *Community Services Agency*

CSBG *Community Service Block Grant*

DSM *Demand Side Management*

DWSS *Division of Welfare and Supportive Services*

EAP *Energy Assistance Program*

EFSP *Emergency Food and Shelter Program*

ESG *Emergency Shelter Grant*

FAC *Fixed Annual Credit*

FEAC *Fund for Energy Assistance and Conservation*

FPL *Federal Poverty Level*

HEROS *Governor's Home Energy Retrofits for Seniors*

IT *Information Technology*

kWh *Kilowatt hour*

LIHEAP (LIHEA Program) *Federal Low-Income Home Energy Assistance Program*

NAC *Nevada Administrative Code*

NHD *Nevada Housing Division*

NRHA *Nevada Rural Housing Authority*

NRS *Nevada Revised Statute*

PUCN *Public Utility Commission of Nevada*

RFI *Request for Information*

RNDC *Rural Nevada Development Corporation*

RTCA *Rebuilding Together with Christmas in April*

SAFE *Special Assistance Fund for Energy*

SSI *Supplemental Security Income*

SFY *State Fiscal Year*

UEC *Universal Energy Charge*

USDHHS *US Department of Health and Human Services*

USDOE *US Department of Energy*

WAP *Weatherization Assistance Program*

WxPRO *Weatherization Program Management & Audit Software*

Evaluation of Universal Energy Charge, Fund for Energy Assistance and Conservation, Programs for State Fiscal Year 2022

The Home Energy Assistance Program (EAP) and Weatherization Assistance Program (WAP) are funded through Nevada's Universal Energy Charge (UEC), which was established by the 2001 state legislature.¹ The first full program year was SFY 2002.

Legislation establishing these programs requires an annual evaluation of program efficacy and compliance with legislative requirements.

Nevada's Division of Welfare and Supportive Service and the Nevada Housing Division jointly approved H. Gil Peach & Associates to conduct this evaluation for the 2022 fiscal year. This evaluation is primarily a compliance evaluation, though it includes effectiveness analysis and background to help understanding of the programs in relation to program context.

I. ENERGY ASSISTANCE PROGRAM

Evaluation of Energy Assistance Program (EAP) compliance and efficacy were determined using a variety of sources. The following EAP-provided data sets were used for analyses:²

- ◆ **Forms and Notices** - There were 51,674 forms and notices.

¹ The Universal Energy Charge (UEC) was authorized by the [State of Nevada Assembly Bill 661 \(2001\), Section 26](#), effective July 7, 2001, as codified in the Nevada Revised Statutes 702.010 through 702.170 and regulations adopted by the Public Utilities Commission of Nevada, as currently codified in the Nevada Administrative Code 702.010 through 702.450 (<https://www.leg.state.nv.us/nac/NAC-702.html>).

² Across the tables and figures, numbers reported in the evaluation sometimes differ slightly from DWSS management reports. Numbers in Table 1 represent all actions, including situations in which there may be two or more decisions over the year for a household. DWSS program management reports generally provide the current final decision for a household. Also, rounding may also cause slight differences in results reported.

- ◆ **Eligibility Certification**—Eligibility determination was assessed for 29,790 records for SFY 2022 (Table 1).³ The percentage of applications found eligible in SFY 2022 is 63.5%, essentially the same result as for SFY 2021 (62.1%) and for SFY 2020 (62.5%).

Table 1: Eligibility Certification for SFY 2022.

Eligibility Certification		
Eligibility	Number of Households	Percentage
Eligible	18,923	63.5%
Ineligible	10,866	36.5%
Total	29,790	100%

- ◆ **Household Members Details** – Data includes 67,192 records on the household members of applicants requesting EAP assistance, including dates of application.
- ◆ **Income Type Detail** – Data includes 46,642 household income entries.
- ◆ **Eligibility Certification** and **Family Members Details** and **Income Type Detail** data sets were merged in different steps of the analyses to obtain comprehensive program and client information.
- ◆ **Eligibility Certification** data was used to characterize clients as eligible or ineligible in all cases. As shown in Table 1, there are N=18,923 eligible cases and N= 20,866 ineligible cases. This information was also used in the analysis of demographic and other characteristics of the EAP recipient population.
- ◆ **Energy Burden** analysis was conducted on eligible households, merging the eligible households, including household composition (such as children under 6 years old, disabled, and aged). These certified households were merged with the records for household income contributions by source in the **Household Income** file.
- ◆ **Household Income** (merged with Eligibility Certification data) was used to determine the relationship between social security income and eligibility.

³ Quantitative analysis was carried out using Excel Version 2016 & SPSS Version 25.

Compliance with Legislative Requirements

Legislative requirements are specified in NRS 702.⁴

1.1 DID DWSS ENSURE UEC FUNDS WERE ADMINISTERED IN A COORDINATED MANNER WITH ALL OTHER SOURCES OF MONEY AVAILABLE FOR ENERGY ASSISTANCE?

[Reference: NRS 702.250.3, Deliverable 3.4.1]

Yes. The Division of Welfare and Supportive Services (DWSS) receives money for energy assistance from two sources. The Universal Energy Charge (UEC) is a charge on customer electricity and natural gas bills and is collected by the participating utilities and sent to the Public Utilities Commission of Nevada (PUCN). PUCN deducts its collection and oversight cost and transfers the funds to the Fund for Energy Assistance and Conservation (FEAC) which is maintained by the Division of Welfare and Supportive Services. In addition, the program receives funding from the Federal Low-Income Home Energy Assistance Program (LIHEAP or LIHEA Program). The Fund for Energy Assistance and Conservation is maintained by DWSS; funds are distributed per NRS 702 through the Energy Assistance Program. Other funding sources have been from LIHEAP only.

1.2 WAS INTEREST AND INCOME EARNED APPROPRIATELY CREDITED TO FEAC?

[Reference: NRS 702.250.4, Deliverable 3.4.1.1]

Yes. Table 2 shows the distribution of FEAC interest between DWSS and NHD. Interest was distributed to each Division per the ratio of their share of the unspent balance of Principal.

Table 2: FEAC Interest received and distributed for DWSS and NHD.

FEAC Interest Received and Distributed, SFY 2022		
Line	Item	Amount
1	Amount Remaining for Distribution Following Refunds	\$81,793
2	Amount Distributed to NHD	\$1,856
3	Amount Distributed to DWSS	\$79,936

⁴ See footnote one.

1.3 WERE FEAC FUNDS DISTRIBUTED AS MANDATED IN NRS 702.260?

[Reference: NRS 702.260.1 Deliverable 3.4.1.2]

Yes. FEAC funds were distributed as mandated in NRS 702.260 (Table 3).

1.4 WERE 75% OF THE FEAC FUNDS DISTRIBUTED TO DWSS?

[Reference: NRS 702.260.1 Deliverable 3.4.2]

Yes. As shown in Table 3, Line 10, \$10,471,881 (75% of FEAC funds principal), were distributed to DWSS.

Table 3: FEAC Principal Funds received and distributed for DWSS and NHD.

FEAC Principal & Interest Received and Distributed, SFY 2022			
Line	Item	Amount	Percentage of Funds Disbursed
4	UEC Receipts (collected by PUCN)	\$14,064,106	
5	PUCN Admin	(\$65,669)	
6	FEAC Amount Received by DWSS from PUCN	\$13,998,437	
7	Refunds (Directed by PUCN)	(\$35,929)	
8	FEAC Principal (Amount Remaining for Distribution Following Refunds)	\$13,962,508	100%
9	Principal Distributed to NHD	\$3,490,627	25%
10	Principal Distributed to DWSS	\$10,471,881	75%
11	Total Interest	\$81,793	
12	Interest to NHD	\$1,856	
13	Interest to DWSS	\$79,936	

14	Total New Revenue 2022 NHD (Principal plus Interest)	\$3,492,483	
15	Total New Revenue 2022 DWSS (Principal plus Interest)	\$10,551,817	

Note 1: Reserve carried over from SFY 2021 is not shown in this table (see Table 4).

Note 2: There is a \$1.00 difference between Line 11 (Total Interest) and the sum of Line 11 plus Line 12. This likely means that the DWSS total was \$10,551,818. A difference of a dollar does not affect the evaluation.

Source: SFY22 UEC Annual Eval Financial final copy, and derived results.

1.5 DID DWSS USE NO MORE THAN 5% OF FEAC FUNDS FOR ADMINISTRATIVE EXPENSES?

[Reference: 702.260.1 Deliverable 3.4.2.1]

Yes. For SFY 2022, the cost of administration was \$354,661 (Table 4, Line 16). As shown by comparing cost of administration to Total DWSS New Revenue of \$10,551,817 (Table 3, Line 15), DWSS used 3.36% of FEAC funds for administration, well under the 5% specified in NRS 702.260.1.

If the reserve of \$10,106,321 carried over from SFY 2021 (Table 4, Line 20) is included for a total budget of \$20,678,138, the cost of administration is 1.72% of FEAC funds.⁵

1.6 DID DWSS USE FEAC FUNDS (AFTER THE NO MORE THAN 5% DEDUCTION FROM FUNDS DISTRIBUTED TO FEAC FOR ADMINISTRATIVE EXPENSES) TO ASSIST ELIGIBLE HOUSEHOLDS IN PAYING FOR NATURAL GAS AND ELECTRICITY?

[Reference: 702.260.2(a) Deliverable 3.4.2.2]

Yes, as shown in Table 4 on Line 17, \$4,640,015 was used as client payments to assist eligible households in paying for natural gas and electricity. Total

⁵ Final funds for each fiscal year are received after the end of the fiscal year. The Reserve carried over from SFY 2021 for 2022 (Table 4, Line 23) includes this last payment.)

expenditures for 2022 totaled \$5,519,088 (Table 4, Line 21). Subtracting administrative cost (\$354,661) yields \$4,809,766. Client payments were 96.5% of \$5,519,088. DWSS used 96.5% of FEAC funds expended in SFY 2022 (after subtracting cost of administration), to assist eligible households in paying for natural gas and electricity.

Table 4: Allocation of EAP Funds, SFY 2022.

SFY 2022 DWSS Energy Payment Assistance (Major Line Items) & Reserve for 2023			
Col. 1	Col. 2	Col. 3	Col. 4
Line	Item	(\$)	(%) UCE-FEAC Funds Expended
2022 Energy Assistance Program			
16	Administration	\$354,661	6.43%
17	Client Payments	\$4,640,015	84.07%
18	Outreach	\$20,142	0.36%
19	Program Design (Including computer reprogramming)	\$456,195	8.27%
20	Evaluation	\$48,075	0.87%
21	Total Expenditures (2022)	\$5,519,088	100.00%
22	Total Expenditures (2022) minus Cost of Administration	\$4,809,766	
Reserve			
23	Reserve (from 2021)	\$10,106,321	
24	Total New Revenue (2022)	\$10,551,817	
25	Total Revenue	\$20,678,138	
26	Total Expenditures (2022)	\$5,519,088	
27	Carry-Over Reserve (to 2023)	\$15,059,050	
Source: SFY22 UEC Annual Eval Financial final copy, and derived results.			

1.7 DID DWSS USE FEAC FUNDS (AFTER THE NO MORE THAN 5% DEDUCTION FROM FUNDS DISTRIBUTED TO FEAC FOR ADMINISTRATIVE EXPENSES) TO CARRY OUT ACTIVITIES RELATED TO CONSUMER OUTREACH?

[Reference: 702.260.2(b) Deliverable 3.4.2.3]

Yes, (Table 4, Line 18) outreach accounts for 0.36% (\$20,142) of FEAC funds expended in SFY 2022. Intake sites are paid \$10 per fully completed application.

Having this information provided from intake sites makes for faster processing. However, the intake sites do not have access to the checking systems that DWSS has, so they can gather necessary information. Review and eligibility determination is carried out by DWSS.⁶

1.8 DID DWSS USE FEAC FUNDS (AFTER THE NO MORE THAN 5% DEDUCTION FROM FUNDS DISTRIBUTED TO FEAC FOR ADMINISTRATIVE EXPENSES) TO PAY FOR PROGRAM DESIGN?

[Reference: 702.260.2(c) Deliverable 3.4.2.4]

Yes, program design accounts for \$456,195 (8.27% of FEAC funds expended in SFY 2022). Program design includes computer reprogramming costs (Table 4, Line 19).

1.9 DID DWSS ADJUST THE AMOUNT OF ASSISTANCE A HOUSEHOLD RECEIVES BASED UPON THE FOLLOWING FACTORS: HOUSEHOLD INCOME; HOUSEHOLD SIZE; ENERGY TYPE USED, AND OTHER FACTORS DETERMINED TO MAKE HOUSEHOLD VULNERABLE TO INCREASES IN NATURAL GAS OR ELECTRICITY COSTS?

[Reference: 702.260.6(b) Deliverable 3.4.5.1]

Yes, DWSS issued an eligibility table based on household income and household size (Table 5). Table 5 implements for DWSS EAP the federal policy level definitions of the poverty level by household size, which are updated yearly.

⁶ "EAP applications may be obtained from/submitted to Division of Welfare and Supportive Services and contracted intake sites such as county social services, senior citizen centers, or community-based organizations. Completed applications submitted to a contracted intake site are sent to one of the two program offices statewide for processing after securing the documentation necessary to process the application. In FY2022, the Division of Welfare and Supportive Services will continue to augment the number of intake sites as needed. Contracted intake sites are encouraged to assist the Division of Welfare and Supportive Services in EAP program outreach. The Division of Welfare and Supportive Services shall provide copies of any promotional brochures to its intake sites, other community-based governmental offices, utilities, and other locations throughout the state providing potential applicants with information on energy assistance and energy conservation." *Nevada Fund for Energy Assistance and Conservation State Plan* for SFY 2022, P 13.

Table 5: DWSS EAP Eligibility Table for SFY 2022.

Maximum Annual Gross Income					Maximum Monthly Income
Household Size	Multiple of Federal Poverty Level				150%
	75%	100%	125%	150%	
1	\$9,660	\$12,880	\$16,100	\$19,320	\$1,610.00
2	\$13,065	\$17,420	\$21,775	\$26,130	\$2,177.50
3	\$16,470	\$21,960	\$27,450	\$32,940	\$2,745.00
4	\$19,875	\$26,500	\$33,125	\$39,750	\$3,312.50
5	\$23,280	\$31,040	\$38,880	\$46,560	\$3,880.00
6	\$26,685	\$35,580	\$44,475	\$53,370	\$4,447.50
7	\$30,090	\$40,120	\$50,150	\$60,180	\$5,015.00
8	\$33,495	\$44,660	\$55,825	\$66,990	\$5,582.50
Add for each additional person:	\$3,405	\$4,540	\$5,675	\$6,810	\$567.50

Source: Department of Health and Human Services, Division of Welfare and Supportive Services, Policy Transmittal, February 3, 2022, Appendix A.

DWSS also carefully developed benefit caps (Table 6). The benefit caps vary based on income, household size and the type of energy used.⁷

- To better prioritize vulnerable households, \$100 was added to the benefit Cap for “vulnerable/targeted households” which includes the elderly, households with children younger than 6 years of age, and disabled persons.
- For type of energy, \$200 was added for homes with oil or propane heat, due to the higher cost of these home heating fuels.

⁷ In SFY 2022, the Annual Income Limit for Eligibility is 150% of the Federal Poverty Level (there are also specified exceptions).

Table 6: SFY 2022 Benefit Cap Table for Households.

Household Size	<75%	75-100%	100-125%	126-150%
1	\$2,000	\$1,600	\$1,280	\$1,152
2	\$2,106	\$1,684	\$1,348	\$1,213
3	\$2,216	\$1,773	\$1,418	\$1,277
4	\$2,333	\$1,866	\$1,493	\$1,344
5	\$2,450	\$1,960	\$1,568	\$1,411
6	\$2,572	\$2,058	\$1,646	\$1,482
7	\$2,701	\$2,161	\$1,728	\$1,556
8+	\$2,836	\$2,269	\$1,815	\$1,633

Note: Add \$100 for Households with a member who is 60 years or older; disabled; or a child under six; Also, add \$200 for households with oil or propane primary energy source.

The Nevada Energy Assistance Program works in relation to the state household energy burden. For 2022 the statewide median energy burden for Nevada households was 1.96% of household income.⁸ The statewide median household energy burden for natural gas and electricity is updated annually.

An example illustrating the median energy burden goal and the operation of the cap for a household of one person that is not a targeted household (so, does not receive an added \$100) and does not heat with oil or propane (so does not receive an added \$200) is shown in Table 7. A parallel example for a four-person household is shown in Table 8. For these examples, household income has been set to the top value within each income range. Federal stimulus payments are not included in income.⁹ The \$300 per week federal unemployment compensation supplement is

⁸ Department of Health and Human Services, Division of Welfare and Supportive Services, Policy Transmittal, February 3, 2022, FY 2022, Energy Burden. "Energy Burden" means the home energy expenditures of the household divided by the income of the household (§2.14 on P. 5 of the FY 2022 State Plan).

