
EXECUTIVE SUMMARY

SFY 2013

Energy and Weatherization Assistance Programs

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EXECUTIVE SUMMARY

Nevada's Energy Assistance Program (EAP) and the Weatherization Assistance Program (WAP) are funded jointly by the state's Universal Energy Charge (UEC), which was established by the 2001 State Legislature and became effective during State Fiscal Year (SFY) 2002. The first full program year was SFY 2003. The legislation establishing these programs requires an annual evaluation of program efficacy and compliance with legislative requirements. Nevada's Division of Welfare and Supportive Services (DWSS) and the Nevada Housing Division (NHD) jointly selected H. Gil Peach & Associates and Smith & Lehmann Consulting to conduct this evaluation for SFY 2013.

EAP assists eligible Nevadans in paying their utility costs on an annual basis and provides emergency assistance for eligible households in crisis. WAP assists low-income households in reducing their utility costs and energy consumption by providing for energy conservation and health and safety measures.

Evaluating the Energy Assistance Program (EAP)

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

Energy Assistance Program Compliance with NRS 702

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

DWSS anticipated that SFY 2013 federal LIHEA program funding would be similar to SFY 2012 levels. In order to meet Nevada's need for low-income energy assistance, DWSS has instituted benefit caps since 2009. While the cap reduces the amount of assistance available to each household, it enables the EAP program to serve a greater number of households. This practice has been crucial during the "Great Recession" when revenues declined and demand increased. In November 2012, program eligibility was restored to households earning up to 150% FPL. In April 2013, new benefit cap tables were established to provide better equity for households earning <75% FPL. This raised the targeted monthly benefit from \$555 in 2012 to \$776 for SFY 2013.

EAP is dependent on adequate federal funding to maintain benefit amounts consistent with the intent of NRS 702. The unpredictability of federal allocation from one year to the next creates an unstable budgetary environment for the EAP programs. A more stable source of revenue would a) allow the EAP to function according to statute; and b) reduce processing costs and increase funding available for households. To this end, the establishment of a cash reserves fund would allow the EAP to plan and budget for the "most likely scenario" while also preserving the ability to maintain program consistency in the event of federal funding shortages. EAP should establish a specific cash reserve account target and develop a plan to fund the reserve account.

Evaluation of Program Effectiveness

Through the EAP, DWSS provided 26,088 households assistance with their heating and cooling costs during SFY 2013. In SFY 2013, a median family of four in Nevada spent 2.30% of their income on energy. The targeted average benefit was \$776 per household in SFY 2013, representing an increase from the \$555 average benefit in SFY 2012. Due to insufficient funding for the program, benefit caps are currently in place to ensure that EAP can provide a benefit to all qualifying households who apply. Households with particularly vulnerable members, the elderly, children under 6, or disabled, receive an additional benefit subsidy to bring them closer to the program statutory target.

The SFY 2012 evaluation revealed that even after assistance, households earning below 75% FPL with the lowest income spent proportionately more on energy than households between 75% and 110% FPL. Consequently, DWSS increased the benefit cap for households below 75% FPL in an effort to reduce their energy burden to more equitable levels. This change in additional subsidies for targeted vulnerable groups (elderly, children under 6, disabled) was successful in reducing the energy burden for these subpopulations in 2013. In SFY 2012, households under 75% FPL were spending on average between 7-13% of their incomes on energy, even after receiving a benefit. The graph for 2013 (Figure 1) indicates clear improvement for households with the greatest poverty.

DWSS should take further steps to restore EAP benefits to fully reduce the energy burden to the statewide median, according to the intent of NRS 702. Households under 125% of poverty should be prioritized for this benefit.

