EXECUTIVE SUMMARY
SFY 2014
Energy and Weatherization Assistance Programs

Prepared for the State of Nevada by

H Gil Peach & Associates and

Smith&Lehmann CONSULTING

December 11, 2014

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 2014.

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 2014 federal LIHEA program funding would be similar to SFY 2013 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. These benefit cap tables have remained the same for SFY 2014 with an average monthly benefit of $718, which is slightly lower than the $729 provided in 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 24,333 households assistance with their heating and cooling costs during SFY 2014. In SFY 2014, a median family of four in Nevada spent 2.23% of their income on energy. The average benefit was $677 per household if arrearage average is not included and $718 if included[1] in SFY 2014. 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 2014 (Figure 1) indicates continued 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.

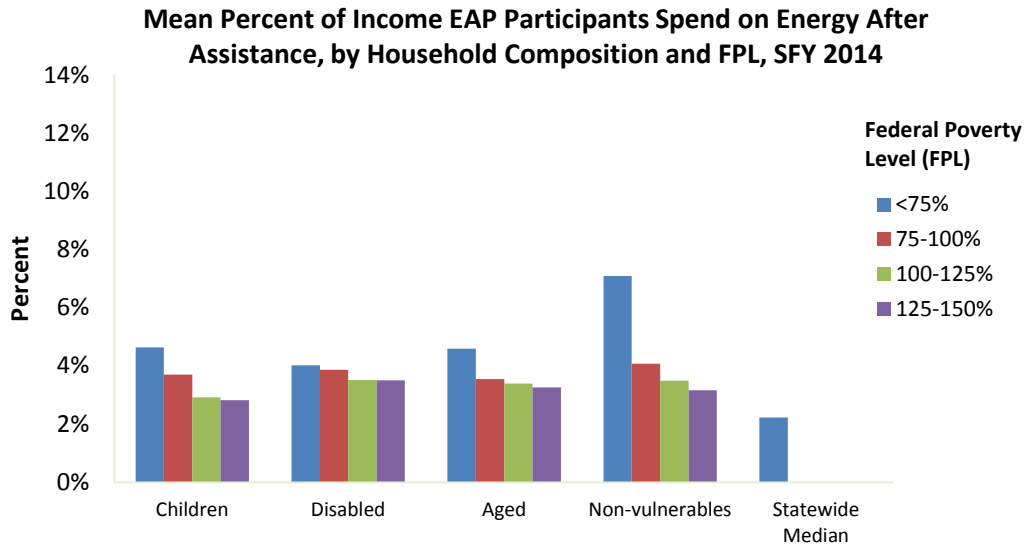

Figure 1. Mean percent of income EAP participants spend on energy after assistance, by household composition and FPL for SFY 2014.

[1] Source: EAP Management Monitoring Summary, July 2014.

Average processing times have increased from 35 days in SFY 2013 to 67 days in SFY 2014. Management staff indicated that staff turnover and the additional time required to train new staff were primarily responsible for this increase. Smith & Lehmann performed a staffing analysis to determine whether staff status impacted processing times over the period of July 2009 through the end of SFY 2014.