⁹ Stimulus payments to adults and children under the CARES Act are not counted as income (Nevada Department of Health and Human Services, Division of Welfare and Supportive Services, Informational Memo from Maria Wortman-Meshberger, Chief, Employment and Support Services on Coronavirus Aid and Economic Security (CARES) Act Payments, April 22, 2020. This is consistent with federal direction from US Department of Health and Human Services, Administration for Children and Families. "These payments count as a rebate or advance payment of a credit that are exempted as income. Section 103(d) of the American Taxpayer Relief Act amended the relevant statutory provision, 26 U.S.C. § 6409, and specifies that, "... any refund (or advance payment with respect to a refundable credit) made to any individual under this title shall not be taken into account as income, and shall not be taken into account as resources for a period of 12 months from receipt, for purposes of determining the eligibility of such individual (or any other individual) for benefits or assistance (or the amount or

also not included in income.ⁱ However, regular unemployment compensation is included in income.

Table 7: Example 1 - Assistance with and without use of a Cap (Household Size = 1).

Example 1					
Row No.	Category	Example Income (Multiple of Federal Poverty Level)			
		<=75%	75-100%	100-125%	125-150%
Household Size = 1 Person					
1	Annual Household Income (Gross)	\$9,660	\$12,880	\$16,100	\$19,320
2	For use in SFY 2022, the Nevada Median Energy Burden is 1.96%. This is the NRS702 target bill for the portion of the bill that should remain a customer responsibility for SFY 2022.	\$188	\$252	\$316	\$379
3	Example Annual Household Energy Cost (based on energy usage amount)	\$1,600	\$1,600	\$1,600	\$1,600
4	Balance Remaining to Pay, in this example, for energy usage after initial Customer Responsibility	\$1,412	\$1,348	\$1,284	\$1,221
5	Cap (for a one-person household)	\$2,000	\$1,600	\$1,280	\$1,152
6	Difference due to operation of the Cap	None	None	\$4	\$69
7	Total Bill to Customer (No Program)	\$1,600	\$1,600	\$1,600	\$1,600
8	Customer Responsibility: EAP (if there were no Cap)	\$188	\$252	\$316	\$379
9	Customer Responsibility: EAP (with Cap)	\$188	\$252	\$320	\$448
10	Bill Assistance Amount (if there were no Cap)	\$1,412	\$1,348	\$1,284	\$1,221
11	Bill Assistance Amount (with Cap)	\$1,412	\$1,348	\$1,280	\$1,152

extent of benefits or assistance) under any Federal program or under any State or local program financed in whole or in part with Federal funds.”

Table 8: Example 2 - Assistance with and without use of a Cap (Household Size =4).

Example 2					
Row No.	Category	Example Income (Multiple of Federal Poverty Level)			
		<=75%	75-100%	100-125%	125-150%
Household Size = 1 Person					
1	Annual Household Income (Gross)	\$19,875	\$26,500	\$33,125	\$39,750
2	For use in SFY 2022 the Nevada Median Energy is 1.96%. This is the NRS702 target bill for the portion of the bill that should remain a customer responsibility for SFY 2022.	\$390	\$519	\$649	\$779
3	Example Annual Household Energy Cost (based on energy usage amount)	\$2,400	\$2,400	\$2,400	\$2,400
4	Balance Remaining to Pay, in this example, for energy usage after initial Customer Responsibility	\$2,010	\$1,881	\$1,751	\$1,621
5	Cap (for a four-person household)	\$2,333	\$1,866	\$1,493	\$1,344
6	Difference due to operation of the Cap	None	\$15	\$258	\$277
7	Total Bill to Customer (No Program)	\$2,400	\$2,400	\$2,400	\$2,400
8	Customer Responsibility: EAP (if there were no Cap)	\$390	\$519	\$649	\$779
9	Customer Responsibility: EAP (with Cap)	\$390	\$534	\$907	\$1,056
10	Bill Assistance Amount (if there were no Cap)	\$2,010	\$1,881	\$1,751	\$1,621
11	Bill Assistance Amount (with Cap)	\$2,010	\$1,866	\$1,493	\$1,344

Table 7 and

Table 8 show the importance of the Energy Assistance Program in reducing the size of the bill that must be paid by the customer. The program is not intended to pay the full energy bill – the target customer responsibility portion of the bill is set to

the median (middle value) household energy burden for Nevada households, expressed as a percentage of household income. The derived percentage for the median is then applied to the actual household income of each client, resulting in a portion of annual energy cost that is the responsibility of the household.

For both tables, household income is shown in Row 1. The corresponding value for the SFY 2022 Median Energy Burden criterion is shown in Row 2. For the first example, the Annual Energy Bill is set at \$1,600 (Row 3) for a single-person household; for the second example, to \$2,400 (Row 3) for a four-person household. The balance remaining to pay (after subtracting the target customer responsibility amount) is shown in Row 4 in both tables.

The Cap amount to be applied is shown in Row 5. Row six shows the additional dollars to be paid by the customers due to the operation of the cap. Row seven shows the customer bill in the “no program” alternative. Rows 8 and 9 show the total customer responsibility amount for two cases: the planned program as envisioned in the design of NRS 702 (with no Cap); and the program as adjusted, with the appropriate SFY 2022 Cap applied. Rows 10 and 11 show the corresponding Bill Assistance amounts to be provided by the program; first without application of the Cap (Row 10) and then with the application of the Cap (Row 11).

Table 9 summarizes the information in Tables 7 and 8 in the form of percentage of total bill to be paid by the customer. The pattern of greater protection for households with lower incomes is evident in the percentages shown in Rows 2, 3, 5 and 6, with the percentage to be paid by the customer decreasing to the left in each row.

As shown in the tables, households within the lowest poverty range are more protected by the Cap than households in the upper poverty ranges. Adjustment of the program design using the Cap preserves funding so that more households can be served and also provides more protection to households in the lower ranges of poverty. The caps need to be changed from time to time to re-optimize the program to work within the changing funding constraints for both UEC/FEAC and federal funding.¹⁰

¹⁰ The option for adjustment of the design using a Cap approach was envisioned by the legislature and is within the scope of determination of DWSS as specified in NRS 702. This modification of the program design is appropriate for years in which total funding is not sufficient to fully meet the median energy burden target for all eligible applicants during that year.

Table 9: Customer Responsibility Percentage of Total Bill Amount.

Percentage of Total Bill to Customer to be Paid as Customer Responsibility as Poverty Income Increases With and Without Program and With and Without Cap					
Row No.	Category	Example Income (Multiple of Federal Poverty Level)			
		<=75%	75-100%	100-125%	125-150%
Example 1: Household Size = 1 Person; Annual Household Energy Cost = \$1,600					
1	Annual Household Income (Gross)	\$9,660	\$12,760	\$16,100	\$19,320
2	Percentage of Bill that remains the responsibility of the customer (if there were no Program)	100%	100%	100%	100%
3	Customer Responsibility (with Program; but without a Cap)	11.8%	15.7%	19.6%	23.6%
4	Customer Responsibility (with Program; and with Cap)	11.8%	15.7%	20.0%	28.0%
Example 2: Household Size = 4 Persons; Annual Household Energy Cost = \$2,400					
5	Annual Household Income (Gross)	\$19,875	\$26,500	\$33,125	\$39,750
6	Percentage of Bill that remains the responsibility of the customer (if there were no Program)	100%	100%	100%	100%
7	Customer Responsibility (with Program; but without a Cap)	16.3%	21.6%	27.0%	32.5%
8	Customer Responsibility (with Program; and with Cap)	16.3%	22.3%	37.8%	44.0%

1.10 DID DWSS SOLICIT ADVICE FROM NEVADA HOUSING DIVISION (NHD) AND OTHER KNOWLEDGEABLE SOURCES IN DEVELOPING THE PROGRAM TO ASSIST HOUSEHOLDS IN PAYING FOR NATURAL GAS OR ELECTRICITY?

[Reference: 702.260.8(a) Deliverable 3.4.7]

Yes. Throughout the year, DWSS managers consulted with the Energy Policy Committee and NHD, consistent with the directives for consultation and coordination in the enabling legislation for the program.

1.11 DID DWSS IDENTIFY AND IMPLEMENT APPROPRIATE DELIVERY SYSTEMS TO DISTRIBUTE MONEY FROM FEAC?

[Reference: 702.260.8(b) Deliverable 3.4.7.1]

Yes, DWSS has implemented and continues to improve delivery systems. DWSS continues to make changes to case processing systems to increase efficiency. DWSS continues to improve IT support. There are multiple demands on IT so there is normally a backlog in working through these optimization requests.

1.12 DID DWSS COORDINATE WITH OTHER FEDERAL, STATE, AND LOCAL AGENCIES THAT PROVIDE ENERGY ASSISTANCE TO LOW-INCOME PERSONS?

[Reference: 702.260.8(c) Deliverable 3.4.7.2]

Yes, DWSS coordinates with several agencies statewide that provide outreach for EAP. There is also coordination among DWSS, Southwest Gas, Nevada Energy, and Sierra Pacific Power for outreach and to exchange information for service to clients. DWSS coordinates Universal Energy Charge and federal LIHEAP funds to meet needs of clients and works with the federal level each year to secure federal LIHEAP funding.

Current coordination between EAP and the Nevada Housing Division Weatherization Assistance Program (WAP) involves EAP sending WAP a monthly list of newly eligible EAP participants. The Housing Division then divides this list according to Subgrantee service areas, and forwards to the Subgrantees a list of potential WAP participants within their service areas. Depending on backlog at each Subgrantee agency, Subgrantees then send postcards to potentially eligible households to alert them to the WAP program. One of the Subgrantee responsibilities is recruitment of households into the FEAC weatherization programs, so there are typically many qualified applicants. A point system is used to determine which qualified applicants receive weatherization and which go on waiting lists. Each year some applicants cannot be served.

1.13 DID DWSS ESTABLISH A PROCESS FOR EVALUATING EAP?

[Reference: 702.260.8(d) Deliverable 3.4.7.3]

Yes, The Division of Welfare and Supportive Services and Nevada Housing Division are jointly conducting an annual evaluation of the EAP and WAP for the State Fiscal Year 2022.

1.14 DID DWSS ESTABLISH A PROCESS FOR MAKING CHANGES TO EAP?

[Reference: 702.260.8(e) Deliverable 3.4.7.4]

Yes. All changes are communicated in policy transmittal and manual transmittal letters.

1.15 DID DWSS ENGAGE IN ANNUAL PLANNING AND EVALUATION PROCESSES WITH NHD?

[Reference: 702.260.8(f) Deliverable 3.4.7.5]

DWSS and NHD engaged in public hearings and conducted joint planning activities throughout the year. A public hearing was held June 30, 2020, to adopt the 2022 State Plans for the Low-Income Home Energy Assistance Program (LIHEAP) and the Nevada Fund for Energy Assistance and Conservation. The *Nevada Fund for Energy Assistance and Conservation State Plan* for SFY 2022 became effective July 1, 2021.

1.16 DID DWSS DISTRIBUTE 25% OF FEAC FUNDS TO NEVADA HOUSING DIVISION?

[Reference: 702.270.1 Deliverable 3.4.8]

Yes, 25% of FEAC funds were distributed to NHD (Table 3, Line 9).

Twenty-five percent of FEAC funds were distributed to NHD.

1.17 DID DWSS SUBMIT A REPORT TO THE DIRECTOR OF THE LEGISLATIVE COUNSEL BUREAU ON OR BEFORE JANUARY 5 OF EACH YEAR, WHICH SPECIFIES THE AMOUNT OF ALL MONEY IN FEAC ALLOCATED TO DWSS DURING THE PRECEDING YEAR WHICH REMAINS UNSPENT AND ENCUMBERED?

[Reference: 702.275.1 Deliverable 3.4.9]

Yes. The fiscal report for the previous fiscal year was submitted on or before January 5.

1.18 DID DWSS SUBMIT A LETTER TO THE DIRECTOR OF THE LEGISLATIVE COUNSEL BUREAU FOR TRANSMITTAL TO THE SENATE STANDING COMMITTEE ON FINANCE AND/OR THE INTERIM FINANCE COMMITTEE ON UNSPENT AND UNENCUMBERED MONEY IN THE FUND BASED ON THE REQUIREMENT OF NRS 702.275?

[Reference: 702.275.2 Deliverable 3.4.9.1]

Yes. DWSS submitted a report to the Director of the Legislative Counsel Bureau for transmittal to the Senate Standing Committee on Finance and/or the Interim Finance Committee which specified the amount of the Fund received by June 30th which remained unspent and unencumbered as of December 31.¹¹

1.19 DID DWSS ADOPT REGULATIONS TO CARRY OUT PROVISIONS OF NRS 702.250 AND 260?

[Reference: 702.260.7) Deliverable 3.4.6]

This report outlines each provision of NRS 702.250 and 260 and DWSS compliance with those provisions. In summary, by taking the following actions, DWSS implemented the program in compliance with NRS 702.250 and 260.

- ◆ DWSS administered the FEAC, which included all sources of public and private money available for energy assistance.
- ◆ DWSS coordinated the distribution of these funds with all available energy assistance funds.
- ◆ Seventy-five percent of money in the FEAC was distributed to DWSS.
- ◆ The EAP provided subsidies to households to assist with paying for natural gas and electricity and paid for program design (including IT) and evaluation expenses.
- ◆ As a rule, only households at or below 150% of the FPL were eligible to receive subsidies (though there are limited specified exceptions).

¹¹ Based upon the report submitted pursuant to subsection 1 and any other information available, the Senate Standing Committee on Finance or the Assembly Standing Committee on Ways and Means during a regular or special session of the Legislature, or the Interim Finance Committee when the Legislature is not in session, may require the Division of Welfare and Supportive Services to distribute not more than 30 percent of all the money in the Fund which was allocated to and received by the Division of Welfare and Supportive Services on or before June 30 of all preceding fiscal years pursuant to [NRS 702.260](#) and which remains unspent and unencumbered as of December 31 of the current fiscal year to the Housing Division for the programs authorized by [NRS 702.270](#).

- ◆ DWSS provided emergency assistance to households for whom health and/or safety was threatened by bearing the full cost of heating and cooling.
- ◆ DWSS made a good faith effort to reduce the proportion of household income spent on energy by eligible applicant households to the statewide median, within the provisions authorized in NRS702.
- ◆ The amount of assistance was adjusted based on household income, household size, type of energy used, and the presence of a vulnerable household member.
- ◆ DWSS sought advice from the NHD and coordinated implementation of the EAP with the weatherization program.
- ◆ DWSS established and conducted a process for
 - Coordinating with other available programs including applications and eligibility.
 - An evaluation processes.
 - A program design process (including IT) that enabled changes during the fiscal year; and
 - Engaged in a planning and evaluation process with NHD.

Energy Assistance Effectiveness

1.20 DID DWSS DETERMINE ELIGIBILITY OF EAP HOUSEHOLDS AT A MAXIMUM INCOME LEVEL OF NO MORE THAN 150% OF THE FPL?

[Reference: 702.260.3 Deliverable 3.4.3]

Yes. For SFY 2022, DWSS determined eligibility of EAP households at a maximum level of no more than 150% of the Federal Poverty Level. The 2022 benefit caps enabled DWSS to serve qualifying applicant households at a maximum income level of no more than 150% FPL. There are specified exceptions to this rule for the Energy Assistance Program Crisis Intervention Component.¹²

1.21 DID DWSS RENDER EMERGENCY ASSISTANCE TO HEALTH/SAFETY-THREATENED HOUSEHOLDS EXPERIENCING AN EMERGENCY RELATED TO THE COST OR AVAILABILITY OF NATURAL GAS OR ELECTRICITY TO OTHERWISE EAP-ELIGIBLE HOUSEHOLDS?

[Reference: 702.260.4 Deliverable 3.4.4]

¹² Nevada Fund for Energy Assistance and Conservation State Plan FY 2022, P. 24, §11.1.2,

Yes. In SFY 2022, twenty-seven households were served through the Crisis Intervention program. The Crisis Intervention Component assists households experiencing a special circumstance or crisis and whose gross annual income exceeds the current income limit percentage of poverty (150% of the federal poverty level) except for allowable qualifying expenses that reduce the annual income to the current income limit percentage. Qualifying expenses may include unreimbursed medical expenses for medical emergencies or long-term, chronic medical conditions; unreimbursed compulsory and necessary home repairs; and/or unreimbursed automobile repairs only if transportation is needed for ongoing medical care, the repairs are critical to the operation of the vehicle, and, it is the only registered vehicle in the household. Regular maintenance is excluded, including tire purchases.