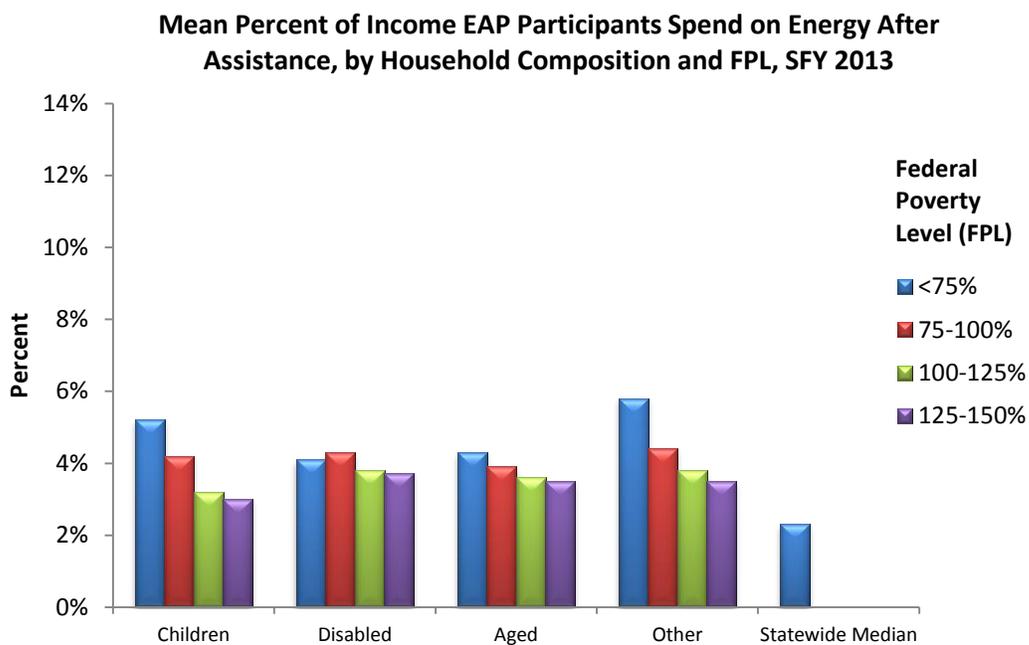


Figure 1. Mean percent of income EAP participants spend on energy after assistance, by household composition and FPL for SFY 2013.

Evaluating the Weatherization Assistance Program (WAP)

Contracting with Subgrantees, the WAP weatherizes homes to provide long-term reduction in energy costs. In SFY 2013, over 1,000 homes received this assistance in Nevada.

Evaluation of WAP Compliance with NRS 702

The evaluation found that the WAP was implemented in a manner consistent with NRS to the extent possible given the disparity between need and availability of funds.

NHD provided eligible households with services of basic home energy efficiency which assisted households in reducing energy consumption over time. Performance was confirmed during NHD WAP staff Monitoring Reviews of sample projects and reviews of the BWR database.

While no assistance was provided to repair/replace the structural, mechanical or other failure of an occupied dwelling, assistance to health/safety threatened households was provided to thirty-seven (37) households that experienced an emergency because of a failure of a component or system of their occupied dwelling.

Evaluation of Program Effectiveness

In SFY 2013, NHD Subgrantees weatherized 1,065 homes, exceeding the goal of 570 homes by 187% overall (Table 1). Energy savings for SFY 2013 were 212,120 therms and 2,258,998 kWh.

Table 1. Work Completed by each WAP Subgrantee during SFY 2013.

Work Completed by each WAP Subgrantee Agency		
Agency	Number of Homes	Percent of Homes
RNDC	22	2.1%
Neighborhood Services	35	3.3%
Urban League	60	5.7%
NRHA	65	6.1%
CSA	99	9.3%
HELP	784	73.5%
TOTAL	1,065	100.0%

The combined natural gas and electricity savings for NHD weatherized homes, by housing type and heating fuel are shown in Table 2. The dollar amounts of savings on utility bills is developed using the BWR database and using an estimated \$0.11 cost per kWh and \$0.80 cost per therm. Savings are first year average dollar savings.