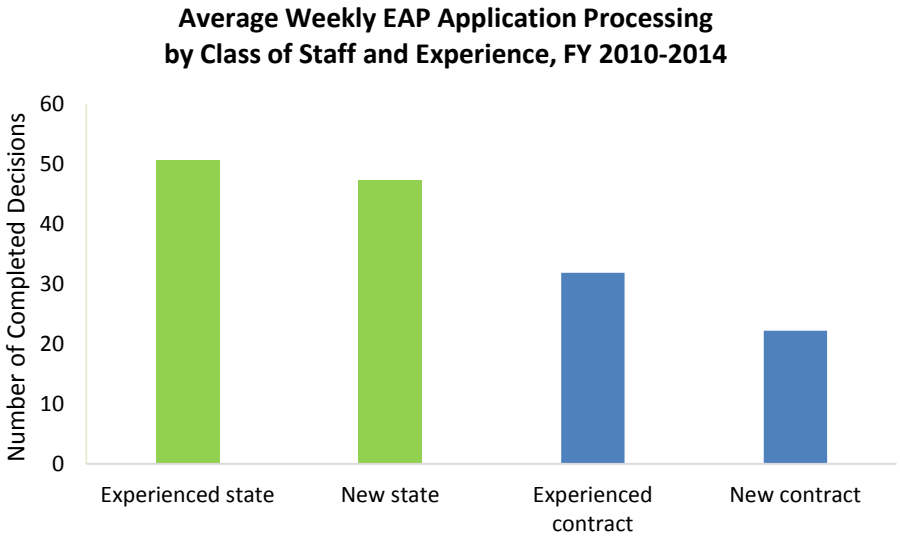

Figure 2. Application Processing Productivity of State and Contract Staff

The results in Figure 2 show that state employees processed far more applications than contract employees. The current staffing situation, in which greater than half the staff are contract employees, reduces application processing efficiency, increases application processing times, and increases administrative costs as supervisors must spend the majority of their time training and supervising new contract employees. Thus, there is a great need for more state application processing positions to improve program efficiency and reduce operating costs.

Evaluating the Weatherization Assistance Program (WAP)

Contracting with subgrantees, the WAP weatherizes homes to provide long-term reduction in energy costs. In SFY 2014, 549 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.

During SFY 2014, no assistance was provided health/safety threatened households to repair/replace structural, mechanical or other failure of an occupied dwelling. However, assistance was provided to twenty-six health/safety threatened households that experienced an emergency because of a failure of a component or system of their occupied dwelling.

Evaluation of Program Effectiveness

In SFY 2014, NHD Subgrantees weatherized 549 homes, exceeding the goal of 528 homes by 104% overall (Table 1). Energy savings for SFY 2014 were 511 therms and 9,576 kWh.

Table 1. Work Completed by each WAP Subgrantee during SFY 2014.

Work Completed by each WAP Subgrantee Agency		
Agency	**Number of Homes**	**Percent of Homes***
CSA	90	16.4%
HELP	235	42.8%
Neighborhood Services	43	7.8%
NRHA	49	8.9%
RNDC	16	2.9%
Urban League	116	21.1%
TOTAL	549	100.0%

*Percentage total not exact due to rounding.

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 24,000 households. WAP contractors and subgrantees provided both emergency and sustainable improvements to the energy use of 549 homes.

- The **Energy Assistance Program** was implemented in a manner compliant with the requirements of NRS to the extent possible given funding levels. EAP continues to significantly reduce the energy burden of participating households, but still falls short of the goal of reducing the energy burden to the state median (2.23% in SFY 2014).
- 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 257,478 households are eligible for assistance, the WAP completed projects in 549 households in SFY 2014.

- 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.

- Both programs were unable to fully meet the needs of low income households in Nevada because sufficient funding was not available.

RECOMMENDATIONS

- The establishment of a cash reserves or carry-over 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.

- The evaluation team recommends DWSS increase the number of state positions for application processors to increase EAP's efficiency, reduce turnover, and decrease operating costs.

- 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.

- DWSS should increase outreach efforts to seniors and other vulnerable populations.

- Seek an amendment to NRS 702 to use the Family Budget Method by County or, if better for ease of administration, raise the FPL multiple for eligibility to 250% of the FPL.

- Seek an amendment to NRS 702 to broaden the emergency provisions for inclusion of all households in temporary economic difficulties.

- The Energy Assistance Program should, for the most part, be put on a monthly fixed credit basis. There would be exceptions, for example, for customers whose fixed yearly credit amount is less than $200. These customers would continue to receive a fixed yearly credit. Also, customers for whom all or part of the assistance is for propane, oil or a fuel other than electricity or natural gas would continue with the fixed yearly credit. Should a fixed monthly credit amount exceed a monthly bill, the remainder should rollover to credit on the following bill. Also, in the case of impending disconnection for nonpayment, it may be necessary to apply the balance of the yearly credit to immediate charges.