In addition, there were fifteen households in the Fast-Track program. "Fast Track" means the expedited processing of an energy assistance application to respond in emergent situations and serves as one of the emergency assistance components of the Energy Assistance Program.¹³

More households were initially classified as Crisis Intervention of Fast Track but were found ineligible or dropped out while cases were processing.

1.22 DID DWSS DETERMINE THE AMOUNT OF EAP ASSISTANCE A HOUSEHOLD IS ELIGIBLE TO RECEIVE BY DETERMINING THE AMOUNT OF ASSISTANCE THAT IS SUFFICIENT TO REDUCE THE PERCENTAGE OF THE HOUSEHOLD'S INCOME THAT IS SPENT ON NATURAL GAS AND ELECTRICITY TO THE MEDIAN PERCENTAGE OF HOUSEHOLD INCOME SPENT ON NATURAL GAS AND ELECTRICITY STATEWIDE?

[Reference: 702.260.8(c) Deliverable 3.4.5]

NRS 702 specifies that the EAP will use the average statewide energy burden to set benefit levels. For SFY 2022 the statewide median energy burden calculated for all Nevada households was 1.96%¹⁴

¹³ Nevada Fund for Energy Assistance and Conservation State Plan FY 2022, P. 18, §10.1.3 FIXED ANNUAL CREDIT.

¹⁴ The projection of Nevada median household energy burden is based on information on energy usage and energy cost provided by the utilities and Nevada demographic information. The percentage for 2022 is 1.96% (Department of Health and Human Services, Division of Welfare and Supportive Services, Policy Transmittal, from Robert Thompson, Deputy Administrator, Program & Field Operations, EAP PT 01-22, February 3, 2022). "Energy burden" means the home energy expenditures of the household divided by the income of the household (*Nevada Fund for Energy Assistance and Conservation State Plan FY 2022*, Effective July 1, 2021, Page 5, §2.14.

While use of Caps helps to ensure that all qualifying households that apply can be served, the effect on most households is to somewhat lower the benefit amount, so that the amounts to be paid by most customers will be above the median energy burden target while the target will be more closely achieved for the lowest income households in the program. This effect is partially offset by adjusted caps for households with a child under six years old, households with at least one senior member, and households in which at least one household member has a disability. There is also a \$200 adjustment for homes heating with oil or propane.

Table 10 shows the percentage of household income that would have been required to pay for household energy use if there were no program (Column 1). As can be seen in the table, the lower household income, the higher the energy burden. Energy burden is extreme for households at the bottom of the income distribution. Here, for SFY 2022, the energy burden without the program averages 32.65% of FAC income.¹⁵ Column 2 shows the program effect in reducing energy burden. With the Covid years, there has been additional federal funding which permits additional support, with final energy burdens approximately zero (Column 3).

Table 10: Energy Burden 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%

¹⁵ Within this group, the pattern continues, so that Energy Burden is much higher at 25% of poverty, then higher at 20%, etc. The EAP program resolves this problem for EAP participants.

Temporary additional funding is shown in Table 11. It is structured to provide more funding for households experiencing more severe poverty and less for households experiencing less severe poverty.

Table 11: Additional Support.

Temporary Additional Support (SFY 2022)	
Poverty Level	Amount (\$)
0-75%	500
76-100%	450
101-125%	400
126-150%	350

Program performance with respect to targeted groups (homes with one or more children under the age of six, homes with one or more disabled person, and homes with one or more seniors) is shown in Table 12.

Table 12: Energy Burden for Targeted Groups.

Percentage of Income EAP Participants are expected to Spend on Energy, Before and After Assistance, for Targeted Groups, SFY 2022			
Target Group	Average % FAC Income expected to be Spent on Energy		
	Prior to EAP	With EAP	

			EAP plus Additional Support
With Children Under Six Years of Age	17.80%	1.24%	0.00%
With Disabled	9.95%	2.25%	0.00%
With Senior(s)	9.34%	2.25%	0.00%
Statewide Median for 2022			1.96%

1.23 NUMBERS SERVED BY TARGETED STATUS AND ENERGY TYPE USED

[Reference: 702.260.2(a) Deliverable 3.4.2.2]

For SFY 2022, there were 9,917 homes in the analysis with at least one person over the age of sixty. One-thousand five hundred and eighty-three (1,583) homes had one or more children under the age of six. There were 10,822 homes with one or more disabled persons.

Nevada households served by EAP use a variety of energy sources. As shown in Table 13, the primary energy sources are (1) electricity and (2) natural gas.¹⁶

Table 13: Types of Energy Use in Program Homes.

Payments to Energy Source (SFY 2022)	
Source	Number of Homes
Electric	18,923
Gas	10,251
Propane	397
Heating Oil	20
Wood	4
Pellets	2

¹⁶ In Table 12, the numbers of households receiving payments do not sum to the number of households receiving EAP benefits, since many households directed payments to more than one energy supplier.

Summary

DWSS distributed the FEAC funds in a manner consistent with the requirements of the defining legislation (NRS 702). Through the EAP, DWSS provided qualifying applicant households meaningful assistance with their heating and cooling costs during FY 2022. FEAC is not intended to pay the full energy bill, but to make the household payment responsibility equivalent to the Nevada median household energy burden.

DWSS used the flexibility established in NRS 702, including coordination with federal funding, to optimize the EAP program within the funding limitation.

The Energy Assistance Program was effective in SFY 2022. This is demonstrated in Tables 10 and 11. Consistent with the program design and legislative intent, eligible participants who applied were able to pay household energy bills within the target median energy burden for the state, or, due to application of caps, very close to the target.

II. WEATHERIZATION ASSISTANCE PROGRAM

This section of the evaluation covers the Universal Energy Charge/Fund for Energy Assistance and Conservation (UEC/FEAC) Weatherization Assistance Program (WAP) administered by the Nevada Housing Division (NHD) for State Fiscal Year (SFY) 2022.¹⁷ Performance requirements for this program are codified in Nevada Revised Statutes (NRS) 702. Financial reporting for SFY 2022 was complete in November 2022.

Major program activities for UEC/FEAC WAP are:

- **Planning**

Towards the end of SFY 2021, the NHD and the Division of Welfare and Supportive Services (DWSS) collaborated on the development of the *Nevada Fund for Energy Assistance and Conservation State Plan* for SFY 2022, as required by NRS 702.280.

¹⁷ State of Nevada fiscal years begin on July 1st and end on June 30th of each calendar year. State Fiscal Year 2022 began July 1, 2021, and ended on June 30, 2022.

NHD and DWSS also worked together to develop the Nevada Low Income Home Energy Assistance Program (LIHEA Program) State Plan for 2022. The LIHEA Program plan is required by the US Department of Health and Human Services (USDHHS); LIHEA is administered in coordination the with the UEC/FEAC WAP program.¹⁸

The weatherization planning target (production goal) for SFY 2022 was set at 327 homes, the same goal as for the prior fiscal year.¹⁹

- **Resources**

For SFY 2022, NHD received UEC/FEAC funds for the UEC Weatherization Assistance Program from DWSS in the amount of \$3,490,627.²⁰ In addition, NHD received an interest payment of \$1,856 from the UEC/FEAC account maintained by DWSS.²¹ The NHD UEC/FEAC reserve balance, carried over from SFY 2021 is \$ 3,121,298.²² The total of UEC/FEAC resources available for SFY 2022 was \$6,611,925.

The Nevada Universal Energy Charge/Fund for Energy Assistance and Conservation, the US Department of Energy, and the US Department of Health and Human Services Low-Income Home Energy Assistance Program

¹⁸ While the UEC/FEAC WAP program follows the Nevada fiscal year, the LIHEA Program follows the US federal fiscal year which begins on October 1st and ends on September 30th of each calendar year.

¹⁹ Housing Division – SFY 2022 Year to Date Production and Expenditures by Subgrantee report through June of 2022.

²⁰ The \$3,490,627 is the (actual) twenty-five percent allocation by DWSS to NHD from new Universal Energy Charge revenue. Source: SFY22 UEC Annual Eval (Financials) Final Copy provided by DWSS in November 2022.

²¹ Source: SFY22 UEC Annual Eval (Financials) Final Copy provided by DWSS in November 2022.

²² E-mail from Raul Betancourt to Gil Peach, January 20, 2023.

provided primary funding Weatherization Assistance Program effort for SFY 2022.

- **Expenditures**

In SFY 2022, NHD expended \$1,944,979.45 (approved) on subgrantee and weatherization expenses, including internal subgrantee administration.²³ In addition, \$367.84 has not yet been assigned, for a total of \$1,945,347.29. Expenditure for Housing Division administration was \$219,818.30. In addition, costs were \$10,194.38 for the separate category of program design/software, \$5,017.38 for REM Design software, and \$22,750 for evaluation, for a total of \$257,780.06²⁴ covering administration and other expenses authorized by NRS 702.

The sum of subgrantee (and weatherization) plus Housing Division administration and other expenditures for SFY 2022 is \$2,203,127.35.²⁵ The reserve balance to be carried over into SFY 2023 is \$5,910,266.²⁶

- **Business Process**

The Business Process plan (Figure 1) was developed in SFY 2012 and has continued in place through SFY 2022, with small modifications in certain years to follow state priorities. For SFY 2022, the new database system, WxPRO, (listed as a bullet point in the Nevada Housing Division box in the diagram) was fully operational throughout the fiscal year.

- **Program Implementation**

The business process is administered by the Nevada Housing Division, with outreach, applications, ranking of applications, and assessment of individual homes conducted by the Subgrantee agencies. Subgrantees complete installations, typically with their own staff but may also select contractors/subcontractors for parts of the work. Subgrantees also inspect 100% of completed projects, enter data into the WxPro database, and pay

²³ Source: FEAC SFY2022, CY 2022-2023 Low Income Weatherization Assistance Program, July 1, 2021 – June 30, 2022 (NHD). An additional \$367.84 is unassigned and is not included here.

²⁴ Ibid.

²⁵ Ibid.

²⁶ E-mail from Raul Betancourt to Gil Peach, January 20, 2023.

contractors. NHD then reimburses the Subgrantee agencies for their parts of the work.

- **Audit and Compliance**

NHD also is responsible for a 10% inspection of weatherization jobs, provides training and assistance, monitors/audits for compliance, submits reports to funders, develops and maintains the database, and implements policies and procedures as required by NRS 702 and as required by funding agencies.

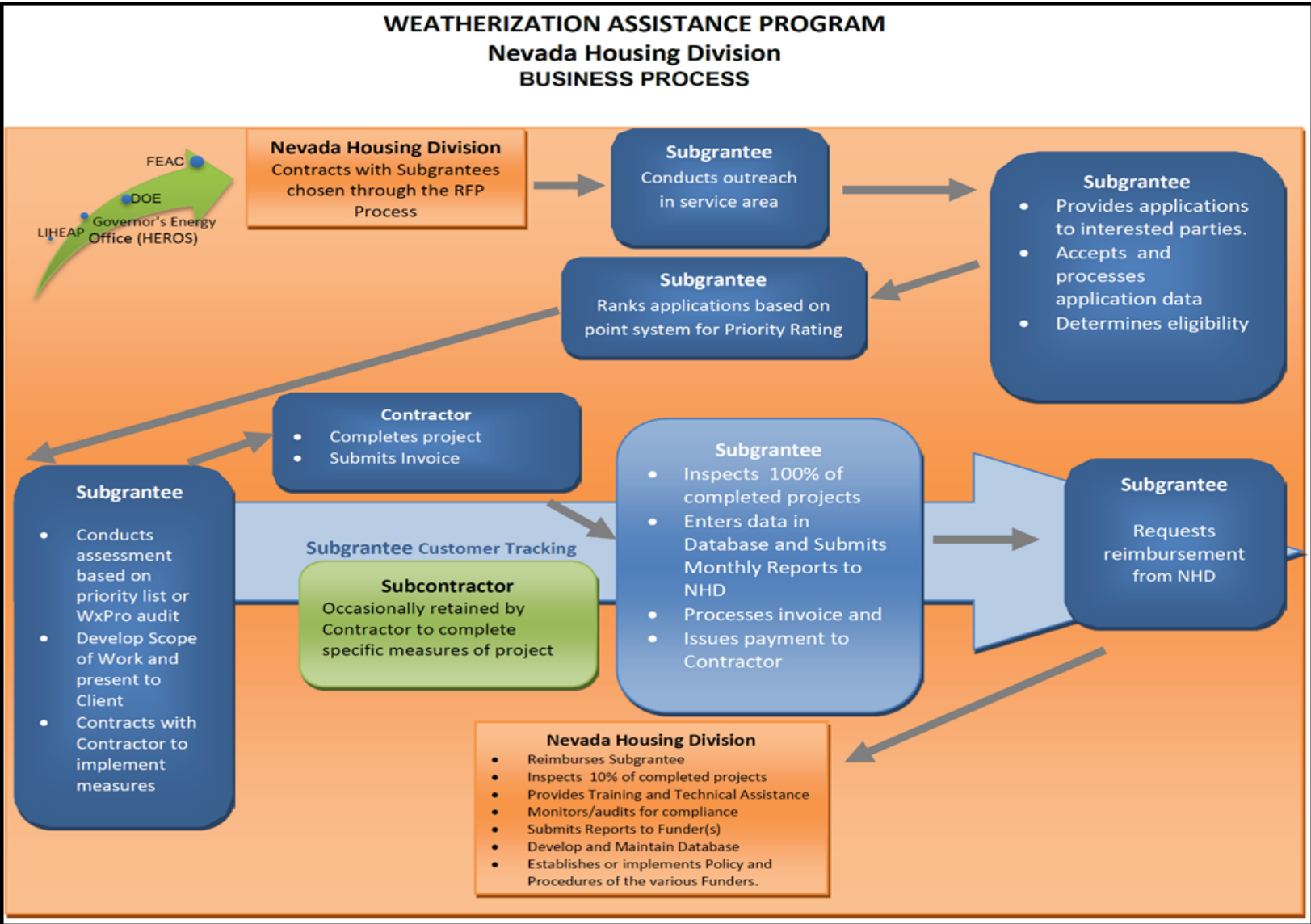


Figure 1: Weatherization Business Process.

Program Logic

The program logic of the Universal Energy Charge/Fund for Energy Assistance and Conservation Weatherization Assistance Program is shown in terms of resource inputs and program goals in Figure 2.

All resources shown in the figure are drawn upon by the program. In addition to UEC/FEAC funding, for SFY 2022 the program leveraged federal DOE funding. Support is also provided from the Nevada Housing Trust Fund, the Governor's Office of Energy, Home Energy Retrofit Opportunities for Seniors (HEROS) fund and LIHEA.

As shown in the logic diagram, the direct resources used to conduct the principal activities for SFY 2022 were the NHD; the Subgrantees, the Contractors, building science technologies and equipment, the database and IT support coupled with the specialized knowledge required to administer and manage the overall WAP. The new WxPro database was in place and working throughout SFY 2022.

The immediate outcomes of the weatherization work are reduced energy use and lower energy bills for low-income homes, improvement in health and safety condition of homes, reduced illnesses, and in some cases, saved lives. The program also provides community education and contractor training.