Table 2. First Year Average Dollar Savings to Household.

First Year Dollar Savings to Household from NHD UEC/FEAC Weatherization					
Type of Home	Homes Heated with Natural Gas				
	Therms	(\$)	kWh	(\$)	Total (\$)
Single Family	318	254.40	3796	417.56	671.96
Mobile Home	645	516.00	2531	278.41	794.41
2-4 Family	87	69.60	1036	113.96	183.56
5+ Family	77	61.60	709	77.99	139.59
Type of Home	Homes Heated with Electricity				
	Therms	(\$)	kWh	(\$)	Total (\$)
Single Family	10	8.00	9,280	1,020.80	1,028.80
Mobile Home	2	1.60	12,744	1,401.84	1,403.44
2-4 Family	0	0.00	4,152	456.72	456.72
5+ Family	0	0.00	670	73.70	73.70

SUMMARY AND CONCLUSIONS

Despite the growing need and limited funding available to the EAP and WAP, many low income households received financial or structural assistance to reduce their energy burden. DWSS staff worked diligently to implement the EAP despite an unsure level of funding from the Federal LIHEAP, changing eligibility criteria and benefit caps to provide a meaningful benefit to over 26,000 households. WAP contractors and Subgrantees provided both emergency and sustainable improvements to the energy use of more than 1,000 homes.

- ◆ The **Energy Assistance Program** was implemented in a manner compliant with the requirements of NRS to the extent possible given funding levels. EAP significantly reduced the energy burden of participating households over previous years, but still falls short of the goal of reducing the energy burden to the state median (2.30% in SFY 2013).
- ◆ The **Weatherization Assistance Program** was implemented in a manner compliant with the requirements of NRS to the extent possible given funding levels. While more than 227,000 households are eligible for assistance, the WAP completed projects in 1,065 households in SFY 2013.

- ◆ These two programs coordinated their implementation as necessary including developing an annual plan, coordinating partnerships with local and state agencies, funding and participating in an evaluation, and streamlining operations.
- ◆ Despite changes and increased efficiency in program implementation, both programs were unable to fully meet the needs of low income households in Nevada because sufficient funding was not available.

RECOMMENDATIONS

- ◆ DWSS should develop a plan to accumulate funds in a reserve account to ensure future financial stability of EAP, and develop a financial target for the EAP reserve fund to support operations for a 3-year budget cycle.
- ◆ When sufficient funds are available, DWSS should strive to meet the target specified in NRS 702 by removing the temporary benefit cap to achieve parity between the energy burden of low-income Nevadans and the median energy burden of Nevada households. DWSS should develop and implement a plan to fully restore EAP benefits to reduce the energy burden of recipients to the statewide median (currently 2.3% of income), particularly for those under 125% FPL.
- ◆ When possible and as the economy improves, the eligibility level for energy assistance and weatherization services should be increased to take into account income insufficiency levels for different household sizes and be determined by county. This may require an Amendment to NRS 702 to use the Family Budget Method by County or, if better for ease of administration, an amendment to raise the FPL multiple for eligibility to 250% of the FPL.
- ◆ NHD should seek an amendment to NRS 702 to broaden the emergency provisions for inclusion of all households in temporary economic difficulties.
- ◆ Some data entry problems were encountered and fixed with NHD during the effectiveness analysis and a few homes could benefit from a check using REM Design™. We recommend that NHD discuss quality control for data entry with subgrantees and check approximately ten of the large kWh savings results using REM Design. In the long run, perhaps the subgrantee agencies could enter the past year's total natural gas and electricity usage for each home into the BWR database and the database could compute the percentage savings as a check.
- ◆ When possible and as the economy improves, Nevada should increase funding for NHD's Weatherization Assistance Program to enable more households to be weatherized each year.
- ◆ When possible and as the economy improves, Nevada should increase funding for the DWSS Energy Assistance Program.