Like most economic variables, the housing stock in place can also be viewed as a flow, with continual new construction, aging of built homes, repairs and replacement of components, and eventual need for replacement of each housing unit. On a shorter perspective, built homes are considered as a stock within which certain components, for example, kitchen appliances, AC systems, and furnaces as well as shingles, roofs, and other components can be considered as flows. Weatherization typically repairs and/or replaces key components of a house and extends the useful life of buildings. *Typically, the weatherization program is the only provider for furnace or AC replacement or extensive repair.*

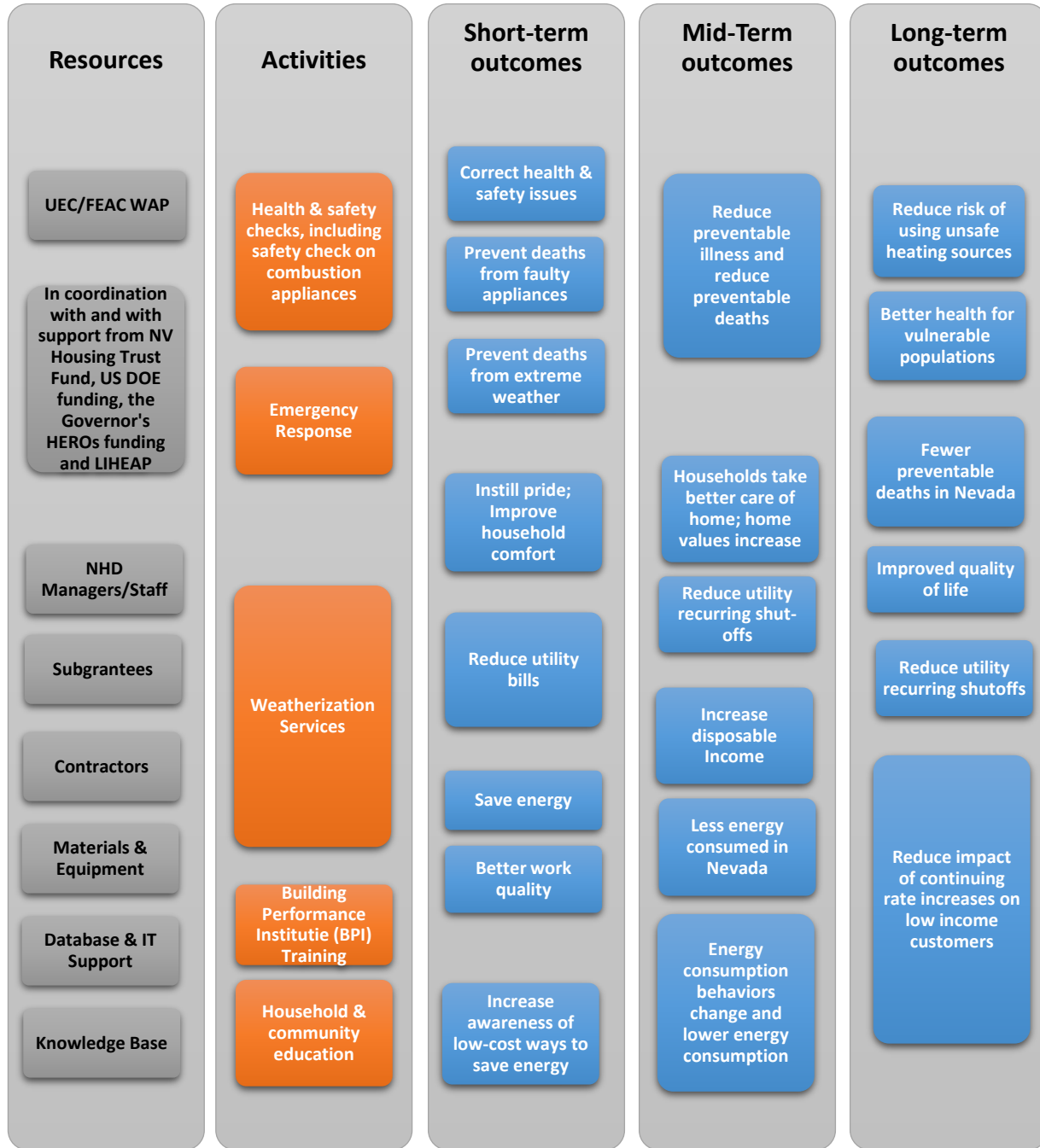


Figure 2: Logic Diagram for Weatherization Assistance Program.

Compliance with Legislative Requirements

This section of the study is focused on direct answers to specific legislative questions.

2.1 DID NHD USE NO MORE THAN 6% OF FEAC FUNDS FOR ITS ADMINISTRATIVE EXPENSES?

[Reference: NRS 702.270.1; Deliverable 3.5.1]

Yes, NHD used no more than 6% of FEAC funds for its administrative expenses. Expenditures for administrative expenses totaled \$219,818.30, which is 6.3% of \$3,490,627 new FEAC funds distributed to the Program for SFY 2022.²⁷ However, FEAC funding for SFY 2022 also includes rollover of some SFY 2021 FEAC funds (FEAC Reserve). The FEAC Reserve from SFY 2021 coming into SFY 2022 was \$3,121,298.²⁸ When use of temporary federal funding can be prioritized, it is possible to rollover equivalent state dollars. During the Covid emergency, temporary federal additional support was substantial. Also, getting into detail, the last payment of UEC FEAC funding each year comes in after the end of the fiscal year. Also, each year many weatherization jobs are started in one year and finished in the next and so combine FEAC funding for two years. As a percentage of available FEAC funding for SFY 2022 (\$6,611,925), the administrative expenses of \$219,818.30 represents 3.32% of FEAC funds, which is less than six percent.

2.2 DID NHD PROVIDE ELIGIBLE HOUSEHOLDS WITH SERVICES OF BASIC HOME ENERGY CONSERVATION AND EFFICIENCIES OR ASSIST HOUSEHOLDS IN ACQUIRING SERVICES OF LOAD MANAGEMENT?

[Reference: NRS 702.270.2(a); Deliverable 3.5.2]

Yes, NHD provided eligible households with services of basic home energy conservation and efficiencies which assisted households in reducing energy consumption. Performance was confirmed during NHD Monitoring Reviews of sample projects and database reviews. Load management was not a focus of the program in SFY 2022; the focus was on reducing energy use. Production numbers are provided in the effectiveness section of this report.

²⁷ Figures are from Overview of Costs, beginning of this section of the report.

²⁸ E-mail from Raul Betancourt to Gil Peach, January 20, 2022.

2.2.1 DID NHD PAY FOR APPROPRIATE IMPROVEMENTS ASSOCIATED WITH ENERGY CONSERVATION, WEATHERIZATION, AND ENERGY EFFICIENCY?

[Reference: NRS 702.270.2(b); Deliverable 3.5.2.1]

Yes. Monitoring Reviews by NHD Weatherization Assistance Program staff verified that NHD paid for appropriate improvements associated with energy conservation, weatherization, and energy efficiency measures. This information is also supported by weatherization records in the WxPRO database. The audit function is kept independent from the installation work.

2.3 DID NHD CARRY OUT ACTIVITIES RELATED TO CONSUMER OUTREACH?

[Reference: NRS 702.270.2(c); Deliverable 3.5.2.2]

Yes. The Energy Assistance Program conducted outreach for both EAP and NHD. Throughout the year, consumer outreach was also conducted by NHD Subgrantee agencies. NHD and its Subgrantees responded to phone calls referred by NV Energy and NHD and Subgrantees' websites. The Subgrantees provided intake sites and online service to process applications.

2.4 DID NHD PAY FOR PROGRAM DESIGN?

[Reference: NRS 702.270.2; Deliverable 3.5.2.3]

Yes. Primary program design for UEC/FEAC WAP was accomplished by NHD in 2002-2003 and some changes were made in response to changing conditions in subsequent years. During SFY 2022 some data work related to program design was carried out (Database Revisions, IT Support, BWR revisions, WxPro).

2.5 DID NHD PAY FOR ANNUAL PROGRAM EVALUATION?

[Reference: NRS 702.270.2(e); Deliverable 3.5.2.4]

Yes. In SFY 2022, NHD paid its prorated share of the cost for the SFY 2022 annual program evaluation.

2.6 DID NHD DETERMINE ELIGIBILITY OF HOUSEHOLDS AT A MAXIMUM INCOME LEVEL OF NO MORE THAN 150% OF THE FEDERALLY DESIGNATED LEVEL SIGNIFYING POVERTY (FPL)?

[Reference: NRS 702.270.3; Deliverable 3.5.3]

Yes. Eligibility criteria were communicated to Subgrantees through verbal and written communications. Income eligibility was verified by the Subgrantees and during NHD staff Monitoring Reviews of samples of Client applications from completed projects. Note that other funding, including the Governor’s Office of Energy Home Energy Retrofit Opportunities for Seniors program permits treatment of houses up to and including 200% of poverty. Also, for 2022, federal guidelines for the federal Weatherization Assistance Program were at 200% of poverty.²⁹

2.7 DID NHD RENDER EMERGENCY ASSISTANCE TO HEALTH/SAFETY-THREATENED HOUSEHOLDS EXPERIENCING AN EMERGENCY BECAUSE OF THE STRUCTURAL, MECHANICAL, OR OTHER FAILURE OF THEIR OCCUPIED DWELLING?

[Reference: NRS 702.270.4(a); Deliverable 3.5.4]

No, this year, emergency assistance was not provided for buildings with structural, mechanical, or similar failure. The problem with dwellings in which there is major structural, mechanical, or other failure of the whole dwelling (for example, very old homes with knob and tube wiring throughout) is that the cost of repairs would be so substantial that the building cannot be treated, although the authority exists to do so. During SFY 2022, although authorized in NRS 702, no emergency assistance was provided to repair/replace the structural, mechanical, or other failure of an occupied dwelling.

2.8 DID NHD RENDER EMERGENCY ASSISTANCE TO HEALTH/SAFETY-THREATENED HOUSEHOLDS EXPERIENCING AN EMERGENCY BECAUSE OF A FAILURE OF A COMPONENT OR SYSTEM OF THEIR OCCUPIED DWELLING?

[Reference: NRS 702.270.4(a) and (b); Deliverable 3.5.4.1]

Yes. Emergency assistance to health/safety threatened households was provided to households that experienced an emergency because of a failure of a component or system of their occupied dwelling.

²⁹ USDOE, 2022 Federal Poverty Guidelines and Definition of Income, Weatherization Program Notice 22-3, effective February 14, 2022.

2.9 DID NHD ADOPT REGULATIONS TO CARRY OUT AND ENFORCE THE PROVISIONS OF NRS 702.270?

[Reference: NRS 702.270.5; Deliverable 3.5.5]

Yes. The necessary regulations were established primarily in 2002-2003. No new regulations were adopted in SFY 2022 by NHD.

2.10 DID NHD SOLICIT ADVICE FROM DWSS AND FROM OTHER KNOWLEDGEABLE SOURCES?

[Reference: NRS 702.270.6(a); Deliverable 3.5.6]

Yes. Please see the answer to question 2.17.

2.11 DID NHD IDENTIFY AND IMPLEMENT APPROPRIATE DELIVERY SYSTEMS TO DISTRIBUTE MONEY FROM FEAC?

[Reference: NRS 702.270.6(b); Deliverable 3.5.6.1]

Yes. Please see the NHD WAP Business Process diagram (Figure 2).

2.12 DID NHD COORDINATE WITH OTHER FEDERAL, STATE, AND LOCAL AGENCIES THAT PROVIDE CONSERVATION SERVICES TO LOW-INCOME PERSONS?

[Reference: NRS 702.270.6(c); Deliverable 3.5.6.2]

Yes. NHD coordinated with appropriate federal, state, and local agencies.

Federal coordination: During SFY 2022, NHD coordinated directly with federal officials at the US Department of Energy. NHD is not currently a member of the National Association of Community Action Programs (NASCAP)³⁰

State coordination: NHD coordinated with state officials through continuing contact with the Division of Welfare and Supportive Services and through the Policy Advisory Council (PAC). Participants in the PAC include representatives of the Division of Welfare and Supportive Services and the Governor's Office of Energy. Also, in this

³⁰ NHD is not currently a member of NASCAP, since NASCAP is a 401(C)(3) organization which, though non-profit, is permitted to lobby. Lobbying is prohibited through NHD's funding agreement with USDOE.

group are representatives of NV Energy, Southwest Gas, service and community-based organizations and advocates.

This year, the Housing Trust Fund and the Governor’s Office of Energy, Home Energy Assistance Retrofit Opportunities for Seniors (HEROS) made possible treatment of homes that required additional work.

Regarding coordination specifically with DWSS, both NHD and DWSS exchange client referrals. NHD uses a one-page application form which includes the question, “Are you currently receiving Energy Assistance (LIHEA or Energy Assistance)?” The applicant’s response is NHD’s opportunity through its Subgrantees to refer clients to DWSS/EAP. NHD also accepts referrals from DWSS and forwards the list of eligible clients provided by DWSS to its Subgrantee agencies and, when possible, to projects funded by others.³¹ While NHD and DWSS are unable to use the same application form due to different eligibility criteria—both agencies are committed, to the fullest extent practicable, to efficiency in the application process.

Local coordination: NHD coordinated with many local agencies through its Subgrantee agencies, serving different areas of the state. This local work by the Subgrantees provides education in energy conservation and program outreach.

2.13 *DID NHD ENCOURAGE OTHER PERSONS TO PROVIDE RESOURCES AND SERVICES TO THE EXTENT PRACTICABLE, TO SCHOOLS AND PROGRAMS PROVIDING TRAINING IN THE BUILDING TRADES AND APPRENTICESHIP PROGRAMS?*

[Reference: NRS 702.270.6(d); Deliverable 3.5.6.3]

No. Not in SFY 2022. No UEC/FEAC funds were used or leveraged during SFY 2022 to encourage other persons to provide resources and services to schools and programs providing training in the building trades and apprenticeship programs. During the economic stimulus years of the American Recovery and Reinvestment Act or (ARRA), NHD implemented such training in accordance with ARRA requirements. When the stimulus funding ended, there was not a need for any major support of training. There will not be a need for another major focus on

³¹ Qualifying referrals from DWSS are not automatically accepted in the Weatherization Assistance Program because referrals are also generated from other sources and only occasionally is there capacity to accept a few more qualifying households. Also, NHD is required to prioritize service according to specific criteria. Priority goes to households with a child under six years of age, with at least one adult aged 60 or over, and households with at least one disabled household member.

training until there is an enough need for new trainees. However, Building Performance Institute (BPI) training was provided to Subgrantees.

2.14 DID NHD ESTABLISH A PROCESS FOR EVALUATING THE WEATHERIZATION ASSISTANCE PROGRAM (WAP)?

[Reference: NRS 702.270.6(e); Deliverable 3.5.6.4]

Yes. For the SFY 2022 WAP, as in each year since the requirements of NRS 702 were legislated, the NHD has established a process for evaluating the Weatherization Assistance Program (WAP).

2.15 DID NHD ESTABLISH A PROCESS FOR MAKING CHANGES TO WAP?

[Reference: NRS 702.270.6(f); Deliverable 3.5.6.5]

Yes. The state UEC/FEAC WAP has a process for making changes to WAP to conform to changes in federal requirements to ensure the programs are undiluted and cost effective.

2.16 DID NHD ENGAGE IN ANNUAL PLANNING AND EVALUATION PROCESSES WITH DWSS?

[Reference: NRS 702.270.6(g); Deliverable 3.5.6.6]

Yes. During SFY 2022, NHD engaged in annual planning and evaluation processes with the Division of Welfare and Supportive Services. Meetings with the Policy Advisory Council were part of the planning process. Also, NHD made presentations at each Policy Advisory Council meeting regarding funding levels, expenditures, and production performance, and solicited member responses. Further, an annual evaluation for the programs was chartered and sponsored jointly by NHD and the Division of Welfare and Supportive Services.

The formal planning process proceeded (per state and federal requirements), with public participation and formal hearings, resulting in the approved *Nevada Fund for Energy Assistance and Conservation State Plan* for 2022 and the companion State of Nevada LIHEAP State Plan for 2022.

Weatherization Effectiveness

In SFY 2022, Nevada Housing Division Subgrantees weatherized 208 homes using Fund for Energy Assistance and Conservation (FEAC) funding (Tables 14 & 15).³²

Table 14: Work Completed by Subgrantee, SFY 2022.

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

Table 15: Goal Achievement by Subgrantee for SFY 2022.

Fund for Energy Assistance and Conservation Performance against Goals: Work Completed by each Subgrantee Agency (SFY 2022)			
Agency	Planned	Actual	Percentage Achieved
Community Service Agency Development Corp (Reno)	30	62	206.7%
HELP of Southern Nevada (Las Vegas)	180	84	46.7%
Nevada Rural Housing Authority (Carson City)	18	21	117.0%
NRHA-Las Vegas	84	38	45.2%
Rural Nevada Development Corporation (Ely)	15	3	20.0%
Total	327	208	63.6%

SFY 2022 was not an easy year, but the weatherization work was successfully engaged. Covid continued to affect production for SFY 2022. The Subgrantee

³² Tables in this section may show different numbers of cases, depending on missing cases and missing data fields for different analyses. Numbers computed from these differing numbers of cases will be slightly different from similar numbers in management reporting, but essentially the same. Also, results are shown to nearest tenth of a percent; and the total is 100%. The sum of percentages is sometimes slightly different from 100% (for example, 100.2%) due to rounding, however the computed total is 100%.

agencies were in the field to conduct weatherization work, though there continued to be Covid-related supply chain issues and staffing problems. These kinds of problems were experienced throughout the economy during Covid, and continue to be experienced, but took a special form for weatherization work because the expansion of home improvement projects more upper-income homes compete with home weatherization for materials and supplies. As shown in Table 15, about 64% of the yearly production target was achieved.

The graph below (Figure 3) shows total weatherization work completed in SFY 2022 in the context of the totals for the immediately preceding years. As shown in the graph, 2020, the first Covid year shows 256 dwelling units weatherized. Production for SFY 2021 showed an increase over homes completed in SFY 2020, but production dropped again for 2022, as Covid continues to create barriers.

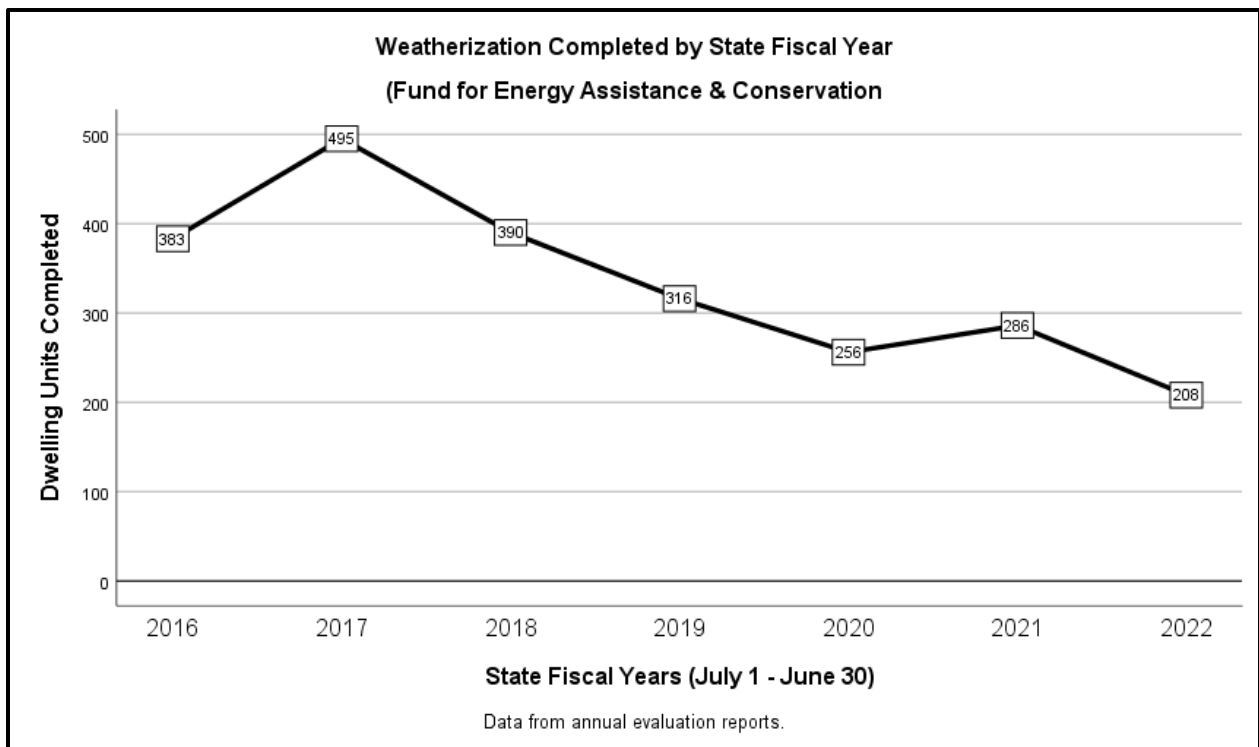


Figure 3: Weatherization in Context of Previous Years.

Homes completed by county are shown in Table 16. These completions approximately mirror the relative population sizes of Nevada counties. Some rural Nevada counties do not have utilities that arrange for payment into the Universal Energy Charge. Weatherization of homes by NHD in these counties is funded from federal and other funds (and is not included in the tables).

Table 16: Homes by County.

Fund for Energy Assistance & Conservation: Homes Completed by County (SFY 2022)		
Category	County	
	Number of Homes	%
Clark	122	58.7%
Washoe	62	29.8%
Lyon	11	5.3%
Carson City	6	2.9%
Douglas	2	1.0%
Lander	2	1.0%
Lincoln	1	0.5%
Storey	1	0.5%
Churchill	1	0.5%
Total	208	100.0%

Of the homes completed during SFY 2022, services to special needs, high energy use, and high energy burden households are as shown in Table 17.³³

Table 18 shows completed homes by housing type and heating fuel. This table reflects the relative frequency in the service population of different heating sources. This year, the sources were electric, natural gas, and wood. In some years there has also been oil and propane. As shown in Table 15, natural gas is the most frequently used heating fuel, with electric second. Heating fuel was not reported in the WxPRO database for twenty-one homes.

³³ A household may have more than one special need classification.

Table 17: Special Needs Households.

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%.		

Table 18: 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 19 shows homeowners and renters by housing type.

Table 19: Housing Type and Own/Rent, SFY 2022.

Fund for Energy Assistance & Conservation Dwelling Type and Own/Rent (SFY 2022)			
House Type	Rent/Owned		Total
	Rental	Owned	
2-4 Family	6	8	14
5+ Family	53	2	55
Mobile Home	9	42	51
Single Family	9	79	68
Total	77	131	208

A useful feature of most sources of current weatherization funding is that they are “stackable,” so that funds from different sources can be added together when a home qualifies for more than one source of funding.³⁴ This means that for FEAC jobs, several other sources of funding can apply, in part, to the total project cost for an individual dwelling unit. Also, it is normal for work on homes in a given fiscal year to be covered in part by FEAC funds from more than one year, and the same may apply for other funding sources. For SFY 2022, some costs were covered by the Housing Trust Fund, several categories of LIHEA funding, and HEROS, when a home qualified for funding from more than one source.

A summary of Average Cost Per Unit (ACPU) by Subgrantee is shown in Table 20.³⁵ The ACPU is one measure of cost. It is substantially influenced by the mix of housing types served by each Subgrantee (2-4 Family, 5+ Family, Mobile Home, Single Family), and by the amount of work required in each home. For each Subgrantee, ACPU is total FEAC expenditures for the fiscal year divided by number of homes served. This includes materials, weatherization work, Subgrantee administration and other costs.

³⁴ Though funding sources are stackable, each home is subject to Savings to Investment Ratio criteria (SIR Ratio), which applies to the total cost per job across all funding sources.

³⁵ NHD: Year to Date Production and Expenditures by Subgrantee through June of 2022., “Average Cost Per Unit”. The ACPU is one measure of cost. It is substantially influenced by the mix of housing types served by each Subgrantee (2-4 Family, 5+ Family, Mobile Home, Single Family), and by the amount of work required in each home. For each Subgrantee, ACPU is total FEAC expenditures for the fiscal year divided by number of homes served. This includes materials, weatherization work, Subgrantee administration and other costs.

Table 20: Average Cost per Unit.

Fund for Energy Assistance and Conservation Average “Total Weatherization Cost” by Housing Type (SFY 2022)		
Subgrantee	Number	Average Cost per Unit
Community Service Agency Development Corporation (Reno)	62	\$4,335
HELP of Southern Nevada (Las Vegas)	84	\$8,178
Nevada Rural Housing Authority (Carson City)	21	\$7,452
Nevada Rural Housing Authority (Las Vegas)	38	\$9,240
Rural Nevada Development Corporation (Ely)	3	\$9,798
Total	208	\$7,177

Of 208 homes, there were one hundred forty-five heating system replacements (70%) and nine heating system repairs (4%) for a total of 74%. There were seventy-six Air Conditioning system replacements (36%) and sixteen AC system repairs (8%) for a total of 44%. These are major improvements. In addition to contributing to energy savings, these retrofits and repairs also contribute to health and safety goals.

Energy savings improvements to homes have a life of at least five to twenty years, and some improvements, such as insulation, will last thirty-five years or more. Savings are expected to gradually decrease as different types of improvements reach the end of their effective measure lives, but to persist substantially for many years, lowering household energy bills.

In many cases these changes make the difference in keeping a home livable, so that a household can stay in their home.

Summary

NHD was effective in completing weatherization work in SFY 2022. Total production was less than in years previous to Covid. In 74% of homes heating systems were installed or repaired; in 36% of homes cooling systems were installed or repaired. This often is the key to permitting a household to stay in their home and is an important result of the NHD Weatherization Assistance Program.

III. DWSS AND NHD COMPLIANCE WITH JOINT REQUIREMENTS

3.6.1 DID DWSS AND NHD JOINTLY ESTABLISH AN ANNUAL PLAN TO COORDINATE THEIR ACTIVITIES AND PROGRAMS?

[Reference: NRS 702.280.1; Deliverable 3.6.1]

Yes. Each year, the Department of Welfare and Supportive Services (DWSS) and the Nevada Housing Division (NHD) jointly develop an annual plan, the *Nevada Fund for Energy Assistance and Conservation State Plan*, to coordinate their activities and programs in accordance with NRS 702.280. The plan for SFY 2022 became effective July 1, 2021.

The annual plan includes a description of resources and services used by each program and a description of efforts undertaken to improve services and resources [NRS 702.280.1(a)]. The planned programs are funded by the Universal Energy Charge (UEC) /Fund for Energy Assistance and Conservation (FEAC). These funds support the FEAC Energy Assistance Program (EAP) which is administered by DWSS and the FEAC Weatherization Assistance Program (WAP), administered by NHD.

- EAP assists eligible Nevadans who apply in paying their utility costs on an annual basis and provides emergency assistance for eligible households. The program also has an arrearage component, a fast-track component for eligible households facing utility shutoff and a crisis intervention component to assist qualifying households with payment problems due to chronic or long-term illness and other events which similarly reduce disposable income.
- WAP assists low-income households in reducing their utility costs and energy consumption by providing for energy conservation and health and safety measures. NHD can sometimes leverage other funding sources to enable more full weatherization and necessary health and safety work to be completed on homes.

3.6.1.2 DID THE PLAN INCLUDE RESOURCES AND SERVICES USED BY EACH PROGRAM AND EFFORTS TO INCREASE OR IMPROVE RESOURCES AND SERVICES?

[Reference: NRS 702.280.1(a); Deliverable 3.6.1.2]

Yes. The joint annual plan includes resources and services used by each program and there have been efforts to increase and improve both resources and services. Both the Division of Welfare and Supportive Services and the Nevada Housing Division continually work to improve resources and services.

The nature of the challenge for both DWSS and NHD is optimization of resources subject to constraints. The largest constraint is that for each program the need for the program is much higher than the combined resources available to meet the need. Available resource is the major constraint when need is defined using the official definition of eligibility (provided in NRS 702 and as further defined by each program) or by other approaches to assessment of need which produce estimates of level of need (for example, the social work family budget approach). Resources applied include the combination of UEC and other state funding, available federal and city funding, private-sector funding, and funding from institutional, religious and community organizations.

A more focused major constraint is staffing. Although additional federal funding was received in SFY 2022, there was staff turnover, absences due to sickness, and somewhat slower completion of examination and processing of applications due to the need to train replacement personnel. There are more open positions, and this slows down the work. Although entry level staff have often moved on to higher level job opportunities in other parts of the civil service, staff shortage this year has been a major constraint.

3.6.1.3 DID THE JOINTLY DEVELOPED DWSS/NHD PLAN INCLUDE EFFORTS TO IMPROVE ADMINISTRATIVE EFFICIENCIES?

[Reference: NRS 702.280.1(b); Deliverable 3.6.1.3]

Yes. Both DWSS and NHD engage in continual improvement.

- DWSS - For 2022, the Division of Welfare and Supportive Services Energy Assistance Program was ready to apply for federal leveraging credit³⁶ but did not apply since there were no leveraging dollars available. The federal LIHEAP leveraging system is a provision for special LIHEAP funding that was created to reward states with a small allocation of additional federal program dollars in relation to non-federal funding developed within the state to

³⁶ In accordance with the *Nevada Fund for Energy Assistance and Conservation State Plan*, Effective July 1, 2021, Section 13.1, P. 26.

support the programs. However, in most recent years Congress has not funded the provision for leveraging grants.³⁷

- DWSS continually analyzes business practices and tries to be as efficient and effective as practicable, making program revisions within the scope of NRS 702 in consultation with the Policy Advisory Council.³⁸
- DWSS - To determine eligibility, the DWSS Energy Assistance Program requires households (1) apply and (2) provide verifications by a specified due date. The timing for response for requests for information is consistent with other DWSS programs.

Sometimes, a household may apply and then run into barriers in securing required verifications. For example, Social Security may be slow to respond to a request for documentation of Social Security income, or a landlord may not agree to send in a verification requested by the household. Or other reasons may cause a household not to respond by the specified due date. In these situations, a household must request an extension of time from DWSS. Otherwise, as a rule, the household's existing (incomplete) application will be denied. Once a household has been denied they must start the application process over again. In different years, DWSS has tried different numbers of days for the specified due date, counted days as only business days, and counted days as calendar days to try to improve response. DWSS continues to work with this problem of insuring a clear and timely resolution of applications.

- DWSS – As noted above (3.6.1.2) there is turnover in front line staff positions. Once a person has been on staff long enough to have a credible record of experience and learned on the job how the civil service system works, it is not uncommon to look towards other higher-level positions as they become open. Also, particularly in years in which Nevada's economy is strong, some staff move from the civil service to the private sector. Both kinds of move create vacancies. Production is influenced when there are vacancies and when there is a need to train new staff. Such movement is normal for first-level civil service positions and advancement of sound staff with demonstrated performance to other positions with the state strengthens

³⁷ For specifics, see "Leveraging Nonfederal Resources for LIHEAP," compiled by the LIHEAP Clearinghouse, November 2013, <https://liheapch.acf.hhs.gov/pubs/820.htm>,

³⁸ The Policy Advisory Council advises and assists the Division of Welfare and Supportive Services and the Nevada Housing Division with respect to the development and implementation of policy for the Energy Assistance Program and the Weatherization Assistance Program.

the civil service overall. However, reducing turnover is a continuing focus as it effects timely review and processing of applications.

- DWSS – Benefit Caps were continued from 2021.³⁹ This Benefit Cap Tables provide higher caps for the lowest income homes and lower caps for homes toward the upper end of low-income. This prioritizes home with more severe low-income.
- DWSS – The arrearage assistance burden that an applicant household must have paid towards their arrearage during the last twelve months was set to zero.⁴⁰ This facilitates moving households in need for arrearage assistance into the arrearage assistance program component.
- DWSS – Cost-of-living increases for Veterans benefits in the current year are not countable. Instead, income is the income prior to the increase.⁴¹ This provides additional benefit to veterans receiving a cost-of-living increase. Similarly, cost-of-living increases for Social Security in the current year are not countable. Instead, income is the income prior to the increase.⁴² This provides additional benefit to households receiving a Social Security cost-of-living increase. The rationale for not counting within year increases is that changes made during an Energy Assistance Program (EAP) year would be inequitable. That is, the year would start without the adjustment, and if the income adjustment were made for some households later in the year, and since the income limits are changed only at the beginning of a new fiscal year, making the adjustments only once a year keeps treatment of all households for that year equitable.
- NHD - For SFY 2022, the average per household expenditure by the UEC FEAC Weatherization program was \$8,000 and the maximum cost per unit weatherized was set at \$10,000, unless authorized by Housing Division staff.⁴³ The maximum cost per unit has been gradually increased over the years of program operation to cover inflation in cost of materials, to permit solving more problems in individual buildings, and, more generally, to

³⁹ DWSS Policy Transmittal EAP PT 05-21, Energy Assistance Program (EAP) Updates for FY 2022 and DWSS Energy Assistance Program Manual, Appendix A, P.2, Benefit Cap Tables.

⁴⁰ DWSS Policy Transmittal EAP PT 05-21, Energy Assistance Program (EAP) Updates for FY 2022, P. 1 of 1 and DWSS Energy Assistance Program Manual, Appendix A, P. 2, FY 2022 Arrearage Payment Requirement.

⁴¹ DWSS Policy Transmittal EAP PT 01-22, Veterans Benefits Cost of Living Increase – EAP.

⁴² DWSS Policy Transmittal EAP PT 07-21, Social Security Cost of Living Increase – EAP.

⁴³ *Nevada Fund for Energy Assistance and Conservation State Plan FY 2022, Effective July 1, 2021, P. 20, ¶10.2.6.*

support more complete and more effective weatherization work. During part of the Covid epidemic, costs of materials used in home weatherization increased substantially, although general inflation was initially quite low. Then, for 2021 and 2022 overall US inflation was substantial.⁴⁴ Rising material costs caused an increase in the cost of residential weatherization. The increased maximum cost per unit helps keep the program even with inflation. In practical terms, it keeps the program effective.

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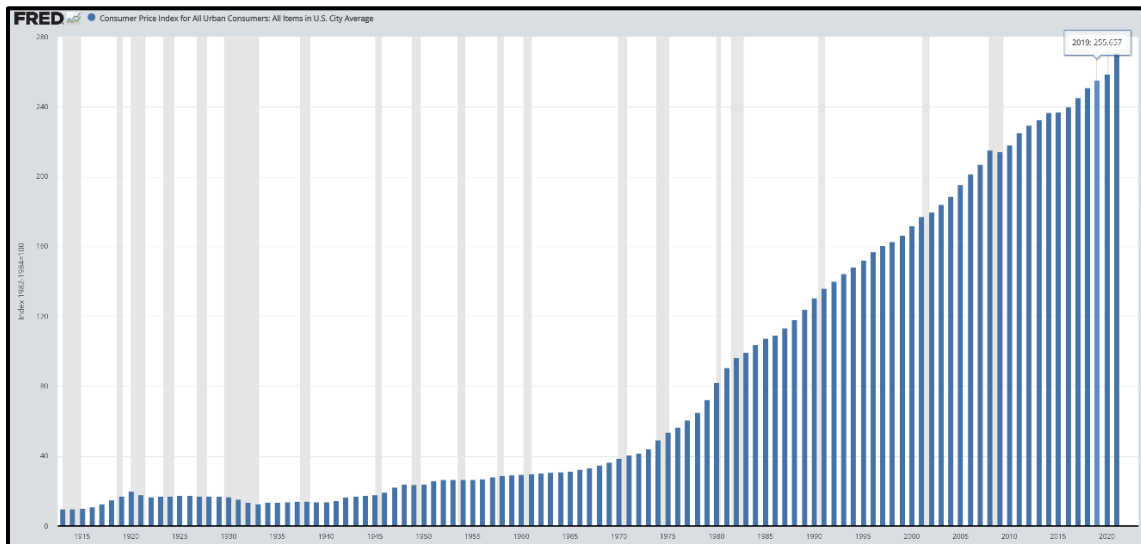


Figure 4: Inflation from 1913 through 2021.

The recent rise in inflation to the seven percent range is shown in the last two bars of Figure 5.⁴⁵ For perspective, the recent rise in inflation, though substantial on a year over year basis, follows the general pattern of increasing inflation of prices in the US from approximately 1980. While inflation increased 7% in 2021 in comparison to 2020, in a wider view, inflation rose 298% from 2013 to 2021.

⁴⁴ Overall, the year over year inflation rate is 2.37% for 2019, 1.4% for 2020, and 7% for 2021. See source table at: <https://www.usinflationcalculator.com/inflation/consumer-price-index-and-annual-percent-changes-from-1913-to-2008/>.

⁴⁵ Figure 5 is from the U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers: All Items in U.S. City Average [CPIAUCNS], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/CPIAUCNS>, November 14, 2022. For this graph, the data points are yearly averages, and the values for 1982-1984 are set to 100. Using this value, the index for 2013 is 10 and the index value for 2021 is 298.

- NHD - The new database system, WxPRO was fully in place for the Nevada Housing Division for program year 2022. NHD has been engaged in developing a better database and calculations system for the last few years. The new system, WxPRO, was first implemented for Nevada federal Weatherization Assistance in 2019. Implementation for Nevada Fund for Energy Assistance and Conservation (FEAC) weatherization was fully in place for the second half of SFY 2021 (January 1 through June 30, 2021). WxPRO was fully in place for 2022 and will be the fieldwork database system going forward. There will be upgrades to the WxPRO database in SFY 2023 to improve and tailor capabilities of the software for reporting and job cost control.
- NHD - Utility Demand-Side Management Programs (Natural Gas & Electric)
 - Natural Gas: In 2017, the Nevada Housing Division could not continue its former arrangement for program coordination with Southwest Gas. This continues for 2022. The change from previous coordination is due to a determination by the Public Utility Commission of Nevada (PUCN) related to special rules for utility program cost effectiveness.⁴⁶
 - For the US, coordination of utility low-income effort with state Weatherization Assistance Programs can improve program efficiency and effectiveness.⁴⁷ The Nevada Housing Division is interested in program coordination with the utilities.⁴⁸ Opportunity for coordination may emerge from year to year, depending on decisions by PUCN.
 - Resolution in moving towards the practical benefits of coordinated programs in Nevada could take place within PUCN regulatory proceedings; for example, by initiating a new proceeding to review cost-effectiveness testing, as outlined in the new National Standard Practice Manual.⁴⁹ One function of the new National Standard Practice

⁴⁶ However, Southwest Gas provides direct support to the Subgrantee agencies which can be used to further the work of the NHD Weatherization Assistance Program.

⁴⁷ Brown, M.A, and L.J. Hill, Low-Income DSM programs: The cost-effectiveness of coordinated partnerships. Oak Ridge, Tennessee: Oak Ridge National Laboratory, May 1994 (ORNL/CON 375); Brown, Marilyn A., Mark A. Beyer, Joel Eisenberg, Edward J. Laps and Meg Power, Utility Investments in Low-Income Energy Efficiency Programs. Oak Ridge, Tennessee: Oak Ridge National Laboratory, September 1994 (ORNL/CON 379), http://weatherization.ornl.gov/pdfs/ORNL_CON-379.pdf.

⁴⁸ *Nevada Fund for Energy Assistance and Conservation State Plan*, Effective July 1, 2022, P.27, §13.2 Housing Division.

⁴⁹ The National Standard Practice Manual now includes integration of distributed energy resources (DERs). It can be downloaded from: [National Standard Practice Manual - NESP \(nationalenergyscreeningproject.org\)](http://nationalenergyscreeningproject.org).

Manual is to facilitate bringing higher level state policy goals into assessments of cost-effectiveness.

- Electricity: NV Energy has had difficulty in developing a low-income DSM effort that is cost-effective using the resource acquisition model required for electric utilities as Nevada standard practice by the PUCN. A program scope for working with NHD and the Subgrantee agencies was approved by PUCN and was technically operative in the first half of FY 2014, but the envisioned implementation did not occur in 2014 or thereafter. This situation continues in 2022. Uncertainty in cost recovery by the utilities can cause reluctance to implement a program that might be borderline for cost-effectiveness using a resource planning test such as the Total Resource Test or the Utility Cost Test. Problems of this type cannot be resolved by the Nevada Housing Division but would likely need to be resolved within PUCN regulatory hearings. For example, through a new proceeding to include higher level state policy goals in cost-effectiveness testing, as outlined in the National Standard Practice Manual.⁵⁰

3.6.1.4 DID THE JOINTLY DEVELOPED DWSS/NHD PLAN INCLUDE EFFORTS UNDERTAKEN TO COORDINATE WITH OTHER FEDERAL, STATE, AND LOCAL AGENCIES, NONPROFIT ORGANIZATIONS AND ANY PRIVATE BUSINESS OR TRADE ORGANIZATIONS PROVIDING ENERGY ASSISTANCE OR CONSERVATION SERVICES TO LOW-INCOME PERSONS?

[Reference: NRS 702.280.1(c); Deliverable 3.6.1.4]

Yes. The plan for SFY 2022 includes efforts to coordinate with federal, state, and local agencies, nonprofit organizations, and utilities to provide energy assistance and conservation services to low-income persons [NRS 702 280.1(c)]. Trade organizations were not included in the 2022 annual plan. For SFY 2022, coordination is specifically discussed with the following seven entities:⁵¹

- ◆ Special Assistance Fund for Energy (SAFE) – Sierra Pacific Power/NV Energy’s fund. This fund provides some utility bill payment assistance to low-income,

⁵⁰ Ibid. The importance of the National Standard Practice Manual is that it supports a structured regulatory procedure to open up the mathematics of energy efficiency benefit-cost tests to state policy, legislative directives, and higher-level state utility regulatory commission policy directives. Specification of specific Nevada policy tests would require a PUCN regulatory proceeding.

⁵¹ Nevada Fund for Energy Assistance and Conservation State Plan FY2022, Effective July 1, 2021, Pp. 1-3.

elderly, and disabled customers, as well as families facing short-term financial crisis. This program is administered through several local social service agencies. Sierra Pacific Power provides all administrative costs for the program and provides annual financial support.

- ◆ Emergency Solutions Grant (ESG) – This program is administered through NHD and funded by the US Department of Housing and Urban Development (HUD). It covers some households experiencing sudden reduction of income with an inability to pay bills. It is aimed at preventing homelessness when there is a reasonable prospect that the household will resume their regular payments in a reasonable amount of time.
- ◆ Emergency Food and Shelter Program (EFSP) – United Way’s program to help people with economic emergencies not related to disasters. Funding can be used to help some households supplement food, shelter, rent/mortgage, and utility assistance.
- ◆ Energy Share – Southwest Gas’s direct assistance program for qualified people with unexpected financial difficulties, such as job loss and medical emergency. This program had been administered by the Salvation Army but is now administered by Help of Southern Nevada in Southern Nevada and by Friends in Service Helping (FISH) in Northern Nevada.
- ◆ Rebuilding Together with Christmas in April (RTCA) – RTCA operates in Southern Nevada to provide free housing repairs to low-income seniors and the disabled. It includes an annual corporate volunteer event day in which over 3,000 corporate volunteers make home improvements at no charge to qualifying households. RTCA also maintains rapid repair services for home heating, cooling, plumbing and electrical programs to qualifying homeowners.
- ◆ The Account for the Affordable Housing Trust Fund – NHD allocates 15% of the funds received for the Account for Low-Income Housing (Trust Fund) to city and county social service agencies for families who are or are in danger of becoming homeless and need assistance with utilities, security deposits and rental or mortgage payment assistance. Eligibility is restricted to individuals and families with income at or below 60% of area median income as designated by the Department of Housing and Urban Development.
- ◆ Demand-Side Management Programs (DSM) -- These are natural gas and electric utility programs that implement energy conservation and energy demand reduction and may include access to less expensive renewable energy (such as solar and wind). Sometimes, utilities include distributed energy resources and local microgrid projects in DSM. For lower-income

customers, the primary advantages are lower energy bills, better control of temperature in the home, and by lowering energy cost making money available to pay other bills. Also, improvements to homes can increase health and safety and provide a better home environment and so support other household activities and needs.

For SFY 2022, WAP's funding sources are: 1) the Nevada Fund for Energy Assistance and Conservation which is funded by the universal energy charge (UEC), 2) the U.S. Department of Energy (DOE), 3) US Department of Health and Human Services Low-Income Home Energy Assistance Program (LIHEAP), 4) The Low-Income Housing Trust Fund, and 5) the Governor's Home Energy Retrofits Opportunities for Seniors (HEROS). Also, depending on needs, using funds unexpended and unencumbered, the Division of Welfare and Supportive Services can make up to 10% of LIHEAP funding available to the Nevada Housing Division for weatherization work.

For SFY 2022, EAP's funding sources are: 1) the federal Low-Income Home Energy Assistance Program (LIHEAP) grant from the U.S. Department of Health and Human Services, and 2) the Nevada Fund for Energy Assistance and Conservation which is funded by a universal energy charge (UEC) assessed to customers of participating utilities.

3.6.1.5 DID THE JOINTLY-DEVELOPED DWSS/NHD ANNUAL PLAN INCLUDE THE MEASURES CONCERNING PROGRAM DESIGN THAT WILL BE UNDERTAKEN TO IMPROVE PROGRAM EFFECTIVENESS?

[Reference: NRS 702.280.1(d); Deliverable 3.6.1.5]

Yes. The Energy Assistance Program (EAP) was designed to assist qualifying households with utility cost that exceeds the state median household energy burden, but provides flexibility in altering the design when funding runs short of need.⁵² By basing the UEC energy assistance on the Nevada's state median

⁵² The "median" is the middle value of a statistical distribution. In this case, half of Nevada households for a given year have energy burdens larger than the median value and half have energy burdens less than the median value for that year. The calculation of median energy burden in Nevada begins with the most recent value of median household income. This is used as the denominator of a fraction. The numerator of the fraction is the cost of household energy use (natural gas and electricity used by the household) for the year. Household energy use data is calculated for each of the two major utilities, Southwest Gas and NV Energy, and the energy use (gas and electricity) is applied to the current residential rate structure of the utilities to derive the cost of energy per household. This cost is then divided by the Nevada median household income to provide the median household energy burden for the year. The actual calculation has some more details and is carried out separately for Northern Nevada and Southern Nevada. The median household income and median household energy burden are updated annually.

household energy burden (Nevada’s median energy burden was computed to be 1.96% of household income for SFY 2022),⁵³ the Energy Assistance Program (EAP) establishes a realistic and fair level of assistance.

The method for the derivation of this level is rooted in a principle of fairness: energy assistance is provided at the level of the median percentage of household income required for household energy use for the state. Each household in the program is responsible for paying this portion of their utility bills for the year. The portion above that amount may be covered by the Energy Assistance Program.

The EAP has been repeatedly adjusted to meet changing conditions. During the national economic crisis sometimes referred to as the “Great Recession,” it became necessary to cap assistance to stretch funding available in order to serve more households. In SFY 2011 and in prior years, energy assistance was provided to households up to and including 150% of the Federal Poverty Level (FPL) as specified in NRS 702. For SFY 2012 eligibility was capped at 110% of the FPL⁵⁴ due to shortage of funding in relation to increased need. For SFY 2013 eligibility was initially capped at 125% but was raised back to 150% of the FPL when additional federal funds became available late in fiscal year. For 2014, and going forward, the program again operated at its design level of 150% of FPL.⁵⁵ However, to stretch funding to more households, benefit caps were used during 2014, with the caps based on poverty level and a designation for vulnerability (targeted groups, such as households with one or more children under the age of six). Benefit caps were applied during 2015, 2016, 2017 and were adjusted and applied for 2018 and 2019.⁵⁶ Caps in effect at the end of SFY 2019 were continued throughout SFY 2020 and SFY 2021, and the SFY 2021 caps were extended for SFY 2022. The use of caps is designed to support continuing operation throughout the year. These changes are implemented and modified as conditions change, using flexibility provided in NRS 702.

⁵³ Nevada Fund for Energy Assistance and Conservation State Plan, Effective July 1, 2021, Section 10.1.3, Fixed Annual Credit, P.18.

⁵⁴ This was raised to 125% FPL when additional federal funds became available in April of 2012.

⁵⁵ There are no asset or resource criteria for eligibility. There are some more detailed rules for special situations.

⁵⁶ Department of Health and Human Services, Division of Welfare and Supportive Services, Policy Transmittal EAP PT 01-18 from Robert Thompson, Deputy Administrator, Program & Field Operations, June 20, 2018. Caps are continually reviewed to balance provision of a meaningful benefit amount with the number of households that can be served.

DWSS modified the Arrearage Forgiveness component of the Energy Assistance Program for the 2021 State Plan to provide for eligibility once every five years.⁵⁷ Also, the minimum payment for the Energy Assistance Program for SFY 2021 was raised from \$180 to \$240. The new levels were continued for SFY 2022.

In 2015, The Nevada Housing Division Universal Energy Charge/Fund for Energy Assistance and Conservation Weatherization Assistance Program, following USDOE guidance, standardized job descriptions and certification requirements for positions in weatherization work. It has also introduced Building Performance Institute (BPI) certification both for the NHD Weatherization Assistance Program/Audit Investigator and for some field staff at each Subgrantee agency. In addition, NHD separated the building audit role from the contractor services role so that auditing is independent of weatherization work. This program approach was continued in SFY 2022. At the same time, NHD has been strengthening its internal capabilities to provide training to subgrantee agency staff and may become less involved with external training agencies.

In summary, both the Division of Welfare and Support Services and the Nevada Housing Division worked continually throughout 2022 to improve program efficiency and effectiveness.

3.6.1.6 DID THE JOINTLY DEVELOPED DWSS/NHD ANNUAL PLAN INCLUDE THE EFFORTS THAT WILL BE UNDERTAKEN TO IMPROVE PROGRAM EFFECTIVENESS?

[Reference: NRS 702.280.1(e); Deliverable 3.6.1.6]

Yes, effectiveness is improved by the following annual plan changes and additions:

- The *Nevada Fund for Energy Assistance and Conservation State Plan* for SFY 2022 continues the 2021 modification to make the Arrearage Payment Component eligibility rule to provide for an assistance payment once every five years.⁵⁸
- The minimum Fixed Annual Credit payment is continued at \$240.⁵⁹

⁵⁷ Previously, the Arrearage Forgiveness part of the Energy Assistance Program was limited to once per lifetime. The change to once every five years makes the program more practical.

⁵⁸ Fund for Energy Assistance and Conservation State Plan FY 2021, P. 3, §2.2; Fund for Energy Assistance and Conservation State Plan FY 2022, P. 25, §11.1.3, 2.

⁵⁹ Fund for Energy Assistance and Conservation State Plan FY2022, P. 19, §10.1.5.

- DWSS is provided authority to render emergency assistance to a household if an emergency related to the cost or availability of natural gas or electricity threatens the health and safety of one or more members of the household. This provision was established in SFY 2021 and continues for SFY 2022.⁶⁰
- For NHD, the average per household expenditure is increased from \$7,669⁶¹ to \$8,000⁶².
- For DWSS, the Fast Track program component eligibility was changed to six months: "The household must have experienced an unexpected loss or reduction of income during the last 6 months." The following language was added: "Households are ineligible for Fast-Track assistance if they 1) received Fast-Track assistance in the previous EAP program year, or 2) received arrearage assistance in the last five years, unless there are extenuating circumstances, e.g., terminal illness, car accident, etc."
- For NHD, storm doors were added to the approved measures list.

3.6.2 CONTINUING EVALUATION: DID THE DWSS/NHD JOINTLY CONDUCT AN ANNUAL EVALUATION OF THE EAP AND WAP PROGRAMS?

[Reference: NRS 702.280.2(a); Deliverable 3.6.2]

Yes. The Division of Welfare and Supportive Services and Nevada Housing Division jointly conducted an annual evaluation of the EAP and WAP for the State Fiscal Year 2021 programs during SFY 2022 and are now (in the first half of SFY 2023) conducting the SFY 2022 evaluation (covering the programs from July 1, 2021, through June 30, 2022). This report is part of the continuing evaluation, covering SFY 2022.

⁶⁰ Fund for Energy Assistance and Conservation State Plan FY2021, P. 20, §10.1.12; Fund for Energy Assistance and Conservation State Plan FY2022, P. 20, §10.1.12,

⁶¹ Fund for Energy Assistance and Conservation State Plan FY 2021, P. 20, §10.2.6.

⁶² Fund for Energy Assistance and Conservation State Plan FY 2022, P. 20, §10.2.6. However, note that FEAC Weatherization is not subject to the DOE WAP maximum statewide cost per dwelling unit, and weatherization measures are not subject to DOE Savings to Investment Ratio (SIR) standards.

3.6.2.1 DID DWSS/NHD JOINTLY SOLICIT ADVICE FROM THE NEVADA PUBLIC UTILITIES COMMISSION AS PART OF THE ANNUAL EVALUATION?

[Reference: NRS 702.280.2(b); Deliverable 3.6.2.1]

Although there is provision for it in NRS 702, the Nevada Public Utilities Commission (PUCN) generally does not provide advice in the area of the Universal Energy Charge programs to DWSS/NHD from year to year. There was a hearing to develop information and advice in 2013-2014. This work ended in 2014 and is reflected in a recommendation in the SFY 2014 evaluation consistent with the PUCN conclusion that the utilities should disperse annual DWSS funding to customers on a pro-rated monthly basis (Figure 6).⁶³ PUCN did not recommend this approach to payment assistance grants (by month) be implemented by DWSS.

The Commission Finding (Figure 6) is not an order to the utilities but is an expression of PUCN guidance following a formal hearing and deliberation by the Commission. It is an expression of the commission's deliberative recommendation which the utilities may or may not decide to implement.

As part of the upcoming SFY Evaluation, the Commission should advise that DWSS continue to evaluate utility customers for EAP eligibility on an annual basis and EAP payments continue to be disbursed to the utilities in annual lump sum payments for EAP customers. However, utilities should now credit 1/12th of each payment to the corresponding EAP customer on a monthly basis over a 12-month period.

Figure 5: Public Utility Commission of Nevada.

3.6.2.2 DWSS/NHD JOINTLY PREPARE REPORT CONCERNING THE ANNUAL EVALUATION AND SUBMIT THE REPORT TO THE GOVERNOR, LEGISLATIVE COMMISSION, AND INTERIM FINANCE COMMITTEE?

[Reference: NRS 702.280.2(c, d, e); Deliverables 3.6.2.2, 3.6.3, 3.6.3.1, 3.6.3.2, 3.6.3.3, 3.6.3.4]

⁶³ This is not within the scope of DWSS, it would need to be implemented by the major utilities that are subject to guidance by the PCUN.

Yes. During SFY 2022 DWSS/NHD jointly prepared a report concerning the annual evaluation for SFY 2021 and submitted the report to the Governor, Legislative Commission, and Interim Finance Committee in accordance with NRS 702 280.2(c). The report consisted of the SFY 2021 evaluation, the SFY 2021 executive summary and a letter of transmittal.

The evaluation includes a full description of the objectives of each program [NRS 702 280.3(a)], an analysis of the effectiveness and efficiency of each program in meeting the objectives of the program [NRS 702 280.3(b)], the amount of money distributed from FEAC for each program and a detailed description of the use of that money for each program [NRS 702 280.3(c)], and analysis of the coordination between the Divisions concerning each program [NRS 702 280.3(d)], and any changes planned for each program [NRS 702 280.3(e)].

IV. OVERALL RECOMMENDATIONS

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.⁶⁴ 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.⁶⁵

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" 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.⁶⁶ The problem is that qualifying

⁶⁴ 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.

⁶⁵ 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.

⁶⁶ 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.

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

Recommendations from SFY 2022

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 also had to cope with the continuing pandemic effects on programs. Work was engaged successfully, though it was another more difficult year due to changing effects of Covid.

In addition, there was a recommendation that NHD consider adding one more person (or, if not possible, then one-half FTE) to the weatherization program staffing. This did not occur. Increased staffing is renewed as a recommendation for SFY 2023.

V. CONTEXT

Program evaluations often just provide an analysis of the program, by itself, without addressing the program context. This section of the report provides a brief look at five background factors: persistence of poverty, the pattern of unemployment, Covid, income, and housing. Background factors like these are typically as important as the variables under agency and program control. These are among the variables that each year affect the number of households in need of services, and these variables (as well as variables under direct program control) affect program outcomes.

Persons living in Poverty

A time series of percentage of persons in poverty is shown in Table 21 and is graphed in Figure 6: Graph of Percentage of Persons in Poverty 1959-2021.⁶⁷ The comparison spans just over thirty years. In 1980 Nevada had a lower poverty rate than the US. The two curves move pretty much together over the full graph, with poverty gradually increasing in Nevada in comparison with the US. For both Nevada and the US, poverty is higher in 2021 (NV 14.0%, US 12.8%) than in 1989 (NV 10%, US 12.8%). Over the years shown in the graph, Nevada poverty gradually increased and matched US poverty beginning in about 2011. Over the last few years, Nevada poverty has slightly exceeded US poverty.

Table 21: Nevada & US Persons in Poverty.

Estimated Percent of People of All Ages in Poverty: US and Nevada										
	1989	1993	1995	2000	2005	2010	2015	2017	2020	2021
US	12.8%	15.1%	13.8%	11.3%	13.3%	15.3%	14.7%	13.4%	11.9%	12.8%
Nevada	10.0%	11.5%	10.5%	9.4%	11.1%	14.8%	14.9%	13.3%	12.5%	14.0%

Source: Federal Reserve Bank of St. Louis, FRED database, using US Bureau of the Census data.

⁶⁷ Source: The Federal Reserve Bank of St. Louis maintains a database containing economic time series data called "Fred". The two series selected are for estimated percent of people of all ages in poverty, the first series is for the US, and the second series is for Nevada.

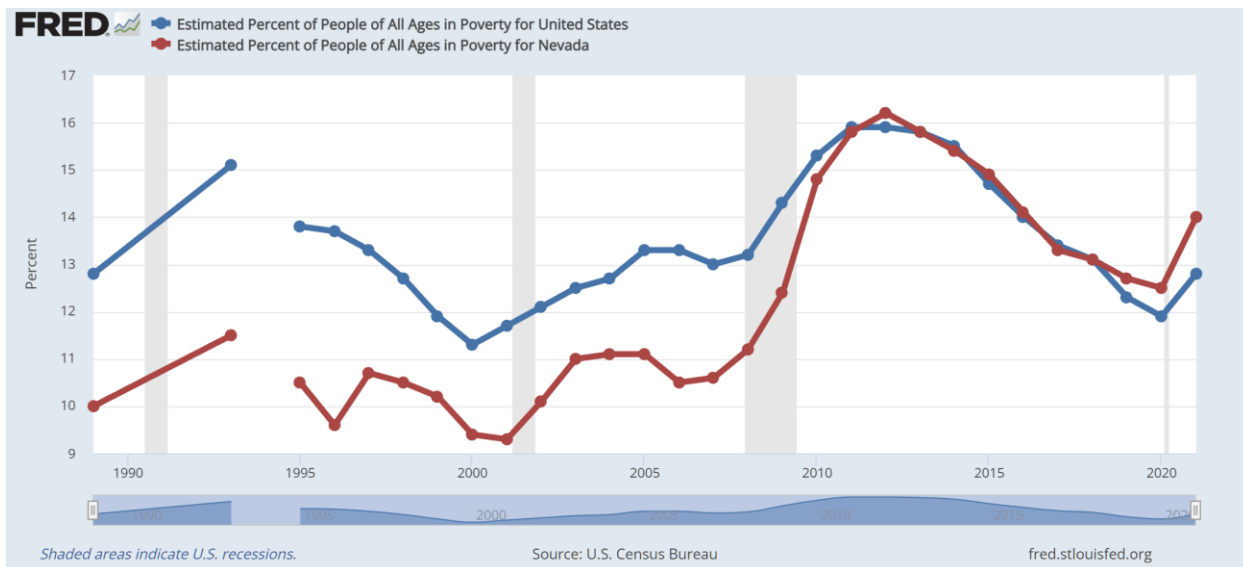


Figure 6: Graph of Percentage of Persons in Poverty 1959-2021.

The swings in the curves (Figure 7) show that the economy has repetitive increases in poverty where the curves swing upward, such as during the “dotcom bubble” beginning in the year 2000 and during the “subprime housing” or “derivatives” bubble beginning in 2008. In the figure, these recessions are shown by the shaded columns. There are also years in which poverty decreases, such as from about 2013 to 2020. In 2020 the downward curve reversed due to the Covid recession and since then poverty has been increasing. Some of the reasons for poverty increasing over certain years are the 1985 savings bank collapse, stemming from the removal of regulatory provisions in banking law; the “dotcom bubble” which burst in early 2000, resulting from an economic mania about measurement of value for Internet related investments; the subprime mortgage housing bubble (“derivatives bubble” or “Great Recession”) resulting from a mania about measurement of value for investment in derivatives related to housing investments.⁶⁸ *When the economy turns down, more households need the programs, including households that have not needed the program before.*

Unemployment

⁶⁸ There can be other reasons for recessions (for example, the Covid recession was not caused by market mania), but many recessions are caused by manias in which regulation is lax and apparent value is created from nothing, growing into a bubble until the bubble bursts. The nature of these manias is best illustrated in the Holland tulip bubble of 1650 which stemmed from assignment of fantastically high economy value to tulips. See: <https://www.fool.com/investing/general/2013/02/03/the-stupidest-bubble-in-history.aspx>

Unemployment comes in waves (Figure 8). Following the Dot-com recession, the rate of unemployment peaked at six percent (6.0%); following the Great Recession, the peak was 13.7%. In the Covid recession, the unemployment rate peaked at 29.5% in April 2020.⁶⁹ In June, as SFY 2020 came to an end, unemployment was very high, but dropping, and returned to 4.9% in November 2022.⁷⁰

For economists, the Covid recession (Figure 7 and 9) was the shortest ever – a two-month duration for March and April 2020.⁷¹ In actual life, however, effects linger. The Covid recession was the most severe shock to Nevada’s economy since at least 1976. The closest economic shock in size was the “Great Recession” of 2008 associated with speculation in subprime mortgages. The Nevada Covid recession had more than double the rate of unemployment of the “Great Recession”. *The Covid recession was a major, though temporary, change in the structure of the Nevada’s economy and strongly affected program delivery and participation.*

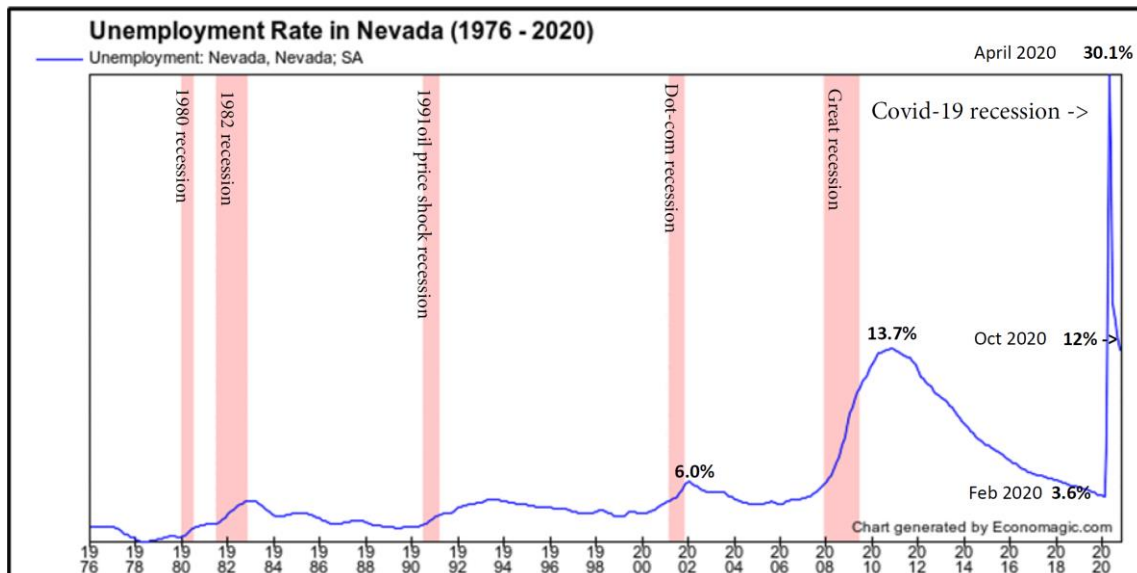


Figure 7: Waves of Unemployment in Nevada.

⁶⁹ The peak of 30.5% shown in Figure 7 is replaced by the peak of 29.5% shown in Figure 8. It is not unusual for unemployment data series to be provided small corrections with subsequent analysis and data collection.

⁷⁰ November 2022 data from Bureau of Labor Statistics, Unemployment Rate for States, Seasonally Adjusted (Table). See: <https://www.bls.gov/web/laus/laumstrk.h>

⁷¹ The official recession dates are set by the National Bureau of Economic Research, based on economic criteria, and do not correspond to lived experience, the need for institutional engagement to provide socioeconomic solutions, public perception, or how a recession is covered in the mainstream media.

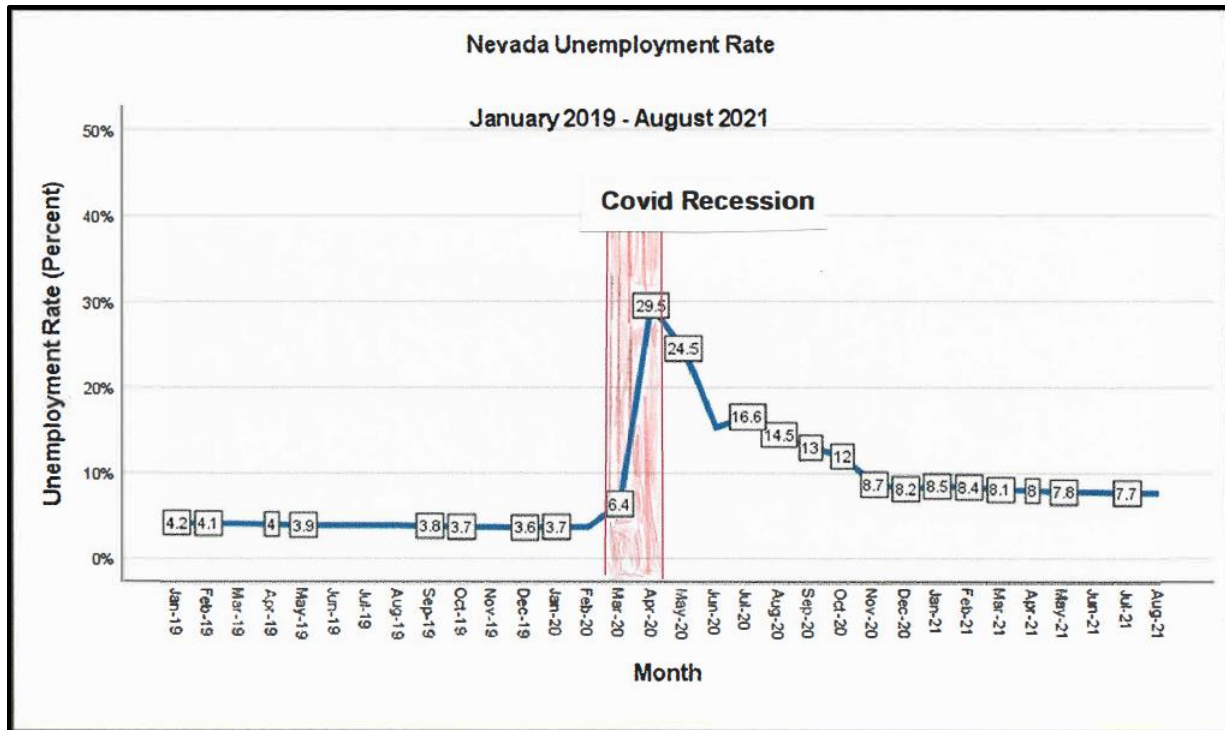


Figure 8: Detail - Peak Unemployment in Nevada.

The peak, shown at the right in Figure 7, is shown in more detail in Figure 8, which includes data through August 2021.⁷² The unemployment rate in August 2021 was 7.7%. This is still high, but much closer to 3.7% rate in February 2020, just prior to the pandemic. By November 2022, the unemployment rate was 4.9%, almost a return to the 3.7% level just prior to the pandemic.⁷³ Everyone reading this report can probably remember the “Great Recession” following the subprime housing investment derivatives recession which closed many businesses in Nevada and resulted in many untenanted storefronts, for a few years, until the economy came back. At that time, many of the households applying to participate in the programs had been employed in good jobs right up until the recession hit. One day there were many good jobs available, and a few days later there were almost none, and layoffs also started. *Unemployment can be a major factor affecting the programs.*

⁷² Data from the Federal Reserve Bank of Denver (FRED) database analyzed using a graphical procedure in SPSS 25. The peak values in the two figures differ because Figure 7 was constructed using data available through October 2020, and Figure 8 was constructed using data through August 2021. Economic data is often revised in subsequent updates.

⁷³ Bureau of Labor Statistics, Unemployment Rate for States, Seasonally Adjusted (Table). See: <https://www.bls.gov/web/laus/laumstrk.htm>.

Covid

Figure 9 shows the pattern of new reported cases of Covid (all variants) in Nevada from the beginning of the pandemic in later March 2020 through data for the end of 2022.⁷⁴ As shown in the graph, infection tends to come in surges, followed by a reduced rate of infection, and then another surge. Covid has been normalized, following development of injections and boosters, and following development of federally authorized treatments, such as Paxlovid and Molnupiravir, and currently infections have receded.

Yet while a virus is, technically, not alive and is said, instead, to “live a kind of borrowed life”, Covid “borrows” human and reprograms so that it can reproduce and evolve.⁷⁵ Covid continues to try to evolve to weaken the effectiveness of protocols, injections, and remedies.

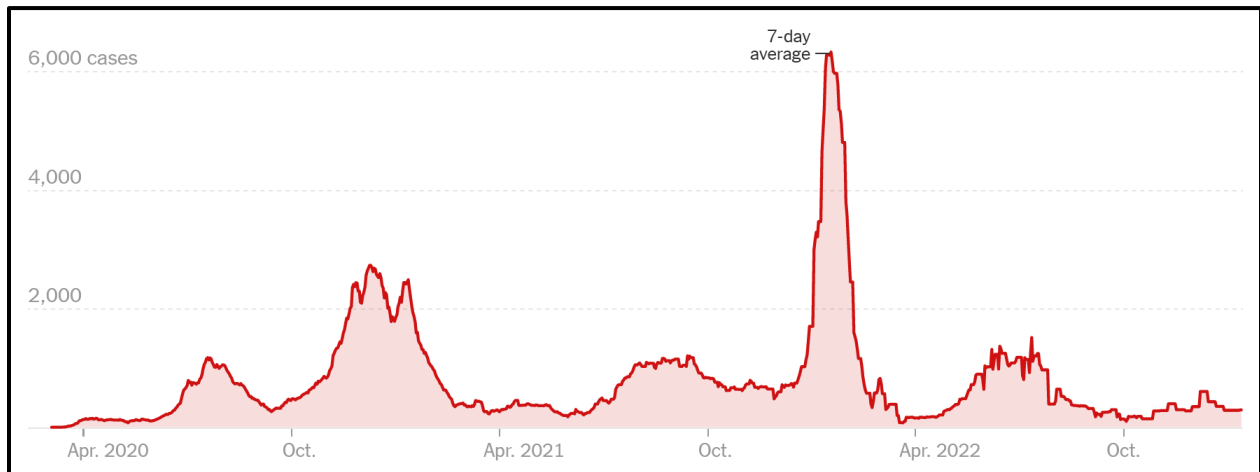


Figure 9: Nevada Covid Pattern (New Reported Cases).

It is not only the Covid recession, which is mostly now in the past, but the general medical/health and social experience with Covid that affects society. Teachers say that the social interactions, ability to focus, tendency to argue, and tendency to withdraw of children are different than pre-Covid; for workers the benefits and costs of working from home, either all week or two days a week have not been

⁷⁴ Data on Covid is from the New York Times, December 19, 2021 (data is through December 18, 2021), Tracking Coronavirus in Nevada, latest Map and Case Count, New Reported Cases (graph) and Vaccinations. Screenshots, January 14, 2023. See: <https://www.nytimes.com/interactive/2021/us/nevada-covid-cases.html>

⁷⁵ Virologists Marc H. V. van Regenmortel and Brian W. J. Mahy, as reported in *Scientific American*. See: “Are Viruses Alive.” See: <https://www.scientificamerican.com/article/are-viruses-alive-2004/>

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measured objectively. It is likely that the Covid experience has had a cumulative impact on individuals so that workplace socialization, communication, work patterns, and management and coordination are different than pre-Covid. At the same time, all households affected by the pandemic may have somewhat changed orientations towards work, and other basic social orientations. Though the Covid emergency is technically coming to an end, there are continuing effects. *Covid has been a major factor affecting the programs.*

Income

What has been happening to household income? Pretty much the same thing that has been happening since about 1972: a useful thing to understand about income is that when income increases, the increase to lower economic groups is small; while the corresponding increase to upper-income groups is usually large, and for the very top income groups, increase is outsized. Figure 10 is a graph that has been reprinted in several articles and studies. From the Economic Policy Institute, it shows how productivity and compensation were correlated prior to the late 1970's and have diverged since.⁷⁶

According to Lawrence & Bivens, there has been a general lowering of the portion of national income that goes to labor. This change, indicated in the figure, follows from policy changes discussed in their article. The allocation of income upwards, away from labor is not due to market forces, but rather to what economists' call "economic rents" which *by means of modifying social and economic structures* take income away from the poor and middle classes (and the lower portions of the upper economic groups) to redistribute income to the top groups (generally the upper 5% of households by income, and especially to the upper 1% of households by income).⁷⁷

The general pattern of diverging wages since 1980 is shown in Figure 11.⁷⁸ Note the bottom economic group here is the lower 90% of workers. One interesting thing

⁷⁶ Mishel, Lawrence & Josh Bivens, "Identifying the Policy Levers generating Wage Suppression and Wage Inequality, May 13, 1921. See: <https://www.epi.org/unequalpower/publications/wage-suppression-inequality/>.

⁷⁷ An example of economic rent is the current buying up of housing in the US and Canada by hedge funds. The concept is that if housing can be kept undersupplied and corporate owned, Americans who would ordinarily buy at some point during their lives will have to rent. As control is increasingly established, there is no alternative to renting and hedge funds can experience an excellent return on investment by simply raising rents repeatedly going forward. Economists view economic rents as non-productive. They are simply a taking, and a defect in a market economy.

⁷⁸ Mishel & Bivens, op. cit.

in wage suppression is the general pattern (more for those who have; less for those who don't), but more interesting is the layering of factors. On top of the general suppression of income for nearly all working people, there are also other gaps.

The suppression increases towards the bottom of the distribution. That is, the lowest 90% is also structured with suppression, with increasing suppression towards the middle and even more towards the bottom. Then there is the factor that the reasonably justified income advantage of college education has been contained for several years; the factor that the income gap by gender occurs in addition to these factors; and the factor that the racial/ethnic gap is also in addition to these factors. The effects of gender and racial gaps are sharpened by the force of the general structure of suppression of the whole system since the 1970's.

The other interesting aspect of wage suppression is that the US and many states have long-established minimum wage legislation. However, the federal minimum wage is not automatically indexed. It could be indexed to inflation using the CPI or (much better) to what the top wage groups receive, so that when the top wage group receives increases, the minimum wage group receives proportionate increases.

Gap between productivity and a typical worker's compensation, 1948–2018

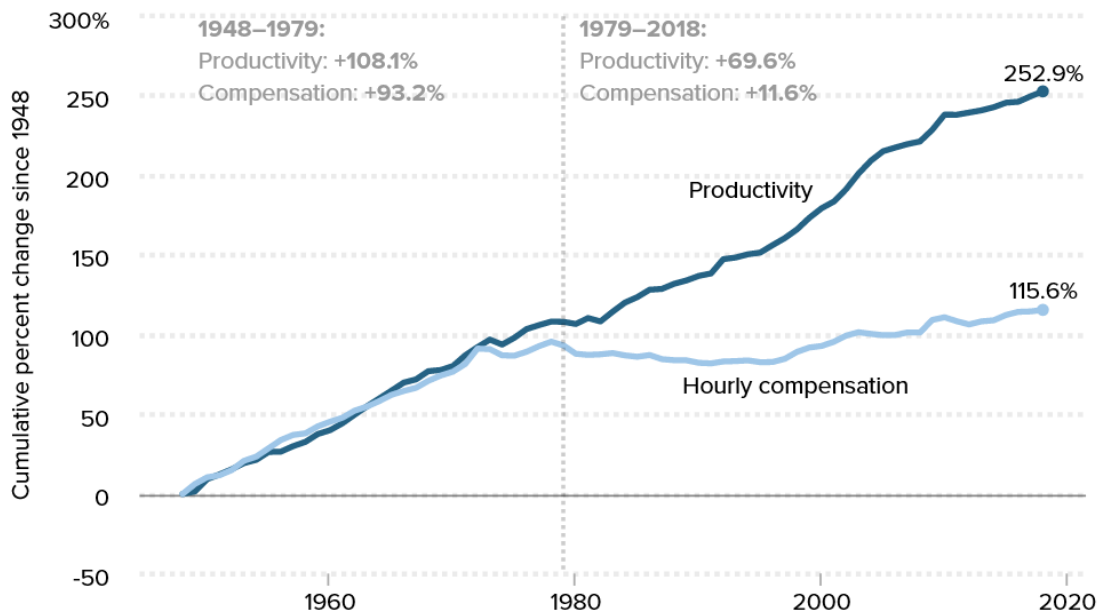


Chart Data

Notes: Data are for compensation (wages and benefits) of production/nonsupervisory workers in the private sector and net productivity of the total economy. “Net productivity” is the growth of output of goods and services less depreciation per hour worked.

Source: Authors' analysis of unpublished total economy productivity data from Bureau of Labor Statistics (BLS) Labor Productivity and Costs program, wage data from the BLS Current Employment Statistics, BLS Employment Cost Trends, BLS Consumer Price Index, and Bureau of Economic Analysis National Income and Product Accounts. *The Productivity Pay Gap*. See Bivens and Mishel (2015).

Updated from Figure A in *Raising America's Pay: Why It's Our Central Economic Policy Challenge* (Bivens et al. 2014).

Economic Policy Institute

Figure 10: Productivity vs. Compensation (US).

Right now, the federal minimum wage is \$7.25 an hour, set July 24, 2009.⁷⁹ If it were mathematically linked to inflation, in December 2022, it would be about \$10.00 an hour, instead of \$7.25.⁸⁰ Nevada’s minimum wage is now \$9.50 an hour

⁷⁹ US Department of Labor, Minimum Wage: <https://www.dol.gov/agencies/whd/minimum-wage>.

⁸⁰ US Bureau of Labor Statistics, CPI Inflation Calculator: https://www.bls.gov/data/inflation_calculator.htm.

if an employee is also provided health benefits and \$10.50 an hour if health benefits are not provided.⁸¹ So Nevada is doing much better than the federal government in this area. However, there is more to it than this.



Figure 11: Real Wage Differences (US).

Adjustment only works well if the base case minimum wage has been properly set. The reason why it is good to index to the top groups by income in the economy is that when this is not done (and income is year by year allocated more and more to the top groups), the functional economy splits and quality goods and services move more and more to the top. The outcome is different than, but similar to, how in the old USSR there was not one Russia but two – one for the people and a much nicer one for the officials who had different stores and access to better quality consumer goods. Here in the USA, what happens over time is that that markets for luxury goods (housing, cars, boats, food, clothing) can function well even though markets for regular people are having trouble.

⁸¹ State of Nevada, Department of Business & Industry: https://business.nv.gov/News_Media/Press_Releases/2022/Labor/Nevada%E2%80%99s_minimum_wage_and_daily_overtime_rates_to_increase_July_1,_2022/.

The usual signs of this are shrinkage of consumer products, so that, for example, a bag of chips appears the same size but contains fewer chips.⁸² People who cook will be familiar with the problem of trying to follow an old recipe that specifies can sizes that are not in grocery stores anymore, but have been replaced by standard can sizes that contain slightly less contents. Another usual sign of the shrinkage problem is a drop in product quality, and substitution of lower quality goods in the stores. Right now, we are experiencing an unusual marker of economic difficulty - across the US many fast-food restaurants are suddenly closed except for weekends. First interior service was closed, and customers were directed to the takeout window. Now there is a progression to closing the drive through and delivery service also, except on weekends. Ending calendar 2022, workers are having trouble affording hamburgers, and fast-food workers are having trouble because their wages are not a living wage and do not support household expenses.

If we annualize the federal minimum wage of \$7.25 (2009 dollars) by assuming a 40 hour work week and employment 52 weeks a year, the annual equivalent is \$15,080. If we use the Economic Policy Institute's Family Budget Calculator for Las Vegas/Henderson/Paradise a household budget for two adults and two children is \$81,813. With two adults working at minimum wage, the household budget would be \$30,160, which is short of family budget by \$51,653.⁸³ Just on the face of it, an adequate minimum wage would be \$19.66 per hour, or, rounded, about \$20.00 an hour, not \$7.25. Part of the environment of the programs is an economy that has a federal minimum wage, but does not link it to inflation, or to the incomes at the top of the allocation of income. Fix this, and households would need much less support and the programs would perform better across the lower income ranges that are served.

The federal minimum wage is far from being a living wage, and top incomes are pulling away from those of lower, middle, and lower-upper income groups, pulling the economy apart. Not having minimum wage indexed to actual household expenses is a major factor affecting the programs.

Housing

⁸² One of the earlier forms of this occurred in Middle Ages, when during hard economic times bakers would add sawdust to bread, so the bread might look same but the ingredients for which it was purchased were less. Today, with modern packaging technology, one approach is to put slightly fewer contents in a the same size package. The word for this is "shrinkflation" of consumer products. See: <https://www.foodandwine.com/news/food-shrinkflation-doritos-gatorade>

⁸³ <https://www.epi.org/resources/budget/>

A new feature affecting housing in the US economy is that hedge funds have been moving in to try to control housing markets in US cities (and also in other countries). These are not normal business investments, but interventions to extract “economic rents” by means of market control (setting prices for new homes and for rentals; and establishing new systems of higher fees for building services such as dealing with an insect problem or fixing a plumbing leak).⁸⁴

When corporations can control access to housing and coordinate by using the same or similar computer programs to set rents and raise costs of services there is not much that individual households, used to normal free markets, can do about it. This is another force that is raising household expenses and affecting programs. Though the hedge funds are trying to control access to middle-class housing, the effects cross all housing sectors from lower-upper through middle and low-income.

Summary of Context

Here we have looked at some of the background factors that influence the programs as they develop from year to year. In looking at program performance, we typically abstract the program from societal context. But here we can see that the programs are working well in an increasingly complex and increasingly difficult context.

Viewed in context, positive work and accomplishment is more impressive because it is like swimming upstream. Five factors that work against programs are the structure of continuing poverty, the periodic unemployment problem, the pandemic, and structure of wage suppression, and the new attempts to extract extra profits from housing markets.

We have not considered climate change and the need to think about modifying programs for more extreme heat, cold, drought, water shortage, higher winds, deluge from atmospheric rivers, and the need to prepare for climate migration as agricultural land is closed – all of which are happening now, and all of which will increase in intensity over time. These will require modifications to programs and substantial social investment for adaptation.

⁸⁴ <https://www.investmentwatchblog.com/the-hedge-funds-are-buying-up-american-housing-thats-a-dangerous-trend/>; <https://www.amgnational.com/insights/hedge-funds-gobbling-up-single-family-housing/>; <https://www.nbcnews.com/business/real-estate/who-s-outbidding-you-tens-thousands-dollars-house-hedge-fund-n1274597>; <https://www.commondreams.org/news/2022/12/01/merkley-bill-aims-dismantle-hedge-fund-stranglehold-housing-market>; <https://www.cnn.com/2021/08/02/business/family-homes-wall-street/index.html>. Also see footnote eighty-one.

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